

County of San Luis Obispo, California Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2006

Prepared under the direction of Gere W. Sibbach, CPA, Auditor Controller



COUNTY OF SAN LUIS OBISPO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2006

TABLE OF CONTENTS

SECTION	PAGE
 <u>INTRODUCTORY SECTION</u>	
Table of Contents	i
Letter of Transmittal	3
Certificate of Achievement for Excellence in Financial Reporting	8
Board of Supervisors and Principal County Officials	9
Organization Chart	10
 <u>FINANCIAL SECTION</u>	
Independent Auditor's Report	13
Management's Discussion and Analysis (Required Supplementary Information)	15
 <u>Basic Financial Statements</u>	
Government-Wide Financial Statements:	
Statement of Net Assets	33
Statement of Activities	34
 Fund Financial Statements:	
<u>Governmental Funds:</u>	
Balance Sheet	39
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets	40
Statement of Revenues, Expenditures, and Changes in Fund Balances	41
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities	42
 <u>Proprietary Funds:</u>	
Statement of Net Assets	43
Statement of Revenues, Expenses, and Changes in Net Assets	44
Statement of Cash Flows	45
 <u>Fiduciary Funds:</u>	
Statement of Fiduciary Net Assets	46
Statement of Changes in Net Assets – Investment Trust Funds	47
 Notes to the Basic Financial Statements	 49

TABLE OF CONTENTS (continued)

SECTION PAGE

Required Supplementary Information

Description.....83
Schedule of Funding Progress – Defined Benefit Plan
 Schedule of Funding Progress.....84
Schedule of Revenues, Expenditures and Changes in Fund Balances –
 Budget to Actual Comparison – General Fund85
Detail Schedule of Revenues – Budget to Actual Comparison – General Fund86
Detail Schedule of Expenditures – Budget to Actual Comparison – General Fund.....92
Note to Required Supplementary Information98

Other Supplementary Information

Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds:

Nonmajor Governmental Fund Descriptions105
Combining Balance Sheet.....107
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances108

Debt Service Funds:

Combining Balance Sheet.....109
Combining Statement of Revenues Expenditures, and Changes in
 Fund Balances.....110

Special Revenue Funds:

Combining Balance Sheet.....111
Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances.....115

Special Revenue Funds – Special Districts:

Combining Balance Sheet.....119
Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances.....120

Major and Nonmajor Budgetary Comparison Schedules:

Capital Projects Fund123
Pension Obligation Bonds124
Public Financing Corporation125
Public Financing Authority126
California Health Care Indigent Program Special Revenue Fund127
Community Development Special Revenue Fund.....128
County Medical Services Program (CMSP) Special Revenue Fund129
Countywide Automation Replacement Special Revenue Fund.....130
Emergency Medical Services Special Revenue Fund.....131
Driving Under the Influence Programs Special Revenue Fund132
Fish and Game Special Revenue Fund133
General Government Building Replacement Special Revenue Fund.....134
Traffic Impact Fees Special Revenue Fund135
Library Special Revenue Fund.....136
Organizational Effectiveness Special Revenue Fund.....137

TABLE OF CONTENTS (continued)

SECTION	PAGE
----------------	-------------

Other Supplementary Information (continued)

Combining and Individual Fund Statements and Schedules (continued):

Major and Nonmajor Budgetary Comparison Schedules (continued):

Parks Special Revenue Fund	138
Public Facilities Fees Special Revenue Fund	139
Roads Special Revenue Fund	140
Tax Reduction Reserve Special Revenue Fund	141
Wildlife Grazing Special Revenue Fund	142
Governmental Leasing Special Revenue Fund	143
Flood Control Districts Special Revenue Funds	144
Lighting Control Districts Special Revenue Funds.....	145
County Service Area Districts Special Revenue Funds	146

Nonmajor Enterprise Funds:

Nonmajor Enterprise Fund Descriptions	149
Combining Statement of Net Assets	150
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	151
Combining Statement of Cash Flows	152

Internal Service Funds:

Internal Service Fund Descriptions	157
Combining Statement of Net Assets	158
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	159
Combining Statement of Cash Flows	160

Internal Service Funds – Insurance Funds

Combining Statement of Net Assets	161
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	162
Combining Statement of Cash Flows	163

Fiduciary Funds:

Fiduciary Fund Descriptions	167
-----------------------------------	-----

Agency Funds:

Combining Statement of Fiduciary Net Assets	168
Combining Statement of Changes in Assets and Liabilities	169

Investment Trust Funds:

Combining Statement of Fiduciary Net Assets	170
Combining Statement of Changes in Fiduciary Net Assets.....	171

TABLE OF CONTENTS (continued)

SECTION **PAGE**

STATISTICAL SECTION (unaudited)

Net Assets by Component175
Changes in Net Assets.....176
Fund Balances, Governmental Funds.....178
Changes in Fund Balances, Governmental Funds.....179
Assessed Value and Actual Value of Taxable Property180
Direct and Overlapping Property Tax Rates.....181
Principal Property Taxpayers182
Ratios of General Bonded Debt Outstanding183
Property Tax Levies and Collections184
Legal Debt Margin Information185
Demographic and Economic Statistics186
Principal Employers.....187
Full Time Equivalent County Government Employees by Function188
Operating Indicators by Function189
Capital Asset Statistics by Function190

Front Cover:

Amgen Tour of California, Stage 4 through San Luis Obispo County
February 23, 2006
Courtesy San Luis Obispo Chamber of Commerce and Amgen Tour of California

INTRODUCTORY SECTION



County of San Luis Obispo
Office of the Auditor-Controller
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San Luis Obispo, California 93408
(805) 781-5040 FAX (805) 781-1220



GERE W. SIBBACH, CPA
Auditor-Controller
BILL ESTRADA
Assistant

December 12, 2006

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

Your Honorable Board:

The Comprehensive Annual Financial Report (CAFR) of the County of San Luis Obispo for the fiscal year ended June 30, 2006, is hereby submitted as mandated by Sections 25250 and 25253 of the Government Code of the State of California. These statutes require that the County publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

The County of San Luis Obispo's financial statements have been audited by Bartig, Basler & Ray, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County of San Luis Obispo for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County of San Luis Obispo's financial statements for the fiscal year ended June 30, 2006, are fairly presented and in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The County of San Luis Obispo, incorporated in 1850, is located on the central coast of the State of California, midway between Los Angeles and San Francisco. The County of San Luis Obispo currently occupies a land area of 3,326 square miles and serves a population of 263,242 residents. Approximately 43% of the population resides in the unincorporated area. The seven cities of the County are Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach and San Luis Obispo.

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

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

The annual budget serves as the foundation for the County of San Luis Obispo's financial planning and control. The County Budget Act, as presented in California Government Code section 29000 and 30200, provides the general provisions and requirements for preparing and approving the County budget. All County departments are required to submit budget requests to the County Administrator on or before June 10th of each year. The budgets are then reviewed by the County Administrator, and compiled into a proposed budget with a County Administrator's recommendation. Public hearings are set in the month of June, with the Board of Supervisors adopting the final budget before the start of the next fiscal year. The proposed budget is prepared by fund, function (e.g., public safety), and department or budget unit (e.g., Sheriff). During the year, department heads may make transfers of appropriations within a budget unit with the approval of the County Administrator and Auditor-Controller. Transfers of appropriations between

departments or increases in the budget from new revenue sources, reserves and/or contingencies require Board of Supervisors approval. Monthly estimates for both revenues and expenditures are used to assist departments with budgetary control and quarterly reports are submitted by each department to the County Administrator and the Board on the status of their budgets.

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

Factors Affecting Financial Condition

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

Local economy - The County of San Luis Obispo currently enjoys a favorable economic environment and local indicators point to continued stability. Unemployment in the County is 4.1%, which is much lower than the state (4.9%) and national average (4.7%). The County's lower unemployment is attributable to the stability of its major employers including state, county and local government. The state has a major presence in this area with a correctional facility, state mental hospital and state university, making it the largest employer in the County.

The major revenue indicators continue to show substantial growth in FY 05-06. Property tax revenue grew at a significant rate with an increase in assessed values of \$4 billion, a 12.6% increase over the prior year. This growth, along with people's desire to live in the area, is reflected in a median home price of \$604,400, a jump of 12.2% within the last year. Sales and use tax also showed a dramatic increase of 20.5% over the previous year. Other economic indicators grew moderately over the last year and are expected to continue along this trend.

Long-term financial planning. The 06-07 FY budget was developed to restore, and in some cases, increase service levels to support the county's mission and community wide results. The final budget authorized a \$460.2 million spending level which represented a 12.1% increase over the 05-06 FY. The general fund included \$369 million appropriated to finance the current year's expenditures including contingencies, with \$8 million placed in general reserves, and \$5.99 million earmarked for designations. Overall, the County's budget is in much better shape than last few years due to the solid growth in local revenues and an improved state financial outlook.

Each year a 5-year Capital Improvement Program (CIP) is compiled. The CIP is a plan for short range and long range capital acquisition and development. It also includes plans to improve or rehabilitate County-owned roads and facilities. The plan provides the mechanism for estimating capital requirements; setting priorities; monitoring and evaluating the progress of capital projects; and informing the public of projected capital improvements and unfunded needs. While the CIP covers a five-year planning period, it is updated each year to reflect ongoing changes as new projects are added, existing projects modified, and completed projects deleted from the plan document. The five-year CIP does not appropriate funds, rather it serves as a budgeting tool, identifying those Capital Project appropriations to be made through the adoption of the County's annual budget.

Cash management policies and practices. The County Treasurer adheres to a Board of Supervisors adopted investment policy in addition to the investment requirements specified by state statutes. The Auditor-Controller routinely reviews the investments to determine compliance with the investment policy and the Government Code, and submits the results to the Board of Supervisors and the County Treasury Oversight Committee for review. The maturities of the investments range from 1 day to 3 years, with a weighted average maturity of less than one year. The net interest earned on investments was 3.4% during fiscal year 2005-06. At June 30, 2006, the County had \$487.6 million in Treasury cash and investments. Deposits were either insured by Federal depository insurance or collateralized. All collateral on deposits were held by the County, or its agent of the financial institution trust department in the County's name.

Under the pooled money concept, the County invests idle cash in various securities with maturities planned to coincide with projected needs while attempting to maximize yield and to minimize risk. Various funds within the county Treasury earn interest based on their average daily cash balance.

Risk management. The County of San Luis Obispo is self-insured for general liability, workers' compensation, unemployment insurance, and dental coverage. Various other insurance and excess insurance policies, as described in the notes to the financial statements, are carried to provide complete coverage. The County's aggressive work in the last year with their third party administrator has dramatically reduced the workers compensation liability from the previous year. Continued efforts in effective claims management and the development of the back to work program will bring us closer to the ultimate goal of rebuilding the fund's reserves.

The County's Risk Management Division administers claims for the various programs, provides loss prevention services, such as safety training, and minimizes risk through various risk control strategies, such as developing job-related medical standards for employees.

Defined Benefit Pension Plan. The County has a single-employer defined benefit pension plan with mandatory participation for all full time permanent employees. The administration of the Plan is under a Board of Trustees. The Board of Supervisors is responsible for amending plan provisions. The Plan permits retirement for all employees at age 50 with 5 or more years of service credit. Participants are required to contribute to the Plan at rates for the current year ranging from 6.35% to 22.63% of their adjusted base salary as defined in the Plan document. Such contributions, together with the County's contributions, are currently invested in corporate notes, bonds, collateralized mortgage obligations, equity mutual funds, real estate, real estate investment trusts and other short-term investments. As of December 31, 2005, the Plan had 25.9% of its net assets invested in Mellon Bank mutual funds.

The Pension Plan uses the calendar year for financial reporting purposes. The Plan's net assets as of December 31, 2005 were \$705,837 with a \$38,299 increase from the prior year primarily as a result of earnings on investments. As of December 31, 2004 (January 1, 2005), the date of the last actuarial evaluation, the funded ratio for all Pension Trust's agencies was 91.1% indicating that for every dollar of benefits due approximately \$0.91 of assets were available for payment as of this date.

Additional information on the County of San Luis Obispo's Pension Plan's actuarial information and Plan provisions can be found in the notes to the financial statements.

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of San Luis Obispo for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. This was the twentieth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements. The preparation of the Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated services of the entire staff of the Auditor-Controller's Office. We would like to acknowledge the special efforts of our General Accounting Division and our independent auditors, Bartig, Basler and Ray, 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 unflinching support to ensure the continued general fiscal health and integrity of the County.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gere W. Sibbach". The signature is fluid and cursive, with a long horizontal stroke at the end.

Gere W. Sibbach, CPA
Auditor-Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of San Luis Obispo
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by me Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

COUNTY OF SAN LUIS OBISPO

LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2006

Elected Officials

Board of Supervisors

District #1..... Harry L. Ovitt
District #2..... Shirley Bianchi
District #3..... Jerry Lenthall
District #4 *Chairperson*..... K.H. "Katcho" Achadjian
District #5..... James R. Patterson

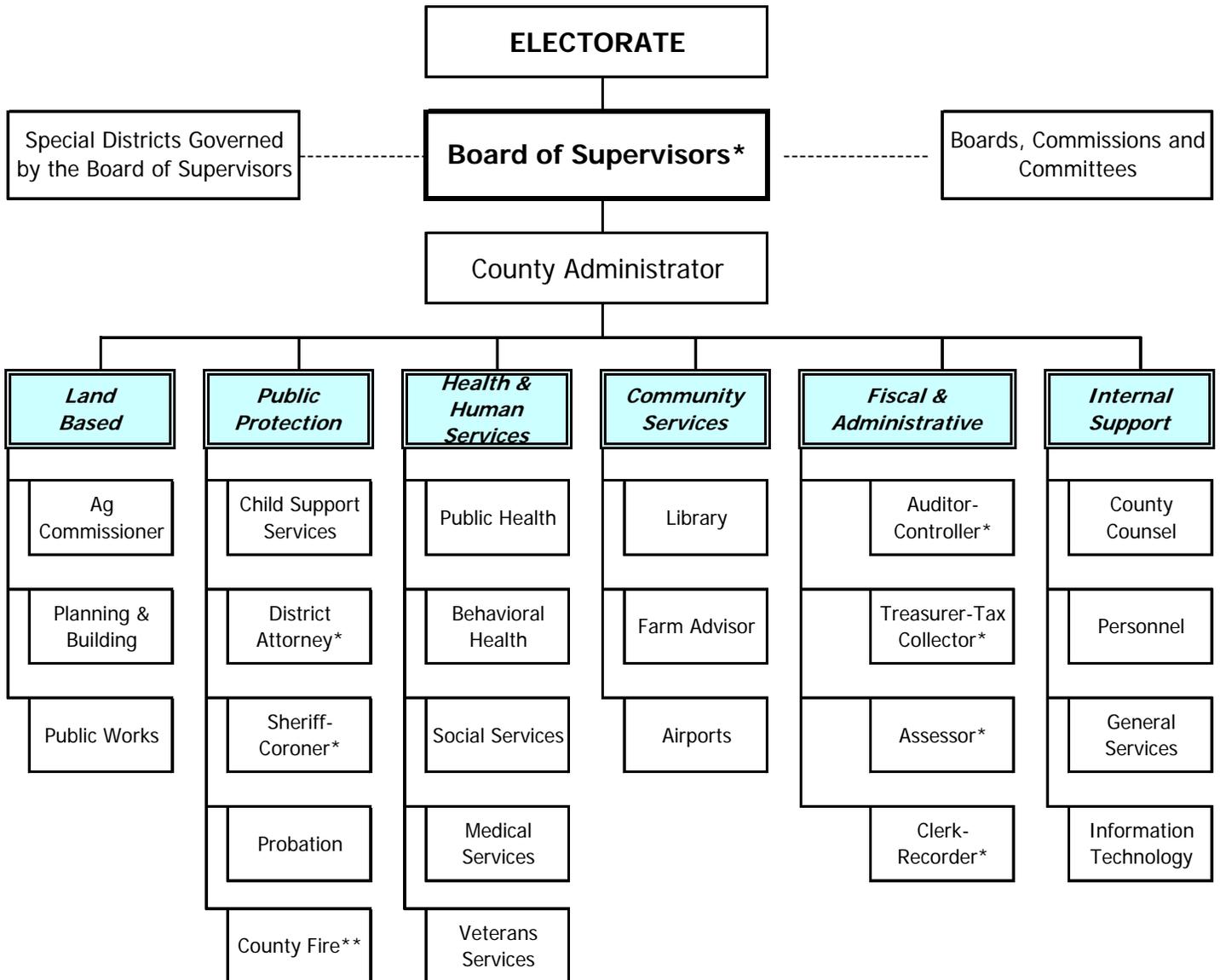
Other Elected Officials

Assessor Tom J. Bordonaro Jr.
Auditor-Controller Gere W. Sibbach
Clerk-Recorder Julie L. Rodewald
District Attorney Gerald T. Shea
Sheriff-Coroner J. Patrick Hedges
Treasurer/Tax Collector/Public Administrator Frank L. Freitas

Appointed Officials

Agricultural Commissioner Robert E. Lilley
County Administrator David Edge
County Counsel James B. Lindholm, Jr.
Director of General Services Duane P. Leib
Director of Behavioral Health Services Karen Baylor
Director of Social Services Lee Collins
Director of Information Technology Janette Pell
Farm Advisor Mary L. Bianchi
Health Agency Director Jeff Hamm
Public Health Officer..... Gregory W. Thomas, M.D.
Library Director Brian A. Reynolds
Personnel Director Richard Greek
Planning Director Victor Holanda
Probation Officer Kim Barrett
Public Works Director Noel King
Veterans Services Officer Michael Piepenburg

County of San Luis Obispo Organizational Chart



* Elected Officials

**Contract

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Supervisors
County of San Luis Obispo, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the San Luis Obispo County Pension Trust Fund, a Fiduciary Fund, which statements reflect total assets of \$706,537,680 as of December 31, 2005, and total revenues of \$64,359,963 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included in the San Luis Obispo Pension Trust Fund, is based solely on the report 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, and the report of the 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, each major fund, and the aggregate remaining fund information of the County of San Luis Obispo, California, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Honorable Board of Supervisors
County of San Luis Obispo, California

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated October 5, 2006 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and budgetary comparison information, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company



Roseville, California
October 5, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS



**COUNTY OF SAN LUIS OBISPO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006**

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, 2006. 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 33. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS (in thousands)

- ❖ The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$1,348,037 (*net assets*). Of this amount \$188,944 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors, \$40,178 is restricted for specific purposes (*restricted net assets*), and \$1,118,915 is invested in capital assets, net of related debt. (Table A)
- ❖ The County's net assets increased by \$60,069 during the current fiscal year. The increase in restricted and unrestricted net assets represents the degree to which increases in ongoing revenues exceeded increases in ongoing expenditures. The increase in capital assets net of related debt represents capital acquisitions during the year reduced by depreciation and increased by retirement of long-term debt. (Table B)
- ❖ As of June 30, 2006, the County's governmental activities reported combined ending net assets of \$1,206,325, an increase of \$46,009 in comparison with the prior year. Approximately 14% of the combined fund balances, or \$169,766 is available for spending at the County's discretion for current and future needs (*unrestricted net assets*). (Table A)
- ❖ Business-type activities posted net program revenues of \$8,953 before general revenues, contributions and transfers from other funds, compared to a net loss of \$138 for the prior year. This increase was due mainly to increased revenues of \$5.8 million in the Nacimiento Water Contract fund compared to the prior year, and discontinuance of the Medical Services fund, which experienced operating losses of \$1,069 in the prior year. The Medical Services fund, responsible for operating the County's outpatient clinics, pharmacy and laboratory services, was closed during the prior year.
- ❖ At the end of the fiscal year, unreserved fund balance of the general fund was \$86,924, or 30% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

The *Statement of Net Assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee vacation balances).

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

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, transit districts, flood control districts, waterworks districts, lighting maintenance districts, and the San Luis Obispo County Public Facilities Corporation and San Luis Obispo County Financing Authority.

The government-wide financial statements can be found on pages 33 to 35 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.

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

The County maintains forty-one 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, the capital projects fund and the pension obligation bond fund, which are considered to be major funds. Data from the remaining thirty-eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements found in the other supplementary information section of this report.

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

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

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

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

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

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

The basic fiduciary fund financial statements can be found on pages 46 to 47 of this report.

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

The notes to the basic financial statements can be found on pages 51 to 80 of this report.

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

The required supplementary information can be found on pages 83 to 99 of this report.

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

Combining and individual fund statements and schedules - The combining and individual fund statements and schedules referred to earlier provide information for non-major governmental funds, enterprise, internal service funds, and fiduciary funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 105 to 120 of this report.

Budgetary comparison schedules - Budgetary comparison schedules for major funds (other than the General and major special revenue funds that are Required Supplementary Information). The budgetary comparison schedules for the Capital Projects, Pension Obligation Bond, Public Financing Corporation and Public Financing Authority funds can be found on pages 123 to 126 of this report.

Detail Budgetary schedules demonstrating legal level of compliance with budgetary control are presented as other supplementary information. Detail budget information for the General Fund and special revenue funds can be found on pages 127 to 146 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$1,348,037.

Table A
Statement of Net Assets
June 30, 2006
(in thousands)

	June 30, 2006			June 30, 2005			2005-2006
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
Assets:							
Current assets	\$ 276,964	\$ 42,557	\$ 319,521	\$ 245,030	\$ 28,048	\$ 273,078	17.0%
Other long-term assets	136,600	-	136,600	138,352	-	138,352	(1.3%)
Capital assets	1,019,487	172,052	1,191,539	1,006,866	153,015	1,159,881	2.7%
Total assets	<u>1,433,051</u>	<u>214,609</u>	<u>1,647,660</u>	<u>1,390,248</u>	<u>181,063</u>	<u>1,571,311</u>	4.9%
Liabilities:							
Long-term liabilities	204,706	49,792	254,498	210,521	38,347	248,868	2.3%
Other liabilities	26,163	18,962	45,125	24,575	9,810	34,385	31.2%
Internal balances	(4,143)	4,143	-	(5,164)	5,164	-	-
Total liabilities	<u>226,726</u>	<u>72,897</u>	<u>299,623</u>	<u>229,932</u>	<u>53,411</u>	<u>283,343</u>	5.7%
Net assets:							
Invested in capital assets, net related debt	996,381	122,534	1,118,915	981,543	114,785	1,096,328	2.1%
Restricted	40,178	-	40,178	48,141	-	48,141	(16.5%)
Unrestricted	169,766	19,178	188,944	130,632	12,867	143,499	31.7%
Total net assets	<u>\$ 1,206,325</u>	<u>\$ 141,712</u>	<u>\$ 1,348,037</u>	<u>\$ 1,160,316</u>	<u>\$ 127,652</u>	<u>\$ 1,287,968</u>	4.7%

Analysis of Net Assets

Approximately 14%, or \$188,944, of the County's net assets represents unrestricted net assets, which may be used to meet the County's ongoing obligations to citizens and creditors.

The most significant portion of the County's net assets, \$1,118,915 or 83%, reflects its investment in capital assets net of accumulated depreciation (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources

needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of the County's net assets of \$40,178, or 3%, represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County reported positive balances in all three categories of net assets, both for the County as a whole, as well as for its separate governmental activities and business-type activities. The same situation was true for the prior fiscal year.

During the current fiscal year the County's total net assets increased by \$60,069. Net assets invested in capital assets, net of related debt increased by \$22,587. This increase is related primarily to Construction in Progress increases from Governmental Activities for Roads Infrastructure projects (\$8.6 million), and Construction in Progress increases from Business-type activities related to water treatment and water supply projects (\$14 million), as well as various Airport facility projects.

Unrestricted net assets increased by \$45,445. This change is the result of the net effect of the use of existing designations and the establishment of new designations by actions of the Board and management (designations are summarized in Note 11 to the financial statements).

The following table indicates the changes in net assets for governmental and business-type activities:

Table B
Statement of Activities
For the Year Ended June 30, 2006
(in thousands)

	June 30, 2006			June 30, 2005			2005-2006 Total % Chg
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government	
Revenues:							
Program revenues:							
Charges for services	\$ 57,898	\$ 25,306	\$ 83,204	\$ 58,358	\$ 19,792	\$ 78,150	6.5%
Operating grants and contributions	165,837	1,722	167,559	151,703	1,081	152,784	9.7%
Capital grants and contributions	7,266	3,792	11,058	5,997	3,188	9,185	20.4%
General revenues:							
Property taxes	114,076	2,051	116,127	98,025	1,765	99,790	16.4%
Other taxes	15,823	-	15,823	14,333	-	14,333	10.4%
Interest and investment income	7,176	1,085	8,261	4,420	406	4,826	71.2%
Grants not restricted to specific programs	9,559	-	9,559	4,609	-	4,609	107.4%
Other revenues	-	87	87	331	182	513	(83.0%)
Total revenues	<u>377,635</u>	<u>34,043</u>	<u>411,678</u>	<u>337,776</u>	<u>26,414</u>	<u>364,190</u>	13.0%
Expenses:							
General government	39,872	-	39,872	29,565	-	29,565	34.9%
Public protection	100,234	-	100,324	106,402	-	106,402	(5.7%)
Public ways and facilities	32,858	-	32,858	23,647	-	23,647	39.0%
Health sanitation	53,113	-	53,113	52,540	-	52,540	1.1%
Public assistance	84,451	-	84,451	83,209	-	83,209	1.5%
Education	7,786	-	7,786	7,459	-	7,459	4.4%
Recreational and cultural services	4,244	-	4,244	4,238	-	4,238	0.1%
Interest on Long-term debt	7,184	-	7,187	4,173	-	4,173	72.2%
Airport	-	3,703	3,703	-	3,628	3,628	2.1%
Golf	-	2,867	2,867	-	2,905	2,905	(1.3%)
Hospital	-	-	-	-	2,149	2,149	(100.0%)
State water contract	-	5,102	5,102	-	5,451	5,451	6.4%
Lopez dam	-	5,237	5,237	-	3,928	3,928	33.3%
Nonmajor special districts	-	4,958	4,958	-	6,138	6,138	(19.2%)
Total expenses	<u>329,742</u>	<u>21,867</u>	<u>351,609</u>	<u>311,233</u>	<u>24,199</u>	<u>335,432</u>	(4.8%)
Excess before transfers	<u>47,893</u>	<u>12,176</u>	<u>60,069</u>	<u>26,543</u>	<u>2,215</u>	<u>28,758</u>	108.9%
Transfers	<u>(1,884)</u>	<u>1,884</u>	<u>-</u>	<u>1,494</u>	<u>(1,494)</u>	<u>-</u>	0%
Change in net assets	46,009	14,060	60,069	28,037	721	28,758	108.9%
Net assets at beginning of year	<u>1,160,316</u>	<u>127,652</u>	<u>1,287,968</u>	<u>1,132,279</u>	<u>126,931</u>	<u>1,259,210</u>	2.3%
Net assets at end of year	<u>\$ 1,206,325</u>	<u>\$ 141,712</u>	<u>\$ 1,348,037</u>	<u>\$ 1,160,316</u>	<u>\$ 127,652</u>	<u>\$ 1,287,968</u>	4.7%

Analysis of Governmental and Business-type Activities

Governmental Activities

Total net assets of Governmental Activities increased \$46 million for the current fiscal year compared to an increase of \$28 million in the previous fiscal year. Factors contributing to the increase are as follows:

Total revenues from Governmental Activities increased by \$40 million from the prior year. This was due in part to increased property tax revenue, a result of higher assessed property valuations and the completion of backlogged supplemental assessments. The County also experienced revenue increases from both operating and capital grants and contributions. This increase was primarily the result of increased State Aid. This included vehicle license fees, SB90 mandated cost reimbursements, realignment, and public safety revenue. In addition, significant increases from Federal Aid were received for Homeland Security grants, social services programs, FEMA claims, and construction projects.

Total expenses from Governmental Activities increased by \$18.5 million from the prior year. The greatest increases occurred in General Government (\$10 million) and Public Ways and Facilities (\$9 million).

Business-type Activities

Business-type Activities accounted for an increase in net assets of \$14 million for the current fiscal year compared to an increase of \$.7 million in the prior fiscal year. Contributing to this increase was \$8.2 million in revenue associated with the Nacimiento Water Project. Also notable was the absence of the County's Medical Services program in fiscal year 2005/2006. The County closed its Medical Services fund in fiscal year 2004/2005.

FUND FINANCIAL STATEMENT ANALYSIS

FINANCIAL ANALYSIS OF COUNTY'S FUNDS

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

Governmental Funds

The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$221,067, an increase of 10%, or \$22,180 in comparison with the prior year. Approximately 73% of the combined fund balances, or \$162,212, constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of fund balance, \$58,855, is reserved for the following reasons: 1) liquidate contracts and purchase orders of the prior period (\$3,826); 2) amounts due from other funds or governments that are long-term in nature and do not represent available spendable resources (\$2,558); 3) to pay debt service of (\$10,018); 4) amounts reserved by outside agencies or legislation to pay for specific programs or specific use (\$42,189) and 5) other restricted purposes (\$264).

General Fund

The general fund is the chief operating fund of the County. As of the end of the current fiscal year, unreserved fund balance of the general fund was \$86,924 while total fund balance reached \$104,589. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures of \$294,462. Unreserved fund balance represents 30% of the total fund expenditures, while total fund balance represents 36% of the same amount. During the current fiscal year the fund balance of general fund increased by \$10,134.

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

- ❖ Total revenues exceeded total expenditures by \$33,118 as general fund revenues rose \$28.0 million from the prior year with an increase in total expenditures of \$23.9 million.
- ❖ Two main components contributed to the large increase in revenue. Current Property Taxes increased \$9.5 million due to an increase in assessed property valuations and staff completing a backlog of supplemental assessments. Aid from governmental agencies increased \$17.9 million. The most significant increases can be seen in revenue from State Aid. The County received \$5.3 million repayment for vehicle license fees, \$1 million in SB90 mandated cost reimbursements, and substantial increases in realignment and public safety revenue.
- ❖ The County experienced a \$7.1 million increase in costs associated with providing General Government services in fiscal year 2005/2006. Countywide maintenance projects, rising utility costs, prevailing wage increases, and costs associated with relocating departments to the new government center all contributed to the increase in total expenditures. Public Protection expenditures increased \$9.2 million. Rising labor costs from negotiated salary and benefit enhancements contributed to \$3.2 million of the increase. Public Protection also experienced an increase in Services and Supplies expenditures. Costs associated with fire protection services rose sharply in fiscal year 2005/2006 since the County entered into an agreement with Los Osos CSD to provide fire protection services.
- ❖ Transfers out from general fund increased \$11.1 million. Operating transfers to other funds included \$3.9 million to fund new capital projects, \$1.5 million to fund the pavement management program, \$1.6 million to fund Cooperative Roads projects, and \$1.6 million to fund countywide automation replacement projects.

Capital Projects

The *capital projects fund* handles construction projects for the County's governmental funds. The fund has a total fund balance of \$27,146. Operating transfers in contributed to the \$5.2 million net increase in fund balance for the current year. Funding for specific projects comes from transfers from special revenue funds, public facilities fees, issuance of long- term debt, aid from other government agencies, and from the County's general fund.

Governmental Fund Revenues

Revenues for governmental funds combined totaled \$394,866 in the current fiscal year, which represents an increase of approximately 10.8% or \$38,563 from the prior fiscal year revenues of \$356,303.

The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year are displayed.

Table C
Revenues Classified by Source
Governmental Funds
Fund Financial Statements
For the Year Ended June 30, 2006
(in thousands)

	2005/2006		2004/2005		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Revenues by Source:						
Taxes	\$ 128,586	32.6%	\$ 112,565	31.6%	\$ 16,021	14.2%
Licenses, Permits, Franchises	10,744	2.7%	13,637	3.8%	(2,893)	(21.2%)
Fines, Forfeits, and Penalties	3,550	0.9%	6,105	1.7%	(2,555)	(41.9%)
Revenues from Use of Money and Property	6,638	1.7%	4,063	1.1%	2,575	63.4%
Aid from Governmental Agencies	182,655	46.3%	160,452	45.1%	22,203	13.8%
Charges for Current Services	55,547	14.1%	54,769	15.4%	778	1.4%
Other Revenues	7,146	1.8%	4,712	1.3%	2,434	51.7%
Total	\$ 394,866	100%	\$ 356,303	100%	\$ 38,563	10.8%

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

- ❖ *Taxes* increased \$16.0 million or 14.2%. Two major factors contributed to the increase. The Assessor completed a backlog of supplemental assessments and the County's assessed valuations rose \$2.5 billion.
- ❖ *Fines, forfeitures and penalties* decreased \$2.5 million or 41.9%. In fiscal year 2004/2005, the County received \$1.3 million in one-time settlements that were related to consumer protection and contamination lawsuits. The second element contributing to the decrease was the implementation of AB145, which caused a \$1.1 million reduction in end of year receivables from the County's share of Court operations in fiscal year 2005/2006.
- ❖ *Revenue from the use of Money and Property* increased \$2.6 million or 63.4%. Rising interest rates and an increase in the average daily balance led to a higher rate of return on investments in the County Treasury Pool.
- ❖ *Aid from Governmental Agencies* increased \$22.2 million or 13.8%. The most significant increases can be seen in revenue from State Aid. The County received \$4.2 million in State Aid for Traffic Congestion and substantial increases in realignment and public safety revenue. Federal Aid increased \$8.3 million in total. Large increases were seen in Welfare Administration reimbursements and revenue from Homeland Security grants.
- ❖ *Other Revenues* increased \$2.4 million or 51.7%. In fiscal year 2005/2006, the County received a \$2.5 million one-time revenue settlement from litigation related to contamination of property owned by the County.

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, 2006
(in thousands)

	2005/2006		2004/2005		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Expenditures by Function:						
General Government	\$ 53,691	14.5%	\$ 49,074	13.8%	\$ 4,617	9.4%
Public Protection	116,796	31.5%	107,355	30.2%	9,436	8.8%
Public Ways and Facilities	25,749	6.9%	24,096	6.8%	1,653	6.9%
Health and Sanitation	55,464	15.0%	52,894	14.9%	2,570	4.9%
Public Assistance	87,026	23.4%	82,673	23.2%	4,353	5.3%
Education	7,891	2.1%	7,802	2.2%	89	1.1%
Recreational and Cultural Services	4,159	1.1%	5,092	1.4%	(933)	(18.3%)
Principal payments	4,970	1.3%	1,895	.5%	3,075	162.3%
Interest on Long-Term Debt	5,774	1.6%	6,154	1.7%	(380)	(6.2%)
Debt issuance costs	-	0.0%	72	0.0%	(72)	(100.0%)
Capital outlay	9,551	2.6%	18,673	5.3%	(9,122)	(48.9%)
Total	\$ 371,071	100%	\$ 355,780	100%	\$ 15,291	4.3%

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

- ❖ *Public Protection* expenditures increased by a total of \$9.4 million or 8.8%. Salary and benefit increases for law enforcement personnel, increased overtime hours, and new equipment acquisitions drove costs up from the preceding year. Costs for fire protection services also showed a sharp increase from the prior year. Increased costs are attributable to the expansion of fire protection services to areas previously not covered by the County.
- ❖ *Principal payments* increased \$3 million or 162.3%. The County elected to make additional principal payments of \$1.1 million on the 1994 Certificates of Participation and \$2 million on the Pension Obligation Bonds in fiscal year 2005/2006.
- ❖ *Capital outlay* decreased \$9.1 million or 48.9% from fiscal year 2004/2005 to fiscal year 2005/2006. Activity related to construction of a \$40 million General Government Facility ended in May 2005 when the project was completed.

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 2005/2006 fiscal year.

Table E
Statement of Revenues, Expenses and Results of Operations
Proprietary Funds
Fund Financial Statements
For the Year Ended June 30, 2006
(in thousands)

	Major Funds				Nonmajor Funds	Total
	Airport	Golf	State Water Project	Lopez Flood Control	Other Enterprise Funds	Total Enterprise
Operating revenues	\$ 3,864	\$ 2,895	\$ 5,098	\$ 3,232	\$ 10,292	\$ 25,381
Operating expenses	<u>3,791</u>	<u>2,935</u>	<u>5,143</u>	<u>2,343</u>	<u>6,565</u>	<u>20,777</u>
Operating income (loss)	<u>73</u>	<u>(40)</u>	<u>(45)</u>	<u>889</u>	<u>3,727</u>	<u>4,604</u>
Non-operating revenues (expenses), net	<u>4,180</u>	<u>23</u>	<u>1,012</u>	<u>(313)</u>	<u>2,171</u>	<u>7,073</u>
Net income (loss) before contributions and transfers	4,253	(17)	967	576	5,898	11,677
Contributions and transfers, net	<u>1,775</u>	<u>(37)</u>	<u>-</u>	<u>(31)</u>	<u>177</u>	<u>1,884</u>
Change in net assets	<u>\$ 6,028</u>	<u>\$ (54)</u>	<u>\$ 967</u>	<u>\$ 545</u>	<u>\$ 6,075</u>	<u>\$ 13,561</u>

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

- ❖ The *Airport* reported operating income of \$73 and an increase in net assets of \$6,028. The majority of the increase is attributable to the receipt of federal aid and public facilities fees, revenue used to finance various construction projects.
- ❖ The *State Water Project* fund incurred a \$45 operating loss and reported an increase in net assets of \$967. Non-operating revenue from property taxes and interest contributed to the overall increase in net assets.
- ❖ The *Lopez Flood Control District* provides water to South San Luis Obispo County and maintains the Lopez Dam. It realized operating income of \$889 and an increase in net assets of \$545. Non-operating revenue from property taxes was the key factor contributing to the increase in net assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for general fund expenditures and transfers out increased during the year by a total of \$31.3 million. This increase was funded in part by increases in budgeted revenues of \$16.9 million and the use of reserves and designations for the balance. The major increases in expenditures were in the functional areas of the general government (\$13 million) and public protection (\$10.6 million). Unanticipated revenues totaling \$7.2 million from State and Federal Aid and \$5.8 million from Charges for Current Services were used to finance the budget augmentations.

General Fund ended the year with a higher than anticipated fund balance. General Fund expenditures were 93% of budget, while General Fund revenues were realized at 103% of budget. As a result, the County was able to increase 2006/2007 General Fund Contingencies, the Designation for Internal Loans, the Automation Replacement Reserve, and pay down pension obligation bonds \$1 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2006, the County had \$1,191,539 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 below). This amount represents a net increase (including additions and deductions) of \$31,658 or 2.7% over last year.

Table F
Capital Assets
June 30, 2006
(in thousands)

	Governmental Activities July 1, 2005	Governmental Activities June 30, 2006	Business Type Activities July 1, 2005	Business Type Activities June 30, 2006	Total Capital Assets July 1, 2005	Total Capital Assets June 30, 2006	Total Percent Change
Land	\$ 13,750	\$ 13,914	\$ 16,838	\$ 18,230	\$ 30,588	\$ 32,144	.5%
Water Rights	-	-	34,162	35,192	34,162	35,192	3.3%
Infrastructure Non Depreciable	757,696	757,696	-	-	757,696	757,696	-
Construction- in-progress	68,174	73,069	18,353	32,619	86,527	105,688	22.1%
Structures & Improvements	89,934	91,948	105,786	109,865	195,720	201,813	3.1%
Equipment	44,150	60,178	1,880	1,915	46,030	62,093	34.9%
Infrastructure Depreciable	<u>195,589</u>	<u>197,712</u>	<u>-</u>	<u>-</u>	<u>195,589</u>	<u>197,712</u>	1.1%
Subtotal	1,169,293	1,194,517	177,019	197,821	1,346,312	1,392,338	3.4%
Less Accumulated Depreciation	<u>(162,427)</u>	<u>(175,030)</u>	<u>(24,004)</u>	<u>(25,769)</u>	<u>(186,431)</u>	<u>(200,799)</u>	7.8%
Total	\$ <u>1,006,866</u>	\$ <u>1,019,487</u>	\$ <u>153,015</u>	\$ <u>172,052</u>	\$ <u>1,159,881</u>	\$ <u>1,191,539</u>	2.7%

Major additions and future commitments in capital assets - Governmental activities

Phase II of the County's \$15.7 million fully integrated financial and human resources system came on-line in December 2005. This human resources/payroll system followed the budgetary and financial reporting phase previously implemented in January 2005. The \$5.3 million Health Campus Renovations project got underway in 2005/2006. County health related services and offices will be relocating to the new Health Campus when it is completed. Future projects include expanding the Juvenile Services Center facility, making improvements to the Carizzo Plains Fire Station, and expanding the women's jail facility.

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

In fiscal year 2005/2006, the Airport completed a \$2.5 million taxiway and flatwork project. New projects started during the year included a new Airport fire station, 65 T hangars, and a rental car facility. County Public Works started construction on the Nacimiento Water Project. This project is responsible for planning, design and construction for the delivery of Nacimiento water to several participating agencies in San Luis Obispo County.

Future capital projects scheduled for the 2006/2007 fiscal year include a \$21.6 million Airport runway and installation of an engineered material arresting system. These projects are financed by FAA grants and passenger facility charges.

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 \$207,821. The County's balance of the 1993 Pension Obligation Bonds is \$135,199. The Pension Obligation Bonds debt service payments are funded by County payroll benefits. Of the balance remaining, \$12,260 is backed by the full faith and credit of the County. The remainder of the County's debt consists of: \$45,175 in certificates of participation, which are repaid from a variety of revenues; \$15,126 in State loans and \$61 in revenue bonds which are repaid with water service revenue. Additionally, the County is liable for \$2,800 of special assessment debt in the event of default by the property owner subject to the assessment.

Table G
Outstanding Debt
June 30, 2006
(in thousands)

	Governmental Activities June 30, 2005	Governmental Activities June 30, 2006	Business Type Activities June 30, 2005	Business Type Activities June 30, 2006	Total June 30, 2005	Total June 30, 2006	Total Percent Change
Certificates of participation	\$ 25,323	\$ 23,106	\$ 22,577	\$ 22,069	\$ 47,900	\$ 45,175	(5.7%)
Pension Obligation Bonds	137,194	135,199	-	-	137,194	135,199	(1.5%)
State note	-	-	3,077	15,126	3,077	15,126	392%
Revenue bonds	-	-	66	61	66	61	(7.6%)
General obligation bonds	-	-	12,510	12,260	12,510	12,260	(2.0%)
	<u>\$ 162,517</u>	<u>\$ 158,305</u>	<u>\$ 38,230</u>	<u>\$ 49,516</u>	<u>\$ 200,747</u>	<u>\$ 207,821</u>	3.5%

The net increase over last year for all the County's notes and bonds payable was \$7,075, or 3.5%. The increase resulted from borrowing \$7,453 from the State of California Water Resources Safe Drinking Water Loan and \$4,734 from the State of California Department of Transportation, \$1,000 partial bond call of the 1994 Certificate of Participation, and scheduled debt payments.

The County's recent debt issues have maintained an "AAA" rating from Standard & Poor's and an "AAA" rating from Fitch. These issues were the 2002 series A certificates of participation.

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 \$370,203.

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

Other liabilities include compensated absences (\$21.9 million), landfill post-closure costs (\$3.1 million), and self-insurance (\$21.8 million). More detailed information about the County's long-term liabilities are presented in Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- ❖ The budget for the 2006/2007 fiscal year is designed to keep service levels at or above existing ones.
- ❖ The state's improved revenue forecast has had a very positive effect on the County's budget. The County increased General Fund support to Roads, Library, and Parks to fund higher service levels. Mental Health, Library, Sheriff, and Probation will be hiring new staff for various programs.
- ❖ The County's unemployment rate is at 3.9%, considerably lower than the state rate of 4.9% and the national rate of 4.6%.
- ❖ The major sources of revenues stimulated by the economy have shown steady increases:
 - County assessed property tax valuations grew \$2.5 billion.
 - The median price of homes in San Luis Obispo County rose to \$571,670 within the last year.
 - Transit occupancy tax collections and sales tax revenue increased 11% and 12% respectively.
- ❖ General fund's ending fund balance for fiscal year 2005/2006 was higher than anticipated. This enabled the County to pay down \$1.0 million on its Pension Obligation Bonds, increase general fund contingencies to 5%, and increase capital projects funding \$2.6 million.
- ❖ The Board of Supervisors adopted the 2006-2007 budget in June 2006, with a \$56.1 million fund balance in the general fund, of which \$33.2 million was appropriated to finance the current year's expenditures including contingencies, \$8 million was placed in general reserves, and \$6.0 million was earmarked for designations. The County budget also included 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, San Luis Obispo County Government Center, Room D220, San Luis Obispo, California 93408.

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



COUNTY OF SAN LUIS OBISPO
Statement of Net Assets
June 30, 2006 (in thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 236,480	\$ 40,176	\$ 276,656
Accounts receivable, net	211	1,078	1,289
Property taxes receivable	7,973	--	7,973
Other receivables	6,958	270	7,228
Due from other governments	24,056	939	24,995
Deposits with others	524	70	594
Inventories	562	--	562
Prepaid items	200	24	224
Total Current Assets	<u>276,964</u>	<u>42,557</u>	<u>319,521</u>
Noncurrent Assets:			
Restricted cash with fiscal agent	3,450	--	3,450
Prepaid pension contributions	131,185	--	131,185
Prepaid bond issuance costs	1,965	--	1,965
Capital Assets:			
Nondepreciable	844,679	86,041	930,720
Depreciable, net	174,808	86,011	260,819
Total Noncurrent Assets	<u>1,156,087</u>	<u>172,052</u>	<u>1,328,139</u>
Total Assets	<u>1,433,051</u>	<u>214,609</u>	<u>1,647,660</u>
LIABILITIES			
Current Liabilities:			
Salaries and benefits payable	7,703	92	7,795
Accounts payable	9,468	7,115	16,583
Trust deposits	429	--	429
Internal balances	(4,143)	4,143	--
Deposits from others	1,563	8,085	9,648
Unearned revenue	5,712	3,099	8,811
Accrued interest	1,248	571	1,819
Other current liabilities	40	--	40
Total Current Liabilities	<u>22,020</u>	<u>23,105</u>	<u>45,125</u>
Long Term Liabilities:			
Portion due or payable within one year:			
Bonds and notes payable	2,767	1,129	3,896
Compensated absences	14,304	152	14,456
Landfill closure/postclosure costs	253	--	253
Self insurance payable	5,358	--	5,358
Portion due or payable after one year:			
Bonds and notes payable	155,538	48,389	203,927
Compensated absences	7,280	122	7,402
Landfill closure/postclosure costs	2,874	--	2,874
Self insurance payable	16,332	--	16,332
Total Long-term Liabilities	<u>204,706</u>	<u>49,792</u>	<u>254,498</u>
Total Liabilities	<u>226,726</u>	<u>72,897</u>	<u>299,623</u>
NET ASSETS			
Invested in capital assets, net of related debt	996,381	122,534	1,118,915
Restricted for:			
General government	1,121	--	1,121
Public protection	1,879	--	1,879
Health and sanitation	341	--	341
Public assistance	28	--	28
Education	15	--	15
Public ways and facilities	26,761	--	26,761
Recreation and culture	15	--	15
Debt service	10,018	--	10,018
Unrestricted	<u>169,766</u>	<u>19,178</u>	<u>188,944</u>
Total Net Assets	<u>\$ 1,206,325</u>	<u>\$ 141,712</u>	<u>\$ 1,348,037</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, 2006 (in thousands)

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 39,872	\$ 22,293	\$ 1,442	\$ --
Public protection	100,234	11,776	39,054	208
Public ways and facilities	32,858	9,730	11,459	6,253
Health and sanitation	53,113	8,831	39,611	--
Public assistance	84,451	2,438	73,863	--
Education	7,786	1,460	250	--
Recreation and cultural services	4,244	1,370	158	805
Interest on long-term debt	7,184	--	--	--
Total Governmental Activities	329,742	57,898	165,837	7,266
Business-Type Activities:				
Airport	3,703	3,864	279	3,792
Golf	2,867	2,895	--	--
State Water Contract	5,102	5,098	8	--
Lopez Dam	5,237	4,717	--	--
Other Special Districts	4,958	8,732	1,435	--
Total Business-Type Activities:	21,867	25,306	1,722	3,792
Total primary government	\$ 351,609	\$ 83,204	\$ 167,559	\$ 11,058

General Revenues:
Taxes:
Property taxes
Sales and use taxes
Transient occupancy taxes
Transfer tax
Other taxes
Grants not restricted to specific programs
Interest earnings not restricted to specific programs
Other revenues
Transfers
Total General Revenues and Transfers
Change in Net Assets
Net assets - beginning of year
Net assets - end of year

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

Net (Expense) Revenue and
Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (16,137)		\$ (16,137)
(49,196)		(49,196)
(5,416)		(5,416)
(4,671)		(4,671)
(8,150)		(8,150)
(6,076)		(6,076)
(1,911)		(1,911)
(7,184)		(7,184)
(98,741)		(98,741)
--	\$ 4,232	4,232
--	28	28
--	4	4
--	(520)	(520)
--	5,209	5,209
--	8,953	8,953
(98,741)	8,953	(89,788)
114,076	2,051	116,127
6,318	--	6,318
3,583	--	3,583
5,339	--	5,339
583	--	583
9,559	--	9,559
7,176	1,085	8,261
--	87	87
(1,884)	1,884	--
144,750	5,107	149,857
46,009	14,060	60,069
1,160,316	127,652	1,287,968
\$ 1,206,325	\$ 141,712	\$ 1,348,037

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



**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**



COUNTY OF SAN LUIS OBISPO
Balance Sheet
Governmental Funds
June 30, 2006 (in thousands)

	General Fund	Capital Projects	Debt Service Pension Obligation Bonds	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 91,156	\$ 27,062	\$ 7,197	\$ 80,266	\$ 205,681
Accounts receivable, net	4	--	--	200	204
Accrued property taxes receivable	7,973	--	--	--	7,973
Other receivables	5,781	--	199	978	6,958
Due from other governments	19,355	1,567	--	3,134	24,056
Inventories	64	--	--	--	64
Prepaid items	200	--	--	--	200
Advances to other funds	1,966	--	--	--	1,966
Restricted cash with fiscal agent	--	--	34	3,416	3,450
Other assets	--	--	1,695	1,596	3,291
Total Assets	<u>\$ 126,499</u>	<u>\$ 28,629</u>	<u>\$ 9,125</u>	<u>\$ 89,590</u>	<u>\$ 253,843</u>
Liabilities and Fund Balance					
Liabilities:					
Salaries and benefits payable	\$ 6,657	\$ --	\$ --	\$ 376	\$ 7,033
Accounts payable	5,175	685	--	2,303	8,163
Trust deposits	429	--	--	--	429
Deposits from others	206	--	--	837	1,043
Deferred revenue	9,403	798	--	1,560	11,761
Other current liabilities	40	--	1,695	1,367	3,102
Advances from other funds	--	--	--	1,245	1,245
Total Liabilities	<u>21,910</u>	<u>1,483</u>	<u>1,695</u>	<u>7,688</u>	<u>32,776</u>
Fund Balances:					
Reserved for:					
Encumbrances	3,016	--	--	810	3,826
Advances to other funds	1,966	--	--	--	1,966
Inventories	64	--	--	--	64
Prepays	200	--	--	--	200
Debt service	--	--	7,430	2,588	10,018
Construction of roads and public facilities	--	--	--	26,604	26,604
Specific program or grants	12,419	--	--	3,166	15,585
Unreserved	86,924	27,146	--	--	114,070
Unreserved, reported in nonmajor					
Special revenue funds	--	--	--	48,734	48,734
Total Fund Balances	<u>104,589</u>	<u>27,146</u>	<u>7,430</u>	<u>81,902</u>	<u>221,067</u>
Total Liabilities and Fund Balances	<u>\$ 126,499</u>	<u>\$ 28,629</u>	<u>\$ 9,125</u>	<u>\$ 89,590</u>	<u>\$ 253,843</u>

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

COUNTY OF SAN LUIS OBISPO
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets - Governmental Activities
June 30, 2006 (in thousands)

Fund Balance - total governmental funds (page 39)	\$	221,067
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		1,010,813
Accrued Property tax revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		6,049
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore not reported in the funds.		131,185
Cost of issuance on pension obligation bonds are not recognized as current expenditures are deferred.	\$ 2,173	
Less: Accumulated amortization of cost of issuance on pension obligation bonds.	<u>(208)</u>	1,965
Internal service funds are used by the County to charge the cost of vehicle fleet management, centralized reprographic services, comprehensive public works services, and operations of the County's workers' compensation, protected self-insurance, unemployment, and dental insurance programs to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.		13,690
Adjustment for Internal Service Funds are necessary to "close" those funds by charging additional amount to participation business-type activities to completely cover the Internal Service Funds' cost for the year.		3,422
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(953)
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:		
Bonds and notes payable		(158,305)
Compensated absences		(19,481)
Landfill closure/postclosure costs		<u>(3,127)</u>
Net assets of governmental activities (page 33)	\$	<u>1,206,325</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, 2006 (in thousands)

	General Fund	Capital Projects	Debt Service Pension Obligation Bonds	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Taxes	\$ 116,731	\$ 3,194	\$ --	\$ 8,661	\$ 128,586
Licenses, permits, and franchises	10,739	--	--	5	10,744
Fines, forfeits and penalties	2,314	457	--	779	3,550
Revenue from use of money and property	2,942	775	161	2,760	6,638
Aid from governmental agencies	156,683	961	--	25,011	182,655
Charges for current services	34,645	897	--	20,005	55,547
Other revenues	3,526	2,442	364	814	7,146
Total revenues	<u>327,580</u>	<u>8,726</u>	<u>525</u>	<u>58,035</u>	<u>394,866</u>
<u>Expenditures:</u>					
Current:					
General government	45,477	--	--	8,214	53,691
Public protection	115,461	--	--	1,335	116,796
Public ways and facilities	--	--	--	25,749	25,749
Health and sanitation	50,803	--	--	4,661	55,464
Public assistance	82,415	--	--	4,611	87,026
Education	306	--	--	7,585	7,891
Recreation and cultural services	--	--	--	4,159	4,159
Debt service:					
Principal payments	--	--	1,995	2,975	4,970
Interest and fiscal charges	--	--	2,848	2,926	5,774
Capital outlay	--	8,444	--	1,107	9,551
Total expenditures	<u>294,462</u>	<u>8,444</u>	<u>4,843</u>	<u>63,322</u>	<u>371,071</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>33,118</u>	<u>282</u>	<u>(4,318)</u>	<u>(5,287)</u>	<u>23,795</u>
<u>Other Financing Sources (Uses):</u>					
Transfers in	1,735	5,884	7,319	16,972	31,910
Transfers (out)	<u>(24,719)</u>	<u>(766)</u>	<u>--</u>	<u>(8,040)</u>	<u>(33,525)</u>
Total Other Financing Sources (Uses)	<u>(22,984)</u>	<u>5,118</u>	<u>7,319</u>	<u>8,932</u>	<u>(1,615)</u>
Net Change in Fund Balances	<u>10,134</u>	<u>5,400</u>	<u>3,001</u>	<u>3,645</u>	<u>22,180</u>
Fund Balances - Beginning	<u>94,455</u>	<u>21,746</u>	<u>4,429</u>	<u>78,257</u>	<u>198,887</u>
Fund Balances - Ending	<u>\$ 104,589</u>	<u>\$ 27,146</u>	<u>\$ 7,430</u>	<u>\$ 81,902</u>	<u>\$ 221,067</u>

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

COUNTY OF SAN LUIS OBISPO
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2006 (in thousands)

Net Change in fund balance - total governmental funds (page 41)	\$	22,180
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Property tax revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		1,313
<p>Governmental funds report capital outlay as expenditures. These expenditures have no effect on net assets. Capital outlay expenditures that have no effect on net assets are reported in the following functional categories:</p>		
Capital outlay	\$ 9,551	
General government	2,623	
Public protection	13,921	
Health and sanitation	609	
Education	<u>60</u>	26,764
<p>In the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		(13,918)
<p>Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, 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 assets.</p>		
Debt principal payments		4,212
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:</p>		
Change in compensated absences		(2,479)
Change in accrued interest payable		(3,144)
Change in landfill closure/postclosure costs		(304)
Amortization of bond issuance costs		(64)
Amortization of prepaid pension contributions		1,879
<p>Internal service funds are used by the County to charge the cost of vehicle fleet management, centralized reprographic services, comprehensive public works services, and operations of the County's workers' compensation, protected self-insurance, unemployment, and dental insurance programs to individual funds. The net revenue or expenditure effect of internal service funds is reported with governmental activities.</p>		<u>9,570</u>
Change in net assets of governmental activities (page 35)	\$	<u>46,009</u>

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

COUNTY OF SAN LUIS OBISPO
Statement of Fund Net Assets
Proprietary Funds
June 30, 2006 (in thousands)

	Business-type Activities - Enterprise Funds						Governmental
	Airport	Golf	State Water Project	Lopez Flood Control	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Assets							
Current Assets:							
Cash and investments	\$ 7,106	\$ 1,284	\$ 11,095	\$ 5,286	\$ 15,405	\$ 40,176	\$ 30,799
Accounts receivable, net	--	--	936	29	113	1,078	7
Other receivables	37	--	--	--	233	270	--
Due from other governments	939	--	--	--	--	939	--
Deposits with others	--	--	57	--	13	70	--
Inventory	--	--	--	--	--	--	498
Prepaid items	--	--	--	24	--	24	--
Advances to other funds	--	549	--	--	--	549	--
Total Current Assets	<u>8,082</u>	<u>1,833</u>	<u>12,088</u>	<u>5,339</u>	<u>15,764</u>	<u>43,106</u>	<u>31,304</u>
Noncurrent assets:							
Capital assets:							
Nondepreciable:							
Land	14,585	1,333	--	2,096	216	18,230	--
Construction in progress	7,296	72	8	12,008	13,235	32,619	--
Water rights	--	--	33,274	1,860	58	35,192	--
Depreciable:							
Structures and improvements, net	20,721	11,853	8,335	37,476	7,100	85,485	410
Equipment, net	14	159	72	43	238	526	8,264
Total Noncurrent Assets	<u>42,616</u>	<u>13,417</u>	<u>41,689</u>	<u>53,483</u>	<u>20,847</u>	<u>172,052</u>	<u>8,674</u>
Total Assets	<u>50,698</u>	<u>15,250</u>	<u>53,777</u>	<u>58,822</u>	<u>36,611</u>	<u>215,158</u>	<u>39,978</u>
Liabilities:							
Current Liabilities:							
Salaries and benefits payable	41	51	--	--	--	92	670
Accounts payable	541	525	4,065	1,311	673	7,115	1,305
Interest payable	--	--	--	571	--	571	--
Self insurance payable	--	--	--	--	--	--	5,358
Deposits from others	378	--	2,394	--	5,313	8,085	520
Accrued vacation and sick leave - current	72	80	--	--	--	152	1,348
Unearned revenue	49	--	1,443	1,507	100	3,099	--
Notes and bond payable - current	189	223	--	570	147	1,129	--
Total Current Liabilities	<u>1,270</u>	<u>879</u>	<u>7,902</u>	<u>3,959</u>	<u>6,233</u>	<u>20,243</u>	<u>9,201</u>
Noncurrent Liabilities:							
Self insurance payable	--	--	--	--	--	--	16,332
Advances from other funds	918	--	--	--	352	1,270	--
Notes and bonds payable	4,545	7,251	--	33,738	2,855	48,389	--
Accrued vacation and sick leave	19	103	--	--	--	122	755
Total Noncurrent Liabilities	<u>5,482</u>	<u>7,354</u>	<u>--</u>	<u>33,738</u>	<u>3,207</u>	<u>49,781</u>	<u>17,087</u>
Total Liabilities	<u>6,752</u>	<u>8,233</u>	<u>7,902</u>	<u>37,697</u>	<u>9,440</u>	<u>70,024</u>	<u>26,288</u>
Net Assets							
Invested in capital assets, net of related debt	37,882	5,943	41,689	19,175	17,845	122,534	8,674
Unreserved	6,064	1,074	4,186	1,950	9,326	22,600	5,016
Total Net Assets	<u>\$ 43,946</u>	<u>\$ 7,017</u>	<u>\$ 45,875</u>	<u>\$ 21,125</u>	<u>\$ 27,171</u>	<u>\$ 145,134</u>	<u>\$ 13,690</u>

Adjustment to reflect the
consolidation of internal service
activities related to enterprise
funds

(3,422)

Net assets of business-type activities

\$ 141,712

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

COUNTY OF SAN LUIS OBISPO
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2006 (in thousands)

	Business-type Activities - Enterprise Funds						Governmental
	Airport	Golf	State Water Project	Lopez Flood Control	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues:							
Charges for current services	\$ 3,864	\$ 2,895	\$ 5,098	\$ 3,232	\$ 10,292	\$ 25,381	\$ 47,415
Total Operating Revenues	<u>3,864</u>	<u>2,895</u>	<u>5,098</u>	<u>3,232</u>	<u>10,292</u>	<u>25,381</u>	<u>47,415</u>
Operating Expenses:							
Salaries and benefits	1,022	1,365	--	--	--	2,387	17,831
Services and supplies	1,979	837	4,889	1,751	5,880	15,336	15,421
Other charges	--	348	--	6	140	494	--
Insurance benefit payments	--	--	--	--	--	--	(490)
Insurance premiums	--	--	--	--	--	--	2,467
Depreciation	485	381	202	518	357	1,943	1,758
Countywide cost allocation	305	4	52	68	188	617	1,085
Total Operating Expenses	<u>3,791</u>	<u>2,935</u>	<u>5,143</u>	<u>2,343</u>	<u>6,565</u>	<u>20,777</u>	<u>38,072</u>
Operating Income (Loss)	<u>73</u>	<u>(40)</u>	<u>(45)</u>	<u>889</u>	<u>3,727</u>	<u>4,604</u>	<u>9,343</u>
Nonoperating Revenues (Expenses):							
Property taxes	--	--	729	954	368	2,051	--
Interest income	82	39	353	142	469	1,085	855
Interest expense	--	--	(78)	(1,410)	(96)	(1,584)	--
Aid from governmental agencies	4,071	--	8	--	1,435	5,514	--
Gain (loss) on sale of assets	--	--	--	--	(5)	(5)	(24)
Other nonoperating revenue (expenses)	27	(16)	--	1	--	12	164
Total Nonoperating Revenues (Expenses)	<u>4,180</u>	<u>23</u>	<u>1,012</u>	<u>(313)</u>	<u>2,171</u>	<u>7,073</u>	<u>995</u>
Income (Loss) Before Contributions and Transfers	4,253	(17)	967	576	5,898	11,677	10,338
Transfers in	1,839	--	--	8	190	2,037	206
Transfers out	(64)	(37)	--	(39)	(13)	(153)	(475)
Changes in net assets	<u>6,028</u>	<u>(54)</u>	<u>967</u>	<u>545</u>	<u>6,075</u>	<u>13,561</u>	<u>10,069</u>
Net Assets - Beginning	<u>37,918</u>	<u>7,071</u>	<u>44,908</u>	<u>20,580</u>	<u>21,096</u>	<u>131,573</u>	<u>3,621</u>
Net Assets - Ending	<u>\$ 43,946</u>	<u>\$ 7,017</u>	<u>\$ 45,875</u>	<u>\$ 21,125</u>	<u>\$ 27,171</u>	<u>\$ 145,134</u>	<u>\$ 13,690</u>

Reconciliation of enterprise funds change in net assets to statement of activities:

Change in net assets \$ 13,561

Adjustment to reflect consolidation of internal service fund activities related to enterprise 499

Change in net assets of business-type activities \$ 14,060

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, 2006 (in thousands)

	Business-type Activities - Enterprise Funds						Governmental
	Airport	Golf	State Water Project	Lopez Flood Control	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:							
Receipts from customers, patients, third parties	\$ 3,893	\$ 2,922	\$ 4,706	\$ 4,740	\$ 10,045	\$ 26,306	\$ --
Receipts from interfund billings	--	--	--	--	--	--	47,351
Cash received from other sources	44	--	--	--	75	119	--
Payments for goods and services	(2,663)	(1,077)	(4,519)	(1,785)	(1,093)	(11,137)	(16,863)
Payments to employees for service	(988)	(1,317)	--	--	--	(2,305)	(17,273)
Payments for insurance benefits	--	--	--	--	--	--	(4,211)
Payments for premiums	--	--	--	--	--	--	(2,467)
Net Cash Provided (Used) by Operating Activities	<u>286</u>	<u>528</u>	<u>187</u>	<u>2,955</u>	<u>9,027</u>	<u>12,983</u>	<u>6,537</u>
Cash Flows from Noncapital Financing Activities:							
Property tax proceeds	--	--	729	954	368	2,051	--
Grants and subsidies from other gov't agencies	3,637	--	8	--	1,435	5,080	--
Proceeds from interfund borrowing	--	--	--	--	1,400	1,400	--
Transfers from other funds	1,839	--	--	8	190	2,037	206
Transfers to other funds	(772)	(37)	--	(1,439)	(13)	(2,261)	(475)
Other non-operating revenues and expenses	27	(16)	--	1	--	12	164
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>4,731</u>	<u>(53)</u>	<u>737</u>	<u>(476)</u>	<u>3,380</u>	<u>8,319</u>	<u>(105)</u>
Cash Flows from Capital and Related Financing Activities:							
Purchases and construction of capital assets	(5,042)	(119)	(1,004)	(7,033)	(5,542)	(18,740)	(1,727)
Proceeds from issuance of long-term debt	4,734	--	--	7,453	200	12,387	--
Proceeds from sale of capital assets	--	--	--	--	2	2	170
Principal paid on capital debt	(119)	(212)	--	(545)	(157)	(1,033)	--
Interest paid on capital debt	--	--	(78)	(1,420)	(96)	(1,594)	--
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(427)</u>	<u>(331)</u>	<u>(1,082)</u>	<u>(1,545)</u>	<u>(5,593)</u>	<u>(8,978)</u>	<u>(1,557)</u>
Cash Flows from Investing Activities:							
Interest received	82	39	353	142	469	1,085	855
Net Cash Provided (Used) by Investing Activities	<u>82</u>	<u>39</u>	<u>353</u>	<u>142</u>	<u>469</u>	<u>1,085</u>	<u>855</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,672	183	195	1,076	7,283	13,409	5,730
Cash and Cash Equivalents - Beginning of Year	2,434	1,101	10,900	4,210	8,122	26,767	25,069
Cash and Cash Equivalents - End of Year	<u>\$ 7,106</u>	<u>\$ 1,284</u>	<u>\$ 11,095</u>	<u>\$ 5,286</u>	<u>\$ 15,405</u>	<u>\$ 40,176</u>	<u>\$ 30,799</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating income (loss)	\$ 73	\$ (40)	\$ (45)	\$ 889	\$ 3,727	\$ 4,604	\$ 9,343
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:							
Depreciation expense	485	381	202	518	357	1,943	1,758
Change in Assets and Liabilities:							
Receivables, net	(34)	27	(466)	1	(191)	(663)	(3)
Prepays	--	--	--	(2)	--	(2)	--
Inventory	--	--	--	--	--	--	(84)
Accounts payable	(379)	112	422	42	(53)	144	(134)
Accrued payroll liabilities	9	6	--	--	--	15	104
Accrued vacation	25	42	--	--	--	67	454
Self-insurance liability	--	--	--	--	--	--	(4,840)
Other accrued liabilities	107	--	74	1,507	5,187	6,875	(61)
Total Adjustments	<u>213</u>	<u>568</u>	<u>232</u>	<u>2,066</u>	<u>5,300</u>	<u>8,379</u>	<u>(2,806)</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ 286</u>	<u>\$ 528</u>	<u>\$ 187</u>	<u>\$ 2,955</u>	<u>\$ 9,027</u>	<u>\$ 12,983</u>	<u>\$ 6,537</u>

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

COUNTY OF SAN LUIS OBISPO
Statement of Fiduciary Net Assets
Agency and Investment Trust Funds
June 30, 2006 (in thousands)
San Luis Obispo Pension Trust Fund
December 31, 2005 (in thousands)

	Agency Funds 6/30/2006	Investment Trust Funds 6/30/2006	San Luis Obispo County Pension Trust 12/31/2005
<u>Assets</u>			
Cash and cash equivalents	\$ 25,080	\$ 173,864	\$ 19,322
Accrued interest & dividends receivable	--	--	31
Notes receivable, short term	--	--	47
Notes receivable	--	--	4,137
Contributions receivable	--	--	1,272
Prepaid benefits	--	--	1,591
Restricted cash with fiscal agent	--	--	678,586
Capital assets-net of accumulated depreciation	--	--	1,552
Total Assets	25,080	173,864	706,538
<u>Liabilities</u>			
Agency obligations	25,080	--	--
Accrued liabilities	--	--	700
Total Liabilities	25,080	--	700
<u>Net Assets</u>			
Assets held in trust for pool participants	--	173,864	--
Assets held in trust for pension benefits	--	--	705,838
Total Net Assets	\$ --	\$ 173,864	\$ 705,838

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

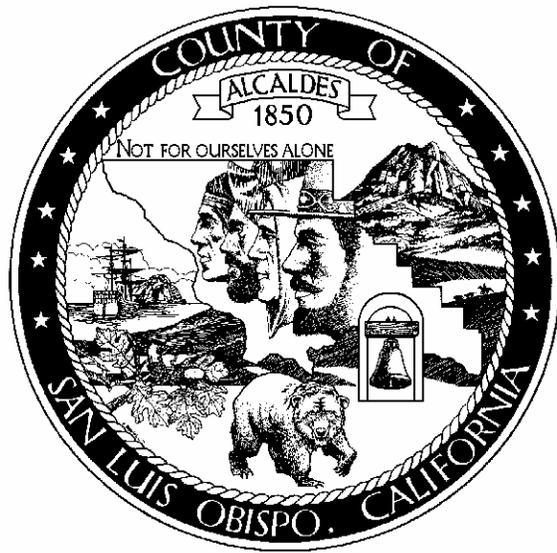
COUNTY OF SAN LUIS OBISPO
Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
For the Year Ended June 30, 2006 (in thousands)
San Luis Obispo Pension Trust Fund
December 31, 2005 (in thousands)

	<u>Investment Trust Funds 6/30/2006</u>	<u>San Luis Obispo County Pension Trust 12/31/2005</u>
<u>Additions</u>		
Contributions:		
County contributions	\$ 992,583	\$ 18,210
Member contributions	--	14,134
Total Contributions	<u>992,583</u>	<u>32,344</u>
Investment Earnings:		
Net increase (decrease) in fair value of investments	--	4,571
Realized gains and losses	--	935
Interest	5,237	15,111
Dividends	--	4,172
Real estate management trust income	--	5,853
Rental Real Estate:		
Real estate operating income (expense)	--	1,374
Total Investment Earnings	<u>5,237</u>	<u>32,016</u>
Total Additions	<u>997,820</u>	<u>64,360</u>
<u>Deductions</u>		
Benefits:		
Monthly benefit payments	--	22,608
Termination refunds	--	1,857
Death benefits	--	92
Total benefits	<u>--</u>	<u>24,557</u>
Administrative expenses	--	1,504
Total Administrative Expenses	<u>--</u>	<u>1,504</u>
Distributions from investment pool	<u>996,886</u>	<u>--</u>
Total deductions	<u>996,886</u>	<u>26,061</u>
Change in Net Assets	934	38,299
Net Assets - Beginning	<u>172,930</u>	<u>667,539</u>
Net Assets - Ending	<u>\$ 173,864</u>	<u>\$ 705,838</u>

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



NOTES TO THE FINANCIAL STATEMENTS



COUNTY OF SAN LUIS OBISPO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

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

Blended Component Units

The accompanying financial statements report on the financial activities of the County and those County-related entities that meet the criteria for component units established by the Governmental Accounting Standards Board (GASB), Statement 14. 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. According to GASB Statement No. 14, blended component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The blended component units' governing bodies are substantively the same as the governing body of the primary government. In addition, blended component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The County, therefore, has included the following entities in its government-wide, governmental fund and proprietary fund financial statements:

San Luis Obispo County Area Transit District – The District provides Dial-A-Ride, taxi subsidies, trolley and other modes of public transportation in a specified area within the County of San Luis Obispo.

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, fire and emergency medical services in various unincorporated areas of the County.

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

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

San Luis Obispo County Public Facilities Corporation - The PFC is a nonprofit public benefit corporation organized to assist public agencies within the County of San Luis Obispo with the acquisition and construction of various public facilities. Additional detailed information and/or separately issued financial statements for each of these entities can be obtained from the County of San Luis Obispo Auditor-Controller's office located at the County Government Center Room D220, San Luis Obispo, CA 93408.

Also included in the accompanying financial statements as investment trust funds are the assets of numerous self-governed schools, special districts, regional boards and authorities for which the County Treasurer acts as custodian of those assets. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and the related fiduciary responsibility of the County for disbursement of these assets. Activities of these entities are administered by separate boards and are independent of the County Board of Supervisors. The County Auditor-Controller makes disbursements upon the request of the entity's officers. The County Board of Supervisors has no effective authority to govern, manage, approve budgets, assume financial accountability, establish revenue limits, nor to appropriate surplus funds

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The Government-wide financial statements consist of the statement of net assets 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 good 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 functions and, therefore, are clearly identifiable to a particular function. Indirect expenses are allocated based on the County-wide Cost Allocation Plan have been made in the funds and are been eliminated for the statement of activities.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the County enterprises funds (Airport, Golf, State Water Project and Lopez Flood Control Project) and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Financial Statements

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

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.
- Pension Obligation Bonds account for the accumulation of monies for payment of taxable pension obligation bonds. These bonds were issued to fund the County's unfounded actuarial accrued liability (UAAL).

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The County reports the following Major Proprietary Funds:

- The Airport Fund accounts for the maintenance, operations, and development of the County owned commercial service airports in San Luis Obispo and Oceano.
- The Golf Course Fund accounts for the operations and maintenance of the County owned golf courses located in Atascadero, Morro Bay, and San Luis Obispo.
- The State Water Contract Fund accounts for revenues, expenses and net assets relating to the countywide taxpayers' obligations associated with the State Water Project, which provides for the delivery of state water into the County.
- The Lopez Dam Flood Control Fund accounts for the maintenance, water treatment and water distribution services of the Lopez Dam Flood Control Zone 3, which provides water to south San Luis Obispo County and the activities of the Lopez Dam Seismic Remediation Project.
- 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 equipment maintenance services, centralized printing services, and self-insurance programs such as workers' compensation, long-term disability, employee benefits, and personal injury and property damage.

The County reports the following Fiduciary Funds:

- Pension Trust Fund accumulates contributions from the County, its employees, and earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula) and administrative expenses. This fund includes all assets of the San Luis Obispo County Pension Trust as of December 31, 2005.
- Investment Trust Funds accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. The County reports on 91 different Investment Trust Funds.
- Agency Funds account for the resources held by the County in a custodial capacity on behalf of other agencies. The County reports on 133 different Agency Funds.

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

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they become both measurable and available. The County considers all revenues in governmental funds to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenues are considered to be available if they are collected within 120 days of the end of the current fiscal period. It is the County's policy to submit reimbursement and claim requests for federal and state grant revenues within 30 days of the end of the program cycle and payments are generally received within 90 days. Property taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures generally are recorded when the related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

compensated absences and claim 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The effect of interfund activity has been eliminated from the Government-wide financial statements.

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

D. ASSETS, LIABILITIES, AND FUND EQUITY

Deposits and Investments

As required by Government Code Section 27130, a treasury oversight committee serves the County. The committee consists of a representative appointed by the Board of Supervisors, the Auditor-Controller, Superintendent of Schools, a representative from the County's school districts and community college, and one member from the public at large. The committee meets quarterly 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, 2006. 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 96.0 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.

Property Tax

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

accounted for in the Unapportioned Property Tax and Interest Fund, an Agency Fund, until apportionment and disbursement to the taxing jurisdictions. Property tax receivables are recognized when levied.

Beginning in 1993-1994, the County of San Luis Obispo adopted the "Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds" provided for in Revenue and Taxation Code Sections 4701-4717, which is commonly known as the "Teeter Plan". The Teeter Plan has no impact on tax rates or collection procedures. It merely changes the way the collections of delinquent taxes and penalties are distributed among the taxing agencies. Those agencies participating in the Teeter Plan receive 100% of the secured property taxes billed each year without regard to delinquencies. The General Fund covers the delinquent amount to all agencies and, in return, receives the delinquent taxes, penalties and interest when collected. As a result of the Teeter Plan, secured property taxes receivable are recorded in the General Fund only, and there is no allowance for uncollectible amounts. Penalties and interest are deposited into the Tax Loss Reserve Fund. Once the Tax Loss Reserve Fund balance exceeds 25% of the secured delinquent roll, the excess can be credited to the General Fund.

The Teeter Plan was amended beginning fiscal year 2001/2002 by removing unitary tax payments (including PG&E), so that all agencies in the County will share in any delinquency that may occur.

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

Interfund Transactions

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

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

Inventories and Prepaid Items

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

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

Capital Assets

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

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

Capital outlays are recorded as expenditures in the General, Special Revenue, and Capital Projects Funds and as capital assets in the Government-wide financial statements to the extent the County's capitalization thresholds are met. Interest incurred, during 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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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; therefore the total liability is recorded as long-term. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee designations and retirements.

Long-term Obligations

In the Government-wide financial statements, and proprietary fund types 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. ESTIMATES

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

DETAIL NOTES ON ALL FUNDS

2. CASH AND CASH EQUIVALENTS

Cash in Treasury

Investments made by the Treasurer are regulated by the California Government Code and by the County's Investment Policy (IP). The objectives of the policy in order of priority are safety, liquidity, and yield, 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. The County Investment Pool as received the highest rating of "AAA/V1+" from Fitch. Investment pools rated "AAA" meet the highest credit quality standards for underlying assets, diversification, management, and operational capabilities. The pool's "V1+" volatility rating reflects low market risk and strong capacity to return stable principal values to participants, even in severely adverse interest rate environments.

The County Treasury Oversight Committee (CTOC) was created by the Board of Supervisors' Resolution and is formed by five members. The CTOC convenes quarterly to monitor and review the management of public funds maintained in the investment pool in accordance with the California Government Code. The CTOC and the Board of Supervisors review and approve the IP annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the CTOC and the investment pool participants every quarter. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value. The County Auditor-Controller's Office performs an Annual Investment Program Compliance Audit, and the result of this audit is presented to the Board of Supervisors on a yearly basis. Under parameters established by the California Government Code, the County may purchase: obligations issued by the United States Treasury; obligations, participations, or other instruments of or issued by a federal agency or a United States government sponsored enterprise; obligations of state and local agencies of this state; bankers acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term corporate notes; as well as other investments established by the California Government Code. The County IP prohibits investments in derivatives, securities lending, or reverse repurchase agreements.

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

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

Cash and investments as of June 30, 2006, consist of the following (in thousands):

Cash on hand	\$	108
Deposits with financial institutions		5,342
Investments		<u>482,118</u>
Total Cash and Investments	\$	<u>487,568</u>

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

GASB 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, broker bids, and LAIF, except for instruments which are carried at amortized cost plus accrued interest. The fair value of the participants' position in the pool is the same as the value of the pool shares. The County Treasury has provided

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

a fair value dollar factor of .995756313424 in the Quarterly Report of Investments as of June 30, 2006, which can be used for financial reporting by the pool participants.

The County's combined pool has invested in the State 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 California State Code. The fair value of the investments in LAIF is the same value of the pool shares. Market valuation is conducted quarterly. LAIF provided a fair value dollar factor of .998185821 for its portfolio as of June 30, 2006. As of June 30, 2006, the LAIF pool includes structured notes and asset-backed securities, which total 2.56%. LAIF has oversight by the Local Investment Advisory Board, which consists of five members as designated by statute.

The table below identifies the investment types that are authorized for the County by the California Government Code and County's IP. The IP further restricts allowable investments for the combined pool to reduce exposure to investment risks. The County IP is further restricted by the Treasurer's written policies and procedures that are utilized in the daily operations. The table also identifies certain provisions of the California Government Code or the County's IP, where more restrictive, that address interest risk, credit risk, and concentration of credit risk.

As of June 30, 2006, the County Treasurer is authorized with certain restrictions to invest in the following investment types. When stated in the IP, the County Treasurer's written approval is required to exceed the Treasurer's written policies and procedures.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	Requires County Treasurer written approval		
U.S. Treasury Notes	3 years	50%	None
U.S. Treasury Bonds	3 years	50%	
U.S. Treasury Bills	Maximum issued	100%	
Registered State Warrants, or treasury notes or bonds of this state	Requires County Treasurer written approval		
Bonds, Notes, Warrants, other evidences of indebtedness of any local agency within this state	1 year	5%	No more than 10% of issuer debt and assets. Required written approval of County Treasurer for each investment
U.S. Government Agencies:			
Federal National Mortgage Asso.	3 years	20%	None
Federal Home Loan Mortgage Corp.	3 years	20%	None
Federal Home Loan Bank	3 years	20%	None
Farm Credit Bank	3 years	20%	None
Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Student Loan Marketing Asso.	1 year	10%	None
Bankers Acceptances-Domestic	180 days	25%	8%
Bankers Acceptances-Foreign	90 days	10%	4%
Commercial Paper	30 days	10%	2%
Collateralized Certificates of Deposit	Requires County Treasurer written approval		

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Negotiable Certificates of Deposit	Requires County Treasurer written approval		
Tri-Party Repurchase Agreement	30 days	15% of all repos	None
Medium-Term Notes	Requires County Treasurer written approval		
Money Market Mutual Funds	Requires County Treasurer written approval		
Pledged Funds held by a trustee or fiscal agent	Per specific statutory provisions or in accordance with the ordinance, resolution, indenture, or agreement of a local agency providing for the issuance.		
Notes, Bonds, or other obligations that are at all times secured by a valid first priority security interest	Requires County Treasurer written approval		
Mortgage Pass-Through Securities	Requires County Treasurer written approval		
Local Agency Investment Fund	N/A	15%	None

Interest Rate Risk

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

Custodial Credit Risk

The County Treasurer contracts with a third party custodial bank that holds securities in the County's name.

Credit Risk

The County minimizes its exposure to credit risk by limiting investments to the safest types of securities, prequalifying the financial institutions, and diversifying the portfolio.

Concentration of Credit Risk

At June 30, 2006 the County did not have investments in commercial paper, corporate bonds, medium term notes, and money market mutual funds. Investments in obligations of the U.S. government, U.S. government agencies or government-sponsored enterprises are exempt from these limitations.

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, 2006. As of June 30, 2006, the portfolio mainly consisted 86.98% of U.S. treasuries and U.S. government agencies which are exempt from the limitations set by GASB.

Investment Type	S&P	Moody's	% of Portfolio
U.S. Treasuries	AAA	Aaa	25.67%
U.S. Government Agencies	AAA	Aaa	61.31%
Banker's Acceptances-domestic	A-1+	P-1	2.49%
Repurchase Agreement	AA-	Aa3	2.14%
Local Agency Investment Fund	Unrated	Unrated	8.39%
Total			<u>100%</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

At June 30, 2006, the County had the following investments (in thousands):

Instrument	Maturity Dates	Interest Rate %	Weighted Average Maturity Years	Carrying Amount	Fair Value	Par Value
<u>Amounts Invested in pooled treasury fund</u>						
U.S. Treasuries	7/20/06-2/15/09	2.18-5.055%	.74	\$ 123,754	\$ 122,533	\$ 124,000
U.S. Government Agencies	7/5/06-9/14/07	2.132-5.290%	.38	295,593	294,827	298,822
Banker's Acceptances-domestic	8/15/06-9/18/07	4.72-4.83%	.16	12,013	12,004	12,107
Repurchase Agreement	7/3/06	4.29%	.01	10,320	10,320	10,318
Investment in Local Agency Fund	On Demand		-	40,438	40,365	40,000
Total Investments in County Treasury				482,118	480,049	485,247
Treasury Cash in Hand and in Banks				5,450	5,450	5,450
Deposits in Transit				2,264	2,264	2,264
Outstanding Warrants				(15,078)	(15,078)	(15,078)
Total Cash in Treasury				474,754	472,685	477,883
Other Cash Deposits				847	847	847
Total cash and cash equivalents in Treasurer's investments pool				\$ 475,601	\$ 473,532	\$ 478,730
<u>Restricted Cash with Fiscal Agent</u>				Carrying Amount	Fair Value	Par Value
U.S. Government & Federal Agencies				\$ 2,472	\$ 2,429	\$ 2,429
Guaranteed Investment Contract				978	978	978
				\$ 3,450	\$ 3,407	\$ 3,407

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2006 (in thousands):

	Carrying Amount	Fair Value
<u>Statement of Net Assets:</u>		
Net assets held for pool participants	\$ 475,601	\$ 473,532
Equity of internal pool participants	\$ 301,737	299,668
Equity of external pool participants (voluntary and involuntary)	173,864	173,864
Total Equity	\$ 475,601	\$ 473,532
<u>Statement of Changes in Net Assets:</u>		
Revenue	\$ 16,021	\$ 16,021
Investment Costs	(1,014)	(1,014)
Net Deposits	22,204	22,204
Change in fair value	-	10
Net change in pool	37,211	37,221
Net Assets at July 1, 2005	438,390	436,311
Net Assets at June 30, 2006	\$ 475,601	\$ 473,532

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Restricted Cash with Fiscal Agent

Cash and investments at June 30, 2006 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	\$ 3,017
Restricted interest on lease reserves	<u>433</u>
Total Restricted Cash	<u>\$ 3,450</u>

Other Cash Deposits

Year-end, the carrying amount of the County's other cash deposits was \$847,000 and the combined financial institutions' balance was \$848,000. The difference of \$1,000 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 \$848,000 was covered by federal depository insurance or by collateral held by County's agent in the County's name.

3. RECEIVABLES

Receivables 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>Business Type Activities</u>			<u>Governmental Activities</u>
		<u>State Water Project</u>	<u>Lopez Flood Control</u>	<u>Nonmajor Enterprise funds</u>	<u>Internal Service Funds</u>
Accounts Receivable	\$ 204	\$ 936	\$ 29	\$ 1,618	\$ 7
Allow. for Doubtful Accounts	-	-	-	(1,505)	-
Net Accounts Receivable	<u>\$ 204</u>	<u>\$ 936</u>	<u>\$ 29</u>	<u>\$ 113</u>	<u>\$ 7</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2006, is as follows (in thousands):

<u>Governmental Activities</u>	Balance July 1, 2005	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2006
Capital assets, not being depreciated:					
Land	\$ 13,750	\$ 165	\$ (1)	\$ -	\$ 13,914
Construction in progress	68,174	17,879	-	(12,984)	73,069
Infrastructure	757,696	-	-	-	757,696
Total capital assets, not being depreciated	839,620	18,044	(1)	(12,984)	844,679
Capital assets, being depreciated:					
Structures and improvements	89,934	1,431	(27)	610	91,948
Equipment	44,150	8,601	(3,407)	10,834	60,178
Infrastructure	195,589	530	-	1,593	197,712
Total capital assets, being depreciated	329,673	10,562	(3,434)	13,037	349,838
Less accumulated depreciation for:					
Structures and improvements	(36,167)	(2,871)	27	47	(38,964)
Equipment	(25,396)	(4,565)	3,049	62	(26,850)
Infrastructure	(100,864)	(8,241)	-	(111)	(109,216)
Total accumulated depreciation	(162,427)	(15,677)	3,076	(2)	(175,030)
Total capital assets being depreciated, net	167,246	(5,115)	(358)	13,035	174,808
Governmental activities capital assets, net	\$ 1,006,866	\$ 12,929	\$ (359)	\$ 51	\$ 1,019,487

<u>Business-type Activities</u>	Balance July 1, 2005	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2006
Capital assets, not being depreciated:					
Land	\$ 16,838	\$ 1,292	\$ -	\$ 100	\$ 18,230
Construction in progress	18,353	18,493	-	(4,227)	32,619
Water Rights	34,162	1,004	-	26	35,192
Total capital assets, not being depreciated	69,353	20,789	-	(4,101)	86,041
Capital assets, being depreciated:					
Structures and improvements	105,786	58	-	4,021	109,865
Equipment	1,880	180	(154)	9	1,915
Total capital assets, being depreciated	107,666	238	(154)	4,030	111,780
Less accumulated depreciation for:					
Structures and improvements	(22,592)	(1,843)	-	55	(24,380)
Equipment	(1,412)	(100)	146	(23)	(1,389)
Total accumulated depreciation	(24,004)	(1,943)	146	32	(25,769)
Total capital assets being depreciated, net	83,662	(1,705)	(8)	4,062	86,011
Business-type activities capital assets, net	\$ 153,015	19,084	(8)	(39)	\$ 172,052

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	\$ 2,913
Public Protection	1,799
Public Ways and Facilities	8,241
Health and Sanitation	140
Public Assistance	317
Education	147
Recreational and Cultural Services	362
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>1,758</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 15,677</u>

<u>Business-type Activities</u>	<u>Amount</u>
Airport	\$ 485
Golf	381
State Water Project	202
Lopez Flood Control	518
Nonmajor Enterprise	<u>357</u>
Total Depreciation Expense-Business-type Activities	<u>\$ 1,943</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, 2006 (in thousands):

<u>Governmental Activities</u>	<u>Expended to June 30, 2006</u>	<u>Committed Funds</u>
Project		
SLO New General Government Facility	\$ 40,880	\$ 1
Courts-Paso Robles-New Facility	834	7,015
North County Regional Center	2,560	2
Roads Infrastructure	16,904	20,696
Health Campus	3,004	1,396

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Business-Type Activities

Project	Expended to June 30, 2006	Committed Funds
Nacimiento Water Project	\$ 10,540	\$ 13,304
Lopez Dam Water Treatment Plant Upgrade	9,301	11,939
SLO Airport CDF Station	2,571	488
SLO Airport Taxiway Eastside	785	2,267
SLO Airport New Terminal	554	2,533

6. LEASES

County as Lessor

The County's General Fund and Enterprise Funds receive revenue from recreational, retail, and commercial 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 50 years. Minimum future rentals to be received under these non-cancelable operating leases at June 30, 2006, are as follows (in thousands):

Year Ending June 30	General Fund	Airport
2007	\$ 205	\$ 459
2008	177	441
2009	173	426
2010	173	147
2011	160	142
Later Years	950	2,099
Total	<u>\$ 1,838</u>	<u>\$ 3,714</u>

Minimum future rentals do not include contingent rentals, which are received as stipulated in the lease contracts. These contingent rental payments are based on the monthly revenues of the concessionaire operating on the premises. Contingent rentals amounted to \$904,250 for the fiscal year ended June 30, 2006.

County as Lessee

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Rental payments for fiscal year ended June 30, 2006 totaled \$3,419,185. The following rental costs represent future minimum payments under leases that have remaining non-cancelable terms in excess of one year as of June 30, 2006 for the next five years and for each five-year period thereafter (in thousands):

Year Ending June 30	Minimum Lease Payments
2007	\$ 1,815
2008	1,580
2009	1,120
2010	1,031
2011	689
2012-2016	3,212
2017-2021	2,872
2022-2026	840
Total	<u>\$ 13,159</u>

7. RISK MANAGEMENT

The County has self-insurance programs for liability, workers' compensation, unemployment insurance and dental coverage. There were no claims settlements that have exceeded insurance coverage during the past three fiscal years. Insurance coverage for liability and workers' compensation above the County's self-insured retention (SIR) is provided through the California State Association of Counties (CSAC) Excess Insurance Authority. The County is a member of CSAC Excess Insurance Authority, a joint powers authority whose purpose is to develop and fund programs of excess insurance for its member counties. The authority is solvent. Self-insurance and authority limits are as follows:

<u>Type of Coverage</u>	<u>Self-Insurance</u>	<u>Authority</u>
Liability	\$ 250,000 per occurrence	\$ 25,000,000
Workers' Compensation	\$ 250,000 per occurrence	\$ 50,000,000
Unemployment	\$ 421,314 maximum	-----
Dental	None--Funded by Employees	-----

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

The estimated claims liability for the Protected Self Insurance Fund and Workers' Compensation Self Insurance Fund have been recorded at a discounted 75% confidence level. Estimated claims liability for the Unemployment Insurance fund and Dental Insurance Fund are funded 100%.

Changes in the balances of claims liabilities for the self funded insurance program including: the Protected Self Insurance Fund, Worker's Compensation Fund, Unemployment Insurance Fund, and Dental Insurance Fund for fiscal years 2004/2005 and 2005/2006, were as follows (in thousands):

	Beginning of the fiscal year liability	Current year claims, changes & estimates	Claim payments	Balance at fiscal year end
2004-05	\$ 24,274	\$ 7,635	\$ 5,379	\$ 26,530
2005-06	\$ 26,530	\$ 2,472	\$ 7,312	\$ 21,690

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

8. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at June 30, 2006 were (in thousands):

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Enterprise Funds	\$ 352
	Nonmajor Governmental Funds	696
	Airport	<u>918</u>
		<u>1,966</u>
Golf	Nonmajor Governmental Funds	<u>549</u>
	Total	<u>\$ 2,515</u>

The Airport owes the General Fund \$918 for an internal loan for the purchase of land. The loan is payable in annual installments. The final payment is due in March 2007.

Advances from General Fund to Nonmajor Enterprise Funds of \$352 represent internal loans issued to County Service Area 18.

Advances from General Fund to Nonmajor Governmental Funds of \$696 represent internal loans issued to County Service Area 21 (\$591) and County Service Area 9 (\$105).

Advances from the Golf Enterprise Fund to Non-Major Governmental Funds of \$549 represent reserve funds held by the Debt Service Funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

9. TRANSFERS

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Pension Obligation Bonds	\$ 6,551
	Capital Projects Fund	3,928
	Airport Fund	507
	Nonmajor Governmental Funds	<u>13,733</u>
		<u>24,719</u>
Nonmajor Governmental Funds	General Fund	1,133
	Capital Projects	1,956
	Pension Obligation Bonds	27
	Nonmajor Governmental Funds	3,235
	Airport	1,332
	Nonmajor Enterprise Funds	151
	Internal Service Funds	<u>206</u>
	<u>8,040</u>	
Golf Fund	Nonmajor Governmental Funds	4
	Pension Obligation Bonds	<u>33</u>
		<u>37</u>
Airport	General Fund	38
	Pension Obligation Bonds	<u>26</u>
		<u>64</u>
Capital Projects Fund	General Fund	559
	Internal Service Funds	<u>207</u>
		<u>766</u>
Lopez Flood Control	Nonmajor Enterprise Funds	<u>39</u>
Nonmajor Enterprise Funds	General Fund	5
	Lopez Flood Control	<u>8</u>
		<u>13</u>
Internal Service Funds	Pension Obligation Bonds	<u>475</u>
Total Transfers		<u>\$ 34,153</u>

The General Fund transferred \$6,551 to finance debt service payments to the Pension Obligation Bond Debt Service Fund. It also made contributions of \$5,767 to the Roads Special Revenue Fund, \$458 to the Library Special Revenue Fund, \$522 to the Organizational Effectiveness Special Revenue Fund, \$200 to the County Medical Services Program Special Revenue Fund, \$1,600 to the County-wide Automation Replacement Special

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Revenue Fund, \$2,881 to the Parks Special Revenue Fund, \$100 to the Community Development Special Revenue Fund, and \$2,205 to the Governmental Leasing Special Revenue Fund.

Nonmajor Governmental Funds transferred Public Facilities Fees revenue to the General Fund (\$24), the Capital Projects Fund (\$1,956), the Airport Fund (\$1,332), and the Governmental Leasing (\$499) and Parks (\$225) Nonmajor Special Revenue Funds to fund capital and maintenance projects. Additionally, the Impact Fee-Traffic Non-Major Governmental Funds transferred Traffic Impact Fees of \$3,044 to the Roads Fund for capital and maintenance projects.

10. BONDED INDEBTEDNESS AND LONG TERM DEBT

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2006, (in thousands) is as follows:

<u>Governmental Activities</u>	<u>Beginning Balance July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2006</u>	<u>Due within one year</u>
Bonds and notes payable:					
Certificates of participation	\$ 25,323	-	\$ 2,217	\$ 23,106	\$ 1,072
Pension Obligation Bonds	137,194	-	1,995	135,199	1,695
Total Bonds and notes payable	162,517	-	4,212	158,305	2,767
Other liabilities:					
Compensated absences	18,651	\$ 18,344	15,411	21,584	14,304
Landfill post-closure costs	2,823	304	-	3,127	253
Self insurance	26,530	2,472	7,312	21,690	5,358
Total other liabilities	48,004	21,120	22,723	46,401	19,951
Total Governmental Activities	\$ 210,521	\$ 21,120	\$ 26,934	\$ 204,707	\$ 22,718
<u>Business-Type Activities</u>					
Bonds and notes payable:					
Certificates of participation	\$ 22,577	\$ -	\$ 508	\$ 22,069	\$ 533
State notes	3,077	12,187	136	15,128	331
Revenue bonds	66	-	5	61	5
General obligation bonds	12,510	-	250	12,260	260
Total bonds and notes payable	38,230	12,187	899	49,518	1,129
Other liabilities:					
Compensated absences	207	227	160	274	152
Total other liabilities	207	227	160	274	152
Total Business-Type Activities	\$ 38,437	\$ 12,414	\$ 1,059	\$ 49,792	\$ 1,281

Internal service funds predominantly serve the governmental funds. Accordingly, their long-term liabilities are included as part of the above totals for governmental activities. At year end, \$2,103 of internal service funds' compensated absences and \$21,690 self-insurance liability is included in the above amounts.

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund. The General Fund pays for landfill post-closure costs. Workers' compensation and unemployment self insurance are shared by funds in relationship to their risk.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Description of Certificates of Participation

The County has issued certificates of participation (COP) for both governmental and business-type activities. COP are issued to finance the acquisition or construction of major capital facilities and to advance-refund previously issued debt. COP principal outstanding at June 30, 2006 (in thousands) is as follows:

	<u>Purpose</u>	<u>Interest Rates</u>	<u>Annual Installments</u>	<u>Amount</u>
<u>Governmental Activities</u>	1994 Refunding	4-6%	\$674 - \$726	\$ 2,996
	2002 Government Center	3-5%	\$1484 - \$1489	20,110
<u>Business-type Activities</u>	1994 Refunding	4-6%	\$7 - \$12	53
	2002 Dairy Creek Golf Course Refunding	3-5%	\$545 - \$550	7,420
	2000 Lopez Dam Remediation	4.0-5.375%	\$1,047 - \$1,052	14,596
				<u>\$ 45,175</u>

Annual COP lease payment requirements to maturity are as follows (in thousands):

<u>Fiscal year ended June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,072	\$ 1,084	\$ 533	\$ 1,085
2008	1,130	1,037	549	1,066
2009	1,195	979	575	1,041
2010	1,275	917	591	1,016
2011	1,360	855	605	992
2012-2016	3,665	3,766	3,455	4,534
2017-2021	4,630	2,797	4,405	3,579
2022-2026	5,950	1,481	5,705	2,276
2027-2031	<u>2,829</u>	<u>143</u>	<u>5,651</u>	<u>698</u>
Total	<u>\$ 23,106</u>	<u>\$ 13,142</u>	<u>\$ 22,069</u>	<u>\$ 16,287</u>

Description of State Notes

In fiscal year ended June 30, 2006, the County borrowed \$7,453 and in the prior years the County borrowed \$3,849 from the State of California Department of Water Resources Safedrinking Water Loan program to finance the construction of water systems in unincorporated communities. State loans are repaid with water service revenue generated by the constructed assets. In fiscal year ended June 30, 2006, the County borrowed \$4,734 from the State of California Department of Transportation to finance the construction of sixty five hangars at the San Luis Obispo Airport. State loans are repaid with hangar rental revenue generated by the constructed assets. State loan principal outstanding at June 30, 2006 (in thousands) is as follows:

<u>Business-type Activities</u>	<u>Interest Rates</u>	<u>Annual Installments</u>	<u>Amount</u>
1999 Santa Margarita Water System	3.41%	\$36	\$ 348
2006 Lopez Water Treatment Plant Upgrade	2.6%	\$246-493	7,454
2006 Airport Hangars	4.6124%	\$236-432	4,734
2004 Lopez Recreation Area	2.5132%	\$10 - \$21	300
1998 Cayucos Water Treatment Facility	3.0315%	\$174	2,292
			<u>\$ 15,128</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Annual debt service requirements to maturity for State loans are as follows (in thousands):

<u>Business-type Activities</u>		
<u>Fiscal year ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 331	\$ 306
2008	287	588
2009	640	473
2010	668	452
2011	697	429
2012-2016	3,937	1,774
2017-2021	4,614	1,050
2022-2026	3,234	309
Total	<u>\$ 15,128</u>	<u>\$ 5,400</u>

Description of Revenue and General Obligation Bonds

The County also issues bonds to construct and improve water and sewer systems in unincorporated areas. Revenue bonds are repaid with water and sewer service revenue generated by the constructed assets. General obligation bonds are repaid from applicable property taxes. Bond principal outstanding at June 30, 2006 is as follows (in thousands):

<u>Business-type Activities</u>	<u>Interest Rates</u>	<u>Annual Installments</u>	<u>Amount</u>
Water Project	5%	\$7 - \$9	\$ 61
Lopez Dam Remediation	4.0-5.375%	\$879 - \$883	<u>12,260</u>
			<u>\$ 12,321</u>

Annual debt service requirements to maturity for bonds are as follows (in thousands):

<u>Business Activities</u>		
<u>Fiscal Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 265	\$ 626
2008	275	615
2009	285	603
2010	301	590
2011	311	577
2012-2016	1,799	2,647
2017-2021	2,265	2,140
2022-2026	2,955	1,452
2027-2031	3,865	542
Total	<u>\$ 12,321</u>	<u>\$ 9,792</u>

Public Facilities Corporation

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

On 10/1/1994 the PFC issued \$9,970 in certificates of participation (COP) (1994 series A). The proceeds of the 1994 COP issue were used to fully advance refund 1988 and 1989 COP issues. Debt service is derived from semi-annual lease payments made by various County departments for use of the facilities that were purchased and constructed with the original 1988 and 1989 issues. The principal balance outstanding at June 30, 2006 totals \$3,050 (\$2,997 governmental and \$53 business-type).

On 12/17/2002 the PFC issued \$29,695 in COP (2002 Series A), for the following purposes:

- Proceeds of \$21,690 partially financed construction of a new government center. Debt service is provided by semi-annual lease payments funded by general County revenues. The principal balance outstanding at June 30, 2006 is \$20,110 (100% governmental).
- The remaining proceeds of \$8,005 were used to establish an escrow account to defease the 1995 COP, which was issued to finance the construction of the Dairy Creek Golf Course. Debt service for the new refunding debt is provided by semi-annual lease payments from the Dairy Creek Golf Course. The principal balance outstanding at June 30, 2006 is \$7,420 (100% business-type).

See the long-term liabilities note for a detailed schedule of the annual debt service requirements to maturity for PFC issued debt.

Financing Authority

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

On 10/26/2000 the Authority issued \$28,905 in revenue bonds (2000 series A) to finance the Lopez Dam seismic remediation project. The Flood Control District borrowed \$28,905 from the Authority by issuing COP of \$15,705 and government obligation (GO) bonds of \$13,200. Debt service is provided by semi-annual lease payments made by the Flood Control District to the Authority for use of the retrofitted facilities. The principal revenue bond balance outstanding at June 30, 2006 totals \$26,855 (100% business-type).

See the long-term liabilities notes for a detailed schedule of the annual debt service requirements to maturity for Financing Authority issued debt.

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 schedules under specific type of debt above.

Description of Special Assessment Bonds

Special assessment debt has been issued to provide funds for the construction of streets. 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, 2006 totals \$2,800 with interest rates from 3.5% to 6.1%.

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 \$21,858 at June 30, 2006. The accumulated benefits will be liquidated in future years as employees elect to use them. In the normal course of business, all payments of these accumulated benefits will be funded from appropriations in the year in which they are to be paid.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 \$370,203.

Description of Pension Obligation Bonds

The actuary for the Pension Trust provided information estimating the Unfunded Actuarial Accrued Liability (UAAL) to be approximately \$135,085 as of July 2, 2003. To fund the UAAL, on July 2, 2003 the County sold \$137,194 in pension obligation bonds (POB) which were issued to refund the obligation of the County to the Pension Trust as evidenced by the 2003 Debenture, and to pay the costs of issuance. Debt service payments are expected to be funded by County payroll benefits. The issue consists of the following types of bonds:

- \$47,995 Series A standard bonds, interest rates from 1.68% to 4.54%, final maturity 1/1/2018, annual installments \$2,164 to \$7,594
- \$45,000 Series B auction rate securities, initial rate of 2.36%, final maturity 1/1/2033, annual installments of \$1,062 to \$20,558
- \$44,199 Series C capital appreciation bonds, yielding 5.27% to 5.73%, final maturity 1/1/2031, annual installments of zero to \$15,000

POB principal outstanding at June 30, 2006 is \$135,199 (100% governmental). Annual debt service requirements to maturity for bonds are as follows (in thousands):

Fiscal Year ending June 30	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 1,695	\$ 3,440
2008	1,470	3,973
2009	1,865	3,928
2010	2,290	3,863
2011	2,755	3,776
2012-2016	22,200	16,667
2017-2021	24,516	26,315
2022-2026	17,670	47,717
2027-2031	23,413	59,707
2032-2034	37,325	1,871
Total	<u>\$ 135,199</u>	<u>\$ 171,257</u>

11. NET ASSETS/FUND BALANCES

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

Investment in Capital Assets, Net of Related Debt -This category groups all capital assets, including infrastructure, into one component of net assets. 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 assets invested in capital assets, net of related debt at June 30, 2006 are as follows (in thousands):

Governmental activities	<u>Amount</u> \$ 996,381
Business-type activities	<u>122,534</u>
Total	<u>\$ 1,118,915</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Restricted Net Assets - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Restricted net assets at June 30, 2006 for governmental activities are as follows (in thousands):

	<u>Amount</u>
RESTRICTED FOR:	
<u>General Government</u>	
Commitments for maintenance of the government facility	\$ 108
Commitments for clerk-recorder voting equipment and software	245
Commitments for legal related professional services	191
Commitments for computer automation related professional services	363
Claims, contracts and other restrictions	214
<u>Public Protection</u>	
Commitments for flood control related engineering services	323
Commitments for planning related professional services	671
Commitments for Animal Services facility maintenance	60
Claims, contracts and other restrictions	825
<u>Health and Sanitation</u>	
Commitments for Mental Health contract services	284
Claims, contracts and other restrictions	57
<u>Public Assistance</u>	
Claims, contracts and other restrictions	28
<u>Education</u>	
Claims, contracts and other restrictions	15
<u>Public Ways and Facilities</u>	
Commitments for Public Works related professional services	58
Road maintenance and construction	12,642
Public facilities fees restricted for public facilities	13,692
Claims, contracts and other restrictions	369
<u>Recreation and Culture</u>	
Claims, contracts and other restrictions	15
<u>Debt Service</u>	
	<u>10,018</u>
Total Restricted Net Assets	<u>\$ 40,178</u>

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

Unrestricted net assets at June 30, 2006 are as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ 169,766
Business-type activities	<u>19,178</u>
Total	<u>\$ 188,944</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

In the fund financial statements, reserves and designations segregate portions of fund balance that are not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

The following is a summary of reserved and designated fund balances, which are not available for appropriation and expenditure as shown in the governmental funds at June 30, 2006 (in thousands):

<u>Reserved Fund Balance</u>	General Fund	Pension Obligation Bonds	Nonmajor Gov'tl Funds	Total
<u>Reserved for:</u>				
Encumbrances	\$ 3,016	-	\$ 810	\$ 3,826
Public Facility Fees	-	-	13,962	13,962
Impact Fees	-	-	12,642	12,642
Advances to Other Funds	1,966	-	-	1,966
Inventories	64	-	-	64
Prepaid Items	200	-	-	200
Debt Service	-	\$ 7,430	2,588	10,018
Programs/Grants	12,419	-	3,166	15,585
Total Reserved	<u>\$ 17,665</u>	<u>\$ 7,430</u>	<u>\$ 33,168</u>	<u>\$ 58,263</u>

<u>Unreserved Fund Balance</u>	General Fund	Capital Projects	Pension Obligation Bonds	Nonmajor Gov'tl Funds	Total
<u>Unreserved, Designated for:</u>					
Los Osos Landfill Monitoring	\$ -	\$ 505	\$ -	\$ -	\$ 505
Facility Planning	-	8,923	-	1,005	9,928
Facility/Equipment Replacement	972	-	-	239	1,211
Government Building	-	-	-	5,292	5,292
Accounting Systems & Automation	-	-	-	6,947	6,947
Tax Reduction Reserve	-	-	-	12,366	12,366
Compensated Absences	1,400	-	-	-	1,400
Road Projects	-	-	-	1,041	1,041
Parks Projects	-	-	-	5	5
Wildlife Projects	-	-	-	2	2
Fish and Game Projects	-	-	-	35	35
General Reserve	8,000	-	-	1,244	9,244
Fire Equipment Replacement	707	-	-	-	707
Internal Financing	2,910	-	-	-	2,910
County-wide Training	-	-	-	1,568	1,568
Total Designated	13,989	9,428	-	29,744	53,161
Unreserved, Undesignated	72,935	17,718	-	18,990	109,643
Total Unreserved	<u>\$ 86,924</u>	<u>\$ 27,146</u>	<u>-</u>	<u>\$ 48,734</u>	<u>\$ 162,804</u>

See Note 1 for information regarding the reserves for encumbrances. Designations represent funds earmarked for the specific purposes indicated.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Deficit Fund Equity

The Protected Self-Insurance Internal Service Fund has a net asset deficit of \$2,105. This deficit is expected to be eliminated in future years through a combination of cost reductions and rate increases.

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, 2006 to be reappropriated during the next fiscal year (in thousands):

Function	Total Encumbrances
General Government	\$ 411
Health & Sanitation	5,878
Public Protection	441
Public Ways and Facilities	413
Public Assistance	837
Recreation & Cultural Services	246
Total Lapsing Encumbrances	<u>\$ 8,226</u>

13. OTHER COMMITMENTS

In 1965, the County began payments in accordance with a contract with the State of California for a water supply from the State Water Project. Estimated future principal payments for the State Water Contract will total \$33,414,000 over the next 29 years. The estimated amounts vary by year. For example, the principal amount due in 2006 is \$603,022 while \$1,937,000 is due in 2035. In 1992 the County entered Water Supply Contracts, of like terms, with various sub-contractors which presently provide resources to cover approximately 85% of the capital costs.

14. CONTINGENT LIABILITIES

The County is subject to various lawsuits, inverse condemnation cases, personnel actions, disputes over tax assessments, and other actions incidental to the ordinary course of County operations. In the opinion of the County Counsel, the total potential claims against the County not covered by insurance resulting from litigation would not materially affect the financial statements of the County at June 30, 2006.

15. DEFERRED REVENUE

Deferred revenue on the governmental fund balance sheet represents amounts that are deferred because they are not yet considered to be available to liquidate balances of the current period. Governmental Funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Broad categories of deferred and unearned revenues are as follows (in thousands):

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Governmental funds:

	General Fund	Capital Projects	Nonmajor Gov'tl Funds
Road impact fees	\$ -	\$ -	\$ 751
Indigent Living & Foster Care program revenues	562	-	-
CalWorks related program revenues	916	-	-
Child Welfare program revenues	591	-	-
Adoption related program revenues	302	-	-
Other assistance program revenues	681	-	-
Parks projects-bike trails, skate park, Bay St. boardwalk	-	794	-
Roads Bennett Way contribution	-	-	750
Parks Endowment	-	-	59
Other deferred revenues	302	4	-
Total Unearned	<u>3,354</u>	<u>798</u>	<u>1,560</u>
Teeter Tax Revenues	6,049	-	-
Total Unavailable	<u>6,049</u>	<u>-</u>	<u>-</u>
Total Deferred Revenue	<u>\$ 9,403</u>	<u>\$ 798</u>	<u>\$ 1,560</u>

16. OTHER REVENUES

Other revenues are generally one-time payments or items not related to program activities. Broad categories of other revenues are as follows (in thousands):

Governmental funds:

	General Fund	Pension Obligation Bond	Capital Projects	Nonmajor Gov't Funds
Reimbursements	\$ 1,280	\$ -	\$ -	\$ 126
Surplus sales, publications & rebates	344	-	2	-
Nuisance abatement	29	-	-	-
Returned check fees and card fees	11	-	-	-
Microfilm	77	-	-	-
Seminar, conferences and workshop fees	60	-	-	-
Contributions non-governmental	132	-	-	84
HUD related non-program revenue	-	-	-	548
Water sales	53	-	-	-
Other settlements	3	-	2,439	32
Other miscellaneous revenues	1,537	\$ 364	1	24
Total Governmental Funds	<u>\$ 3,526</u>	<u>\$ 364</u>	<u>\$ 2,442</u>	<u>\$ 814</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Business-type funds:

	Golf	Airport	Other Enterprise Funds	Internal Service Funds
Settlements, Damages, Insurance	\$ 10	\$ 3	\$ -	\$ 26
Other reimbursements	1	1	-	81
Miscellaneous non-operating sources	5	23	8	58
Total Business-type funds	<u>\$ 16</u>	<u>\$ 27</u>	<u>\$ 8</u>	<u>\$ 165</u>

17. DEFINED BENEFIT PENSION PLAN

Plan Description

The County of San Luis Obispo contributes to the San Luis Obispo County Pension Trust, which is an independent single-employer, defined benefit plan for employees of the County of San Luis Obispo, employees of the Superior Court in San Luis Obispo County and certain agencies within San Luis Obispo County. Participation is mandatory for all permanent employees. The Retirement Plan was adopted by County ordinance in 1958 and amended in 1968 by the County Board of Supervisors, establishing the current benefit program. The Pension Trust and the Retirement Plan are administered by the Pension Trust Board of Trustees. The Board of Supervisors is responsible for amending Plan provisions. Separate stand-alone financial statements were issued for the Plan and are available at the County of San Luis Obispo Auditor-Controller's office.

Benefit Provisions

Under the terms of the Plan, participants, upon attaining the normal retirement age of 55 for Safety employees and Probation Officers and 60 for miscellaneous employees, are entitled to annual retirement benefits as defined in the Plan document. The Plan permits early retirement for all employees at age 50 with 5 or more years of service credit. Participants receive their accumulated plan benefits as a life annuity payable monthly upon retirement. In the event of total and permanent disability, participants, upon satisfaction of membership service requirements and other applicable provisions of the Plan, receive disability benefits as defined in the Plan document. The Plan also provides death benefits.

Summary of Significant Accounting Policies

Basis of Accounting - The Plan's consolidated financial statements include the accounts of the Plan and its wholly owned subsidiary, Fiduciary Properties Incorporated, and are prepared on the accrual basis of accounting. Contributions from the County and the County's employees are recognized as revenue in the period in which employees provide services to the County. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investment income is recognized as earned by the pension plan. Investments in corporate notes, bonds, collateralized mortgage obligations, equity mutual funds, commingled real estate, real estate investment trusts, equity real estate holdings, and other short-term investments, which are managed by the Plan's Board of Trustees, are carried at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value. The Pension Trust uses the calendar year for financial reporting purposes.

The County's contributions to the Plan are recognized when due pursuant to the San Luis Obispo County Employees' Retirement Plan Document which makes them legal obligations of the County.

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

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

Concentrations - As of December 31, 2005, the Plan had 33.77% of its net assets in Mellon Fund Capital Funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Funding Policy - Participants are required to contribute to the Plan for the 2005 calendar year at rates ranging from 6.35% to 22.63% of their adjusted base salary as defined in the Plan document and for the 2004 calendar year at rates ranging from 4.56% to 19.49%. Such contributions, together with the County's appropriations, are currently invested in corporate notes, bonds, collateralized mortgage obligations, equity mutual funds, commingled real estate, real estate investment trusts, equity real estate holdings, and other short-term investments. The participants' accumulated contributions may be withdrawn at any time should participants leave the employment of the County prior to retirement.

The Board of Trustees establishes the pension plan contribution rate requirement with the advice of their retained actuary. Periodic employer contributions to the Plan were determined on an actuarial basis using the Entry Age Normal cost method. This method is one of the actuarial methods authorized under GASB 25. The Entry Age Normal cost method permits the selection of either a 30-year or 40-year amortization period. In 2003 the County issued a Pension Obligation Bond. In recognition of that action the Board of Trustees reduced the amortization period to a 30-year closed amortization period. As a result of the issuance of the Pension Obligation Bond by the County, the scheduled increases in required contributions previously adopted by the Board of Trustees were rescinded and, based on advice of the plan actuary, the rates charged to the County were established at a range of 9.92% to 16.29% of payroll. Specific appropriation rates were adopted for each benefit group at various times during 2004 and 2005 as negotiations for changes to the Retirement Allowance formula were concluded and implemented.

Total contributions and appropriations to the Plan in 2005 amounted to \$32,343,400. Of this, \$18,209,481 were regular County appropriations. Employee contributions amounted to \$14,133,919. The Employee contributions include Employee Additional Contributions of \$128,203. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation report as of January 1, 2005 and an updated calculation of UAAL on June 30, 2005.

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and prepaid pension asset, computed in accordance with GASB 27, Accounting for Pensions by State and Local Governmental Employers, for the year ended June 30, 2005, were as follows (in thousands):

	Amount
County annual required contribution (ARC)/Annual pension cost	\$ 20,008
Interest on pension asset	80
Subtotal	20,088
County contributions made	(18,209)
Increase in pension asset	1,879
Net pension asset, beginning of year	129,306
Net pension asset, end of year	\$ 131,185

The annual pension cost and net pension asset were based on an actuarial valuation report as of January 1, 2005. The actuarial values of assets were determined on a market related basis. The actuarial assumptions included (a) 7.75% investment rate of return (b) projected salary increases of 4 to 8.0% with a sliding scale based upon age and service and (c) inflation assumption of 4.0 % (Real rate of return assumption 7.75%-4%=3.75%). The Entry Age Normal cost method identifies and separately amortizes unfunded actuarial liabilities using the level percentage of projected payroll, with a forty-year closed period.

The net assets held in trust for pension benefits are allocated among various reserves. For the year ended December 31, 2005, these reserves were generally credited with interest at the rate of 7.75 %. In addition, any additional employee or employer contributions, as well as interest credited to these additional contributions, earned interest at the rate of 7.75 %. Any interest or dividends earned in excess of the amount required to be credited to the various reserves is accumulated in the contingency reserve account.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Three-Year Trend Information (In Thousands)

Fiscal Year	Annual Pension	Percentage of APC	Net Pension
<u>Ending June 30</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation (Benefit)</u>
2002	\$17,564	83.3%	9,303
2003	\$20,173	100.0%	(126,038)
2004	\$16,891	100.0%	(129,306)
2005	\$20,008	100.0%	(131,185)

18. 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 for the remaining fifteen years of a thirty-year period. By agreement with the land owner, the County assumed responsibility for all closure and postclosure costs when the facility stopped accepting waste. As of this date, the landfill closure is complete and only postclosure costs remain.

The remaining estimated liability for landfill postclosure cost as of June 30, 2006 is \$3,127,385. Of this \$1,262,786 is the Net Present Value Corrective Action Cost and \$1,864,599 is the Net Present Value Maintenance Cost. The Public Works Director developed this cost estimate from a detailed analysis, which was based on engineering staff's experience in prior years with site closure, and consultation with landfill industry experts. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Therefore, the cost estimate will be reviewed and adjusted annually for changes in these factors.

The annual amount of postclosure cost is being appropriated each year in a General Fund operating budget. Funding is provided by General Fund general purpose revenues. A \$505,000 designation is established in the Capital Projects Fund to insure the availability of funds, in a timely fashion, to meet any additional postclosure costs resulting from technological or regulatory changes that have not been anticipated in the annual budget.

19. POST-EMPLOYMENT HEALTHCARE BENEFITS

San Luis Obispo County is not yet required to comply with GASB Statement 45, nor is it an early adopter. However, the County made an actuarial valuation as of December 31, 2005, of its future liabilities and discloses the following:

Plan Description. Employees may continue to purchase healthcare coverage, after retiring from County service, if they select one of the plans offered under the County's contract with the state's California Public Employee Retirement System (CALPERS.) The County assists eligible retirees by paying a portion of their premiums for medical care.

Funding Policy. The CALPERS contract requires that the County contribute certain minimum amounts for each retiree's health insurance. If the County selected another provider for health insurance coverage these minimum amounts may not apply. However, the County has been using CALPERS for medical coverage since 1990, and currently has no expressed intent to change providers. The amounts the County actually contributes depend on bargaining unit, and for 2005 ranged from \$50 per month to \$104 per month per retiree. The CALPERS required minimum amount is scheduled to gradually increase to \$97 for calendar 2008 and then will be adjusted annually based on the medical care component of the Consumer Price Index.

Annual OPEB Cost. On a pay as you go basis, the County paid \$445,400 during 2005-06 for retiree health coverage. This amount was included in the Risk Management budget of the Administrative Department, and the cost was not allocated to the operating departments. The cost is expected to grow to approximately \$640,000 for fiscal 2006-07.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Funded Status. The County has not set aside any funds specifically for OPEB liabilities, but is currently studying the matter. An actuarial valuation using the "entry age normal" method as of December 31, 2005 revealed the following:

Unfunded actuarial accrued liability (UAAL)	\$24,614,866
Covered payroll (active employees)	\$136,846,706
UAAL as a percentage of covered payroll	17.99 %

If the County began advance funding for this obligation on an annual basis, using a County Treasury discount rate of 4.25%, the following would result:

Normal cost	\$1,274,328
Amortization of UAAL (30 years)	\$850,400
Annual Required Contribution (ARC)	\$2,124,728
ARC as a percentage of covered payroll	1.55 %

The actuary reported that the ARC would be less if the County used an interest rate discount assumption higher than 4.25 %.

20. NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) recently released new accounting and financial reporting standards. GASB Statement No. 45, *Accounting and Financial Reporting by Employers of Postemployment Benefits Other than Pensions (OPEB)*, and GASB Statement No. 47, *Accounting for Termination Benefits*, may have significant impact on the County's financial reporting process.

GASB Statement No. 45 establishes standards for the measurement, recognition and display of OPEB expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB Statement No. 45 will be effective for the fiscal year ending June 30, 2008.

GASB Statement No. 47 provides guidance on how employers should account for benefits associated with either voluntary or involuntary terminations. The requirements of this Statement are effective in two parts. For termination benefits provided through an existing defined benefit OPEB plan, the provisions of this Statement should be implemented simultaneously with the requirements of GASB Statement No. 45. For all other termination benefits, this Statement is effective for financial statements for periods beginning after June 15, 2005.

REQUIRED SUPPLEMENTARY INFORMATION



REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of Funding Progress – Defined Benefit Retirement Plan
- Budgetary Comparison Schedule – General Fund
- Detail Schedule of Revenues – General Fund
- Detail Schedule of Expenditures – General Fund
- Notes to required supplementary information

**COUNTY OF SAN LUIS OBISPO
REQUIRED SUPPLEMENTARY INFORMATION
SAN LUIS OBISPO COUNTY PENSION TRUST
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2006 (in thousands)**

Actuarial Valuation Dec 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Funding Excess) AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	(Funding Excess) AAL as a Percentage of Covered Payroll ((b-a)/c)
2003	\$604,808	\$642,734	\$37,926	94.1%	\$136,364	27.8%
2004	\$651,751	\$715,085	\$63,334	91.1%	\$135,189	46.8%
2005	700,060	\$831,290	\$131,230	84.2%	\$143,902	91.2%

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
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 108,416	\$ 108,416	\$ 116,731	\$ 8,315
Licenses, permits, and franchises	10,219	10,220	10,739	519
Fines, forfeits, and penalties	2,905	3,225	2,314	(911)
Use of money and property	1,204	1,204	2,942	1,738
Aid from other governmental agencies	144,363	156,612	156,683	71
Charges for services	34,132	37,760	34,645	(3,115)
Other revenue	2,655	3,390	3,526	136
Total Revenues	303,894	320,827	327,580	6,753
Expenditures:				
Current:				
General government	65,066	77,454	45,477	31,977
Public protection	112,148	122,791	115,461	7,330
Health and sanitation	50,876	55,981	50,803	5,178
Public assistance	84,435	87,029	82,415	4,614
Education	317	323	306	17
Contingencies	15,044	11,948	--	11,948
Total Expenditures	327,886	355,526	294,462	61,064
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(23,992)</u>	<u>(34,699)</u>	<u>33,118</u>	<u>67,817</u>
Other Financing Sources (Uses):				
Transfers in	--	2,257	1,735	(522)
Transfers (out)	(19,727)	(21,615)	(24,719)	(3,104)
Total Other Financing Sources (Uses)	(19,727)	(19,358)	(22,984)	(3,626)
Net change in fund balances	(43,719)	(54,057)	10,134	64,191
Fund balances, beginning	--	--	94,455	94,455
Fund balances, ending	<u>\$ (43,719)</u>	<u>\$ (54,057)</u>	<u>\$ 104,589</u>	<u>\$ 158,646</u>

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Revenues
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2006

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Non Departmental Revenues</u>				
Taxes	\$ 108,010	\$ 108,010	\$ 116,355	\$ 8,345
Licenses, permits & franchises	2,198	2,198	2,675	477
Revenues from use of money and property	921	921	2,482	1,561
Aid from governmental agencies	3,382	3,380	9,561	6,181
Charges for current services	2,007	2,007	2,821	814
Other revenues	--	--	26	26
Total Non Departmental Revenues	116,518	116,516	133,920	17,404
<u>General Government - Revenues</u>				
<u>Legislative and Administrative</u>				
Administrative Office:				
Aid from governmental agencies	47	47	15	(32)
Charges for current services	137	137	136	(1)
Total	184	184	151	(33)
Clerk/Recorder:				
Licenses, permits and franchises	6	6	4	(2)
Aid from governmental agencies	613	942	785	(157)
Charges for current services	2,201	2,590	2,313	(277)
Other revenues	--	--	4	4
Total	2,820	3,538	3,106	(432)
Total Legislative and Administrative	3,004	3,722	3,257	(465)
<u>Finance</u>				
Assessor:				
Aid from governmental agencies	663	872	484	(388)
Charges for current services	158	158	159	1
Total	821	1,030	643	(387)
Auditor-Controller:				
Taxes	250	250	250	--
Aid from governmental agencies	40	40	2	(38)
Charges for current services	616	616	647	31
Other revenues	7	7	8	1
Total	913	913	907	(6)
Treasurer-Tax Collector-Public Administrator:				
Taxes	156	156	126	(30)
Licenses, permits and franchises	50	50	75	25
Charges for current services	868	868	874	6
Other revenue	34	34	25	(9)
Total	1,108	1,108	1,100	(8)
Total Finance	2,842	3,051	2,650	(401)
<u>Counsel</u>				
County Counsel:				
Aid from governmental agencies	22	22	3	(19)
Charges for current services	176	176	106	(70)
Other revenues	--	--	1	1
Total Counsel	198	198	110	(88)

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Revenues
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2006

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<u>General Government - Revenues</u> (continued)				
<u>Personnel</u>				
Personnel:				
Charges for current services	\$ 108	\$ 108	\$ 147	\$ 39
Total Personnel	<u>108</u>	<u>108</u>	<u>147</u>	<u>39</u>
<u>Property Management</u>				
General Services:				
Revenues from use of money and property	267	267	265	(2)
Aid from governmental agencies	6	6	--	(6)
Charges for current services	3,102	3,102	2,672	(430)
Other revenues	232	340	359	19
Total	<u>3,607</u>	<u>3,715</u>	<u>3,296</u>	<u>(419)</u>
Maintenance Projects:				
Fines, forfeits and penalties	--	21	12	(9)
Aid from governmental agencies	--	1,339	288	(1,051)
Charges for current services	734	2,073	382	(1,691)
Other revenues	--	25	24	(1)
Total	<u>734</u>	<u>3,458</u>	<u>706</u>	<u>(2,752)</u>
Total Property Management	<u>4,341</u>	<u>7,173</u>	<u>4,002</u>	<u>(3,171)</u>
<u>Other General</u>				
Information Technology:				
Aid from governmental agencies	52	302	156	(146)
Charges for current services	2,834	2,834	3,025	191
Other revenues	--	--	1	1
Total	<u>2,886</u>	<u>3,136</u>	<u>3,182</u>	<u>46</u>
Risk Management:				
Charges for current services	706	706	706	--
Other revenues	--	--	--	--
Total	<u>706</u>	<u>706</u>	<u>706</u>	<u>--</u>
Non-Department Financing Uses:				
Charges for current services	1,702	1,702	1,675	(27)
Total	<u>1,702</u>	<u>1,702</u>	<u>1,675</u>	<u>(27)</u>
Services to Special Districts:				
Licenses, permits and franchises	59	59	65	6
Revenues from use of money and property	7	7	24	17
Aid from governmental agencies	4	4	--	(4)
Charges for current services	1,175	2,044	1,084	(960)
Other revenues	5	5	64	59
Total	<u>1,250</u>	<u>2,119</u>	<u>1,237</u>	<u>(882)</u>
Total Other General	<u>6,544</u>	<u>7,663</u>	<u>6,800</u>	<u>(863)</u>
Total General Government	<u>17,037</u>	<u>21,915</u>	<u>16,966</u>	<u>(4,949)</u>
<u>Public Protection - Revenues</u>				
<u>Judicial</u>				
Court Operations Fund:				
Fines, forfeits and penalties	2,342	2,342	1,593	(749)
Charges for current services	426	426	448	22
Total	<u>2,768</u>	<u>2,768</u>	<u>2,041</u>	<u>(727)</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Revenues
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2006

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Public Protection - Revenues</u> (continued)				
<u>Judicial</u> (continued)				
District Attorney:				
Fines, forfeits and penalties	\$ 44	\$ 44	\$ 85	\$ 41
Revenues from use of money and property	--	--	13	13
Aid from governmental agencies	3,354	3,354	3,560	206
Charges for current services	312	312	253	(59)
Other revenues	149	149	35	(114)
Total	<u>3,859</u>	<u>3,859</u>	<u>3,946</u>	<u>87</u>
Family Support:				
Revenues from use of money and property	3	3	9	6
Aid from governmental agencies	4,747	4,747	4,875	128
Charges for current services	5	5	4	(1)
Other revenues	190	190	--	(190)
Total	<u>4,945</u>	<u>4,945</u>	<u>4,888</u>	<u>(57)</u>
Public Defender:				
Aid from governmental agencies	220	220	307	87
Charges for current services	14	14	62	48
Total	<u>234</u>	<u>234</u>	<u>369</u>	<u>135</u>
Total Judicial	<u>11,806</u>	<u>11,806</u>	<u>11,244</u>	<u>(562)</u>
<u>Police Protection</u>				
Sheriff-Coroner:				
Licenses, permits and franchises	19	19	16	(3)
Fines, forfeits and penalties	133	417	136	(281)
Revenues from use of money and property	--	--	32	32
Aid from governmental agencies	12,536	14,717	14,296	(421)
Charges for current services	3,805	3,995	4,173	178
Other revenues	284	304	323	19
Total Police Protection	<u>16,777</u>	<u>19,452</u>	<u>18,976</u>	<u>(476)</u>
<u>Detention and Correction</u>				
Probation Department:				
Fines, forfeits and penalties	27	42	61	19
Revenues from use of money and property	--	--	4	4
Aid from governmental agencies	7,932	8,242	7,802	(440)
Charges for current services	531	644	802	158
Other revenues	390	430	528	98
Total Detention and Correction	<u>8,880</u>	<u>9,358</u>	<u>9,197</u>	<u>(161)</u>
<u>Fire Protection</u>				
County Fire:				
Licenses, permits and franchises	200	200	419	219
Revenues from use of money and property	5	5	6	1
Aid from governmental agencies	2,050	3,114	2,875	(239)
Charges for current services	2,054	2,348	2,441	93
Other revenues	55	55	149	94
Total Fire Protection	<u>4,364</u>	<u>5,722</u>	<u>5,890</u>	<u>168</u>
<u>Protective Inspection</u>				
Agricultural Commissioner:				
Licenses, permits and franchises	127	127	135	8
Fines, forfeits and penalties	--	--	13	13
Aid from governmental agencies	2,362	2,362	2,267	(95)
Charges for current services	119	119	102	(17)
Other revenues	2	2	13	11
Total Protective Inspection	<u>2,610</u>	<u>2,610</u>	<u>2,530</u>	<u>(80)</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Revenues
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2006

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Public Protection - Revenues</u> (continued)				
<u>Other Protection</u>				
Animal Services:				
Licenses, permits and franchises	\$ 385	\$ 385	\$ 387	\$ 2
Aid from governmental agencies	501	501	537	36
Charges for current services	214	214	165	(49)
Other revenues	7	7	(1)	(8)
Total	<u>1,107</u>	<u>1,107</u>	<u>1,088</u>	<u>(19)</u>
Emergency Services:				
Aid from governmental agencies	759	886	1,432	546
Total	<u>759</u>	<u>886</u>	<u>1,432</u>	<u>546</u>
Planning Department:				
License, permits and franchises	7,110	7,110	6,888	(222)
Fines, forfeits and penalties	128	128	82	(46)
Revenues from use of money and property	--	--	24	24
Aid from governmental agencies	554	591	313	(278)
Charges for current services	1,141	1,266	1,172	(94)
Other revenues	214	220	174	(46)
Total	<u>9,147</u>	<u>9,315</u>	<u>8,653</u>	<u>(662)</u>
Waste Management:				
Revenues from use of money and property	--	--	39	39
Charges for current services	--	--	83	83
Other revenues	--	17	17	--
Total	<u>--</u>	<u>17</u>	<u>139</u>	<u>122</u>
Total Other Protection	<u>11,013</u>	<u>11,325</u>	<u>11,312</u>	<u>(13)</u>
Total Public Protection	<u>55,450</u>	<u>60,273</u>	<u>59,149</u>	<u>(1,124)</u>
				continued
<u>Health and Sanitation - Revenues</u>				
<u>Health</u>				
Drug & Alcohol Services:				
Fines, forfeits and penalties	158	158	--	(158)
Revenues from use of money and property	--	--	21	21
Aid from governmental agencies	3,932	4,096	3,964	(132)
Charges for current services	507	508	611	103
Other revenues	207	454	437	(17)
Total	<u>4,804</u>	<u>5,216</u>	<u>5,033</u>	<u>(183)</u>
Health Agency:				
Licenses, permits and franchises	4	4	5	1
Fines, forfeits and penalties	73	73	339	266
Revenues from use of money and property	1	1	23	22
Aid from governmental agencies	12,768	14,455	11,658	(2,797)
Charges or current services	6,749	6,749	5,907	(842)
Other revenues	52	52	147	95
Total	<u>19,647</u>	<u>21,334</u>	<u>18,079</u>	<u>(3,255)</u>
Mental Health:				
Aid from governmental agencies	18,647	21,380	20,558	(822)
Charges for current services	1,247	1,246	1,152	(94)
Other revenues	96	96	138	42
Total	<u>19,990</u>	<u>22,722</u>	<u>21,848</u>	<u>(874)</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Revenues
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2006

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Health and Sanitation - Revenues</u> (continued)				
SART:				
Aid from governmental agencies	\$ 4	\$ 4	\$ 2	\$ (2)
Other revenues	3	3	1	(2)
Total	<u>7</u>	<u>7</u>	<u>3</u>	<u>(4)</u>
Total Health	<u>44,448</u>	<u>49,279</u>	<u>44,963</u>	<u>(4,316)</u>
Total Health and Sanitation	<u>44,448</u>	<u>49,279</u>	<u>44,963</u>	<u>(4,316)</u>
<u>Public Assistance - Revenues</u>				
<u>Administration</u>				
Department of Social Services:				
Aid from governmental agencies	43,182	44,836	43,992	(844)
Charges for current services	66	66	71	5
Other revenues	145	160	242	82
Total Administration	<u>43,393</u>	<u>45,062</u>	<u>44,305</u>	<u>(757)</u>
<u>Aid Programs</u>				
Aid Foster Care Non-Fed:				
Aid from governmental agencies	12,571	12,716	14,531	1,815
Other revenues	230	372	156	(216)
Total	<u>12,801</u>	<u>13,088</u>	<u>14,687</u>	<u>1,599</u>
Calworks Assistance:				
Aid from governmental agencies	11,836	11,836	10,875	(961)
Other revenues	63	63	143	80
Total	<u>11,899</u>	<u>11,899</u>	<u>11,018</u>	<u>(881)</u>
Total Aid Programs	<u>24,700</u>	<u>24,987</u>	<u>25,705</u>	<u>718</u>
<u>Medical Services</u>				
Medical Assistance Program:				
Aid from governmental agencies	237	237	248	11
Charges for current services	--	309	83	(226)
Other revenues	--	--	49	49
Total Medical Services	<u>237</u>	<u>546</u>	<u>380</u>	<u>(166)</u>
<u>General Relief</u>				
General Relief:				
Licenses, permits and franchises	6	7	7	--
Aid from governmental agencies	82	91	91	--
Other revenues	290	360	374	14
Total General Relief	<u>378</u>	<u>458</u>	<u>472</u>	<u>14</u>
<u>Veterans Service</u>				
Veterans Service:				
Aid from governmental agencies	65	65	56	(9)
Other revenues	--	13	44	31
Total Veterans Service	<u>65</u>	<u>78</u>	<u>100</u>	<u>22</u>
<u>Other Assistance</u>				
Contributions to Other Agencies:				
Charges or current services	418	418	367	(51)
Other revenues	--	3	5	2
Total	<u>418</u>	<u>421</u>	<u>372</u>	<u>(49)</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Revenues
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2006

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Public Assistance - Revenues</u> (continued)				
<u>Other Assistance</u> (continued)				
Law Enforcement Med Care:				
Aid from governmental agencies	\$ 663	\$ 663	\$ 555	\$ (108)
Charges for current services	--	--	2	2
Other revenues	--	--	1	1
Total	<u>663</u>	<u>663</u>	<u>558</u>	<u>(105)</u>
Victim/Witness Assistance:				
Licenses, permits and franchises	55	55	63	8
Fines, forfeits, and penalties	--	--	(7)	(7)
Aid from governmental agencies	526	539	594	55
Other revenues	--	29	39	10
Total	<u>581</u>	<u>623</u>	<u>689</u>	<u>66</u>
Total Other Assistance	<u>1,662</u>	<u>1,707</u>	<u>1,619</u>	<u>(88)</u>
Total Public Assistance	<u>70,435</u>	<u>72,838</u>	<u>72,581</u>	<u>(257)</u>
<u>Education - Revenues</u>				
<u>Agricultural Education</u>				
Farm Advisor:				
Aid from governmental agencies	6	6	1	(5)
Total Agricultural Education	<u>6</u>	<u>6</u>	<u>1</u>	<u>(5)</u>
Total Education	<u>6</u>	<u>6</u>	<u>1</u>	<u>(5)</u>
Total General Fund Revenues	<u>\$ 303,894</u>	<u>\$ 320,827</u>	<u>\$ 327,580</u>	<u>\$ 6,753</u>

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2006

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<u>General Government - Expenditures</u>				
<u>Legislative and Administrative</u>				
Administrative Office:				
Salaries wages benefits	\$ 1,559	\$ 1,559	\$ 1,479	\$ 80
Services and supplies	226	226	118	108
Expenditure transfers and reimbursements	(69)	(69)	--	(69)
Total	<u>1,716</u>	<u>1,716</u>	<u>1,597</u>	<u>119</u>
Board of Supervisors:				
Salaries wages benefits	1,069	1,107	1,069	38
Services and supplies	184	184	152	32
Expenditure transfers and reimbursements	(29)	(29)	--	(29)
Total	<u>1,224</u>	<u>1,262</u>	<u>1,221</u>	<u>41</u>
Clerk/Recorder:				
Salaries wages benefits	1,649	1,826	1,759	67
Services and supplies	1,847	2,248	1,956	292
Capital Outlay	154	623	454	169
Total	<u>3,650</u>	<u>4,697</u>	<u>4,169</u>	<u>528</u>
Total Legislative and Administrative	<u>6,590</u>	<u>7,675</u>	<u>6,987</u>	<u>688</u>
<u>Finance</u>				
Assessor:				
Salaries wages benefits	6,530	6,530	6,306	224
Services and supplies	763	973	698	275
Capital Outlay	45	45	29	16
Total	<u>7,338</u>	<u>7,548</u>	<u>7,033</u>	<u>515</u>
Auditor-Controller:				
Salaries wages benefits	3,957	3,993	3,881	112
Services and supplies	327	1,200	336	864
Capital Outlay	--	136	--	136
Expenditure transfers and reimbursements	(50)	(50)	(14)	(36)
Total	<u>4,234</u>	<u>5,279</u>	<u>4,203</u>	<u>1,076</u>
Treasurer-Tax Collector-Public Administrator:				
Salaries wages benefits	2,201	2,300	2,238	62
Services and supplies	299	305	263	42
Capital Outlay	--	--	--	--
Total	<u>2,500</u>	<u>2,605</u>	<u>2,501</u>	<u>104</u>
Total Finance	<u>14,072</u>	<u>15,432</u>	<u>13,737</u>	<u>1,695</u>
<u>Counsel</u>				
County Counsel:				
Salaries wages benefits	3,010	3,098	3,006	92
Services and supplies	273	662	367	295
Capital Outlay	--	--	--	--
Expenditure transfers and reimbursement	--	--	(6)	6
Total Counsel	<u>3,283</u>	<u>3,760</u>	<u>3,367</u>	<u>393</u>
<u>Personnel</u>				
Personnel:				
Salaries wages benefits	1,749	1,720	1,673	47
Services and supplies	283	321	310	11
Total Personnel	<u>2,032</u>	<u>2,041</u>	<u>1,983</u>	<u>58</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, 2006

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<u>General Government - Expenditures</u> (continued)				
<u>Property Management</u>				
General Services:				
Salaries wages benefits	\$ 7,682	\$ 7,819	\$ 7,611	\$ 208
Services and supplies	4,226	4,292	2,479	1,813
Other charges	24	34	13	21
Capital Outlay	96	69	14	55
Expenditure transfers and reimbursement	(1,335)	(1,227)	(1)	(1,226)
Total	<u>10,693</u>	<u>10,987</u>	<u>10,116</u>	<u>871</u>
Maintenance Projects:				
Services and supplies	4,039	9,891	4,068	5,823
Expenditure transfers and reimbursement	--	73	(168)	241
Total	<u>4,039</u>	<u>9,964</u>	<u>3,900</u>	<u>6,064</u>
Total Property Management	<u>14,732</u>	<u>20,951</u>	<u>14,016</u>	<u>6,935</u>
<u>Other General</u>				
Information Technology:				
Salaries wages benefits	9,155	9,156	8,720	436
Services and supplies	4,256	4,366	1,605	2,761
Capital Outlay	--	388	176	212
Expenditure transfers and reimbursement	(2,056)	(2,056)	--	(2,056)
Total	<u>11,355</u>	<u>11,854</u>	<u>10,501</u>	<u>1,353</u>
Risk Management:				
Salaries wages benefits	632	636	618	18
Services and supplies	1,100	1,121	1,117	4
Capital Outlay	--	100	--	100
Expenditure transfers and reimbursement	(48)	(48)	(48)	--
Total	<u>1,684</u>	<u>1,809</u>	<u>1,687</u>	<u>122</u>
Non-Department Financing Uses:				
Expenditure transfers and reimbursement	8,696	10,348	(9,752)	20,100
Total	<u>8,696</u>	<u>10,348</u>	<u>(9,752)</u>	<u>20,100</u>
Services to Special Districts:				
Services and supplies	2,622	3,583	2,950	633
Other charges	--	1	1	--
Total	<u>2,622</u>	<u>3,584</u>	<u>2,951</u>	<u>633</u>
Total Other General	<u>24,357</u>	<u>27,595</u>	<u>5,387</u>	<u>22,208</u>
Total General Government	<u>65,066</u>	<u>77,454</u>	<u>45,477</u>	<u>31,977</u>
<u>Public Protection - Expenditures</u>				
<u>Judicial</u>				
Court Operations Fund:				
Other charges	2,350	2,350	1,993	357
Total	<u>2,350</u>	<u>2,350</u>	<u>1,993</u>	<u>357</u>
District Attorney:				
Salaries wages benefits	9,426	10,082	9,813	269
Services and supplies	796	876	349	527
Expenditure transfers and reimbursement	(471)	(471)	1	(472)
Total	<u>9,751</u>	<u>10,487</u>	<u>10,163</u>	<u>324</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, 2006

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Public Protection - Expenditures</u> (continued)				
Family Support:				
Salaries wages benefits	\$ 3,158	\$ 3,158	\$ 3,054	\$ 104
Services and supplies	1,765	1,765	1,700	65
Capital Outlay	22	22	21	1
Total	<u>4,945</u>	<u>4,945</u>	<u>4,775</u>	<u>170</u>
Grand Jury:				
Salaries wages benefits	29	31	30	1
Services and supplies	90	88	75	13
Total	<u>119</u>	<u>119</u>	<u>105</u>	<u>14</u>
Public Defender:				
Services and supplies	4,533	4,533	4,329	204
Total	<u>4,533</u>	<u>4,533</u>	<u>4,329</u>	<u>204</u>
Total Judicial	<u>21,698</u>	<u>22,434</u>	<u>21,365</u>	<u>1,069</u>
<u>Police Protection</u>				
Sheriff-Coroner:				
Salaries wages benefits	36,069	37,881	37,169	712
Services and supplies	5,381	6,474	5,993	481
Other charges	--	25	25	--
Capital Outlay	35	1,786	918	868
Expenditure transfers and reimbursement	(70)	(15)	(42)	27
Total Police Protection	<u>41,415</u>	<u>46,151</u>	<u>44,063</u>	<u>2,088</u>
<u>Detention and Correction</u>				
Probation Department:				
Salaries wages benefits	11,452	12,300	11,997	303
Services and supplies	3,477	3,665	3,288	377
Other charges	8	--	--	--
Expenditure transfers and reimbursement	(490)	(490)	(232)	(258)
Total Detention and Correction	<u>14,447</u>	<u>15,475</u>	<u>15,053</u>	<u>422</u>
<u>Fire Protection</u>				
County Fire:				
Services and supplies	12,216	13,690	13,419	271
Capital Outlay	1,070	2,109	1,298	811
Total Fire Protection	<u>13,286</u>	<u>15,799</u>	<u>14,717</u>	<u>1,082</u>
<u>Protective Inspection</u>				
Agricultural Commissioner:				
Salaries wages benefits	3,752	3,849	3,744	105
Services and supplies	715	720	700	20
Capital Outlay	8	7	7	--
Expenditure transfers and reimbursement	--	--	(2)	2
Total Protective Inspection	<u>4,475</u>	<u>4,576</u>	<u>4,449</u>	<u>127</u>
<u>Other Protection</u>				
Animal Services:				
Salaries wages benefits	1,480	1,480	1,329	151
Services and supplies	629	646	617	29
Total	<u>2,109</u>	<u>2,126</u>	<u>1,946</u>	<u>180</u>
Emergency Services:				
Salaries wages benefits	513	558	542	16
Services and supplies	399	550	411	139
Capital Outlay	39	18	--	18
Total	<u>951</u>	<u>1,126</u>	<u>953</u>	<u>173</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, 2006

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Public Protection - Expenditures</u> (continued)				
Planning Department:				
Salaries wages benefits	\$ 9,561	\$ 9,526	\$ 8,876	\$ 650
Services and supplies	3,397	4,266	3,183	1,083
Other charges	215	621	252	369
Capital Outlay	30	13	--	13
Total	<u>13,203</u>	<u>14,426</u>	<u>12,311</u>	<u>2,115</u>
Waste Management:				
Services and supplies	564	678	604	74
Total	<u>564</u>	<u>678</u>	<u>604</u>	<u>74</u>
Total Other Protection	<u>16,827</u>	<u>18,356</u>	<u>15,814</u>	<u>2,542</u>
Total Public Protection	<u>112,148</u>	<u>122,791</u>	<u>115,461</u>	<u>7,330</u>
<u>Health and Sanitation - Expenditures</u>				
<u>Health</u>				
Drug & Alcohol Services:				
Salaries wages benefits	3,771	3,930	3,737	193
Services and supplies	1,268	1,693	1,587	106
Other charges	737	737	737	--
Expenditure transfers and reimbursement	(769)	(941)	(941)	--
Total	<u>5,007</u>	<u>5,419</u>	<u>5,120</u>	<u>299</u>
Health Agency:				
Salaries wages benefits	15,332	15,060	14,479	581
Services and supplies	6,214	7,619	6,573	1,046
Other charges	751	1,323	827	496
Capital Outlay	26	141	98	43
Expenditure transfers and reimbursement	(288)	(288)	(486)	198
Total	<u>22,035</u>	<u>23,855</u>	<u>21,491</u>	<u>2,364</u>
Mental Health:				
Salaries wages benefits	13,678	14,119	13,147	972
Services and supplies	10,602	12,870	11,149	1,721
Other charges	4	164	86	78
Expenditure transfers and reimbursement	(711)	(711)	(445)	(266)
Total	<u>23,573</u>	<u>26,442</u>	<u>23,937</u>	<u>2,505</u>
<u>Health and Sanitation - Expenditures</u>				
SART:				
Salaries wages benefits	184	190	187	3
Services and supplies	77	75	68	7
Total	<u>261</u>	<u>265</u>	<u>255</u>	<u>10</u>
Total Health	<u>50,876</u>	<u>55,981</u>	<u>50,803</u>	<u>5,178</u>
Total Health and Sanitation	<u>50,876</u>	<u>55,981</u>	<u>50,803</u>	<u>5,178</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, 2006

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Public Assistance - Expenditures</u>				
<u>Administration</u>				
Department of Social Services:				
Salaries wages benefits	\$ 29,759	\$ 30,159	\$ 28,933	\$ 1,226
Services and supplies	12,171	12,833	12,573	260
Other charges	4,727	5,342	4,917	425
Expenditure transfers and reimbursement	566	566	(75)	641
Total Administration	<u>47,223</u>	<u>48,900</u>	<u>46,348</u>	<u>2,552</u>
<u>Aid Programs</u>				
Aid Foster Care Non-Fed:				
Other charges	13,877	14,163	13,942	221
Total	<u>13,877</u>	<u>14,163</u>	<u>13,942</u>	<u>221</u>
Calworks Assistance:				
Other charges	12,143	12,143	11,288	855
Total	<u>12,143</u>	<u>12,143</u>	<u>11,288</u>	<u>855</u>
Total Aid Programs	<u>26,020</u>	<u>26,306</u>	<u>25,230</u>	<u>1,076</u>
<u>Medical Services</u>				
Medical Assistance Program:				
Salaries wages benefits	--	587	587	--
Services and supplies	5,515	5,237	4,989	248
Expenditure transfers and reimbursement	522	522	--	522
Total Medical Services	<u>6,037</u>	<u>6,346</u>	<u>5,576</u>	<u>770</u>
<u>General Relief</u>				
General Relief:				
Other charges	645	725	718	7
Total General Relief	<u>645</u>	<u>725</u>	<u>718</u>	<u>7</u>
<u>Veterans Service</u>				
Veterans Service:				
Salaries wages benefits	306	317	307	10
Services and supplies	31	41	40	1
Total Veterans Service	<u>337</u>	<u>358</u>	<u>347</u>	<u>11</u>
<u>Other Assistance</u>				
Contributions to Other Agencies:				
Services and supplies	1,770	1,828	1,758	70
Total	<u>1,770</u>	<u>1,828</u>	<u>1,758</u>	<u>70</u>
Law Enforcement Med Care:				
Salaries wages benefits	1,262	1,280	1,250	30
Services and supplies	648	748	327	421
Capital Outlay	--	--	(242)	242
Expenditure transfers and reimbursement	(604)	(604)	--	(604)
Total	<u>1,306</u>	<u>1,424</u>	<u>1,335</u>	<u>89</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, 2006

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Public Assistance - Expenditures</u> (continued)				
<u>Other Assistance</u> (continued)				
Victim/Witness Assistance:				
Salaries wages benefits	\$ 955	\$ 969	\$ 942	\$ 27
Services and supplies	130	166	154	12
Capital Outlay	12	7	7	--
Total	<u>1,097</u>	<u>1,142</u>	<u>1,103</u>	<u>39</u>
Total Other Assistance	<u>4,173</u>	<u>4,394</u>	<u>4,196</u>	<u>198</u>
Total Public Assistance	<u>84,435</u>	<u>87,029</u>	<u>82,415</u>	<u>4,614</u>
<u>Education - Expenditures</u>				
<u>Agricultural Education</u>				
Farm Advisor:				
Salaries wages benefits	236	228	211	17
Services and supplies	81	85	85	--
Capital Outlay	--	10	10	--
Total Agricultural Education	<u>317</u>	<u>323</u>	<u>306</u>	<u>17</u>
Total Education	<u>317</u>	<u>323</u>	<u>306</u>	<u>17</u>
Total General Fund - Expenditures (Before Contingencies)	<u>312,842</u>	<u>343,578</u>	<u>294,462</u>	<u>49,116</u>
<u>Contingencies</u>				
<u>Appropriation for Contingencies</u>				
Contingencies - General Fund:				
Appropriation for contingency	15,044	11,948	--	11,948
Total	<u>15,044</u>	<u>11,948</u>	<u>--</u>	<u>11,948</u>
Total Appropriation for Contingency	<u>15,044</u>	<u>11,948</u>	<u>--</u>	<u>11,948</u>
Total Contingency	<u>15,044</u>	<u>11,948</u>	<u>--</u>	<u>11,948</u>
Total General Fund Expenditures	<u>\$ 327,886</u>	<u>\$ 355,526</u>	<u>\$ 294,462</u>	<u>\$ 61,064</u>

COUNTY OF SAN LUIS OBISPO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2006

1. BUDGETARY BASIS OF ACCOUNTING

BUDGETARY ACCOUNTING

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

After the budget is approved, the appropriations can be added to, subtracted from, or changed only by Board resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Board. During the fiscal year ended June 30, 2006, 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 two debt service funds, the San Luis Obispo Public Financing Authority and the Public Facilities Corporation. 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 fixed assets, which are controlled at the sub-object level. Object levels of expenditures are as follows: salaries and benefits, services and supplies, other charges, fixed assets, and contingencies. Sub-object levels of expenditures for fixed assets are land, structures and improvements, and equipment.

Presentation of the basic financial statements at the legal level of budgetary control is not feasible due to its excessive length. Separate revenue and expenditure budget to actual comparison schedules, which demonstrate compliance at the legal level of budgetary control, are included as Required Supplementary Information for the General Fund, and as Other Supplementary Information for other major and nonmajor governmental funds. Generally accepted accounting principles serve as the basis of budgeting.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATION

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



OTHER SUPPLEMENTARY INFORMATION



**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**



NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS:

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

San Luis Obispo County Financing Authority

The Authority was created to assist in the financing, construction, and equipping of public facilities for its members.

San Luis Obispo County Public Facilities Corporation

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.

SPECIAL REVENUE FUNDS:

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

California Health Care Indigent Program

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

Community Development Program

Accounts for pass through grants from HUD entitlements to be distributed to the County and other local agencies.

County Medical Services Program (CMSP)

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

County-wide Automation Replacement

Accounts for funds used to provide for replacement of County-wide automation equipment.

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 used for the rehabilitation of drunk drivers (an educational component of Alcohol Services).

Fish & Game

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

General Government Building Replacement

Accounts for resources used to replace the County's general government buildings.

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.

Organizational Effectiveness

Accounts for resources aimed at continuous efforts to improve the effectiveness of County government and provide countywide training activities for employees.

Parks

Accounts for resources used to provide parks and recreational services County-wide.

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.

Tax Reductions Reserve

Accounts for resources used to offset future reductions of property tax revenues, which are provided by the tax loss reserve fund under the Teeter Plan.

Wildlife & Grazing

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

Governmental Leasing

Consolidates the needed resources to meet all financial obligations under long-term lease financing agreements with the debt service fund, Public Facilities Financing Corporation.

SPECIAL REVENUE SPECIAL DISTRICT FUNDS:

Flood Control Districts

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

Lighting Districts

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

County Service Areas

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

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006 (in thousands)

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ --	\$ 80,266	\$ 80,266
Accounts receivable	--	200	200
Other receivables	16	962	978
Due from other governments	--	3,134	3,134
Restricted cash with fiscal agent	3,416	--	3,416
Other assets	<u>1,072</u>	<u>524</u>	<u>1,596</u>
 Total Assets	 <u>\$ 4,504</u>	 <u>\$ 85,086</u>	 <u>\$ 89,590</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Salaries and benefits payable	\$ --	\$ 376	\$ 376
Accounts payable	--	2,303	2,303
Deposits from others	--	837	837
Deferred revenue	--	1,560	1,560
Other current liabilities	1,367	--	1,367
Advances from other funds	<u>549</u>	<u>696</u>	<u>1,245</u>
Total Liabilities	<u>1,916</u>	<u>5,772</u>	<u>7,688</u>
Fund Balances:			
Reserved	2,588	30,580	33,168
Unreserved, reported in nonmajor Special revenue funds	<u>--</u>	<u>48,734</u>	<u>48,734</u>
Total Fund Balances	<u>2,588</u>	<u>79,314</u>	<u>81,902</u>
 Total Liabilities and Fund Balances	 <u>\$ 4,504</u>	 <u>\$ 85,086</u>	 <u>\$ 89,590</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2006 (in thousands)

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Taxes	\$ --	\$ 8,661	\$ 8,661
Licenses, permits, and franchises	--	5	5
Fines, forfeits and penalties	--	779	779
Use of money and property	139	2,621	2,760
Aid from other governmental agencies	--	25,011	25,011
Charges for current services	5,887	14,118	20,005
Other revenues	--	814	814
Total revenues	<u>6,026</u>	<u>52,009</u>	<u>58,035</u>
<u>Expenditures:</u>			
Current:			
General government	--	8,214	8,214
Public protection	--	1,335	1,335
Public ways and facilities	--	25,749	25,749
Health and sanitation	--	4,661	4,661
Public assistance	--	4,611	4,611
Education	--	7,585	7,585
Recreation and cultural services	--	4,159	4,159
Debt service:			
Principal payments	2,975	--	2,975
Interest and fiscal charges	2,922	4	2,926
Capital outlay	--	1,107	1,107
Total expenditures	<u>5,897</u>	<u>57,425</u>	<u>63,322</u>
Excess (deficiency) of revenues over (under) expenditures	<u>129</u>	<u>(5,416)</u>	<u>(5,287)</u>
<u>Other financing sources (uses):</u>			
Transfers in	--	16,972	16,972
Transfers out	--	(8,040)	(8,040)
Total other financing sources and (uses)	<u>--</u>	<u>8,932</u>	<u>8,932</u>
Net changes in fund balances	129	3,516	3,645
Fund balances - beginning	<u>2,459</u>	<u>75,798</u>	<u>78,257</u>
Fund balances - ending	<u>\$ 2,588</u>	<u>\$ 79,314</u>	<u>\$ 81,902</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2006 (in thousands)

	Debt Service Public Facilities Corporation	Debt Service Public Financing Authority	Total Nonmajor Debt Service Funds
<u>ASSETS</u>			
Other receivables	\$ 16	\$ --	\$ 16
Restricted cash with fiscal agent	3,416	--	3,416
Other assets	1,072	--	1,072
Total Assets	\$ 4,504	\$ --	\$ 4,504
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Other current liabilities	\$ 1,072	\$ --	\$ 1,072
Advances from other funds	549	--	549
Interest payable	295	--	295
Total Liabilities	1,916	--	1,916
Fund Balances:			
Reserved for debt service	2,588	--	2,588
Total Fund Balances	2,588	--	2,588
Total Liabilities and Fund Balances	\$ 4,504	\$ --	\$ 4,504

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2006 (in thousands)

	Debt Service Public Facilities Corporation	Debt Service Public Financing Authority	Total Nonmajor Debt Service Funds
<u>Revenues:</u>			
Use of money and property	\$ 139	\$ --	\$ 139
Charges for current services	3,955	1,932	5,887
Total revenues	<u>4,094</u>	<u>1,932</u>	<u>6,026</u>
<u>Expenditures:</u>			
Debt service:			
Principal payments	2,430	545	2,975
Interest and fiscal charges	1,535	1,387	2,922
Total expenditures	<u>3,965</u>	<u>1,932</u>	<u>5,897</u>
Excess (deficiency) of revenues over (under) expenditures	<u>129</u>	<u>--</u>	<u>129</u>
Fund balances - beginning	<u>2,459</u>	<u>--</u>	<u>2,459</u>
Fund balances - ending	<u>\$ 2,588</u>	<u>\$ --</u>	<u>\$ 2,588</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006 (in thousands)

	<u>CA Health. Indigent Prog</u>	<u>Community Development</u>	<u>CMSP</u>	<u>County-Wide Autom Rplc</u>	<u>Emergency Med Services</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 858	\$ 589	\$ 980	\$ 8,648	\$ 356
Accounts receivable	--	--	--	--	--
Other receivables	--	--	--	--	259
Due from other governments	220	10	--	--	--
Other assets	--	--	--	--	--
	<u>1,078</u>	<u>599</u>	<u>980</u>	<u>8,648</u>	<u>615</u>
Total Assets	<u>\$ 1,078</u>	<u>\$ 599</u>	<u>\$ 980</u>	<u>\$ 8,648</u>	<u>\$ 615</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 1	\$ --	\$ 58	\$ 241	\$ 102
Salaries and benefits payable	--	--	31	--	--
Deposits from others	--	38	--	--	--
Deferred revenue	--	--	--	--	--
Advances from other funds	--	--	--	--	--
Total Liabilities	<u>1</u>	<u>38</u>	<u>89</u>	<u>241</u>	<u>102</u>
Fund Balances:					
Reserved for:					
Encumbrances	--	--	10	363	--
Construction of roads and public facilities	--	--	--	--	--
Specific program or grants	--	15	--	--	--
Unreserved	<u>1,077</u>	<u>546</u>	<u>881</u>	<u>8,044</u>	<u>513</u>
Total Fund Balances	<u>1,077</u>	<u>561</u>	<u>891</u>	<u>8,407</u>	<u>513</u>
Total Liabilities and Fund Balances	<u>\$ 1,078</u>	<u>\$ 599</u>	<u>\$ 980</u>	<u>\$ 8,648</u>	<u>\$ 615</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006 (in thousands)

	<u>Driving Under the Influence Pgms</u>	<u>Fish and Game</u>	<u>General Govt Bldg Rplcmnt</u>	<u>Impact Fee Traffic</u>	<u>Library</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 378	\$ 129	\$ 5,458	\$ 13,393	\$ 3,763
Accounts receivable	--	--	--	--	--
Other receivables	--	--	--	--	--
Due from other governments	--	--	--	--	--
Other assets	--	--	--	--	--
	<u>378</u>	<u>129</u>	<u>5,458</u>	<u>13,393</u>	<u>3,763</u>
Total Assets	<u>\$ 378</u>	<u>\$ 129</u>	<u>\$ 5,458</u>	<u>\$ 13,393</u>	<u>\$ 3,763</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 10	\$ 4	\$ --	\$ --	\$ 62
Salaries and benefits payable	27	--	--	--	160
Deposits from others	--	--	--	--	--
Deferred revenue	--	--	--	751	--
Advances from other funds	--	--	--	--	--
Total Liabilities	<u>37</u>	<u>4</u>	<u>--</u>	<u>751</u>	<u>222</u>
Fund Balances:					
Reserved for:					
Encumbrances	--	--	--	--	15
Construction of roads and public facilities	--	--	--	12,642	--
Specific program or grants	--	--	--	--	--
Unreserved	<u>341</u>	<u>125</u>	<u>5,458</u>	<u>--</u>	<u>3,526</u>
Total Fund Balances	<u>341</u>	<u>125</u>	<u>5,458</u>	<u>12,642</u>	<u>3,541</u>
Total Liabilities and Fund Balances	<u>\$ 378</u>	<u>\$ 129</u>	<u>\$ 5,458</u>	<u>\$ 13,393</u>	<u>\$ 3,763</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006 (in thousands)

	<u>Organizational Effectiveness</u>	<u>Parks</u>	<u>Public Facilities Fees</u>	<u>Roads</u>	<u>Tax Reduction Reserve</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 2,535	\$ 3,018	\$ 13,963	\$ 7,409	\$ 12,792
Accounts receivable	--	--	--	200	--
Other receivables	--	98	--	455	--
Due from other governments	--	137	--	2,767	--
Other assets	--	--	--	524	--
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total Assets	<u>\$ 2,535</u>	<u>\$ 3,253</u>	<u>\$ 13,963</u>	<u>\$ 11,355</u>	<u>\$ 12,792</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 9	\$ 51	\$ --	\$ 1,680	\$ --
Salaries and benefits payable	--	158	--	--	--
Deposits from others	--	84	1	683	--
Deferred revenue	--	59	--	750	--
Advances from other funds	--	--	--	--	--
Total Liabilities	<u>9</u>	<u>352</u>	<u>1</u>	<u>3,113</u>	<u>--</u>
Fund Balances:					
Reserved for:					
Encumbrances	4	15	--	80	--
Construction of roads and public facilities	--	--	13,962	--	--
Specific program or grants	--	2,680	--	471	--
Unreserved	<u>2,522</u>	<u>206</u>	<u>--</u>	<u>7,691</u>	<u>12,792</u>
Total Fund Balances	<u>2,526</u>	<u>2,901</u>	<u>13,962</u>	<u>8,242</u>	<u>12,792</u>
Total Liabilities and Fund Balances	<u>\$ 2,535</u>	<u>\$ 3,253</u>	<u>\$ 13,963</u>	<u>\$ 11,355</u>	<u>\$ 12,792</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006 (in thousands)

	<u>Wildlife Grazing</u>	<u>Gov't Leasing</u>	<u>Special Districts</u>	<u>Total Nonmajor Special Revenue Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 10	\$ 90	\$ 5,897	\$ 80,266
Accounts receivable	--	--	--	200
Other receivables	--	--	150	962
Due from other governments	--	--	--	3,134
Other assets	--	--	--	524
	<u>10</u>	<u>90</u>	<u>6,047</u>	<u>85,086</u>
Total Assets	<u>\$ 10</u>	<u>\$ 90</u>	<u>\$ 6,047</u>	<u>\$ 85,086</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ 85	\$ 2,303
Salaries and benefits payable	--	--	--	376
Deposits from others	--	--	31	837
Deferred revenue	--	--	--	1,560
Advances from other funds	--	--	696	696
Total Liabilities	<u>--</u>	<u>--</u>	<u>812</u>	<u>5,772</u>
Fund Balances:				
Reserved for:				
Encumbrances	--	--	323	810
Construction of roads and public facilities	--	--	--	26,604
Specific program or grants	--	--	--	3,166
Unreserved	<u>10</u>	<u>90</u>	<u>4,912</u>	<u>48,734</u>
Total Fund Balances	<u>10</u>	<u>90</u>	<u>5,235</u>	<u>79,314</u>
Total Liabilities and Fund Balances	<u>\$ 10</u>	<u>\$ 90</u>	<u>\$ 6,047</u>	<u>\$ 85,086</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2006 (in thousands)

	CA Health. Indigent Prog	Community Development	CMSP	County-Wide Autom Rplc	Emergency Med Services
<u>Revenues:</u>					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses, permits, and franchises	--	--	--	--	--
Fines, forfeits and penalties	--	--	--	--	391
Use of money and property	12	1	20	341	--
Aid from other governmental agencies	352	3,429	3,156	--	--
Charges for current services	896	--	91	1,000	--
Other revenues	--	548	--	--	--
Total revenues	<u>1,260</u>	<u>3,978</u>	<u>3,267</u>	<u>1,341</u>	<u>391</u>
<u>Expenditures:</u>					
Current:					
General government	--	--	--	4,594	--
Public protection	--	--	--	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	4,661	--	--	--
Public assistance	349	--	3,697	--	565
Education	--	--	--	--	--
Recreation and cultural services	--	--	--	--	--
Debt Service:					
Interest and fiscal charges	--	--	--	--	--
Capital outlay	--	--	--	756	--
Total expenditures	<u>349</u>	<u>4,661</u>	<u>3,697</u>	<u>5,350</u>	<u>565</u>
Excess (deficiency) of revenues over (under) expenditures	<u>911</u>	<u>(683)</u>	<u>(430)</u>	<u>(4,009)</u>	<u>(174)</u>
<u>Other financing sources (uses):</u>					
Transfers in	--	100	(24)	1,600	--
Transfers out	(199)	--	522	(878)	--
Total other financing sources (uses)	<u>(199)</u>	<u>100</u>	<u>498</u>	<u>722</u>	<u>--</u>
Net changes in fund balances	712	(583)	68	(3,287)	(174)
Fund Balances - beginning	<u>365</u>	<u>1,144</u>	<u>823</u>	<u>11,694</u>	<u>687</u>
Fund Balances - ending	<u>\$ 1,077</u>	<u>\$ 561</u>	<u>\$ 891</u>	<u>\$ 8,407</u>	<u>\$ 513</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2006 (in thousands)

	Driving Under the Influence Pgms	Fish and Game	General Govt Bldg Rplcmnt	Impact Fee Traffic	Library
<u>Revenues:</u>					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ 5,790
Licenses, permits, and franchises	--	--	--	--	--
Fines, forfeits and penalties	39	66	--	--	--
Use of money and property	10	--	166	402	108
Aid from other governmental agencies	--	6	--	--	249
Charges for current services	1,107	--	961	4,967	205
Other revenues	--	--	--	--	105
Total revenues	<u>1,156</u>	<u>72</u>	<u>1,127</u>	<u>5,369</u>	<u>6,457</u>
<u>Expenditures:</u>					
Current:					
General government	--	--	--	--	--
Public protection	--	23	--	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Education	1,101	--	--	--	6,484
Recreation and cultural services	--	--	--	--	--
Debt Service:					
Interest and fiscal charges	--	--	--	--	--
Capital outlay	6	--	--	--	--
Total expenditures	<u>1,107</u>	<u>23</u>	<u>--</u>	<u>--</u>	<u>6,484</u>
Excess (deficiency) of revenues over (under) expenditures	<u>49</u>	<u>49</u>	<u>1,127</u>	<u>5,369</u>	<u>(27)</u>
<u>Other financing sources (uses):</u>					
Transfers in	--	--	--	--	458
Transfers out	(18)	--	--	(3,044)	(113)
Total other financing sources (uses)	<u>(18)</u>	<u>--</u>	<u>--</u>	<u>(3,044)</u>	<u>345</u>
Net changes in fund balances	31	49	1,127	2,325	318
Fund Balances - beginning	<u>310</u>	<u>76</u>	<u>4,331</u>	<u>10,317</u>	<u>3,223</u>
Fund Balances - ending	<u>\$ 341</u>	<u>\$ 125</u>	<u>\$ 5,458</u>	<u>\$ 12,642</u>	<u>\$ 3,541</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2006 (in thousands)

	Organizational Effectiveness	Parks	Public Facilities Fees	Roads	Tax Reduction Reserve
Revenues:					
Taxes	\$ --	\$ --	\$ --	\$ 1,251	\$ --
Licenses, permits, and franchises	--	--	--	5	--
Fines, forfeits and penalties	--	--	--	--	--
Use of money and property	85	136	501	206	426
Aid from other governmental agencies	--	211	--	17,422	--
Charges for current services	--	1,307	3,256	287	--
Other revenues	3	17	--	140	--
Total revenues	<u>88</u>	<u>1,671</u>	<u>3,757</u>	<u>19,311</u>	<u>426</u>
Expenditures:					
Current:					
General government	220	--	--	--	--
Public protection	--	--	--	--	--
Public ways and facilities	--	--	13	25,373	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Education	--	--	--	--	--
Recreation and cultural services	--	4,159	--	--	--
Debt Service:					
Interest and fiscal charges	--	--	--	4	--
Capital outlay	--	210	--	135	--
Total expenditures	<u>220</u>	<u>4,369</u>	<u>13</u>	<u>25,512</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(132)</u>	<u>(2,698)</u>	<u>3,744</u>	<u>(6,201)</u>	<u>426</u>
Other financing sources (uses):					
Transfers in	200	3,106	--	8,812	--
Transfers out	--	(78)	(4,037)	--	--
Total other financing sources (uses)	<u>200</u>	<u>3,028</u>	<u>(4,037)</u>	<u>8,812</u>	<u>--</u>
Net changes in fund balances	68	330	(293)	2,611	426
Fund Balances - beginning	<u>2,458</u>	<u>2,571</u>	<u>14,255</u>	<u>5,631</u>	<u>12,366</u>
Fund Balances - ending	<u>\$ 2,526</u>	<u>\$ 2,901</u>	<u>\$ 13,962</u>	<u>\$ 8,242</u>	<u>\$ 12,792</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2006 (in thousands)

	Wildlife Grazing	Govt'l Leasing	Special Districts	Total Nonmajor Special Revenue Funds
<u>Revenues:</u>				
Taxes	\$ --	\$ 499	\$ 1,121	\$ 8,661
Licenses, permits, and franchises	--	--	--	5
Fines, forfeits and penalties	--	283	--	779
Use of money and property	1	--	206	2,621
Aid from other governmental agencies	4	--	182	25,011
Charges for current services	--	--	41	14,118
Other revenues	--	--	1	814
Total revenues	<u>5</u>	<u>782</u>	<u>1,551</u>	<u>52,009</u>
<u>Expenditures:</u>				
Current:				
General government	--	3,400	--	8,214
Public protection	5	--	1,307	1,335
Public ways and facilities	--	--	363	25,749
Health and sanitation	--	--	--	4,661
Public assistance	--	--	--	4,611
Education	--	--	--	7,585
Recreation and cultural services	--	--	--	4,159
Debt Service:				
Interest and fiscal charges	--	--	--	4
Capital outlay	--	--	--	1,107
Total expenditures	<u>5</u>	<u>3,400</u>	<u>1,670</u>	<u>57,425</u>
Excess (deficiency) of revenues over (under) expenditures	<u>--</u>	<u>(2,618)</u>	<u>(119)</u>	<u>(5,416)</u>
<u>Other financing sources (uses):</u>				
Transfers in	--	2,720	--	16,972
Transfers out	--	(12)	(183)	(8,040)
Total other financing sources (uses)	<u>--</u>	<u>2,708</u>	<u>(183)</u>	<u>8,932</u>
Net changes in fund balances	--	90	(302)	3,516
Fund Balances - beginning	<u>10</u>	<u>--</u>	<u>5,537</u>	<u>75,798</u>
Fund Balances - ending	<u>\$ 10</u>	<u>\$ 90</u>	<u>\$ 5,235</u>	<u>\$ 79,314</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds - Special Districts
June 30, 2006 (in thousands)

	<u>Flood Control Districts</u>	<u>Lighting Districts</u>	<u>County Service Areas</u>	<u>Total Special Revenue Special District Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,801	\$ 347	\$ 1,749	\$ 5,897
Other receivables	<u>150</u>	<u>--</u>	<u>--</u>	<u>150</u>
Total Assets	<u><u>\$ 3,951</u></u>	<u><u>\$ 347</u></u>	<u><u>\$ 1,749</u></u>	<u><u>\$ 6,047</u></u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 85	\$ --	\$ --	\$ 85
Deposits from Others	--	--	31	31
Advances from other funds	<u>--</u>	<u>--</u>	<u>696</u>	<u>696</u>
Total Liabilities	<u>85</u>	<u>--</u>	<u>727</u>	<u>812</u>
Fund Balances:				
Reserved for:				
Encumbrances	323	--	--	323
Unreserved	<u>3,543</u>	<u>347</u>	<u>1,022</u>	<u>4,912</u>
Total Fund Balances	<u>3,866</u>	<u>347</u>	<u>1,022</u>	<u>5,235</u>
Total Liabilities and Fund Balances	<u><u>\$ 3,951</u></u>	<u><u>\$ 347</u></u>	<u><u>\$ 1,749</u></u>	<u><u>\$ 6,047</u></u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds - Special Districts
For the Year Ended June 30, 2006 (in thousands)

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>Revenues:</u>				
Taxes	\$ 781	\$ 28	\$ 312	\$ 1,121
Use of money and property	130	11	65	206
Aid from other governmental agencies	180	--	2	182
Charges for current services	32	2	7	41
Other revenue	1	--	--	1
Total revenues	<u>1,124</u>	<u>41</u>	<u>386</u>	<u>1,551</u>
<u>Expenditures:</u>				
Current:				
Public protection	1,291	16	--	1,307
Public ways and facilities	--	--	363	363
Total expenditures	<u>1,291</u>	<u>16</u>	<u>363</u>	<u>1,670</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(167)</u>	<u>25</u>	<u>23</u>	<u>(119)</u>
<u>Other financing sources (uses):</u>				
Transfers out	--	--	(183)	(183)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>(183)</u>	<u>(183)</u>
Net changes in fund balances	<u>(167)</u>	<u>25</u>	<u>(160)</u>	<u>(302)</u>
Fund Balances - beginning	<u>4,033</u>	<u>322</u>	<u>1,182</u>	<u>5,537</u>
Fund Balances - ending	<u>\$ 3,866</u>	<u>\$ 347</u>	<u>\$ 1,022</u>	<u>\$ 5,235</u>

**BUDGETARY COMPARISON SCHEDULES
CAPITAL PROJECTS FUND
PENSION OBLIGATION BOND FUND
PUBLIC FINANCING CORPORATION
PUBLIC 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, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 3,194	\$ 3,194	\$ 3,194	\$ --
Fines, forfeits, and penalties	--	8,806	457	(8,349)
Revenue from use of money and property	200	200	775	575
Aid from other governmental agencies	--	4,341	961	(3,380)
Charges for services	106	1,438	897	(541)
Other revenue	--	65	2,442	2,377
Total Revenues	<u>3,500</u>	<u>18,044</u>	<u>8,726</u>	<u>(9,318)</u>
Expenditures:				
Capital Outlay	<u>4,594</u>	<u>30,743</u>	<u>8,444</u>	<u>22,299</u>
Total Expenditures	<u>4,594</u>	<u>30,743</u>	<u>8,444</u>	<u>22,299</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,094)</u>	<u>(12,699)</u>	<u>282</u>	<u>12,981</u>
Other Financing Sources (Uses):				
Transfers in	3,854	6,915	5,884	(1,031)
Transfers (out)	--	(765)	(766)	(1)
Total Other Financing Sources (Uses)	<u>3,854</u>	<u>6,150</u>	<u>5,118</u>	<u>(1,032)</u>
Net change in fund balances	2,760	(6,549)	5,400	11,949
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>21,746</u>	<u>21,746</u>
Fund balances, ending	<u>\$ 2,760</u>	<u>\$ (6,549)</u>	<u>\$ 27,146</u>	<u>\$ 33,695</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, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ --	\$ --	\$ 161	\$ 161
Other revenue	--	--	364	364
Total Revenues	<u>--</u>	<u>--</u>	<u>525</u>	<u>525</u>
Expenditures:				
Debt Service:				
Principal payments	3,995	3,995	1,995	2,000
Interest and fiscal charges	3,006	3,006	2,848	158
Total Expenditures	<u>7,001</u>	<u>7,001</u>	<u>4,843</u>	<u>2,158</u>
(Under) Expenditures	<u>(7,001)</u>	<u>(7,001)</u>	<u>(4,318)</u>	<u>2,683</u>
Other Financing Sources (Uses):				
Transfers in	<u>7,001</u>	<u>7,001</u>	<u>7,319</u>	<u>318</u>
Total Other Financing Sources (Uses)	<u>7,001</u>	<u>7,001</u>	<u>7,319</u>	<u>318</u>
Net change in fund balances	--	--	3,001	3,001
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>4,429</u>	<u>4,429</u>
Fund balances, ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 7,430</u>	<u>\$ 7,430</u>

COUNTY OF SAN LUIS OBISPO
Public Financing Corporation
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Revenue from use of money and property	\$ --	\$ 33	\$ 139	\$ 106
Charges for current services	--	3,945	3,955	10
Total Revenues	<u>--</u>	<u>3,978</u>	<u>4,094</u>	<u>116</u>
Expenditures:				
Debt Service:				
Principal		2,430	2,430	--
Interest and fiscal charges		1,548	1,535	13
Total Expenditures	<u>--</u>	<u>3,978</u>	<u>3,965</u>	<u>13</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	--	--	129	129
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>2,459</u>	<u>2,459</u>
Fund balances, ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,588</u>	<u>\$ 2,588</u>

COUNTY OF SAN LUIS OBISPO
Public Financing Authority
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for current services	\$ --	\$ 1,933	\$ 1,932	\$ (1)
Total Revenues	<u>--</u>	<u>1,933</u>	<u>1,932</u>	<u>(1)</u>
Expenditures:				
Debt Service:				
Principal	--	545	545	--
Interest and fiscal charges	--	1,388	1,387	1
Total Expenditures	<u>--</u>	<u>1,933</u>	<u>1,932</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	--	--	--	--
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances, ending	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>

COUNTY OF SAN LUIS OBISPO
California Health Care Indigent Program Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Use of money and property	\$ 2	\$ 9	\$ 12	\$ 3
Aid from other governmental agencies	169	352	352	--
Charges for services	906	911	896	(15)
Other revenue	--	--	--	--
Total Revenues	<u>1,077</u>	<u>1,272</u>	<u>1,260</u>	<u>(12)</u>
Expenditures:				
Current:				
Public assistance				
Services and supplies	502	1,061	349	712
Other charges	575	575	--	575
Contingencies	7	--	--	--
Total Expenditures	<u>1,084</u>	<u>1,636</u>	<u>349</u>	<u>1,287</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7)</u>	<u>(364)</u>	<u>911</u>	<u>1,275</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	--	--	(199)	(199)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(199)</u>	<u>(199)</u>
Net change in fund balances	(7)	(364)	712	1,076
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>365</u>	<u>365</u>
Fund balances, ending	<u>\$ (7)</u>	<u>\$ (364)</u>	<u>\$ 1,077</u>	<u>\$ 1,441</u>

COUNTY OF SAN LUIS OBISPO
Community Development Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Use of money and property	\$ --	\$ --	\$ 1	\$ 1
Aid from other governmental agencies	4,476	10,976	3,429	(7,547)
Other revenue	--	--	548	548
Total Revenues	<u>4,476</u>	<u>10,976</u>	<u>3,978</u>	<u>(6,998)</u>
Expenditures:				
Current:				
Health and sanitation				
Services and supplies	395	732	483	249
Other charges	4,181	10,344	4,178	6,166
Total Expenditures	<u>4,576</u>	<u>11,076</u>	<u>4,661</u>	<u>6,415</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(100)</u>	<u>(100)</u>	<u>(683)</u>	<u>(583)</u>
Other Financing Sources (Uses):				
Transfers in	100	100	100	--
Total Other Financing Sources (Uses)	<u>100</u>	<u>100</u>	<u>100</u>	<u>--</u>
Net change in fund balances	--	--	(583)	(583)
Fund balances, beginning	--	--	1,144	1,144
Fund balances, ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 561</u>	<u>\$ 561</u>

COUNTY OF SAN LUIS OBISPO
County Medical Services Program (CMSP) Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Use of money and property	\$ 15	\$ 15	\$ 20	\$ 5
Aid from governmental agencies	3,036	3,036	3,156	120
Charges for current services	<u>56</u>	<u>56</u>	<u>91</u>	<u>35</u>
Total Revenues	<u>3,107</u>	<u>3,107</u>	<u>3,267</u>	<u>5</u>
Expenditures:				
Current:				
Public assistance				
Salaries wages benefits	1,019	882	882	--
Services and supplies	<u>2,611</u>	<u>3,572</u>	<u>2,815</u>	<u>757</u>
Total Expenditures	<u>3,630</u>	<u>4,454</u>	<u>3,697</u>	<u>757</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(523)</u>	<u>(1,347)</u>	<u>(430)</u>	<u>762</u>
Other Financing Sources (Uses):				
Transfers in	522	522	(24)	(546)
Transfers out	<u>--</u>	<u>--</u>	<u>522</u>	<u>522</u>
Total Other Financing Sources (Uses)	<u>522</u>	<u>522</u>	<u>498</u>	<u>(546)</u>
Net change in fund balances	(1)	(825)	68	762
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>823</u>	<u>823</u>
Fund balances, ending	<u>\$ (1)</u>	<u>\$ (825)</u>	<u>\$ 891</u>	<u>\$ 1,585</u>

COUNTY OF SAN LUIS OBISPO
Countywide Automation Replacement Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ --	\$ --	\$ 341	\$ 341
Charges for services	1,000	1,000	1,000	--
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,341</u>	<u>341</u>
Expenditures:				
Current:				
General government				
Services and supplies	373	5,675	4,594	1,081
Capital outlay	1,319	1,060	756	304
Total Expenditures	<u>1,692</u>	<u>6,735</u>	<u>5,350</u>	<u>1,385</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(692)</u>	<u>(5,735)</u>	<u>(4,009)</u>	<u>1,726</u>
Other Financing Sources (Uses):				
Transfers in	1,680	1,680	1,600	(80)
Transfers out	--	(879)	(878)	1
Total Other Financing Sources (Uses)	<u>1,680</u>	<u>801</u>	<u>722</u>	<u>(79)</u>
Net change in fund balances	988	(4,934)	(3,287)	1,647
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>11,694</u>	<u>11,694</u>
Fund balances, ending	<u>\$ 988</u>	<u>\$ (4,934)</u>	<u>\$ 8,407</u>	<u>\$ 13,341</u>

COUNTY OF SAN LUIS OBISPO
Emergency Medical Services Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeits, and penalties	\$ 488	\$ 488	\$ 391	\$ (97)
Use of money and property	4	4	--	(4)
Total Revenues	<u>492</u>	<u>492</u>	<u>391</u>	<u>(101)</u>
Expenditures:				
Current:				
Public assistance				
Services and supplies	206	492	488	4
Other charges	285	315	77	238
Contingencies	23	--	--	--
Total Expenditures	<u>514</u>	<u>807</u>	<u>565</u>	<u>242</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(22)</u>	<u>(315)</u>	<u>(174)</u>	<u>141</u>
Net change in fund balances	(22)	(315)	(174)	141
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>687</u>	<u>687</u>
Fund balances, ending	<u>\$ (22)</u>	<u>\$ (315)</u>	<u>\$ 513</u>	<u>\$ 828</u>

COUNTY OF SAN LUIS OBISPO
Driving Under the Influence Programs Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines/Forfeitures/Penalties	\$ 38	\$ 38	\$ 39	\$ 1
Use of money and property	2	2	10	8
Charges for current services	<u>1,062</u>	<u>1,078</u>	<u>1,107</u>	<u>29</u>
Total Revenues	<u>1,102</u>	<u>1,118</u>	<u>1,156</u>	<u>38</u>
Expenditures:				
Current:				
Education				
Salaries wages benefits	673	708	648	60
Service and supplies	376	453	453	--
Capital outlay	7	7	6	1
Contingencies	<u>96</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures	<u>1,152</u>	<u>1,168</u>	<u>1,107</u>	<u>61</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(50)</u>	<u>(50)</u>	<u>49</u>	<u>(23)</u>
Other Financing Sources (Uses):				
Transfers out	<u>--</u>	<u>--</u>	<u>(18)</u>	<u>(18)</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(18)</u>	<u>(18)</u>
Net change in fund balances	(50)	(50)	31	81
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>310</u>	<u>310</u>
Fund balances, ending	<u>\$ (50)</u>	<u>\$ (50)</u>	<u>\$ 341</u>	<u>\$ 391</u>

COUNTY OF SAN LUIS OBISPO
Fish and Game Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeits, and penalties	\$ 7	\$ 19	\$ 66	\$ 47
Aid from governmental agencies	--	--	6	6
Total Revenues	<u>7</u>	<u>19</u>	<u>72</u>	<u>53</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	15	27	23	4
Total Expenditures	<u>15</u>	<u>27</u>	<u>23</u>	<u>4</u>
Net change in fund balances	(8)	(8)	49	57
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>76</u>	<u>76</u>
Fund balances, ending	<u><u>\$ (8)</u></u>	<u><u>\$ (8)</u></u>	<u><u>\$ 125</u></u>	<u><u>\$ 133</u></u>

COUNTY OF SAN LUIS OBISPO
General Government Building Replacement Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
Revenues:				
Use of money and property	\$ --	\$ --	\$ 166	\$ 166
Charges for current services	961	961	961	--
Total Revenues	<u>961</u>	<u>961</u>	<u>1,127</u>	<u>166</u>
Net change in fund balances	961	961	1,127	166
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>4,331</u>	<u>4,331</u>
Fund balances, ending	<u>\$ 961</u>	<u>\$ 961</u>	<u>\$ 5,458</u>	<u>\$ 4,497</u>

COUNTY OF SAN LUIS OBISPO
Traffic Impact Fees Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Use of money and property	\$ 66	\$ 66	\$ 402	\$ 336
Charges for current services	<u>2,549</u>	<u>5,154</u>	<u>4,967</u>	<u>(187)</u>
Total Revenues	<u>2,615</u>	<u>5,220</u>	<u>5,369</u>	<u>149</u>
Net change in fund balances	1,020	(2,182)	2,325	4,507
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>10,317</u>	<u>10,317</u>
Fund balances, ending	<u>\$ 1,020</u>	<u>\$ (2,182)</u>	<u>\$ 12,642</u>	<u>\$ 14,824</u>

COUNTY OF SAN LUIS OBISPO
Library Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 5,439	\$ 5,439	\$ 5,790	\$ 351
Use of money and property	32	32	108	76
Aid from other governmental agencies	222	240	249	9
Charges for services	233	233	205	(28)
Other revenue	22	446	105	(341)
Total Revenues	<u>5,948</u>	<u>6,390</u>	<u>6,457</u>	<u>67</u>
Expenditures:				
Current:				
Education				
Salaries and benefits	4,201	4,201	4,186	15
Services and supplies	2,467	2,802	2,297	505
Other charges	1	976	1	975
Contingencies	193	193	--	193
Total Expenditures	<u>6,862</u>	<u>8,172</u>	<u>6,484</u>	<u>1,688</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(914)</u>	<u>(1,782)</u>	<u>(27)</u>	<u>1,755</u>
Other Financing Sources (Uses):				
Transfers in	458	458	458	--
Transfers out	--	--	(113)	(113)
Total Other Financing Sources (Uses)	<u>458</u>	<u>458</u>	<u>345</u>	<u>(113)</u>
Net change in fund balances	(456)	(1,324)	318	1,642
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>3,223</u>	<u>3,223</u>
Fund balances, ending	<u>\$ (456)</u>	<u>\$ (1,324)</u>	<u>\$ 3,541</u>	<u>\$ 4,865</u>

COUNTY OF SAN LUIS OBISPO
Organizational Effectiveness Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ --	\$ --	\$ 85	\$ 85
Other revenue	--	--	3	3
Total Revenues	<u>--</u>	<u>--</u>	<u>88</u>	<u>88</u>
Expenditures:				
Current:				
General government				
Services and supplies	450	481	220	261
Contingencies	74	74	--	74
Total Expenditures	<u>524</u>	<u>555</u>	<u>220</u>	<u>335</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(524)</u>	<u>(555)</u>	<u>(132)</u>	<u>423</u>
Other Financing Sources (Uses):				
Transfers in	200	200	200	--
Total Other Financing Sources (Uses)	<u>200</u>	<u>200</u>	<u>200</u>	<u>--</u>
Net change in fund balances	(324)	(355)	68	423
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>2,458</u>	<u>2,458</u>
Fund balances, ending	<u>\$ (324)</u>	<u>\$ (355)</u>	<u>\$ 2,526</u>	<u>\$ 2,881</u>

COUNTY OF SAN LUIS OBISPO
Parks Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Fines/Forfeitures/Penalties	\$ 9	\$ 9	\$ --	\$ (9)
Use of money and property	67	67	136	69
Aid from other governmental agencies	--	274	211	(63)
Charges for services	2,848	3,858	1,307	(2,551)
Other revenue	11	70	17	(53)
Total Revenues	<u>2,935</u>	<u>4,278</u>	<u>1,671</u>	<u>(2,607)</u>
Expenditures:				
Current:				
Recreational and cultural services				
Salaries wages benefits	3,439	3,439	3,392	47
Services and supplies	2,103	2,126	533	1,593
Other charges	414	639	234	405
Capital outlay	--	1,285	210	1,075
Contingencies	293	293	--	293
Total Expenditures	<u>6,249</u>	<u>7,782</u>	<u>4,369</u>	<u>3,413</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,314)</u>	<u>(3,504)</u>	<u>(2,698)</u>	<u>806</u>
Other Financing Sources (Uses):				
Transfers in	3,020	3,245	3,106	(139)
Transfers out	--	(26)	(78)	(52)
Total Other Financing Sources (Uses)	<u>3,020</u>	<u>3,219</u>	<u>3,028</u>	<u>(191)</u>
Net change in fund balances	(294)	(285)	330	615
Fund balances, beginning	--	--	2,571	2,571
Fund balances, ending	<u>\$ (294)</u>	<u>\$ (285)</u>	<u>\$ 2,901</u>	<u>\$ 3,186</u>

COUNTY OF SAN LUIS OBISPO
Public Facilities Fees Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Use of money and property	\$ --	\$ --	\$ 501	\$ 501
Charges for current services	3,550	3,550	3,256	(294)
Total Revenues	<u>3,550</u>	<u>3,550</u>	<u>3,757</u>	<u>207</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	--	13	13	--
Total Expenditures	<u>--</u>	<u>13</u>	<u>13</u>	<u>--</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	(620)	(5,944)	(4,037)	1,907
Total Other Financing Sources (Uses)	<u>(620)</u>	<u>(5,944)</u>	<u>(4,037)</u>	<u>1,907</u>
Net change in fund balances	2,930	(2,407)	(293)	2,114
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>14,255</u>	<u>14,255</u>
Fund balances, ending	<u>\$ 2,930</u>	<u>\$(2,407)</u>	<u>\$ 13,962</u>	<u>\$ 16,369</u>

COUNTY OF SAN LUIS OBISPO
Roads Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,184	\$ 1,184	\$ 1,251	\$ 67
Licenses, permits, and franchises	--	--	5	5
Use of money and property	90	90	206	116
Aid from other governmental agencies	8,817	26,668	17,422	(9,246)
Charges for services	269	505	287	(218)
Other revenue	--	916	140	(776)
Total Revenues	<u>10,360</u>	<u>29,363</u>	<u>19,311</u>	<u>(10,052)</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	14,051	15,201	25,285	(10,084)
Other charges	49	49	88	(39)
Debt Service:				
Interest and fiscal charges	--	--	4	(4)
Capital outlay	5,023	31,315	135	31,180
Total Expenditures	<u>19,123</u>	<u>46,565</u>	<u>25,512</u>	<u>21,053</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,763)</u>	<u>(17,202)</u>	<u>(6,201)</u>	<u>11,001</u>
Other Financing Sources (Uses):				
Transfers in	7,330	13,480	8,812	(4,668)
Total Other Financing Sources (Uses)	<u>7,330</u>	<u>13,480</u>	<u>8,812</u>	<u>(4,668)</u>
Net change in fund balances	(1,433)	(3,722)	2,611	6,333
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>5,631</u>	<u>5,631</u>
Fund balances, ending	<u>\$ (1,433)</u>	<u>\$ (3,722)</u>	<u>\$ 8,242</u>	<u>\$ 11,964</u>

COUNTY OF SAN LUIS OBISPO
Tax Reduction Reserve Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Use of money and property	\$ --	\$ --	\$ 426	\$ 426
Total Revenues	<u> --</u>	<u> --</u>	<u> 426</u>	<u> 426</u>
Net change in fund balances	--	--	426	426
Fund balances, beginning	<u> --</u>	<u> --</u>	<u>12,366</u>	<u>12,366</u>
Fund balances, ending	<u><u> --</u></u>	<u><u> --</u></u>	<u><u>12,792</u></u>	<u><u>12,792</u></u>

COUNTY OF SAN LUIS OBISPO
Wildlife Grazing Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ --	\$ --	\$ 1	\$ 1
Aid from governmental agencies	4	4	4	--
Total Revenues	<u>4</u>	<u>4</u>	<u>5</u>	<u>1</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	5	5	5	--
Total Expenditures	<u>5</u>	<u>5</u>	<u>5</u>	<u>--</u>
Net change in fund balances	(1)	(1)	--	1
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>10</u>	<u>10</u>
Fund balances, ending	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 10</u>	<u>\$ 11</u>

COUNTY OF SAN LUIS OBISPO
Governmental Leasing Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 500	\$ 500	\$ 499	\$ (1)
Fines, forfeits, and penalties	283	283	283	--
Charges for services	632	632	--	(632)
Total Revenues	<u>1,415</u>	<u>1,415</u>	<u>782</u>	<u>(633)</u>
Expenditures:				
Current:				
General government				
Services and supplies	1,168	--	--	--
Other charges	2,337	3,505	3,400	105
Total Expenditures	<u>3,505</u>	<u>3,505</u>	<u>3,400</u>	<u>105</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,090)</u>	<u>(2,090)</u>	<u>(2,618)</u>	<u>(528)</u>
Other Financing Sources (Uses):				
Transfers in	2,090	2,090	2,720	630
Transfers out		--	(12)	(12)
Total Other Financing Sources (Uses)	<u>2,090</u>	<u>2,090</u>	<u>2,708</u>	<u>618</u>
Net change in fund balances	--	--	90	90
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances, ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 90</u>	<u>\$ 90</u>

COUNTY OF SAN LUIS OBISPO
Flood Control Districts Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 616	\$ 616	\$ 781	\$ 165
Use of money and property	30	30	130	100
Aid from other governmental agencies	946	946	180	(766)
Charges for services	32	32	32	--
Other revenue	--	--	1	1
Total Revenues	<u>1,624</u>	<u>1,624</u>	<u>1,124</u>	<u>(500)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	1,233	1,395	1,291	104
Capital outlay	<u>1,572</u>	<u>1,850</u>	<u>--</u>	<u>1,850</u>
Total Expenditures	<u>2,805</u>	<u>3,245</u>	<u>1,291</u>	<u>1,954</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,181)</u>	<u>(1,621)</u>	<u>(167)</u>	<u>1,454</u>
Other Financing Sources (Uses):				
Transfers in	485	485	--	(485)
Transfers out	<u>(158)</u>	<u>(158)</u>	<u>--</u>	<u>158</u>
Total Other Financing Sources (Uses)	<u>327</u>	<u>327</u>	<u>--</u>	<u>(327)</u>
Net change in fund balances	(854)	(1,294)	(167)	1,127
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>4,033</u>	<u>4,033</u>
Fund balances, ending	<u>\$ (854)</u>	<u>\$ (1,294)</u>	<u>\$ 3,866</u>	<u>\$ 5,160</u>

COUNTY OF SAN LUIS OBISPO
Lighting Control Districts Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 26	\$ 26	\$ 28	\$ 2
Use of money and property	3	3	11	8
Charges for services	--	--	2	2
Total Revenues	<u>29</u>	<u>29</u>	<u>41</u>	<u>12</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	<u>26</u>	<u>26</u>	<u>16</u>	<u>10</u>
Total Expenditures	<u>26</u>	<u>26</u>	<u>16</u>	<u>10</u>
Net change in fund balances	3	3	25	22
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>322</u>	<u>322</u>
Fund balances, ending	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 347</u>	<u>\$ 344</u>

COUNTY OF SAN LUIS OBISPO
County Service Area Districts Special Revenue Funds
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2006 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 843	\$ 843	\$ 312	\$ (531)
Revenue from use of money and property	19	19	65	46
Aid from other governmental agencies	2	2	2	--
Charges for services	22	22	7	(15)
Total Revenues	<u>886</u>	<u>886</u>	<u>386</u>	<u>(500)</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	116	127	363	(236)
Capital outlay	6	1,038	--	1,038
Total Expenditures	<u>122</u>	<u>1,165</u>	<u>363</u>	<u>802</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>764</u>	<u>(279)</u>	<u>23</u>	<u>302</u>
Other Financing Sources (Uses):				
Transfers in	4	799	--	(799)
Transfers out	(1,105)	(1,109)	(183)	926
Total Other Financing Sources (Uses)	<u>(1,101)</u>	<u>(310)</u>	<u>(183)</u>	<u>127</u>
Net change in fund balances	(337)	(589)	(160)	429
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>1,182</u>	<u>1,182</u>
Fund balances, ending	<u>\$ (337)</u>	<u>\$ (589)</u>	<u>\$ 1,022</u>	<u>\$ 1,611</u>

**COMBINING FINANCIAL STATEMENTS
NONMAJOR ENTERPRISE FUNDS**



NONMAJOR ENTERPRISE FUNDS

ENTERPRISE FUNDS:

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

Transit District

Accounts for resources used to provide transit services to various areas of the County.

Flood Control District

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

Nacimiento Water Contract

Accounts for the activities and delivery of water associated with the Nacimiento water supply reservoir and the contract with Monterey County.

Lopez Park

Accounts for the operations of the recreational facilities associated with the park next to Lopez Lake.

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 Assets
Nonmajor Enterprise Funds
June 30, 2006 (in thousands)

	Transit	General Flood Control Zone	Nacimiento Water Contract	Lopez Park	County Service Areas	Total
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 843	\$ 1,054	\$ 9,871	\$ 109	\$ 3,528	\$ 15,405
Accounts receivable, net	--	--	6	--	107	113
Other receivables	--	--	--	15	218	233
Deposits with Others	--	--	--	--	13	13
Total Current Assets	<u>843</u>	<u>1,054</u>	<u>9,877</u>	<u>124</u>	<u>3,866</u>	<u>15,764</u>
Noncurrent assets:						
Capital Assets						
Nondepreciable:						
Land	84	--	--	--	132	216
Construction in progress	--	--	11,100	27	2,108	13,235
Depreciable:						
Structures & improvements, net	82	--	--	775	6,281	7,138
Equipment, net	149	--	--	8	101	258
Total Noncurrent Assets	<u>315</u>	<u>--</u>	<u>11,100</u>	<u>810</u>	<u>8,622</u>	<u>20,847</u>
Total Assets	<u>1,158</u>	<u>1,054</u>	<u>20,977</u>	<u>934</u>	<u>12,488</u>	<u>36,611</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	1	--	656	--	16	673
Deposits from others	26	--	5,165	--	122	5,313
Deferred revenue	--	--	--	--	100	100
Notes and bonds payable - current	--	--	--	13	134	147
Total Current Liabilities	<u>27</u>	<u>--</u>	<u>5,821</u>	<u>13</u>	<u>372</u>	<u>6,233</u>
Noncurrent Liabilities:						
Advances from other funds	--	--	--	--	352	352
Notes and bonds payable - noncurrent	--	--	--	287	2,568	2,855
Total Noncurrent Liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>287</u>	<u>2,920</u>	<u>3,207</u>
Total Liabilities	<u>27</u>	<u>--</u>	<u>5,821</u>	<u>300</u>	<u>3,292</u>	<u>9,440</u>
NET ASSETS						
Invested in capital assets, net of related debt	--	--	--	810	8,622	9,432
Unrestricted	1,131	1,054	15,156	(176)	574	17,739
Total Net Assets	<u>\$ 1,131</u>	<u>\$ 1,054</u>	<u>\$ 15,156</u>	<u>\$ 634</u>	<u>\$ 9,196</u>	<u>\$ 27,171</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2006 (in thousands)

	Transit	General Flood Control Zone	Nacimiento Water Contract	Lopez Park	County Service Areas	Total
<u>Operating Revenues:</u>						
Charges for current services	\$ 57	\$ 562	\$ 5,509	\$ 1,548	\$ 2,616	\$ 10,292
Total operating revenues	<u>57</u>	<u>562</u>	<u>5,509</u>	<u>1,548</u>	<u>2,616</u>	<u>10,292</u>
<u>Operating expenses:</u>						
Services and supplies	560	705	580	1,450	2,585	5,880
Other charges	120	--	--	--	20	140
Depreciation	33	--	--	45	279	357
Countywide cost allocation	32	21	--	53	82	188
Total operating expenses	<u>745</u>	<u>726</u>	<u>580</u>	<u>1,548</u>	<u>2,966</u>	<u>6,565</u>
Operating income (loss)	<u>(688)</u>	<u>(164)</u>	<u>4,929</u>	<u>--</u>	<u>(350)</u>	<u>3,727</u>
<u>Nonoperating revenues (expenses):</u>						
Property taxes	--	--	136	--	232	368
Interest income	15	37	292	6	119	469
Interest expense	--	--	--	(8)	(88)	(96)
Aid from governmental agencies	1,190	--	23	--	222	1,435
Gain (loss) on sale of assets	(5)	--	--	--	--	(5)
Total nonoperating revenues (expenses)	<u>1,200</u>	<u>37</u>	<u>451</u>	<u>(2)</u>	<u>485</u>	<u>2,171</u>
Income (loss) before transfers	512	(127)	5,380	(2)	135	5,898
Transfers in	--	--	39	--	151	190
Transfers out	--	--	--	(8)	(5)	(13)
Change in net assets	512	(127)	5,419	(10)	281	6,075
Net assets - beginning	<u>619</u>	<u>1,181</u>	<u>9,737</u>	<u>644</u>	<u>8,915</u>	<u>21,096</u>
Net assets - ending	<u>\$ 1,131</u>	<u>\$ 1,054</u>	<u>\$ 15,156</u>	<u>\$ 634</u>	<u>\$ 9,196</u>	<u>\$ 27,171</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2006 (in thousands)

	<u>Transit</u>	<u>General Flood Control Zone</u>	<u>Nacimiento Water Contract</u>	<u>Lopez Park</u>
Cash Flows from Operating Activities:				
Receipts from customers, patients, third parties	\$ 58	\$ 550	\$ 5,503	\$ 1,499
Cash received from other sources	--	12	--	63
Payments for goods and services	<u>(734)</u>	<u>(735)</u>	<u>4,676</u>	<u>(1,503)</u>
Net Cash Provided (Used) by Operating Activities	<u>(676)</u>	<u>(173)</u>	<u>10,179</u>	<u>59</u>
Cash Flows from Noncapital Financing Activities:				
Property tax proceeds	--	--	136	--
Grants and subsidies from other gov't agencies	1,190	--	23	--
Proceeds from interfund borrowing	--	--	1,400	--
Transfers from other funds	--	--	39	--
Transfers to other funds	<u>--</u>	<u>--</u>	<u>--</u>	<u>(8)</u>
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>1,190</u>	<u>--</u>	<u>1,598</u>	<u>(8)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases and construction of capital assets	(120)	--	(4,977)	(18)
Proceeds from issuance of long-term debt	--	--	--	--
Proceeds from sale of capital assets	2	--	--	--
Principal paid on capital debt	--	--	--	(13)
Interest paid on capital debt	<u>--</u>	<u>--</u>	<u>--</u>	<u>(8)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(118)</u>	<u>--</u>	<u>(4,977)</u>	<u>(39)</u>
Cash Flows from Investing Activities:				
Interest received	15	37	292	6
Net Cash Provided (Used) by Investing Activities	<u>15</u>	<u>37</u>	<u>292</u>	<u>6</u>
Net Increase (Decrease) in Cash and Cash Equivalents	411	(136)	7,092	18
Cash and Cash Equivalents - Beginning of Year	<u>432</u>	<u>1,190</u>	<u>2,779</u>	<u>91</u>
Cash and Cash Equivalents - End of Year	<u>\$ 843</u>	<u>\$ 1,054</u>	<u>\$ 9,871</u>	<u>\$ 109</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	<u>\$ (688)</u>	<u>\$ (164)</u>	<u>\$ 4,929</u>	<u>\$ --</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation expense	33	--	--	45
Change in Assets and Liabilities:				
Receivables, net	1	--	(6)	14
Accounts payable	(19)	(9)	91	--
Other accrued liabilities	<u>(3)</u>	<u>--</u>	<u>5,165</u>	<u>--</u>
Total Adjustments	<u>12</u>	<u>(9)</u>	<u>5,250</u>	<u>59</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (676)</u>	<u>\$ (173)</u>	<u>\$ 10,179</u>	<u>\$ 59</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2006 (in thousands)

	<u>County Service Areas</u>	<u>Medical Services</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from customers, patients, third parties	\$ 2,435	\$ --	\$ 10,045
Cash received from other sources	--	--	75
Payments for goods and services	<u>(2,679)</u>	<u>(118)</u>	<u>(1,093)</u>
Net Cash Provided (Used) by Operating Activities	<u>(244)</u>	<u>(118)</u>	<u>9,027</u>
Cash Flows from Noncapital Financing Activities:			
Property tax proceeds	232	--	368
Grants and subsidies from other gov't agencies	222	--	1,435
Proceeds from interfund borrowing	--	--	1,400
Transfers from other funds	151	--	190
Transfers to other funds	<u>(5)</u>	<u>--</u>	<u>(13)</u>
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>600</u>	<u>--</u>	<u>3,380</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases and construction of capital assets	(427)	--	(5,542)
Proceeds from issuance of long-term debt	200	--	200
Proceeds from sale of capital assets	--	--	2
Principal paid on capital debt	(144)	--	(157)
Interest paid on capital debt	<u>(88)</u>	<u>--</u>	<u>(96)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(459)</u>	<u>--</u>	<u>(5,593)</u>
Cash Flows from Investing Activities:			
Interest received	<u>119</u>	<u>--</u>	<u>469</u>
Net Cash Provided (Used) by Investing Activities	<u>119</u>	<u>--</u>	<u>469</u>
Net Increase (Decrease) in Cash and Cash Equivalents	16	(118)	7,283
Cash and Cash Equivalents - Beginning of Year	<u>3,512</u>	<u>118</u>	<u>8,122</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,528</u>	<u>\$ --</u>	<u>\$ 15,405</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	<u>\$ (350)</u>	<u>\$ --</u>	<u>\$ 3,727</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	279	--	357
Change in Assets and Liabilities:			
Receivables, net	(200)	--	(191)
Accounts payable	2	(118)	(53)
Other accrued liabilities	<u>25</u>	<u>--</u>	<u>5,187</u>
Total Adjustments	<u>106</u>	<u>(118)</u>	<u>5,300</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (244)</u>	<u>\$ (118)</u>	<u>\$ 9,027</u>



**COMBINING FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS**



INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS:

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

Reprographics

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

Garage

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

Public Works

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

Insurance Funds

Accounts for the operations of the County's Workers' Compensation, Protected Self-Insurance, Unemployment, and Dental Insurance programs

COUNTY OF SAN LUIS OBISPO
Combining Statement of Net Assets
Internal Service Funds
June 30, 2006 (in thousands)

	<u>Reprographics</u>	<u>Garage</u>	<u>Public Works</u>	<u>Combined Insurance (4 funds)</u>	<u>Total</u>
<u>ASSETS</u>					
Current Assets:					
Cash and cash equivalents	\$ 215	\$ 2,978	\$ 7,227	\$ 20,379	\$ 30,799
Accounts receivable	--	--	7	--	7
Inventory	<u>2</u>	<u>48</u>	<u>448</u>	<u>--</u>	<u>498</u>
Total Current Assets	<u>217</u>	<u>3,026</u>	<u>7,682</u>	<u>20,379</u>	<u>31,304</u>
Noncurrent assets:					
Capital Assets:					
Structures & improvements, net	--	287	123	--	410
Equipment, net	<u>34</u>	<u>3,656</u>	<u>4,574</u>	<u>--</u>	<u>8,264</u>
Total Noncurrent Assets	<u>34</u>	<u>3,943</u>	<u>4,697</u>	<u>--</u>	<u>8,674</u>
Total Assets	<u>251</u>	<u>6,969</u>	<u>12,379</u>	<u>20,379</u>	<u>39,978</u>
<u>LIABILITIES</u>					
Current Liabilities:					
Accrued payroll	7	37	626	--	670
Accounts payable	16	144	674	471	1,305
Self insurance liability	--	--	--	5,358	5,358
Deposits from others	--	--	520	--	520
Accrued vacation - current	<u>20</u>	<u>57</u>	<u>1,271</u>	<u>--</u>	<u>1,348</u>
Total Current Liabilities	<u>43</u>	<u>238</u>	<u>3,091</u>	<u>5,829</u>	<u>9,201</u>
Noncurrent Liabilities:					
Self insurance liability	--	--	--	16,332	16,332
Accrued vacation and sick leave	<u>2</u>	<u>14</u>	<u>739</u>	<u>--</u>	<u>755</u>
Total Noncurrent Liabilities	<u>2</u>	<u>14</u>	<u>739</u>	<u>16,332</u>	<u>17,087</u>
Total Liabilities	<u>45</u>	<u>252</u>	<u>3,830</u>	<u>22,161</u>	<u>26,288</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	34	3,943	4,697	--	8,674
Unrestricted	<u>172</u>	<u>2,774</u>	<u>3,852</u>	<u>(1,782)</u>	<u>5,016</u>
Total Net Assets	<u>\$ 206</u>	<u>\$ 6,717</u>	<u>\$ 8,549</u>	<u>\$ (1,782)</u>	<u>\$ 13,690</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Asset:
Internal Service Funds
For the Year Ended June 30, 2006 (in thousands)

	Reprographics	Garage	Public Works	Combined Insurance (4 funds)	Total
Operating Revenues:					
Charges for current services	\$ 630	\$ 4,630	\$ 27,297	\$ 14,858	\$ 47,415
Total Operating Revenues	<u>630</u>	<u>4,630</u>	<u>27,297</u>	<u>14,858</u>	<u>47,415</u>
Operating Expenses:					
Salaries and benefits	206	1,011	16,614	--	17,831
Services and supplies	304	2,344	9,912	2,861	15,421
Insurance benefit payments	--	--	--	(490)	(490)
Insurance premiums	--	--	--	2,467	2,467
Depreciation	19	1,128	611	--	1,758
Countywide cost allocation	86	187	119	693	1,085
Total Operating Expenses	<u>615</u>	<u>4,670</u>	<u>27,256</u>	<u>5,531</u>	<u>38,072</u>
Operating Income (Loss)	<u>15</u>	<u>(40)</u>	<u>41</u>	<u>9,327</u>	<u>9,343</u>
Nonoperating Revenues (Expenses):					
Interest income	5	85	168	597	855
Gain (loss) on sale of assets	--	(50)	26	--	(24)
Other revenue (expense)	--	119	45	--	164
Total Nonoperating Revenues (Expenses)	<u>5</u>	<u>154</u>	<u>239</u>	<u>597</u>	<u>995</u>
Income (Loss) Before Transfers	20	114	280	9,924	10,338
Transfers in	--	--	--	206	206
Transfers out	<u>(5)</u>	<u>(26)</u>	<u>(444)</u>	<u>--</u>	<u>(475)</u>
Change in Net Assets	<u>15</u>	<u>88</u>	<u>(164)</u>	<u>10,130</u>	<u>10,069</u>
Net assets - beginning	<u>191</u>	<u>6,629</u>	<u>8,713</u>	<u>(11,912)</u>	<u>3,621</u>
Net assets - ending	<u>\$ 206</u>	<u>\$ 6,717</u>	<u>\$ 8,549</u>	<u>\$ (1,782)</u>	<u>\$ 13,690</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2006 (in thousands)

	Reprographics	Garage	Public Works	Combined Insurance (4 funds)	Total
Cash Flows from Operating Activities:					
Receipts from interfund billings	\$ 630	\$ 4,630	\$ 27,233	\$ 14,858	\$ 47,351
Payments for goods and services	(388)	(2,604)	(10,317)	(3,554)	(16,863)
Payments to employees for service	(202)	(986)	(16,085)	--	(17,273)
Payments for insurance benefits	--	--	--	(4,211)	(4,211)
Payments for premiums	--	--	--	(2,467)	(2,467)
Net Cash Provided (Used) by Operating Activities	<u>40</u>	<u>1,040</u>	<u>831</u>	<u>4,626</u>	<u>6,537</u>
Cash Flows from Noncapital Financing Activities:					
Transfers from other funds	--	--	--	206	206
Transfers to other funds	(5)	(26)	(444)	--	(475)
Other non-operating revenues and expenses	--	119	45	--	164
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(5)</u>	<u>93</u>	<u>(399)</u>	<u>206</u>	<u>(105)</u>
Cash Flows from Capital and Related Financing Activities:					
Purchases and construction of capital assets	--	(1,188)	(539)	--	(1,727)
Proceeds from sale of capital assets	--	66	104	--	170
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>(1,122)</u>	<u>(435)</u>	<u>--</u>	<u>(1,557)</u>
Cash Flows from Investing Activities:					
Interest received	5	85	168	597	855
Net Cash Provided (Used) by Investing Activities	<u>5</u>	<u>85</u>	<u>168</u>	<u>597</u>	<u>855</u>
Net Increase (Decrease) in Cash and Cash Equivalents	40	96	165	5,429	5,730
Cash and Cash Equivalents - Beginning of Year	175	2,882	7,062	14,950	25,069
Cash and Cash Equivalents - End of Year	<u>\$ 215</u>	<u>\$ 2,978</u>	<u>\$ 7,227</u>	<u>\$ 20,379</u>	<u>\$ 30,799</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 15	\$ (40)	\$ 41	\$ 9,327	\$ 9,343
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation expense	19	1,128	611	--	1,758
Change in Assets and Liabilities:					
Receivables, net	--	--	(3)	--	(3)
Inventory	2	19	(105)	--	(84)
Accounts payable	--	(92)	(181)	139	(134)
Accrued payroll liabilities	--	5	99	--	104
Accrued vacation	4	20	430	--	454
Self-insurance liability	--	--	--	(4,840)	(4,840)
Other accrued liabilities	--	--	(61)	--	(61)
Total Adjustments	<u>25</u>	<u>1,080</u>	<u>790</u>	<u>(4,701)</u>	<u>(2,806)</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ 40</u>	<u>\$ 1,040</u>	<u>\$ 831</u>	<u>\$ 4,626</u>	<u>\$ 6,537</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Net Assets
Internal Service Funds - Insurance
June 30, 2006 (in thousands)

	<u>Workers'</u> <u>Compensation</u>	<u>Protected</u> <u>Self-Insurance</u>	<u>Unemployment</u> <u>Insurance</u>	<u>Dental</u> <u>Insurance</u>	<u>Total</u>
<u>ASSETS</u>					
Current Assets:					
Cash and cash equivalents	\$ 17,731	\$ 2,114	\$ 422	\$ 112	\$ 20,379
Total Current Assets	<u>17,731</u>	<u>2,114</u>	<u>422</u>	<u>112</u>	<u>20,379</u>
Total Assets	<u>17,731</u>	<u>2,114</u>	<u>422</u>	<u>112</u>	<u>20,379</u>
<u>LIABILITIES</u>					
Current Liabilities:					
Accounts payable	319	118	1	33	471
Self insurance payable	3,675	1,604	--	79	5,358
Total Current Liabilities	<u>3,994</u>	<u>1,722</u>	<u>1</u>	<u>112</u>	<u>5,829</u>
Noncurrent Liabilities:					
Self insurance liability	13,414	2,497	421	--	16,332
Total Noncurrent Liabilities	<u>13,414</u>	<u>2,497</u>	<u>421</u>	<u>--</u>	<u>16,332</u>
Total Liabilities	<u>17,408</u>	<u>4,219</u>	<u>422</u>	<u>112</u>	<u>22,161</u>
Net Assets					
Unrestricted	323	(2,105)	--	--	(1,782)
Total Net Assets	<u>\$ 323</u>	<u>\$ (2,105)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (1,782)</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Assets
Internal Service Funds - Insurance
For the Year Ended June 30, 2006 (in thousands)

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	Total
<u>Operating Revenues:</u>					
Charges for current services	\$ 10,010	\$ 3,017	\$ 311	\$ 1,520	\$ 14,858
Total Operating Revenues	<u>10,010</u>	<u>3,017</u>	<u>311</u>	<u>1,520</u>	<u>14,858</u>
<u>Operating Expenses:</u>					
Services and supplies	1,491	1,217	4	149	2,861
Insurance benefit payments	(2,806)	623	320	1,373	(490)
Insurance premiums	1,186	1,281	--	--	2,467
Countywide cost allocation	411	277	--	5	693
Total Operating Expenses	<u>282</u>	<u>3,398</u>	<u>324</u>	<u>1,527</u>	<u>5,531</u>
Operating Income (Loss)	<u>9,728</u>	<u>(381)</u>	<u>(13)</u>	<u>(7)</u>	<u>9,327</u>
<u>Nonoperating Revenues (Expenses):</u>					
Interest income	496	81	13	7	597
Total Nonoperating Revenues (Expenses)	<u>496</u>	<u>81</u>	<u>13</u>	<u>7</u>	<u>597</u>
Income (Loss) Before Transfers	10,224	(300)	--	--	9,924
Transfers in	--	206	--	--	206
Change in Net Assets	<u>10,224</u>	<u>(94)</u>	<u>--</u>	<u>--</u>	<u>10,130</u>
Net assets - beginning	<u>(9,901)</u>	<u>(2,011)</u>	<u>--</u>	<u>--</u>	<u>(11,912)</u>
Net assets - ending	<u>\$ 323</u>	<u>\$ (2,105)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (1,782)</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Internal Service Funds - Insurance
For the Year Ended June 30, 2006 (in thousands)

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	Total
Cash Flows from Operating Activities:					
Receipts from interfund billings	\$ 10,010	\$ 3,017	\$ 311	\$ 1,520	\$ 14,858
Payments for goods and services	(1,902)	(1,494)	(4)	(154)	(3,554)
Payments for insurance benefits	(2,133)	(320)	(250)	(1,508)	(4,211)
Payments for premiums	(1,186)	(1,281)	--	--	(2,467)
Net Cash Provided (Used) by Operating Activities	<u>4,789</u>	<u>(78)</u>	<u>57</u>	<u>(142)</u>	<u>4,626</u>
Cash Flows from Noncapital Financing Activities:					
Transfers from other funds	--	206	--	--	206
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>--</u>	<u>206</u>	<u>--</u>	<u>--</u>	<u>206</u>
Cash Flows from Investing Activities:					
Interest received	496	81	13	7	597
Net Cash Provided (Used) by Investing Activities	<u>496</u>	<u>81</u>	<u>13</u>	<u>7</u>	<u>597</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,285	209	70	(135)	5,429
Cash and Cash Equivalents - Beginning of Year	12,446	1,905	352	247	14,950
Cash and Cash Equivalents - End of Year	<u>\$ 17,731</u>	<u>\$ 2,114</u>	<u>\$ 422</u>	<u>\$ 112</u>	<u>\$ 20,379</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 9,728	\$ (381)	\$ (13)	\$ (7)	\$ 9,327
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Change in Assets and Liabilities:					
Accounts payable	120	18	1	--	139
Self-insurance liability	(5,059)	285	69	(135)	(4,840)
Total Adjustments	<u>(4,939)</u>	<u>303</u>	<u>70</u>	<u>(135)</u>	<u>(4,701)</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ 4,789</u>	<u>\$ (78)</u>	<u>\$ 57</u>	<u>\$ (142)</u>	<u>\$ 4,626</u>



**COMBINING FINANCIAL STATEMENTS
FIDUCIARY FUNDS**



FIDUCIARY FUNDS

AGENCY FUNDS:

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

1915 Act

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

Clearing Funds

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

Other Funds

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

INVESTMENT TRUST FUNDS

These funds are used by the County to account for the assets of legally separate entities who deposit cash with the County Treasurer. These include school and community college districts, other special districts governed by local boards, regional boards and authorities, courts and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. The County combines Investment Trust Funds into four reporting types because of their similar nature: School Districts (187 funds), Special Districts (30 funds), Courts (7 funds), and Other Local Boards (15 funds)

COUNTY OF SAN LUIS OBISPO
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2006 (in thousands)

	<u>Clearing Funds (75 Funds)</u>	<u>1915 Act Service Funds (25 Funds)</u>	<u>Other Agency Funds (33 Funds)</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 4,339	\$ 2,118	\$ 18,623	\$ 25,080
Total Assets	<u>4,339</u>	<u>2,118</u>	<u>18,623</u>	<u>25,080</u>
<u>LIABILITIES</u>				
Assets held as agency for others	<u>4,339</u>	<u>2,118</u>	<u>18,623</u>	<u>25,080</u>
Total Liabilities	<u>\$ 4,339</u>	<u>\$ 2,118</u>	<u>\$ 18,623</u>	<u>\$ 25,080</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2006 (in thousands)

	<u>July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2006</u>
<u>Clearing and Revolving Funds (75 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 4,845	\$ 800,096	\$ 800,602	\$ 4,339
Total Assets	<u>4,845</u>	<u>800,096</u>	<u>800,602</u>	<u>4,339</u>
Liabilities:				
Assets held as agency for others	<u>4,845</u>	<u>800,096</u>	<u>800,602</u>	<u>4,339</u>
Total Liabilities	<u>\$ 4,845</u>	<u>\$ 800,096</u>	<u>\$ 800,602</u>	<u>\$ 4,339</u>
<u>1915 Act Service Funds (25 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 1,914	\$ 1,029	\$ 825	\$ 2,118
Total Assets	<u>1,914</u>	<u>1,029</u>	<u>825</u>	<u>2,118</u>
Liabilities:				
Assets held as agency for others	<u>1,914</u>	<u>1,029</u>	<u>825</u>	<u>2,118</u>
Total Liabilities	<u>\$ 1,914</u>	<u>\$ 1,029</u>	<u>\$ 825</u>	<u>\$ 2,118</u>
<u>Other Agency Funds (33 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 21,143	\$ 114,647	\$ 117,167	\$ 18,623
Total Assets	<u>21,143</u>	<u>114,647</u>	<u>117,167</u>	<u>18,623</u>
Liabilities:				
Assets held as agency for others	<u>21,143</u>	<u>114,647</u>	<u>117,167</u>	<u>18,623</u>
Total Liabilities	<u>\$ 21,143</u>	<u>\$ 114,647</u>	<u>\$ 117,167</u>	<u>\$ 18,623</u>
<u>Total All Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 27,902	\$ 915,772	\$ 918,594	\$ 25,080
Total Assets	<u>27,902</u>	<u>915,772</u>	<u>918,594</u>	<u>25,080</u>
Liabilities:				
Assets held as agency for others	<u>27,902</u>	<u>915,772</u>	<u>918,594</u>	<u>25,080</u>
Total Liabilities	<u>\$ 27,902</u>	<u>\$ 915,772</u>	<u>\$ 918,594</u>	<u>\$ 25,080</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Fiduciary Net Assets
Investment Trust Funds
June 30, 2006 (in thousands)

	School Districts (40 Funds)	Special Districts (30 Funds)	Courts (6 Funds)	Other Local Boards (15 Funds)	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 146,175	\$ 9,173	\$ 1,768	\$ 16,748	\$ 173,864
Total Assets	<u>146,175</u>	<u>9,173</u>	<u>1,768</u>	<u>16,748</u>	<u>173,864</u>
<u>NET ASSETS</u>					
Assets held in trust for pool participants	146,175	9,173	1,768	16,748	173,864
Total Net Assets	<u>\$ 146,175</u>	<u>\$ 9,173</u>	<u>\$ 1,768</u>	<u>\$ 16,748</u>	<u>\$ 173,864</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
For the Year Ended June 30, 2006 (in thousands)

	<u>School Districts (40 Funds)</u>	<u>Special Districts (30 Funds)</u>	<u>Courts (6 Funds)</u>	<u>Other Local Boards (15 Funds)</u>
<u>Additions</u>				
Contributions to pooled investments	\$ 920,343	\$ 11,615	\$ 36,065	\$ 24,560
Interest	<u>4,483</u>	<u>303</u>	<u>3</u>	<u>448</u>
Total Additions	<u>924,826</u>	<u>11,918</u>	<u>36,068</u>	<u>25,008</u>
<u>Deductions</u>				
Distributions from investment pool	<u>926,742</u>	<u>12,040</u>	<u>35,998</u>	<u>22,106</u>
Total Deductions	<u>926,742</u>	<u>12,040</u>	<u>35,998</u>	<u>22,106</u>
Change in Net Assets	(1,916)	(122)	70	2,902
Net Assets - Beginning	<u>148,091</u>	<u>9,295</u>	<u>1,698</u>	<u>13,846</u>
Net Assets - Ending	<u>\$ 146,175</u>	<u>\$ 9,173</u>	<u>\$ 1,768</u>	<u>\$ 16,748</u>



STATISTICAL SECTION



County of San Luis Obispo
Net Assets by Component
(in thousands)
(UNAUDITED)

	Fiscal Year				
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Governmental Activities					
Invested in Capital Assets, net of related debt	\$ 950,432	\$ 951,989	\$ 956,773	\$ 981,543	\$ 996,381
Restricted	54,090	66,890	66,474	48,141	-
Unrestricted	129,902	116,055	109,032	130,632	210,897
Total governmental activities net assets	\$ 1,134,424	\$ 1,134,934	\$ 1,132,279	\$ 1,160,316	\$ 1,207,278
Business-type activities					
Invested in Capital Assets, net of related debt	\$ 99,047	\$ 101,138	\$ 109,785	\$ 114,785	\$ 132,069
Unrestricted	20,699	21,586	17,146	12,867	9,642
Total business net assets	\$ 119,746	\$ 122,724	\$ 126,931	\$ 127,652	\$ 141,711
Total Primary Government					
Invested in Capital Assets, net of related debt	\$ 1,049,479	\$ 1,053,127	\$ 1,066,558	\$ 1,096,328	\$ 1,128,450
Restricted	54,090	66,890	66,474	48,141	-
Unrestricted	150,601	137,641	126,178	143,499	220,539
Total primary government net assets	\$ 1,254,170	\$ 1,257,658	\$ 1,259,210	\$ 1,287,968	\$ 1,348,989

Note: The county began implementing GASB statement 34 in the 2001-2002 fiscal year.

Source: Management's Discussion and Analysis, Table A - Statement of Net Assets

County of San Luis Obispo

Changes in Net Assets

(in thousands)

(UNAUDITED)

	Fiscal Year				
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Expenses					
Governmental Activities					
General government	\$ 32,670	\$ 31,990	\$ 34,862	\$ 29,565	\$ 38,852
Public protection	92,131	98,816	104,594	106,402	109,910
Public ways and facilities	24,161	23,328	23,147	23,647	24,617
Health Sanitation	43,912	48,961	50,240	52,540	53,475
Public Assistance	78,006	78,524	82,461	83,209	84,134
Education	7,437	7,323	7,969	7,459	7,688
Recreation and Cultural Services	4,793	5,003	5,762	4,238	3,882
Interest on Long Term debt	3,119	2,797	4,379	4,173	6,231
Total Governmental Activities Expenses	286,229	296,742	313,414	311,233	328,789
Business-type Activities Expenses					
Airport	2,405	3,046	3,116	3,628	3,703
Golf	2,585	1,613	3,132	2,905	2,867
Hospital	26,154	28,170	17,987	2,149	-
State water contract	5,813	5,384	5,045	5,451	5,102
Lopez dam	1,950	2,274	3,449	3,928	5,237
Non-major Special Districts	5,576	5,751	6,598	6,138	4,958
Total Business-type Activities Expenses	44,483	46,238	39,327	24,199	21,867
Total Primary Government Expenses	\$ 330,712	\$ 342,980	\$ 352,741	\$ 335,432	\$ 350,656
Program Revenues					
Governmental Activities					
Charges for services	\$ 53,154	\$ 52,519	\$ 52,049	\$ 58,358	\$ 57,898
Operating Grants and Contributions	142,741	141,716	151,194	151,703	165,837
Capital Grants and Contributions	1,782	3,109	7,764	5,997	7,266
Total Governmental Activities Revenues	197,677	197,344	211,007	216,058	231,001
Business-type Activities					
Charges for services	33,145	34,343	27,336	19,792	25,306
Operating Grants and Contributions	764	947	1,316	1,081	1,722
Capital Grants and Contributions	5,214	2,493	1,126	3,188	3,792
Total Business-type Activities Revenues	39,123	37,783	29,778	24,061	30,820
Total Primary Government Revenues	\$ 236,800	\$ 235,127	\$ 240,785	\$ 240,119	\$ 261,821
Net (Expense)/Revenues					
Governmental Activities	\$ (88,552)	\$ (99,398)	\$ (102,407)	\$ (95,175)	\$ (97,788)
Business-Type Activities	(5,360)	(8,455)	(9,549)	(138)	-
Total Primary Government net expense	\$ (93,912)	\$ (107,853)	\$ (111,956)	\$ (95,313)	\$ (97,788)

County of San Luis Obispo
Changes in Net Assets
(in thousands)
(UNAUDITED)

	Fiscal Year				
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
General Revenue and Other Changes in Net Assets					
Governmental Activities					
Property Taxes	\$ 78,802	\$ 70,002	\$ 75,559	\$ 98,025	\$ 114,076
Other Taxes	11,828	12,739	15,422	14,333	15,823
Interest and investment income	10,969	5,026	3,221	4,420	7,176
Unrestricted Grants	21,721	19,839	15,681	4,609	9,559
Other revenues	-	-	83	331	-
Transfers	(6,059)	(7,718)	(10,214)	1,494	(1,884)
Total Governmental Actives	117,261	99,888	99,752	123,212	144,750
Business-type Activities					
Property Taxes	2,369	2,823	3,073	1,765	2,051
Interest and investment income	2,186	872	318	406	1,085
Other revenues	421	20	151	182	86
Transfers	6,059	7,718	10,214	(1,494)	1,884
Total Business-type Activities	11,035	11,433	13,756	859	5,106
Total Primary Government	128,296	111,321	113,508	124,071	149,856
Change in Net Assets					
Governmental Activities	\$ 28,709	\$ 490	\$ (2,655)	\$ 28,037	\$ 46,962
Business-Type Activities	5,675	2,978	4,207	721	14,059
Total Primary Government	\$ 34,384	\$ 3,468	\$ 1,552	\$ 28,758	\$ 61,021

Source: Management's Discussion and Analysis, Table B - Statement of Activities

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 13,463	\$ 20,036	\$ 16,996	\$ 12,590	\$ 15,447	\$ 18,761	\$ 21,772	\$ 19,194	\$ 18,255	\$ 5,246
Unreserved	26,007	23,184	25,375	34,555	37,306	68,187	70,147	59,105	76,200	99,343
Total General Fund	<u>\$ 39,470</u>	<u>\$ 43,220</u>	<u>\$ 42,371</u>	<u>\$ 47,145</u>	<u>\$ 52,753</u>	<u>\$ 86,948</u>	<u>\$ 91,919</u>	<u>\$ 78,299</u>	<u>\$ 94,455</u>	<u>\$ 104,589</u>
All Other Governmental Funds										
Reserved	\$ 7,046	\$ 9,429	\$ 9,415	\$ 10,028	\$ 13,549	\$ 50,932	\$ 64,454	\$ 73,309	\$ 41,727	\$ 9,039
Unreserved, reported in:										
Special Revenue Funds	8,972	14,306	18,819	26,490	32,316	38,589	38,779	32,263	42,828	80,293
Capital Project Funds	11,774	10,476	10,563	11,765	26,059	15,439	17,117	13,793	19,877	27,245
Debt Service Funds	139	172	207	218	268	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 27,931</u>	<u>\$ 34,383</u>	<u>\$ 39,004</u>	<u>\$ 48,501</u>	<u>\$ 72,192</u>	<u>\$ 104,960</u>	<u>\$ 120,350</u>	<u>\$ 119,365</u>	<u>\$ 104,432</u>	<u>\$ 116,577</u>

Note: In 2002, county began implementation of GASB Statement 34, which included changes in the county's fund structure. Fund balance information in years prior to 2002 is presented according to the previous guidelines.

Source: Balance Sheet-Governmental Funds

County of San Luis Obispo
Changes in Fund Balances, Governmental Funds
Last 10 Fiscal Years
(UNAUDITED)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	58,820	\$ 62,493	\$ 65,576	\$ 69,266	\$ 85,851	\$ 85,472	\$ 83,404	\$ 90,553	\$ 112,565	\$ 128,586
Licenses, permits, and franchises	3,823	4,339	4,913	6,606	7,592	7,849	8,700	8,674	13,637	10,744
Fines, forfeits, and penalties	2,857	3,849	4,974	4,611	4,684	7,861	5,988	7,901	6,105	3,544
Revenues from use of money and property	5,935	6,040	5,802	6,231	7,600	10,439	4,839	2,973	4,063	6,637
Aid from governmental agencies	109,229	111,750	119,295	133,430	147,535	164,435	164,625	172,425	160,452	182,750
Charges for current services	25,434	20,359	21,249	21,372	24,584	46,664	48,957	54,300	54,769	55,547
Other revenues	12,909	12,367	11,958	16,988	16,742	10,162	4,319	4,608	4,712	7,146
Total revenues	<u>219,007</u>	<u>221,197</u>	<u>233,767</u>	<u>258,504</u>	<u>294,588</u>	<u>332,882</u>	<u>320,832</u>	<u>341,434</u>	<u>356,303</u>	<u>394,954</u>
Expenditures										
Current:										
General government	30,178	30,242	32,354	33,082	33,347	42,765	39,896	49,491	49,074	53,691
Public protection	69,359	66,941	72,970	74,332	80,691	89,119	95,815	101,203	107,355	116,791
Public ways and facilities	10,153	10,733	13,819	15,858	17,941	20,836	20,741	29,718	24,096	25,749
Health and sanitation	27,760	27,918	26,884	29,637	33,852	43,071	47,822	49,542	52,894	55,464
Public assistance	55,162	56,926	62,303	63,541	67,611	77,350	77,449	81,616	82,673	87,020
Education	5,083	5,341	6,033	6,500	6,775	7,285	6,972	7,606	7,802	7,891
Recreational and cultural services	5,119	5,469	5,343	5,195	6,255	4,800	4,853	5,645	5,092	4,159
Debt service:										
Principal payments	510	530	555	580	615	4,735	1,305	1,815	1,895	4,970
Interest and fiscal charges	1,824	1,665	1,403	1,053	1,082	3,121	2,959	5,105	6,226	5,774
Debt Issuance Costs	-	-	-	-	-	-	-	2,173	-	-
Capital outlay	5,336	3,951	2,916	6,263	6,320	7,919	15,147	14,490	18,673	9,551
Total expenditures	<u>210,485</u>	<u>209,716</u>	<u>224,580</u>	<u>236,041</u>	<u>254,489</u>	<u>301,001</u>	<u>312,959</u>	<u>348,404</u>	<u>355,780</u>	<u>371,060</u>
Excess (deficiency) of revenues over expenditures	<u>8,522</u>	<u>11,481</u>	<u>9,187</u>	<u>22,463</u>	<u>40,099</u>	<u>31,881</u>	<u>7,873</u>	<u>(6,970)</u>	<u>523</u>	<u>23,894</u>

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Other Financing Sources										
Issuance of long term debt	-	-	-	-	-	-	-	137,194	-	-
Proceeds on long term debt	-	-	-	-	-	-	21,982	-	-	-
Payment to San Luis Pension Trust	-	-	-	-	-	-	-	(135,000)	-	-
Transfers in	16,002	8,910	8,067	8,144	12,268	21,970	36,960	29,420	19,792	31,910
Transfers out	(20,879)	(10,026)	(12,419)	(14,152)	(18,912)	(30,493)	(46,454)	(39,248)	(19,093)	(33,525)
Total other financing sources and uses	<u>(4,878)</u>	<u>(1,116)</u>	<u>(4,352)</u>	<u>(6,008)</u>	<u>(6,644)</u>	<u>(8,523)</u>	<u>12,488</u>	<u>(7,634)</u>	<u>699</u>	<u>(1,615)</u>
Net change in fund balances	\$ 3,644	\$ 10,365	\$ 4,835	\$ 16,455	\$ 33,455	\$ 23,358	\$ 20,361	\$ (14,604)	\$ 1,222	\$ 22,279
Debt Service as a percentage of non capital expenditures	1.14%	1.07%	0.88%	0.71%	0.68%	2.68%	1.43%	2.72%	2.41%	2.97%

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

County of San Luis Obispo
 Assessed Value and Actual Value of Taxable Property
 Last 10 Fiscal Years (in thousands)
 (UNAUDITED)

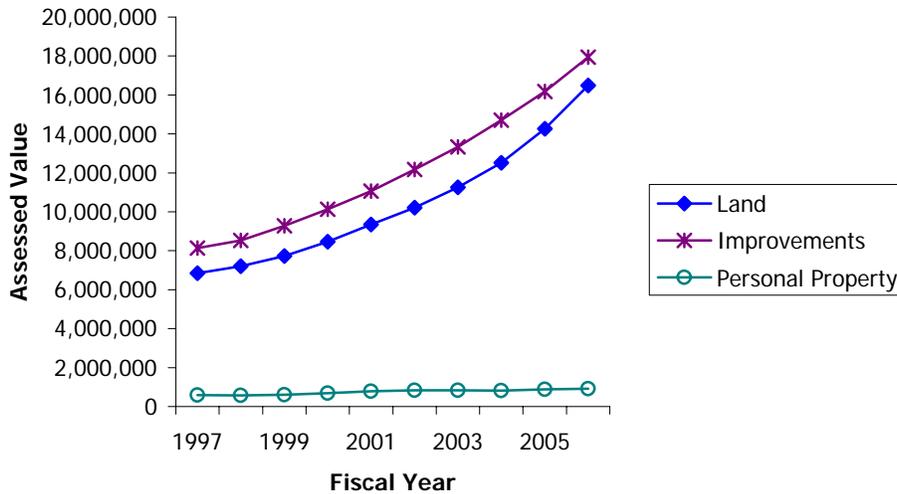
Year	Real Property		Personal Property	Total	Total Direct Tax Rate (b)
	Land	Improvements			
1997	6,840,560	8,143,171	589,695	15,573,426	1.0063
1998	7,206,308	8,524,478	568,561	16,299,346	1.0049
1999	7,729,853	9,288,227	602,811	17,620,892	1.0047
2000	8,459,379	10,131,840	691,962	19,283,181	1.0035
2001	9,352,527	11,059,523	790,037	21,202,087	1.0023
2002	10,209,330	12,176,651	838,974	23,224,956	1.0023
2003	11,261,352	13,326,460	837,224	25,425,036	1.0023
2004	12,513,527	14,708,320	821,437	28,043,284	1.0023
2005	14,259,253	16,183,021	878,531	31,320,805	1.0022
2006	16,494,604	17,936,614	917,872	35,349,092	1.0022

Source: Auditor-Controller, County of San Luis Obispo

Note: The County assesses property annually. Property is assessed at full cash value. Exemptions are not deducted from total.

(b) Per \$100 of value

Assessed Value of Taxable Property



County of San Luis Obispo
 Direct and Overlapping Property Tax Rates
 Last 10 Fiscal Years
 (per \$100 of assessed values)
 (UNAUDITED)

	Year Taxes Are Payable										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
County Direct Rates											
General	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
State Water Project	.0063	.0049	0.00470	0.00350	0.00230	0.00230	0.00230	0.00230	0.00223	0.00222	0.00222
Total Direct Rate	1.00630	1.00490	1.00470	1.00350	1.00230	1.00230	1.00230	1.00230	1.00223	1.00222	1.00222
Cities, Schools, and Special Districts Combined Rates											
Arroyo Grande	0.0000	0.0234	0.0224	0.0168	0.0467	0.0365	0.0329	0.0403	0.0593	0.0423	0.0423
Atascadero	0.0976	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975
Grover Beach	0.0184	0.0234	0.0224	0.0168	0.0467	0.0365	0.0329	0.0273	0.0463	0.0313	0.0313
Morro Bay	0.1075	0.1075	0.1075	0.0097	0.0086	0.0083	0.0081	0.0082	0.0081	0.0081	0.0231
Paso Robles	0.3575	0.3575	0.3575	0.3575	0.3575	0.3575	0.1775	0.1775	0.1775	0.1775	0.1082
Pismo Beach	0.0190	0.0234	0.0224	0.0168	0.0467	0.0365	0.0329	0.0273	0.0463	0.0335	0.0335
San Luis Obispo	0.1075	0.1075	0.1075	0.1075	0.1075	-	-	-	-	-	-

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

Source: Auditor-Controller, County of San Luis Obispo

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

Taxpayer	Type of Business	Fiscal Year 2006			Fiscal Year 1997		
		Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
Pacific Gas & Electric Co.	Utility	\$ 2,250,814	1	6.37 %	\$ 3,425,763	1	18.73 %
Tosco Corp A NV Corp.	Oil and Construction	134,999	2	0.38			
Pacific Bell Telephone Company	Utility	71,450	3	0.20	146,342	3	0.8
Duke Energy Morro Bay LLC	Utility	65,210	4	0.18			
Beringer Wine Estates Co.	Agriculture	64,526	5	0.18			
Southern California Gas Company	Utility	48,365	6	0.14	51,131	4	0.28
AIMCO Mustang Village LLC	Real Estate	42,742	7	0.12			
Charter Communications Properties LLC	Utility	41,756	8	0.12			
Sierra Vista Hospital Inc.	Health Care	41,685	9	0.12	32,219	6	0.18
ESJ Centers LLC ETAL	Real Estate	38,517	10	0.11	-	-	-
Union Oil Company	Oil and Chemical	-	-	-	220,145	2	1.20
AT&T Communication	Utility	-	-	-	41,268	5	0.23
French Hospital	Health Care	-	-	-	29,448	7	0.16
Wine World	Agriculture	-	-	-	27,356	8	0.15
Ionics	Water	-	-	-	26,499	9	0.14
Wings West	Transportation	-	-	-	26,165	10	0.14
Total		<u>\$ 2,800,064</u>		<u>7.92</u>	<u>\$ 4,026,336</u>		<u>22.01</u>
Total County Assessed Value (a)		<u>\$35,349,092</u>			<u>\$18,290,243</u>		

Source: Auditor-Controller, County of San Luis Obispo

Note:

(a) Data does not include exemptions

San Luis Obispo County
Ratios of General Bonded Debt Outstanding
Last 10 Fiscal Years
(in thousands)
(UNAUDITED)

	Fiscal Year					
	2001	2002	2003	2004	2005	2006
Governmental Actives						
Certificates of Participation	\$10,976	\$6,486	\$27,601	\$26,487	\$25,323	\$23,107
Pension Obligation Bonds	-	-	-	137,194	137,194	135,199
Business Type						
Certificates of Participation	24,224	23,989	23,539	23,068	22,577	22,069
Pension Obligation Bonds						
State Note	3,228	3,117	3,003	3,211	3,077	15,126
Revenue Bonds	1,778	984	705	71	66	61
General Obligation Bonds	<u>13,200</u>	<u>13,200</u>	<u>12,980</u>	<u>12,750</u>	<u>12,510</u>	<u>12,260</u>
Total Outstanding Debt	<u>\$53,406</u>	<u>\$47,776</u>	<u>\$67,828</u>	<u>\$202,781</u>	<u>\$200,747</u>	<u>\$207,822</u>
Percentage of Personal Income	0.74%	0.64%	0.88%	2.48%	N/A	N/A
Percentage of Actual Value of Taxable Property	0.26%	0.21%	0.28%	0.74%	0.66%	0.60%
Per Capita	\$211.84	\$188.39	\$264.64	\$785.36	\$769.95	\$789.47

Note: Details of the County's Outstanding Debt can be found in Table G of the Management's Discussion and Analysis Section.
Data in this format is unavailable before fiscal year 2001 due to a report requirement change in that year.
See the Demographic Statistics Schedule for detail information on personal income and Population.
N/A - Not Available

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

Fiscal Year	Total Adjusted 1% Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	% of Original Levy
1997	\$177,517	\$173,599	97.79%
1998	181,808	178,224	98.03%
1999	188,726	185,864	98.48%
2000	199,552	196,993	98.72%
2001	210,489	207,392	98.53%
2002	224,426	221,377	98.64%
2003	243,985	240,502	98.57%
2004	265,009	261,422	98.65%
2005	290,639	286,937	98.73%
2006	324,547	319,214	98.36%

Note: Collection of delinquent amounts in subsequent years is not available.

Amounts do not include Tax collections for Bonds or Special Assessments

Source: Auditor-Controller, County of San Luis Obispo

County of San Luis Obispo
 Legal Debt Margin Information
 Last 10 Fiscal Years
 (in thousands)
 (UNAUDITED)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Assessed Value of Property (a)	\$ 18,294,468	\$ 18,827,259	\$ 19,414,771	\$ 20,535,126	\$ 21,782,683	\$ 23,269,466	\$ 27,455,006	\$ 27,395,473	\$ 29,797,187	\$ 30,597,044
Debt Limit, 1.25% of Assessed Value	228,681	235,341	242,685	256,689	272,284	290,868	343,188	342,443	372,465	382,463
Amount of Debt Applicable to Limit										
General Obligation Bonds (b)	-	-	-	-	13,200	13,200	12,980	12,750	12,510	12,260
Less: Resources Restricted to Paying Principal	-	-	-	-	-	-	-	-	-	-
Total Debt Applicable	-	-	-	-	13,200	13,200	12,980	12,750	12,510	12,260
Legal Debt Margin	\$ 228,681	\$ 235,341	\$ 242,685	\$ 256,689	\$ 259,084	\$ 277,668	\$ 330,208	\$ 329,693	\$ 359,955	\$ 370,203
Total Debt Applicable as a Percentage of the Debt Limit	0.00%	0.00%	0.00%	0.00%	4.85%	4.54%	3.78%	3.72%	3.36%	3.21%

Note: In 2001, the reporting rules changed.

Source:

(a) Auditor-Controller, County of San Luis Obispo
 (b) Management's Discussion and Analysis, Table G

Assessed value calculation

Secured - General Fund	
Land	14,249,551,677
Improvements	15,697,666,837
Pers Pro	206,240,511
Fixtures	205,270,412
Unitary Tax - Fund 1113	
Land	5,629,135
Improvements	
Pers Pro	
Unsecured	
Improvements	106,265,038
Pers Pro	570,315,126
Fixtures	171,568,308
Pers Pro	85,037,438
Exemptions	
Sec - Other	(355,317,658)
	(331,975,389)
Uns- Other	(13,172,226)
	(35,000)
Air - Other	-
	<u>30,597,044,209</u>

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

Calendar	Population	Personal Income <i>(in thousands)</i>	Per Capital Income	Median Age	School Enrollment	Unemployment Rate
Year	(1,a,c)	(2)	(2,a,d)	(5,c)	(3,b,e)	(4,a)
1997	232,700	5,479,400	23,159	34.96	42,331	5.5
1998	236,400	5,930,887	24,710	35.20	42,951	4.7
1999	239,300	6,251,436	25,675	35.43	43,792	4.2
2000	245,200	6,801,020	27,455	34.00	44,528	3.3
2001	252,100	7,210,136	28,747	33.09	45,141	3.0
2002	253,600	7,428,824	29,482	39.10	45,665	2.9
2003	256,300	7,685,486	30,363	38.20	45,578	3.5
2004	258,200	8,187,822	32,180	39.40	45,539	3.4
2005	260,727	N/A	N/A	39.20	45,268	4.2
2006	263,242	N/A	N/A	N/A	44,537	4.1

Sources:

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

Notes:

N/A = not available

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

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

Employer	2006			1997		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
California Polytechnic State University, SLO	2,700	1	2.05%	2,250	2	2.14%
County of San Luis Obispo	2,501	2	1.90%	2,605	1	2.47%
Atascadero State Hospital	2,117	3	1.61%	1,656	4	1.57%
Pacific Gas and Electric Company	1,700	4	1.29%	1,658	3	1.57%
California Men's Colony	1,577	5	1.20%	1,600	5	1.52%
Cal Poly Foundation	1,311	6	1.00%			
Lucia Mar Unified School District	1,065	7	0.81%	1,107	6	1.05%
San Luis Coastal Unified School District	790	8	0.60%	901	7	0.86%
Paso Robles Public Schools	776	9	0.59%	683	9	0.65%
Cuesta College	771	10	0.59%			
Sierra Vista Regional Medical Center				760	8	0.72%
Atascadero Unified School District				526	10	0.50%
Total Employment Labor Force			<u>131,600</u>			<u>105,300</u>

Source:

2006 San Luis Obispo County Economic Outlook, UCSB Economic Forecast Project

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

Function/Program	Full Time Equivalent Employees per Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government	405.00	416.25	431.75	516.25	534.75	532.25	518.25	536.75	536.75	534.75
Public Protection	840.00	871.75	766.00	793.00	813.50	830.50	857.00	862.50	850.50	856.00
Public Ways and Facilities	193.50	192.50	195.50	178.50	182.50	182.50	191.50	194.50	184.00	185.00
Health and Sanitation	523.25	483.00	485.75	501.75	528.25	549.75	531.00	507.25	419.25	413.25
Public Assistance	335.25	348.75	369.50	417.00	426.50	441.50	464.50	464.50	439.00	438.75
Education	73.75	75.25	85.25	66.50	67.00	67.50	73.00	74.00	73.00	74.00
Recreation and Cultural Services	56.00	56.00	51.00							
Total	2,426.75	2,443.50	2,384.75	2,473.00	2,552.50	2,604.00	2,635.25	2,639.50	2,502.50	2,501.75

Source: Auditor-Controller, County of San Luis Obispo

Note:

Position allocation figures are calculated at the time of budget preparation for the following year.
 Figures include Limited Term but does not include part time or contract positions.

County of San Luis Obispo
Operating Indicators by Function
Last 10 Fiscal Years
(UNAUDITED)

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
Parks										
Day Use Passes	70,405	75,746	87,532	85,876	79,718	72,971	71,874	64,679	53,906	62,951
Annual Passes	1,384	1,534	1,865	1,819	1,902	1,948	1,822	1,478	1,436	1,496
Daily Boat Launches	28,569	31,837	32,707	32,287	30,564	36,854	28,951	26,552	21,085	22,481
Annual Boat Passes	876	918	1,014	954	999	986	960	842	795	804
Public Protection										
Planning and Building										
Total Permits Issued	2,371	2,614	3,035	3,196	3,266	3,331	3,618	3,856	3,747	3,548
Number of New Affordable Housing	n/a	n/a	n/a	n/a	67	54	0	141	267	191
Sheriff										
Jail bookings	11,798	11,436	12,039	12,638	13,108	13,741	14,182	15,016	14,240	14,927
Average daily population	388	397	373	365	352	386	433	460	506	534
Health Sanitation										
Mental Health										
Total number of patient days in State Hospitals.	n/a	n/a	n/a	n/a	0	182	410	571	986	1,000
Public Health										
Number of Children enrolled in the Health Families Program	n/a	n/a	n/a	n/a	2,786	3,378	3,833	3,824	4,331	4,764
Public Assistance										
Social Services										
Rate per 1,000 children entering out of home care for the first time (State Rate is 2.8).	n/a	n/a	n/a	n/a	2	3	4	3	3	3
Education										
Library										
Annual number of items circulated per capita	n/a	n/a	n/a	n/a	7	8	7	7	6	7
Annual Expenditure per capita for total Library budget	n/a	n/a	n/a	n/a	\$ 21.87	\$ 23.11	\$ 24.30	\$ 24.03	\$ 27.37	\$ 29.00
Recreation and Cultural Services										
Roads										
Pavement Condition Rating for all county roads (70 = "good")	n/a	n/a	74	70	68	65	64	64	58	67
Airport										
Takeoffs and Landings (a)	110,959	105,233	130,468	120,650	114,732	113,292	119,613	115,066	101,849	n/a
Passenger Enplanements	n/a	n/a	146,195	156,866	161,293	148,347	152,607	154,726	173,370	1,821,777

Note:
n/a - not available because most departments did not track performance indicators before Fiscal Year 2000.
(a) - Data collected per calendar year.

Source: Auditor-Controller, County of San Luis Obispo

County of San Luis Obispo
 Capital Asset Statistics by Function
 (UNAUDITED)
 Last 10 Fiscal Years

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government										
County golf courses	3	3	3	3	3	3	3	3	3	3
Park acreage	11,861	11,861	11,861	11,861	11,886	11,946	11,946	11,946	12,026	12,056
Public Protection										
Correction facility capacities (a)	689	689	689	689	689	689	689	689	693	693
Recreation and Cultural Services										
Miles of county roads	1,283	1,290	1,293	1,300	1,305	1,302	1,312	1,315	1,317	1,321
Airport										
Number of runways	2	2	2	2	2	2	2	2	2	2

Note:

Majority of County assets are buildings and equipment, which are under the General Government function.

(a) Amount includes Main Jail, Women's Jail, west Housing, West Dorm, West Housing, Honor Farm, and Weekender Barracks