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# County of San Luis Obispo, California Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2007

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Prepared under the direction of Gere W. Sibbach, CPA, Auditor-Controller  
and Bill Estrada, Assistant Auditor Controller

## Dedication

The staff of the San Luis Obispo County Auditor-Controller's Office proudly dedicate this 2006-07 CAFR to Assistant Auditor-Controller Bill Estrada.

Bill was born and raised in San Luis Obispo and was one of the Mission School Class of 1964 "Argonauts" who first constructed the "M" on San Luis Mountain. He is a direct descendant of Joaquin Estrada, one of the original five San Luis Obispo County Supervisors when California was admitted to the Union in 1850. After service in the United States Air Force and graduation from Cal Poly, William W. Estrada, Jr. joined the Auditor-Controller's staff in 1973. He was promoted to Assistant Auditor-Controller in 1986, the highest-ranking civil service position in the Auditor's office. Bill continues to be involved in every aspect of department operations.



**Bill Estrada**  
*Public Servant  
Leader and Mentor  
Our Friend*

## History of the Mission School 'M'

*Article by Katie Mooney (Class of 2007)*

*Special Thanks to*

*Carter Collins (Class of 2007), Mandi Collins (Class of 2005),  
Steve Boyle (Class of 1966) and Joe Cook (Class of 1964)*

The 'M' currently positioned on San Luis Mountain represents class unity that is still present today. The 'M' was conceived and constructed by members of the class of 1964. Larry Eckerman, Mike Benson, **Bill Estrada**, Ed Bradbeer, Pat Mahoney, Dave Barbica, John Correia, Ken Webber, and Joe Cook built wooden sections at the home of Mr. Eckerman, painted them at Mr. Benson's house, and carried, dragged, and lugged them up San Luis Mountain. Several times that first year, the M was rearranged or tampered with, and each time members of the class of 1964, titled 'The Argonauts' renewed the project. The 'M' was unstable and when the class of 1966 came along, they wanted to fix it up.

The class of 1966, often titled the 'Lively Ones,' recreated the M in its current form, with concrete and rebar. The 1966 class wanted to create a sturdy symbol to represent their beloved high school then, Mission Central Catholic High School. In order for the class of 1966 to make this project a reality, Steve Boyle obtained permission from the landowner at the time, Dr. Edison French. Ray Cattaneo did the design work and then they were ready for action. In order to surmount the obstacle of lifting that much concrete up to that height at that angle, Mr. Cattaneo designed a pulley system which enabled them to make a load of concrete down on the plateau and lift five gallons at a time by driving his jeep, with a rope connected to it, around a tree and down the road. Then they would naturally have to back up the vehicle to return the bucket. This took numerous weekends. There was not one person out of the entire class of 1966 who did not spend at least two entire days up there, poison oak and all.

One thing that the 'Lively Ones' learned from that experience was that classes need this type of cohesive function to enable a class to exist as one and build true class unity, spirit, and friendships that will last forever. Each year the freshman class of, now called, Mission College Preparatory Catholic High School makes the trek up San Luis Mountain to repaint this school icon.

## Cover Photograph

San Luis Mountain and Mission School 'M' Looming Over the County Seat  
View from the New County Government Building, Monterey and Santa Rosa Streets  
Taken by Mary Munds, Accountant-Auditor

**COUNTY OF SAN LUIS OBISPO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2007**

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**INTRODUCTORY SECTION**

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**County of San Luis Obispo**  
*Office of the Auditor-Controller*  
1055 Monterey Street Room D220  
San Luis Obispo, California 93408  
(805) 781-5040 FAX (805) 781-1220



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

December 26, 2007

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, 2007, 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, 2007, 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, 2007, 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 264,900 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 10<sup>th</sup> 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, along with the rest of the nation, is currently experiencing a slowdown in the real estate market but still maintains a stable economic environment based on its unique demographics. Unemployment in the County is 4.4%, which is lower than the state (5.2%) and national average (4.5%). 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 reflect the down turn in the economy with the exception of property taxes. Property tax revenue receipts were \$129.5 million, an 11.5% increase over the prior year. People's desire to live in the area kept the median home price at \$587,200, although this figure is down 2.8% from the previous year. Sales and use tax also showed a decline of 10.5% over the previous year, along with moderate decreases in other economic indicators. While the 06-07 FY economy has been slow, the forecast is for slightly stronger growth in the 07-08 FY.

**Long-term financial planning.** The 07-08 FY budget was developed to address major changes in the overall financial status of the County. Slowdown in the economy has impacted the County's main discretionary revenue sources, while federal, state and grant funds are not keeping pace with program growth. These factors, along with increases in pension funding, produced a leaner budget from previous years while avoiding any significant service cuts in major programs. The final budget authorized a \$493.4 million spending level which represents a 7.2% increase over the 06-07 FY. The general fund included \$373 million appropriated to finance the current year's expenditures including contingencies, with \$8 million placed in general reserves, and \$8.52 million earmarked for designations. Overall, the 07-08 FY budget is more conservative than prior years but places the County in a better position to address funding issues that may arise in the future.

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 average net interest earned on investments was 4.65% during fiscal year 2006-07. At June 30, 2007, the County had \$534.9 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, 2006, the Plan had 34.8% 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, 2006 were \$788,997 with an \$83.2 increase from the prior year. As of December 31, 2005 (January 1, 2006), the date of the last actuarial evaluation, the funded ratio for all Pension Trust's agencies was 76.4% indicating that for every dollar of benefits due approximately \$0.76 of assets were available for payment as of this date. Increases to contribution levels have been implemented during FY 07-08 with the goal of returning to a 100% funded ratio.

Honorable Board of Supervisors  
December 26, 2007

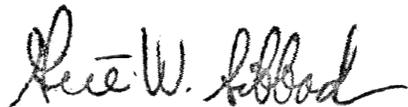
Additional information on the County of San Luis Obispo's Pension Plan's actuarial information and Plan provisions can be found in the notes to the financial statements.

**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, 2006. This was the twenty-first 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 unfailing 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 large initial "G" and "S".

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, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the 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, 2007

Elected Officials

Board of Supervisors

District #1.....	Harry L. Ovitt
District #2.....	Bruce Gibson
District #3 <i>Chairperson</i> .....	Jerry Lenthall
District #4.....	K.H. "Katcho" Achadjian
District #5 <i>Vice-Chairperson</i> .....	James R. Patterson

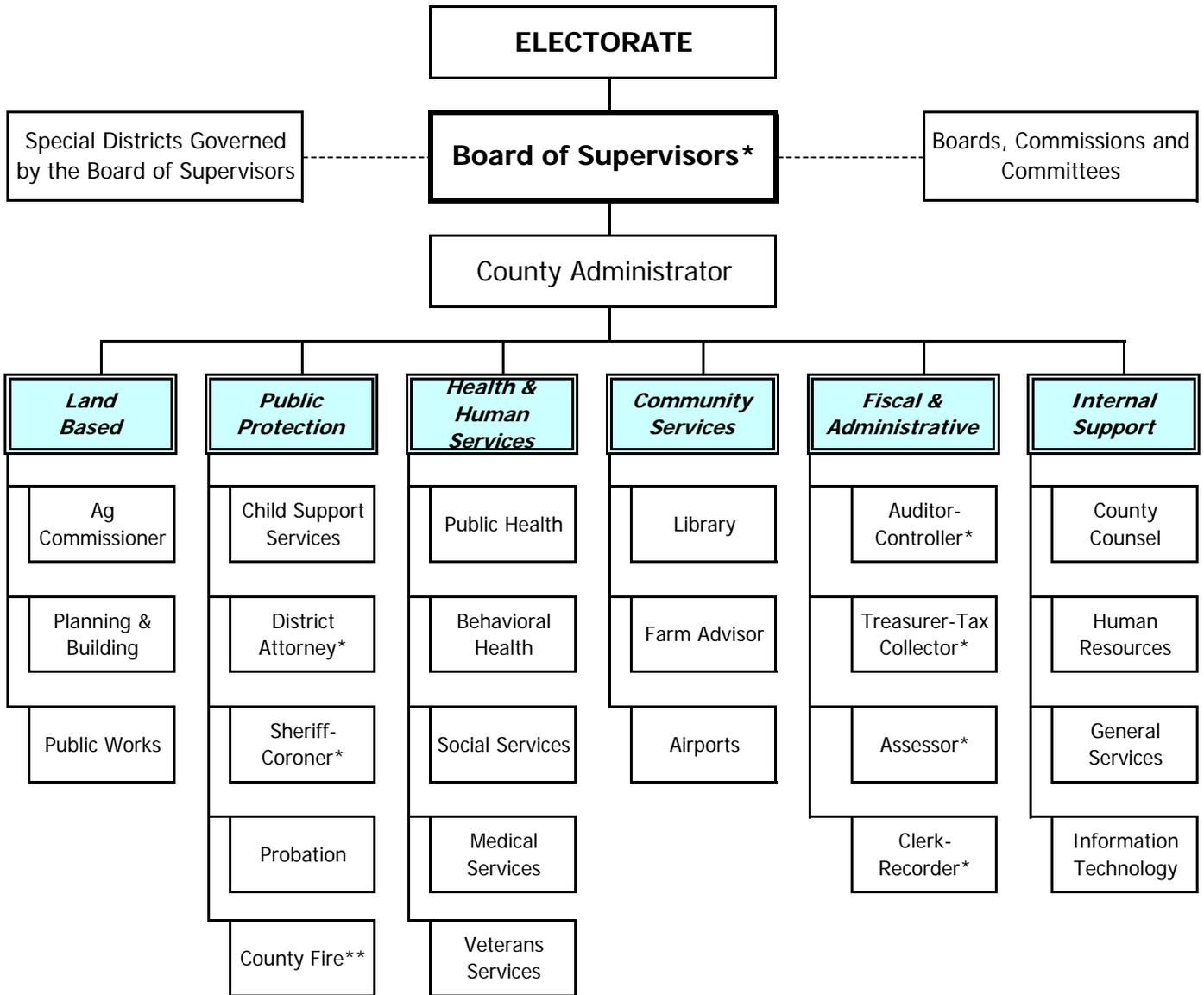
Other Elected Officials

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
Chief Information Officer .....	Janette Pell
Chief Probation Officer .....	Kim Barrett
Child Support Services Director .....	Phil Lowe
County Administrator .....	David Edge
County Counsel .....	James B. Lindholm, Jr.
County Fire.....	Matt Jenkins
Director of Behavioral Health Services .....	Karen Baylor
Director of General Services .....	Duane P. Leib
Farm Advisor .....	Richard Enfield
Health Agency Director .....	Jeff Hamm
Human Resources Director .....	Deb Hossli
Library Director .....	Brian A. Reynolds
Planning Director .....	Victor Holanda
Public Works Director .....	Noel King
Social Services Director .....	Lee Collins
Veterans Services Officer .....	Michael Piepenburg

# County of San Luis Obispo Organizational Chart



\* Elected Officials

\*\*Contract

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**FINANCIAL SECTION**

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## 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, 2007, 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 \$789,416,694 as of December 31, 2006, and total revenues of \$113,251,986 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, 2007, 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.

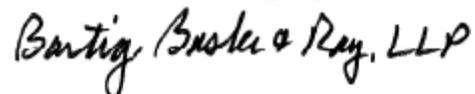
The Honorable Board of Supervisors  
County of San Luis Obispo, California

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.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 26, 2007 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.

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  
December 26, 2007

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**COUNTY OF SAN LUIS OBISPO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2007**

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, 2007. 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 \$1,415,158 (*net assets*). Of this amount \$222,712 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors, \$50,061 is restricted for specific purposes (*restricted net assets*), and \$1,142,385 is invested in capital assets, net of related debt. (Table A)
- ❖ The County's net assets increased by \$67,121 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, 2007, the County's governmental activities reported combined ending net assets of \$1,252,626, an increase of \$46,301 in comparison with the prior year. Approximately 16% of the combined fund balances, or \$206,184 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 \$14,941 before general revenues, contributions and transfers from other funds, an increase of \$6 million from the prior year. The largest increase occurred in Federal Aid for Construction. The County Airport received an additional \$5.7 million in FAA grants for various airport runway and improvement projects.
- ❖ At the end of the fiscal year, unreserved fund balance of the general fund was \$74,727, or 24% of total general fund expenditures.
- ❖ The County issued \$16.3 million in new debt during the year to finance various capital projects. New debt consisted of Certificates of Participation totaling \$5 million to fund the new Paso Robles Courthouse and \$11.3 million in State Safe Drinking Water loans to fund construction of water systems in unincorporated communities.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Government-wide financial statements

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

The *Statement of Net 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, the Nacimiento water project 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 twenty-five individual governmental funds organized according to their type: *general, special revenue, debt service, and capital projects*. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

fund balances for the general fund and the capital projects fund, which are considered to be major funds. Data from the remaining twenty-three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the 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 government-wide financial statements.

Proprietary funds provide the same type of information as the *government-wide financial statements*, only in more detail. The airport, Nacimiento Water Contract, State Water Project, and 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 81 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 85 to 88 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

information. Combining and individual fund statements and schedules can be found on pages 95 to 108 of this report.

*Budgetary comparison schedules* – Budgetary comparison schedules for major funds (other than the General Fund that is presented with the individual General Fund statements). The budgetary comparison schedules for the Capital Projects, Pension Obligation Bond, Public Financing Corporation and Public Financing Authority and non-major Special Revenue funds can be found on pages 111 to 134 of this report.

*Detail Budgetary schedules* demonstrating legal level of compliance with budgetary control for the General Fund are presented with the individual General Fund statements on pages 161 to 173 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 \$1,415,158.

**Table A**  
**Statement of Net Assets**  
**June 30, 2007**  
(in thousands)

	June 30, 2007			June 30, 2006			2006-
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
<b>Assets:</b>							
Current assets	\$ 297,637	\$ 41,787	\$ 339,424	\$ 276,964	\$ 42,557	\$ 319,521	6.2%
Other long-term assets	142,510	998	143,508	136,600	-	136,600	5.1%
Capital assets	1,039,583	205,756	1,245,339	1,019,487	172,052	1,191,539	4.5%
Total assets	<u>1,479,730</u>	<u>248,541</u>	<u>1,728,271</u>	<u>1,433,051</u>	<u>214,609</u>	<u>1,647,660</u>	4.9%
<b>Liabilities:</b>							
<b>Long-term liabilities:</b>							
Long-term liabilities	180,328	58,693	239,021	204,706	49,792	254,498	(6.1%)
Other liabilities	50,387	23,705	74,092	26,163	18,962	45,125	64.0%
Internal balances	(3,611)	3,611	-	(4,143)	4,143	-	-
Total liabilities	<u>227,104</u>	<u>86,009</u>	<u>313,113</u>	<u>226,726</u>	<u>72,897</u>	<u>299,623</u>	4.5%
<b>Net assets:</b>							
Invested in capital assets, net related debt	996,381	146,004	1,142,385	996,381	122,534	1,118,915	2.1%
Restricted	50,061	-	50,061	40,178	-	40,178	24.6%
Unrestricted	206,184	16,528	222,712	169,766	19,178	188,944	17.9%
Total net assets	<u>\$ 1,252,626</u>	<u>\$ 162,532</u>	<u>\$ 1,415,158</u>	<u>\$ 1,206,325</u>	<u>\$ 141,712</u>	<u>\$ 1,348,037</u>	5.0%

### Analysis of Net Assets

Approximately 16%, or \$222,712, 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, \$1,142,385 or 81%, 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

**MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**

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 \$50,061, 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 \$67,121. Net assets invested in capital assets, net of related debt increased by \$23,470. This increase is related primarily to Construction in Progress increases from Governmental Activities for Roads Infrastructure projects (\$12.9 million), and Construction in Progress increases from Business-type activities related to water treatment and water supply projects (\$19.4 million), as well as various Airport facility projects.

Unrestricted net assets increased by \$33,768. 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).

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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, 2007**  
(in thousands)

	June 30, 2007			June 30, 2006			2006-2007
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government	Total % Chg
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for services	\$ 59,348	\$ 27,760	\$ 87,108	\$ 57,898	\$ 25,306	\$ 83,204	4.7%
Operating grants and contributions	171,587	1,012	172,599	165,837	1,722	167,559	3.0%
Capital grants and contributions	8,269	9,509	17,778	7,266	3,792	11,058	60.8%
<b>General revenues:</b>							
Property taxes	128,867	3,359	132,226	114,076	2,051	116,127	13.9%
Other taxes	15,798	-	15,798	15,823	-	15,823	(0.2%)
Interest and investment income	11,025	1,897	12,922	7,176	1,085	8,261	56.4%
Grants not restricted to specific programs	4,079	-	4,079	9,559	-	9,559	(57.3%)
Other revenues	-	304	304	-	87	87	249.4%
<b>Total revenues</b>	<b>398,973</b>	<b>43,841</b>	<b>442,814</b>	<b>377,635</b>	<b>34,043</b>	<b>411,678</b>	<b>7.6%</b>
<b>Expenses:</b>							
General government	50,819	-	50,819	39,872	-	39,872	27.5%
Public protection	120,165	-	120,165	100,234	-	100,324	19.8%
Public ways and facilities	22,256	-	22,256	32,858	-	32,858	(32.3%)
Health sanitation	55,173	-	55,173	53,113	-	53,113	3.9%
Public assistance	84,045	-	84,045	84,451	-	84,451	(0.5%)
Education	8,626	-	8,626	7,786	-	7,786	10.8%
Recreational and cultural services	6,106	-	6,106	4,244	-	4,244	43.9%
Interest on Long-term debt	5,163	-	5,163	7,184	-	7,187	(28.2%)
Airport	-	4,021	4,021	-	3,703	3,703	8.6%
Golf	-	3,301	3,301	-	2,867	2,867	15.1%
State water contract	-	4,792	4,792	-	5,102	5,102	(6.1%)
Nacimiento Water Contract	-	559	559	-	580	580	(3.6%)
Lopez dam	-	5,807	5,807	-	5,237	5,237	10.9%
Nonmajor special districts	-	4,860	4,860	-	4,378	4,378	11.0%
<b>Total expenses</b>	<b>352,353</b>	<b>23,340</b>	<b>375,693</b>	<b>329,742</b>	<b>21,867</b>	<b>351,609</b>	<b>6.8%</b>
<b>Excess before transfers</b>	<b>46,620</b>	<b>20,501</b>	<b>67,121</b>	<b>47,893</b>	<b>12,176</b>	<b>60,069</b>	<b>11.7%</b>
Transfers	(319)	319	-	(1,884)	1,884	-	
<b>Change in net assets</b>	<b>46,301</b>	<b>20,820</b>	<b>67,121</b>	<b>46,009</b>	<b>14,060</b>	<b>60,069</b>	<b>11.7%</b>
Net assets at beginning of year	1,206,325	141,712	1,348,037	1,160,316	127,652	1,287,968	4.7%
<b>Net assets at end of year</b>	<b>\$ 1,252,626</b>	<b>\$ 162,532</b>	<b>\$ 1,415,158</b>	<b>\$ 1,206,325</b>	<b>\$ 141,712</b>	<b>\$ 1,348,037</b>	<b>5.0%</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### 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 \$46 million in the previous fiscal year. Factors contributing to the increase are as follows:

Total revenues from Governmental Activities increased by \$19 million from the prior year. Several factors combined to create this net increase. The most significant increase occurred in *Property taxes*. The County experienced an increase of \$8.7 million in current property taxes and \$1.9 million in Property Tax in Lieu of Sales Tax and Property Tax in Lieu of VLF. While the receipt of \$5.2 million in FY 2006 from the State for repayment of motor vehicle license fees caused a temporary spike in *Grants not restricted to specific programs*, program revenue for *Operating grants and contributions* increased \$5.8 million in FY 2007. This increase was primarily the result of increased Federal and State Aid including \$2.9 million in Mental Health Services Act funds, \$2.4 million for Welfare Administration, and \$1 million in Federal Aid Pass through Grants.

Total expenses from Governmental Activities increased by \$23 million from the prior year. The greatest increases occurred in *General Government* (\$10.9 million) and *Public Protection* (\$19.9 million). This was in contrast to a large decrease in expenses for *Public ways and facilities* (\$10.6 million) due to a \$21 million increase in capitalized public ways expenditures in 2007.

#### Business-type Activities

Business-type Activities accounted for an increase in net assets of \$21 million for the current fiscal year compared to an increase of \$14 million in the prior fiscal year. Contributing to this increase was \$9.5 million in *Capital grants and contributions* associated with several large Airport capital projects and \$6.8 million in *Billings to Outside Agencies* for the Nacimiento Water Contract.

## 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 \$233,505, an increase of 5.6%, or \$12,438 in comparison with the prior year. Approximately 66% of the combined fund balances, or \$154,264, constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of fund balance, \$79,241, is reserved for the following reasons: 1) liquidate contracts and purchase orders of the prior period (\$8,494); 2) amounts due from other funds that are long-term in nature and do not represent available spendable resources (\$2,243); 3) to pay debt service of (\$13,504); 4) amounts reserved by outside agencies or legislation to pay for specific programs or specific use (\$54,705) and 5) other restricted purposes (\$295).

#### 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 \$74,727 while total fund balance reached \$104,568. 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 \$311,797. Unreserved fund balance represents 24% of the total fund expenditures, while total fund balance represents 34% of the same amount. During the current fiscal year the fund balance of general fund decreased by \$21.

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

- ❖ Total revenues exceeded total expenditures by \$35,713 as general fund revenues rose \$19.9 million from the prior year with an increase in total expenditures of \$17.3 million.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

- ❖ Once again, Current Property Tax revenue was the single largest source contributing to the revenue increase. For many years, the County has experienced strong growth in property tax revenue. In addition to the \$7.9 million increase in current property taxes, the General Fund also realized substantial increases in Tax Loss Reserve Fund Proceeds (\$3.9 Million), Education Revenue Augmentation Taxes (\$2.3 million), Property Tax in Lieu of VLF (\$1.2 million), Property Tax in Lieu of Sales Tax (\$.7 million), State Aid (\$7.8 million) and Federal Aid (\$2.7 million).
- ❖ The largest increases in expenditures occurred in the General Government and Public Protection areas. General Government expenditures increased \$10 million. Several factors including new countywide maintenance projects, rising utility costs, prevailing wage increases, and higher pension costs contributed to the increase. Public Protection expenditures increased \$7.7 million. The majority of this increase was attributable to higher labor costs. A combination of increased overtime costs, hiring new staff, and negotiated salary and benefit increases caused labor costs to rise sharply.
- ❖ Transfers out from general fund increased \$11.5 million. Operating transfers to other funds included \$7.5 million to fund new capital projects, \$12.6 million to support County Roads and the pavement management program, \$3.3 million to fund Parks, and \$2.3 million to fund the replacement and upgrade of large-scale automation equipment.

Capital Projects

The *capital projects fund* handles construction projects for the County's governmental funds. The fund has a total fund balance of \$30,515. Operating transfers in contributed to the \$3.4 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 \$412,302 in the current fiscal year, which represents an increase of approximately 4.0% or \$17,436 from the prior fiscal year revenues of \$394,866.

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, 2007**  
(in thousands)

	2006/2007		2005/2006		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Revenues by Source:						
Taxes	\$ 141,934	34.4%	\$ 128,586	32.6%	\$ 13,348	10.4%
Licenses, Permits, Franchises	9,404	2.3%	10,744	2.7%	(1,340)	(12.5)%
Fines, Forfeits, and Penalties	6,402	1.6%	3,550	0.9%	2,852	80.3%
Revenues from Use of Money and Property	9,789	2.4%	6,638	1.7%	3,151	47.5%
Aid from Governmental Agencies	183,941	44.6%	182,655	46.3%	1,286	0.7%
Charges for Current Services	55,083	13.4%	55,547	14.1%	(464)	(0.8)%
Other Revenues	5,749	1.4%	7,146	1.8%	(1,397)	(19.5)%
<b>Total</b>	<b>\$ 412,302</b>	<b>100%</b>	<b>\$ 394,866</b>	<b>100%</b>	<b>\$ 17,436</b>	<b>4.4%</b>

**MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**

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

- ❖ *Taxes* increased \$13.3 million or 10.4%. The majority of the increase was attributable to an \$8.8 million increase in current secured property taxes, the result of a \$4 billion increase in assessed valuations. The balance of the increase is attributable to increases in property tax in lieu of VLF, transient occupancy tax, and property tax in lieu of sales tax.
- ❖ *Fines, forfeitures and penalties* increased \$2.9 million or 80.3%. In fiscal year 2006/2007, the County received \$1 million from a one-time settlement involving a contamination lawsuit. In addition, \$1.3 million in penalty assessment revenue from the Courthouse Temporary Construction Fund was used to finance construction activity for the Paso Robles Courthouse.
- ❖ *Revenue from the use of Money and Property* increased \$3.2 million or 47.5%. 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. The average annual interest rate earned by the County Treasury pool rose from 3.4% in fiscal year 2006 to 4.65% in fiscal year 2007.

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, 2007**  
(in thousands)

	2006/2007		2005/2006		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Expenditures by Function:						
General Government	\$ 60,042	14.8%	\$ 53,691	14.5%	\$ 6,351	11.8%
Public Protection	124,955	30.8%	116,791	31.5%	8,164	7.0%
Public Ways and Facilities	37,063	9.1%	25,749	6.9%	11,314	43.9%
Health and Sanitation	57,018	14.0%	55,464	15.0%	1,554	2.8%
Public Assistance	86,119	21.2%	87,026	23.4%	(907)	(1.0%)
Education	8,731	2.1%	7,891	2.1%	840	10.6%
Recreational and Cultural Services	8,005	2.0%	4,159	1.1%	3,846	92.5%
Principal payments	6,560	1.6%	4,970	1.3%	1,590	32.0%
Interest on Long-Term Debt	6,401	1.6%	5,774	1.6%	627	10.9%
Debt issuance costs	-	0.0%	-	0.0%	-	0.0%
Capital outlay	10,239	2.8%	9,551	2.6%	688	18.3%
<b>Total</b>	<b>\$ 405,133</b>	<b>100%</b>	<b>\$ 371,066</b>	<b>100%</b>	<b>\$ 34,067</b>	<b>9.2%</b>

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 \$8.2 million or 7.0%. Contributing to this increase were rising salaries and benefits costs for law enforcement personnel totaling \$4.6 million. Prevailing wage and step increases, the addition of 20 new positions, and increased overtime hours drove labor costs up from the previous year. Law enforcement also experienced sharp increases in operational costs for overhead charges, insurance, and garage charges. County Planning costs increased \$2.25 million as a result of one-time payments made to other agencies to finance Port San Luis Harbor District projects and to acquire a scenic view shed easement in Cayucos.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- ❖ *Public Ways and Facilities* expenditures increased \$11.3 million or 43.9%. This significant increase is a reflection of a surge in activity in the County Roads division. In fiscal year 2006/2007, County Roads budgeted \$5.5 million for the pavement management program and began several capital projects related to drainage improvement, flood prevention, and widening and realigning various major roads.
- ❖ *Recreational and Cultural Services* increased \$3.8 million or 92.5%. The largest single factor contributing to this increase was moving management duties of the County's Oceano campground from a concessionaire to Parks. The County hired four new rangers and incurred additional expenditures associated with operating the campground. Also reflected in the 2007 increase is the County's contribution of \$1 million to various agencies for the Oceano Community Center, the Avila Beach Community Center, and Nipomo High sports field restrooms.

### 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 2006/2007 fiscal year.

**Table E**  
**Statement of Revenues, Expenses and Results of Operations**  
**Proprietary Funds**  
**Fund Financial Statements**  
**For the Year Ended June 30, 2007**  
(in thousands)

	Major Funds				Nonmajor Funds	Total
	Airport	Nacimiento Water Contract	State Water Project	Lopez Flood Control	Other Enterprise Funds	Total Enterprise
Operating revenues	\$ 3,919	\$ 6,893	\$ 4,460	\$ 4,198	\$ 8,310	\$ 27,780
Operating expenses	<u>4,074</u>	<u>559</u>	<u>4,805</u>	<u>3,420</u>	<u>9,494</u>	<u>22,352</u>
Operating income (loss)	<u>(155)</u>	<u>6,334</u>	<u>(345)</u>	<u>778</u>	<u>(1,184)</u>	<u>5,428</u>
Non-operating revenues (expenses), net	<u>348</u>	<u>1,755</u>	<u>1,223</u>	<u>272</u>	<u>1,406</u>	<u>5,004</u>
Net income (loss) before contributions and transfers	193	8,089	878	1,050	222	10,432
Contributions and transfers, net change	<u>9,544</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>277</u>	<u>9,828</u>
Change in net assets	<u>\$ 9,737</u>	<u>\$ 8,089</u>	<u>\$ 878</u>	<u>\$ 1,057</u>	<u>\$ 499</u>	<u>\$ 20,260</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 an operating loss of \$155,000 and an increase in net assets of \$9.7 million. The majority of the increase is attributable to the receipt of federal construction revenue to finance various construction projects including runway extensions and improvements.
- ❖ *The Nacimiento Water Contract* realized operating income of \$6.3 million and reported an increase in net assets of \$8 million. The \$196 million project is designed to deliver 15,750 acre feet per year to various cities and agencies in the area. Construction activity began gearing up in fiscal year 2007. Operating revenue included \$6.9 million collected from project participants.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- ❖ The *Lopez Flood Control District* reported operating income of \$778 thousand and an increase in net assets of \$1 million. The flood control district implemented a rate increase in 2007 that caused water sales to increase \$958 in FY 2007. The Lopez Flood Control District provides water to South San Luis Obispo County and maintains the Lopez Dam.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for general fund expenditures and transfers out increased during the year by a total of \$24 million. This increase was funded in part by increases in budgeted revenues of \$15 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 (\$9.3 million) and public protection (\$8.8 million). Unanticipated revenues totaling \$10.8 million from State and Federal Aid, \$3.7 million from Charges for Current Services, and \$.5 million in Other Revenues were used to finance the budget augmentations.

At the close of the current fiscal year, actual General Fund expenditures were 88% of budget, while General Fund revenues were realized at 96% of budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2007, the County had \$1,245,339 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 \$53,800 or 4.5% over last year.

**Table F**  
**Capital Assets**  
**June 30, 2007**  
(in thousands)

	Governmental Activities July 1, 2006	Governmental Activities June 30, 2007	Business Type Activities July 1, 2006	Business Type Activities June 30, 2007	Total Capital Assets July 1, 2006	Total Capital Assets June 30, 2007	Total Percent Change
Land	\$ 13,914	\$ 20,443	\$ 18,230	\$ 18,237	\$ 32,144	\$ 38,680	20.3%
Water Rights and Other Property	-	-	35,192	34,254	35,192	34,254	3.1%
Other Property Non Depreciable	-	-	-	1,968	-	1,968	100%
Infrastructure Non Depreciable	757,696	757,696	-	-	757,696	757,696	-
Construction-in- progress	73,069	52,213	32,619	62,823	105,688	115,036	8.8%
Structures & Improvements	91,948	129,769	109,865	114,396	201,813	244,165	21.0%
Equipment	60,178	61,951	1,915	2,038	62,093	63,989	3.1%
Other Property Depreciable	-	-	-	58	-	58	100%
Infrastructure Depreciable	<u>197,712</u>	<u>205,595</u>	<u>-</u>	<u>-</u>	<u>197,712</u>	<u>205,595</u>	4.0%
Subtotal	1,194,517	1,227,667	197,821	233,774	1,392,338	1,461,441	5.0%
Less Accumulated Depreciation	<u>(175,030)</u>	<u>(188,084)</u>	<u>(25,769)</u>	<u>(28,018)</u>	<u>(200,799)</u>	<u>(216,102)</u>	7.6%
Total	\$ <u>1,019,487</u>	\$ <u>1,039,583</u>	\$ <u>172,052</u>	\$ <u>205,756</u>	\$ <u>1,191,539</u>	\$ <u>1,245,339</u>	4.5%

**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Major additions and future commitments in capital assets – Governmental activities

The \$5.3 million Health Campus Renovations project neared completion in fiscal year 2006/2007. Various County health related services and offices relocated to the former General Hospital site. Construction began on the \$11.7 million Paso Robles Courthouse. The new courthouse facility will replace an existing outdated and undersized facility in the City of Paso Robles. Future projects include expanding the Juvenile Services and Women's Jail facilities, remodeling the Animal Services Facility at the Sheriff's Operations Center, and expansion of the North County Regional Center in Templeton.

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

In fiscal year 2006/2007, the Airport completed construction of 65 T hangars that were subsequently rented out to various tenants. Work got underway on \$21.6 million in Airport runway projects. The runway projects included installation of an engineered material arresting system to meet Runway Safety Area requirements. Construction continued 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 2007/2008 fiscal year include a \$15.0 million Airport parking structure and continuation of various runway extension projects. These projects are financed by FAA grants, passenger facility charges, and bond proceeds.

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 \$217,364. The County's balance of the 1993 Pension Obligation Bonds is \$130,504. The Pension Obligation Bonds debt service payments are funded by County payroll benefits. Of the balance remaining, \$12,000 is backed by the full faith and credit of the County. The remainder of the County's debt consists of: \$48,660 in certificates of participation, which are repaid from a variety of revenues; \$26,144 in State loans and \$56 in revenue bonds which are repaid with water service revenue. Additionally, the County is liable for \$3,826 of special assessment debt in the event of default by the property owner subject to the assessment.

**Table G**  
**Outstanding Debt**  
**June 30, 2007**  
(in thousands)

	Governmental Activities June 30, 2006	Governmental Activities June 30, 2007	Business Type Activities June 30, 2006	Business Type Activities June 30, 2007	Total June 30, 2006	Total June 30, 2007	Total Percent Change
Certificates of participation	\$ 23,106	\$ 27,125	\$ 22,069	\$ 21,535	\$ 45,175	\$ 48,660	7.7%
Pension Obligation Bonds	135,199	130,504	-	-	135,199	130,504	(3.5%)
State notes	-	-	15,128	26,144	15,128	26,144	72.8%
Revenue bonds	-	-	61	56	61	56	(8.2%)
General obligation bonds	-	-	12,260	12,000	12,260	12,000	(2.1%)
	<u>\$ 158,305</u>	<u>\$ 157,629</u>	<u>\$ 49,518</u>	<u>\$ 59,735</u>	<u>\$ 207,822</u>	<u>\$ 217,364</u>	4.6%

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The net increase over last year for the County's notes and bonds payable was \$9,542, or 4.6%. The increase resulted from issuing \$5,090 Certificates of Participation for the construction of the Paso Robles Courthouse, borrowing \$11,349 from the State for construction of water systems, 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. In 2007, the County issued certificates of participation for construction of the Paso Robles Courthouse. Standard & Poor's upgraded the underlying uninsured bond rating for the County's most recent debt issues to AA- in November 2007.

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 \$421,146.

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

Other liabilities include compensated absences (\$22.8 million), landfill post-closure costs (\$3.3 million), and self-insurance (\$19.6 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 2007/2008 fiscal year is designed to maintain core service levels
- ❖ The budget for fiscal year 2007/2008 created a new set of challenges for the County. The State's looming budget deficit along with rising operational costs forced the County to make some very difficult decisions to balance the budget. Increases in program expenses have outpaced federal, state, and grant funds. Consequently, the County had no choice but to redirect millions of dollars of discretionary revenue to maintain current service levels.
- ❖ The County's unemployment rate rose to 4.4%, much lower than the state rate of 5.2% and close to the national rate of 4.5%.
- ❖ The local tourist economy remained strong. Businesses reported an increase in the number of foreign visitors. Favorable foreign currency exchange rates made travel to the US very attractive. Transient occupancy tax collections increased 15%.
- ❖ The major sources of revenues stimulated by the economy have shown signs of leveling off or declining.
  - For the first time in many years, local housing prices dropped. The median price of homes in San Luis Obispo County fell from \$571,670 to \$495,000 within the last year. Property transfer tax revenue dipped 27% in FY 2007.
  - County officials anticipate that the softening real estate market will have an adverse affect on property tax revenue. The growth rate in property taxes, the County's main source of discretionary revenue, is slowing down. Housing market forecasts predict that this growth will drop below 10% in future years.
  - The County projects that the decline in the housing market will also have an adverse effect on fee revenue for services related to planning and building, road impact fees, and recording fees.
- ❖ The Board of Supervisors adopted the 2007-2008 budget in June 2007, with a \$46.7 million fund balance in the general fund, of which \$18.4 million was appropriated to finance the current year's expenditures including contingencies, \$8 million was placed in general reserves, and \$9.5 million was earmarked for designations. The total General Fund budget for 2007-2008 is \$373 million, an increase of .9% from the previous year. The County budget also includes community-

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

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.

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

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**COUNTY OF SAN LUIS OBISPO**  
**Statement of Net Assets**  
**June 30, 2007 (in thousands)**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 255,561	\$ 38,189	\$ 293,750
Accounts receivable, net	2,452	1,639	4,091
Property taxes receivable	10,789	--	10,789
Other receivables	3,974	74	4,048
Due from other governments	24,070	1,765	25,835
Deposits with others	--	94	94
Inventories	576	--	576
Prepaid items	215	26	241
Total Current Assets	<u>297,637</u>	<u>41,787</u>	<u>339,424</u>
Noncurrent Assets:			
Restricted cash with fiscal agent	8,574	998	9,572
Prepaid pension contributions	132,036	--	132,036
Prepaid bond issuance costs	1,900	--	1,900
Capital Assets:			
Nondepreciable	830,352	117,282	947,634
Depreciable, net	209,231	88,474	297,705
Total Noncurrent Assets	<u>1,182,093</u>	<u>206,754</u>	<u>1,388,847</u>
Total Assets	<u>1,479,730</u>	<u>248,541</u>	<u>1,728,271</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Salaries and benefits payable	8,396	99	8,495
Accounts payable	11,321	9,050	20,371
Trust deposits	444	--	444
Deposits from others	2,659	9,664	12,323
Unearned revenue	3,229	2,834	6,063
Accrued interest	1,635	737	2,372
Other current liabilities	40	--	40
Internal balances	(3,611)	3,611	--
Bonds and notes payable	2,601	1,159	3,760
Compensated absences	14,966	162	15,128
Landfill closure/postclosure costs	282	--	282
Self insurance payable	4,814	--	4,814
Total Current Liabilities	<u>46,776</u>	<u>27,316</u>	<u>74,092</u>
Long Term Liabilities:			
Bonds and notes payable	155,028	58,576	213,604
Compensated absences	7,517	117	7,634
Landfill closure/postclosure costs	3,021	--	3,021
Self insurance payable	14,762	--	14,762
Total Long-term Liabilities	<u>180,328</u>	<u>58,693</u>	<u>239,021</u>
Total Liabilities	<u>227,104</u>	<u>86,009</u>	<u>313,113</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	996,381	146,004	1,142,385
Restricted for:			
General government	5,194	--	5,194
Public protection	2,177	--	2,177
Health and sanitation	554	--	554
Public assistance	58	--	58
Education	1	--	1
Public ways and facilities	28,398	--	28,398
Recreation and culture	174	--	174
Debt service	13,505	--	13,505
Unrestricted	206,184	16,528	222,712
Total Net Assets	<u>\$ 1,252,626</u>	<u>\$ 162,532</u>	<u>\$ 1,415,158</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, 2007 (in thousands)**

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 50,819	\$ 18,743	\$ 1,454	\$ 291
Public protection	120,165	21,061	41,429	1,799
Public ways and facilities	22,256	7,236	8,712	6,008
Health and sanitation	55,173	6,505	44,135	--
Public assistance	84,045	2,798	75,391	--
Education	8,626	1,759	299	--
Recreation and cultural services	6,106	1,246	167	171
Interest on long-term debt	5,163	--	--	--
Total Governmental Activities	<u>352,353</u>	<u>59,348</u>	<u>171,587</u>	<u>8,269</u>
Business-Type Activities:				
Airport	4,021	3,919	281	9,509
Golf	3,301	3,016	--	--
State Water Contract	4,792	4,458	8	--
Nacimiento Water Contract	559	6,893	25	--
Lopez Dam	5,807	5,987	--	--
Other Special Districts	4,860	3,487	698	--
Total Business-Type Activities:	<u>23,340</u>	<u>27,760</u>	<u>1,012</u>	<u>9,509</u>
<b>Total primary government</b>	<u>\$ 375,693</u>	<u>\$ 87,108</u>	<u>\$ 172,599</u>	<u>\$ 17,778</u>
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
\$ (30,331)		\$ (30,331)
(55,876)		(55,876)
(300)		(300)
(4,533)		(4,533)
(5,856)		(5,856)
(6,568)		(6,568)
(4,522)		(4,522)
(5,163)		(5,163)
(113,149)		(113,149)
--	\$ 9,688	9,688
--	(285)	(285)
--	(326)	(326)
--	6,359	6,359
--	180	180
--	(675)	(675)
--	14,941	14,941
(113,149)	14,941	(98,208)
128,867	3,359	132,226
6,438	--	6,438
6,126	--	6,126
2,619	--	2,619
615	--	615
4,079	--	4,079
11,025	1,897	12,922
--	304	304
(319)	319	--
159,450	5,879	165,329
46,301	20,820	67,121
1,206,325	141,712	1,348,037
\$ 1,252,626	\$ 162,532	\$ 1,415,158

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



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**BASIC FINANCIAL STATEMENTS  
FUND FINANCIAL STATEMENTS**

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**COUNTY OF SAN LUIS OBISPO**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2007 (in thousands)**

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 87,372	\$ 31,175	\$ 96,757	\$ 215,304
Accounts receivable, net	2	--	2,401	2,403
Accrued property taxes receivable	10,789	--	--	10,789
Other receivables	3,732	--	242	3,974
Due from other governments	22,916	1,023	131	24,070
Due from other funds	60	--	220	280
Inventories	80	--	--	80
Prepaid items	215	--	--	215
Advances to other funds	2,243	--	--	2,243
Restricted cash with fiscal agent	--	83	8,491	8,574
Other assets	--	--	2,602	2,602
Total Assets	<u>\$ 127,409</u>	<u>\$ 32,281</u>	<u>\$ 110,844</u>	<u>\$ 270,534</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Salaries and benefits payable	\$ 7,232	\$ --	\$ 425	\$ 7,657
Accounts payable	4,993	1,296	3,869	10,158
Due to other funds	--	--	220	220
Trust deposits	444	--	--	444
Deposits from others	1,286	--	842	2,128
Deferred revenue	8,846	470	2,693	12,009
Other current liabilities	40	--	2,879	2,919
Advances from other funds	--	--	1,494	1,494
Total Liabilities	<u>22,841</u>	<u>1,766</u>	<u>12,422</u>	<u>37,029</u>
Fund Balances:				
Reserved for:				
Encumbrances	3,958	3,249	1,287	8,494
Advances to other funds	2,243	--	--	2,243
Inventories	80	--	--	80
Prepays	215	--	--	215
Debt service	--	--	13,504	13,504
Construction of roads and public facilities	--	--	28,062	28,062
Specific program or grants	23,345	--	3,298	26,643
Unreserved	74,727	27,266	--	101,993
Unreserved, reported in nonmajor				
Special revenue funds	--	--	52,271	52,271
Total Fund Balances	<u>104,568</u>	<u>30,515</u>	<u>98,422</u>	<u>233,505</u>
Total Liabilities and Fund Balances	<u>\$ 127,409</u>	<u>\$ 32,281</u>	<u>\$ 110,844</u>	<u>\$ 270,534</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, 2007 (in thousands)**

<b>Fund Balance - total governmental funds (page 39)</b>	\$	233,505
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.		1,030,355
Accrued Property tax revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		8,780
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore not reported in the funds.		132,036
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>(273)</u>	1,900
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.		25,704
Adjustment for Internal Service Funds are necessary to "close" those funds by charging additional amount to participating business-type activities to completely cover the Internal Service Funds' cost for the year.		2,862
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(1,358)
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		(157,629)
Compensated absences		(20,226)
Landfill closure/postclosure costs		<u>(3,303)</u>
<b>Net assets of governmental activities (page 33)</b>	<b>\$</b>	<b><u>1,252,626</u></b>

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, 2007 (in thousands)**

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes	\$ 131,585	\$ --	\$ 10,349	\$ 141,934
Licenses, permits, and franchises	9,400	--	4	9,404
Fines, forfeits and penalties	3,903	1,609	890	6,402
Revenue from use of money and property	4,239	1,270	4,280	9,789
Aid from governmental agencies	158,396	1,961	23,584	183,941
Charges for current services	37,139	34	17,910	55,083
Other revenues	2,848	68	2,833	5,749
Total revenues	<u>347,510</u>	<u>4,942</u>	<u>59,850</u>	<u>412,302</u>
<u>Expenditures:</u>				
Current:				
General government	55,518	--	4,524	60,042
Public protection	123,186	--	1,769	124,955
Public ways and facilities	845	--	36,218	37,063
Health and sanitation	50,965	--	6,053	57,018
Public assistance	80,930	--	5,189	86,119
Education	353	--	8,378	8,731
Recreation and cultural services	--	--	8,005	8,005
Debt service:				
Principal payments	--	--	6,560	6,560
Interest and fiscal charges	--	--	6,401	6,401
Capital outlay	--	10,239	--	10,239
Total expenditures	<u>311,797</u>	<u>10,239</u>	<u>83,097</u>	<u>405,133</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>35,713</u>	<u>(5,297)</u>	<u>(23,247)</u>	<u>7,169</u>
<u>Other Financing Sources (Uses):</u>				
Certificates of participation issued	--	--	5,090	5,090
Transfers in	467	8,689	33,840	42,996
Transfers (out)	(36,201)	(23)	(6,593)	(42,817)
Total Other Financing Sources (Uses)	<u>(35,734)</u>	<u>8,666</u>	<u>32,337</u>	<u>5,269</u>
Net Change in Fund Balances	<u>(21)</u>	<u>3,369</u>	<u>9,090</u>	<u>12,438</u>
Fund Balances - Beginning	<u>104,589</u>	<u>27,146</u>	<u>89,332</u>	<u>221,067</u>
Fund Balances - Ending	<u>\$ 104,568</u>	<u>\$ 30,515</u>	<u>\$ 98,422</u>	<u>\$ 233,505</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, 2007 (in thousands)**

<b>Net Change in fund balance - total governmental funds (page 41)</b>	\$	12,438
<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>		2,731
<p>Governmental funds report capital outlay as expenditures. These expenditures have no effect on net assets.</p>		
<p>Capital outlay expenditures that have no effect on net assets are reported in the following functional categories:</p>		
Capital outlay	\$ 10,241	
General government	619	
Public protection	2,408	
Public ways	21,088	
Health and sanitation	14	
Public assistance	76	
Education	6	
Recreation and cultural services	<u>357</u>	34,809
<p>In the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		(15,144)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.</p>		(123)
<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>		
Certificates of Participation issued		(5,090)
Debt principal payments		5,766
<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		(745)
Change in accrued interest payable		(405)
Change in landfill closure/postclosure costs		(176)
Amortization of bond issuance costs		(65)
Amortization of prepaid pension contributions		851
<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>11,454</u>
<b>Change in net assets of governmental activities (page 35)</b>	<b>\$</b>	<b><u>46,301</u></b>

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, 2007 (in thousands)**

	Business-type Activities - Enterprise Funds						Governmental
	Airport	Nacimiento Water Contract	State Water Project	Lopez Flood Control	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<u>Assets</u>							
Current Assets:							
Cash and investments	\$ 3,913	\$ 11,972	\$ 11,082	\$ 3,900	\$ 7,322	\$ 38,189	\$ 40,257
Accounts receivable, net	--	--	1,435	28	176	1,639	49
Other receivables	--	--	--	--	74	74	--
Due from other governments	1,699	--	--	--	66	1,765	--
Deposits with others	--	--	81	--	13	94	--
Inventories	--	--	--	--	--	--	496
Prepaid items	--	--	--	26	--	26	--
<b>Total Current Assets</b>	<b>5,612</b>	<b>11,972</b>	<b>12,598</b>	<b>3,954</b>	<b>7,651</b>	<b>41,787</b>	<b>40,802</b>
Noncurrent assets:							
Advances to other funds	--	--	--	--	549	549	--
Restricted cash with fiscal agent	171	--	--	827	--	998	--
Capital assets:							
Nondepreciable:							
Land	14,592	--	--	2,096	1,549	18,237	--
Construction in progress	18,180	18,087	8	24,522	2,026	62,823	--
Water rights	--	--	34,254	--	--	34,254	--
Other property	--	--	--	1,968	--	1,968	--
Depreciable:							
Structures and improvements, net	23,211	--	8,143	37,004	19,499	87,857	359
Equipment, net	11	--	61	33	495	600	8,869
Other property, net	--	--	--	--	17	17	--
<b>Total Noncurrent Assets</b>	<b>56,165</b>	<b>18,087</b>	<b>42,466</b>	<b>66,450</b>	<b>24,135</b>	<b>207,303</b>	<b>9,228</b>
<b>Total Assets</b>	<b>61,777</b>	<b>30,059</b>	<b>55,064</b>	<b>70,404</b>	<b>31,786</b>	<b>249,090</b>	<b>50,030</b>
<u>Liabilities:</u>							
Current Liabilities:							
Salaries and benefits payable	44	--	--	--	55	99	739
Accounts payable	2,224	287	4,330	1,285	924	9,050	1,163
Due to other funds	--	--	--	--	--	--	60
Interest payable	70	--	--	564	103	737	--
Self insurance payable	--	--	--	--	--	--	4,814
Trust deposits	--	--	--	--	--	--	--
Deposits from others	388	6,527	2,486	3	260	9,664	531
Unearned revenue	13	--	1,495	1,283	43	2,834	--
Accrued vacation and sick leave - current	79	--	--	--	83	162	1,373
Notes and bond payable - current	189	--	--	590	380	1,159	--
<b>Total Current Liabilities</b>	<b>3,007</b>	<b>6,814</b>	<b>8,311</b>	<b>3,725</b>	<b>1,848</b>	<b>23,705</b>	<b>8,680</b>
Noncurrent Liabilities:							
Self insurance payable	--	--	--	--	--	--	14,762
Advances from other funds	717	--	--	--	581	1,298	--
Notes and bonds payable	4,355	--	--	44,497	9,724	58,576	--
Accrued vacation and sick leave	15	--	--	--	102	117	884
<b>Total Noncurrent Liabilities</b>	<b>5,087</b>	<b>--</b>	<b>--</b>	<b>44,497</b>	<b>10,407</b>	<b>59,991</b>	<b>15,646</b>
<b>Total Liabilities</b>	<b>8,094</b>	<b>6,814</b>	<b>8,311</b>	<b>48,222</b>	<b>12,255</b>	<b>83,696</b>	<b>24,326</b>
<u>Net Assets</u>							
Invested in capital assets, net of related debt	51,450	18,087	42,466	20,536	13,465	146,004	9,228
Unreserved	2,233	5,158	4,287	1,646	6,066	19,390	16,476
<b>Total Net Assets</b>	<b>\$ 53,683</b>	<b>\$ 23,245</b>	<b>\$ 46,753</b>	<b>\$ 22,182</b>	<b>\$ 19,531</b>	<b>\$ 165,394</b>	<b>\$ 25,704</b>

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

(2,862)

Net assets of business-type activities

\$ 162,532

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, 2007 (in thousands)**

	Business-type Activities - Enterprise Funds						Governmental
						Total	Internal
	Airport	Nacimiento Water Contract	State Water Project	Lopez Flood Control	Nonmajor Enterprise Funds	Enterprise Funds	Service Funds
<b>Operating Revenues:</b>							
Charges for current services	\$ 3,919	\$ 6,893	\$ 4,460	\$ 4,198	\$ 8,310	\$ 27,780	\$ 48,865
Total Operating Revenues	<u>3,919</u>	<u>6,893</u>	<u>4,460</u>	<u>4,198</u>	<u>8,310</u>	<u>27,780</u>	<u>48,865</u>
<b>Operating Expenses:</b>							
Salaries and benefits	1,036	--	--	--	1,379	2,415	18,832
Services and supplies	1,991	546	4,565	2,134	6,529	15,765	13,062
Other charges	34	--	--	747	366	1,147	--
Insurance benefit payments	--	--	--	--	--	--	702
Insurance premiums	--	--	--	--	--	--	3,112
Depreciation	650	--	203	481	945	2,279	1,605
Countywide cost allocation	363	13	37	58	275	746	607
Total Operating Expenses	<u>4,074</u>	<u>559</u>	<u>4,805</u>	<u>3,420</u>	<u>9,494</u>	<u>22,352</u>	<u>37,920</u>
Operating Income (Loss)	<u>(155)</u>	<u>6,334</u>	<u>(345)</u>	<u>778</u>	<u>(1,184)</u>	<u>5,428</u>	<u>10,945</u>
<b>Nonoperating Revenues (Expenses):</b>							
Property taxes	--	1,063	823	1,075	398	3,359	--
Interest income	235	667	499	157	339	1,897	1,520
Interest expense	(288)	--	(107)	(960)	(193)	(1,548)	--
Aid from governmental agencies	281	25	8	--	698	1,012	--
Gain (loss) on sale of assets	1	--	--	--	(1)	--	27
Other nonoperating revenue (expenses)	119	--	--	--	165	284	20
Total Nonoperating Revenues (Expenses)	<u>348</u>	<u>1,755</u>	<u>1,223</u>	<u>272</u>	<u>1,406</u>	<u>5,004</u>	<u>1,567</u>
Income (Loss) Before Contributions and Transfers	193	8,089	878	1,050	222	10,432	12,512
Capital contributions	9,509	--	--	--	--	9,509	--
Transfers in	109	--	--	7	351	467	--
Transfers out	(74)	--	--	--	(74)	(148)	(498)
Changes in net assets	<u>9,737</u>	<u>8,089</u>	<u>878</u>	<u>1,057</u>	<u>499</u>	<u>20,260</u>	<u>12,014</u>
Net Assets - Beginning	<u>43,946</u>	<u>15,156</u>	<u>45,875</u>	<u>21,125</u>	<u>19,032</u>	<u>145,134</u>	<u>13,690</u>
Net Assets - Ending	<u>\$ 53,683</u>	<u>\$ 23,245</u>	<u>\$ 46,753</u>	<u>\$ 22,182</u>	<u>\$ 19,531</u>	<u>\$ 165,394</u>	<u>\$ 25,704</u>

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

Change in net assets \$ 20,260

Adjustment to reflect  
consolidation of internal service fund  
activities related to enterprise funds 560

Change in net assets of  
business-type activities \$ 20,820

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, 2007 (in thousands)**

	Business-type Activities - Enterprise Funds						Governmental
						Total	Internal
	Airport	Nacimiento Water Contract	State Water Project	Lopez Flood Control	Nonmajor Enterprise Funds	Enterprise Funds	Service Funds
<b>Cash Flows from Operating Activities:</b>							
Receipts from customers, patients, third parties	\$ 4,049	\$ 6,899	\$ 4,081	\$ 3,975	\$ 8,444	\$ 27,448	\$ --
Receipts from interfund billings	--	--	--	--	--	--	48,880
Payments for goods and services	(1,227)	241	265	(1,283)	(6,678)	(8,682)	(13,667)
Payments to employees for service	(1,030)	--	(4,602)	(2,939)	(1,373)	(9,944)	(18,609)
Payments for insurance benefits	--	--	--	--	--	--	(2,984)
Payments for premiums	--	--	--	--	--	--	(3,112)
Net Cash Provided (Used) by Operating Activities	<u>1,792</u>	<u>7,140</u>	<u>(256)</u>	<u>(247)</u>	<u>393</u>	<u>8,822</u>	<u>10,508</u>
<b>Cash Flows from Noncapital Financing Activities:</b>							
Property tax proceeds	--	1,063	823	1,075	398	3,359	--
Grants and subsidies from other gov't agencies	(479)	25	8	--	698	252	--
Transfers from other funds	109	--	--	7	580	696	60
Transfers to other funds	(275)	--	--	--	(74)	(349)	(498)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(645)</u>	<u>1,088</u>	<u>831</u>	<u>1,082</u>	<u>1,602</u>	<u>3,958</u>	<u>(438)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>							
Purchases and construction of capital assets	(387)	(6,794)	(980)	(10,932)	(1,364)	(20,457)	(2,312)
Proceeds from issuance of long-term debt	--	--	--	11,349	--	11,349	--
Proceeds from sale of capital assets	4	--	--	--	--	4	180
Proceeds from capital grants	9,509	--	--	--	--	9,509	--
Principal paid on capital debt	(13,312)	--	--	(570)	(375)	(14,257)	--
Interest paid on capital debt	(218)	--	(107)	(1,398)	(91)	(1,814)	--
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,404)</u>	<u>(6,794)</u>	<u>(1,087)</u>	<u>(1,551)</u>	<u>(1,830)</u>	<u>(15,666)</u>	<u>(2,132)</u>
<b>Cash Flows from Investing Activities:</b>							
Interest received	235	667	499	157	339	1,897	1,520
Net Cash Provided (Used) by Investing Activities	<u>235</u>	<u>667</u>	<u>499</u>	<u>157</u>	<u>339</u>	<u>1,897</u>	<u>1,520</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,022)	2,101	(13)	(559)	504	(989)	9,458
Cash and Cash Equivalents - Beginning of Year	<u>7,106</u>	<u>9,871</u>	<u>11,095</u>	<u>5,286</u>	<u>6,818</u>	<u>40,176</u>	<u>30,799</u>
Cash and Cash Equivalents - End of Year	<u>\$ 4,084</u>	<u>\$ 11,972</u>	<u>\$ 11,082</u>	<u>\$ 4,727</u>	<u>\$ 7,322</u>	<u>\$ 39,187</u>	<u>\$ 40,257</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>							
Operating income (loss)	\$ (155)	\$ 6,334	\$ (345)	\$ 778	\$ (1,184)	\$ 5,428	\$ 10,945
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</b>							
Depreciation expense	650	--	203	481	945	2,279	1,605
<b>Change in Assets and Liabilities:</b>							
Receivables, net	156	6	(523)	1	191	(169)	4
Prepays	--	--	--	(2)	--	(2)	--
Inventory	--	--	--	--	--	--	2
Accounts payable	1,161	(562)	265	(1,284)	380	(40)	(168)
Accrued payroll liabilities	3	--	--	--	4	7	69
Accrued vacation	3	--	--	--	2	5	154
Self-insurance liability	--	--	--	--	--	--	(2,114)
Other accrued liabilities	(26)	1,362	144	(221)	55	1,314	11
Total Adjustments	<u>1,947</u>	<u>806</u>	<u>89</u>	<u>(1,025)</u>	<u>1,577</u>	<u>3,394</u>	<u>(437)</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ 1,792</u>	<u>\$ 7,140</u>	<u>\$ (256)</u>	<u>\$ (247)</u>	<u>\$ 393</u>	<u>\$ 8,822</u>	<u>\$ 10,508</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, 2007 (in thousands)**  
**San Luis Obispo Pension Trust Fund**  
**December 31, 2006 (in thousands)**

	Agency Funds 6/30/2007	Investment Trust Funds 6/30/2007	San Luis Obispo County Pension Trust 12/31/2006
<u>Assets</u>			
Cash and cash equivalents	\$ 28,158	\$ 201,290	\$ 29,679
Accrued interest & dividends receivable	--	--	30
Notes receivable, short term	--	--	42
Notes receivable	--	--	4,093
Contributions receivable	--	--	1,360
Prepaid benefits	--	--	1,828
Restricted cash with fiscal agent	--	--	749,869
Capital assets-net of accumulated depreciation	--	--	2,516
Total Assets	<u>28,158</u>	<u>201,290</u>	<u>789,417</u>
<u>Liabilities</u>			
Agency obligations	28,158	--	--
Accrued liabilities	--	--	420
Total Liabilities	<u>28,158</u>	<u>--</u>	<u>420</u>
<u>Net Assets</u>			
Assets held in trust for pool participants	--	201,290	--
Assets held in trust for pension benefits	--	--	788,997
Total Net Assets	<u>\$ --</u>	<u>\$ 201,290</u>	<u>\$ 788,997</u>

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, 2007 (in thousands)**  
**San Luis Obispo Pension Trust Fund**  
**December 31, 2006 (in thousands)**

	<u>Investment Trust Funds 6/30/2007</u>	<u>San Luis Obispo County Pension Trust 12/31/2006</u>
<u>Additions</u>		
Contributions:		
County contributions	\$ 850,122	\$ 19,177
Member contributions	--	15,497
Total Contributions	<u>850,122</u>	<u>34,674</u>
Investment Earnings:		
Net increase (decrease) in fair value of investments	--	49,653
Realized gains and losses	--	(3,679)
Interest	7,919	17,473
Dividends	--	4,813
Real estate management trust income	--	8,775
Rental Real Estate:		
Real estate operating income (expense)	--	1,543
Total Investment Earnings	<u>7,919</u>	<u>78,578</u>
Total Additions	<u>858,041</u>	<u>113,252</u>
<u>Deductions</u>		
Benefits:		
Monthly benefit payments	--	27,037
Termination refunds	--	1,459
Death benefits	--	64
Total benefits	<u>--</u>	<u>28,560</u>
Administrative expenses	--	1,533
Total Administrative Expenses	<u>--</u>	<u>1,533</u>
Distributions from investment pool	<u>830,615</u>	<u>--</u>
Total deductions	<u>830,615</u>	<u>30,093</u>
Change in Net Assets	27,426	83,159
Net Assets - Beginning	<u>173,864</u>	<u>705,838</u>
Net Assets - Ending	<u>\$ 201,290</u>	<u>\$ 788,997</u>

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



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**NOTES TO THE FINANCIAL STATEMENTS**

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**COUNTY OF SAN LUIS OBISPO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

**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

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Auditor-Controller makes disbursements upon the request of the entity's officers. The County Board of Supervisors has no effective authority to govern, manage, approve budgets, assume financial accountability, establish revenue limits, nor to appropriate surplus funds available in these entities. Seven cities and numerous self-governed special districts provide services to the residents of the County. The operations of these entities have been excluded from the basic financial statements as each entity conducts its own day-to-day operations and answers to its own governing board.

### 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. Interfund services provided and used are not eliminated in the process of consolidation. 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. Internal activities and indirect expenses are consolidated in the statement of activities. Examples of expenses that have been eliminated include the allocation of indirect costs under the County-wide Cost Allocation Plan and internal payments for services provided between departments.

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

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

## **NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

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

### The County reports the following Major Proprietary Funds:

- The Airport Fund accounts for the maintenance, operations, and development of the County owned commercial service airports in San Luis Obispo and Oceano.
- The Nacimiento Water Contract fund accounts for the activities and delivery of water associated with the Nacimiento water supply reservoir and the contract with Monterey County.
- The State Water 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, 2006.
- 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 120 different Agency Funds. These include accounts for temporary holding of funds for tax assessment areas created under the 1915 Improvement Act, temporary clearing funds, and other temporary holding of funds not classified in other agency categories.

## **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The Government-wide, Proprietary, and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except that Agency Fund financial statements have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property, 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

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

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

### D. ASSETS, LIABILITIES, AND FUND EQUITY

#### Deposits and Investments

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

## **NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

### Property Tax

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

value at the date of donation. General infrastructure assets acquired prior to July 1, 1980, are reported at estimated historical cost using deflated replacement costs.

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

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

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

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

### Compensated Absences

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

Accumulated benefits will be liquidated in future years as employees elect to use them. In the normal course of business, all payments of these accumulated benefits will be funded from appropriations in the year in which they are to be paid; 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### E. ESTIMATES

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

## DETAIL NOTES ON ALL FUNDS

### 2. CASH AND CASH EQUIVALENTS

#### Cash in Treasury

Investments made by the Treasurer are regulated by the California Government Code 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, 2007, consist of the following (in thousands):

Cash on hand	\$	120
Deposits with financial institutions		3,035
Investments		<u>531,699</u>
Total Cash and Investments	\$	<u>534,854</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.

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

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 a fair value dollar factor of .998771744076 in the Quarterly Report of Investments as of June 30, 2007, 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 .999545022 for its portfolio as of June 30, 2007. As of June 30, 2007, the LAIF pool includes structured notes and asset-backed securities, which total 3.466%. 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, 2007, 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%	None
U.S. Treasury Bills	Maximum issued	100%	None
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 Assoc.	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 Assoc.	1 year	10%	None
Bankers Acceptances-	180 days	25%	8%

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

Domestic			
Bankers Acceptances- Foreign	90 days	10%	4%
Commercial Paper	30 days	10%	2%
Collateralized Certificates of Deposit	Requires County Treasurer written approval		
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, pre-qualifying the financial institutions, and diversifying the portfolio.

Concentration of Credit Risk

At June 30, 2007 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, 2007. As of June 30, 2007, the portfolio mainly consisted 84.30% 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	33.70%
U.S. Government Agencies	AAA	Aaa	50.60%
Banker's Acceptances-domestic	A-1+	P-1	4.80%
Repurchase Agreement	AA-	Aa3	3.28%
Local Agency Investment Fund	Unrated	Unrated	7.62%
Total			<u>100%</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

At June 30, 2007, 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	7/05/07-2/15/10	2.793%-4.945%	1.15	\$ 179,200	\$ 178,668	\$ 178,000
U.S. Government Agencies	7/2/07-5/23/08	4.244%-5.300%	.35	269,020	268,919	272,000
Banker's Acceptances-domestic	7/12/07-10/15/07	5.04%-5.17%	.15	25,523	25,518	25,726
Repurchase Agreement	7/2/07	3.97%	.01	17,463	17,463	17,460
Investment in Local Agency Fund	On Demand		-	40,493	40,474	40,000
Total Investments in County Treasury				\$ 531,699	\$ 531,042	\$ 533,186
Treasury Cash in Hand and in Banks				3,155	3,155	3,155
Deposits in Transit				1,826	1,826	1,826
Outstanding Warrants				(14,192)	(14,192)	(14,192)
Total Cash in Treasury				522,488	521,831	523,975
Other Cash Deposits				710	710	710
Total cash and cash equivalents in Treasurer's investments pool				\$ 523,198	\$ 522,541	\$ 523,975
<u>Restricted Cash with Fiscal Agent</u>				<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Par Value</u>
U.S. Government & Federal Agencies				\$ 7,420	\$ 7,688	\$ 7,688
Guaranteed Investment Contract				978	978	978
Certificates of Deposit and Money Market Accounts				1,174	1,174	1,174
				\$ 9,572	\$ 9,840	\$ 9,840

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2007 (in thousands):

	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Statement of Net Assets:</u>		
Net assets held for pool participants	\$ 523,198	\$ 522,546
Equity of internal pool participants	\$ 321,908	321,257
Equity of external pool participants (voluntary and involuntary)	201,290	201,290
Total Equity	\$ 523,198	\$ 522,547
<u>Statement of Changes in Net Assets:</u>		
Revenue	\$ 23,516	\$ 23,516
Investment Costs	(993)	(993)
Net Deposits	25,074	25,074
Change in fair value	-	1,417
Net change in pool	47,597	49,014
Net Assets at July 1, 2006	475,601	473,532
Net Assets at June 30, 2007	\$ 523,198	\$ 522,546

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

Restricted Cash with Fiscal Agent

Cash and investments at June 30, 2007 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	\$ 7,781
Restricted interest on lease reserves	617
Restricted for Contractor Retentions	1,174
Total Restricted Cash	<u>\$ 9,572</u>

Other Cash Deposits

Year-end, the carrying amount of the County's other cash deposits was \$472,774 and the combined financial institutions' balance was \$512,768. The difference of \$39,994 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 \$512,768 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</u>
	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>State Water Project</u>	<u>Lopez Flood Control</u>	<u>Nonmajor Enterprise Fund</u>	<u>Internal Service Funds</u>
Accounts Receivable	\$ 2	\$ 2,401	\$ 1,435	\$ 28	\$ 1,682	\$ 49
Allow. for Doubtful Accounts	-	-	-	-	(1,506)	-
Net Accounts Receivable	<u>\$ 2</u>	<u>\$ 2,401</u>	<u>\$ 1,435</u>	<u>\$ 28</u>	<u>\$ 176</u>	<u>\$ 49</u>

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### 4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2007, is as follows (in thousands):

	Balance July 1, 2006	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2007
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 13,914	\$ 350	\$ (22)	\$ 6,201	\$ 20,443
Construction in progress	73,069	29,548	-	(50,404)	52,213
Infrastructure	757,696	-	-	-	757,696
Total capital assets, not being depreciated	844,679	29,898	(22)	(44,203)	830,352
Capital assets, being depreciated:					
Structures and improvements	91,948	43	(50)	37,828	129,769
Equipment	60,178	5,875	(4,130)	28	61,951
Infrastructure	197,712	1,536	-	6,347	205,595
Total capital assets, being depreciated	349,838	7,454	(4,180)	44,203	397,315
Less accumulated depreciation for:					
Structures and improvements	(38,964)	(3,627)	6	-	(42,585)
Equipment	(26,850)	(5,162)	3,690	-	(28,322)
Infrastructure	(109,216)	(7,961)	-	-	(117,177)
Total accumulated depreciation	(175,030)	(16,750)	3,696	-	(188,084)
Total capital assets being depreciated, net	174,808	(9,296)	(484)	44,203	209,231
Governmental activities capital assets, net	\$ 1,019,487	\$ 20,602	\$ (506)	\$ -	\$ 1,039,583
<b>Business-type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 18,230	\$ 7	\$ -	\$ -	\$ 18,237
Construction in progress	32,619	34,076	-	(3,872)	62,823
Water Rights	35,192	980	-	(1,918)	34,254
Other Property	-	-	-	1,968	1,968
Total capital assets, not being depreciated	86,041	35,063	-	(3,822)	117,282
Capital assets, being depreciated:					
Structures and improvements	109,865	729	-	3,802	114,396
Equipment	1,915	84	(31)	70	2,038
Other Property	-	-	-	58	58
Total capital assets, being depreciated	111,780	813	(31)	3,930	116,492
Less accumulated depreciation for:					
Structures and improvements	(24,380)	(2,179)	-	20	(26,539)
Equipment	(1,389)	(100)	28	23	(1,438)
Other Property	-	-	-	(41)	(41)
Total accumulated depreciation	(25,769)	(2,279)	28	2	(28,018)
Total capital assets being depreciated, net	86,011	(1,466)	(3)	3,932	88,474
Business-type activities capital assets, net	\$ 172,052	\$ 33,597	\$ (3)	\$ 110	\$ 205,756

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

Depreciation expense

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

<u>Governmental Activities</u>	<u>Amount</u>
General Government	\$ 4,141
Public Protection	2,025
Public Ways and Facilities	7,965
Health and Sanitation	168
Public Assistance	307
Education	143
Recreational and Cultural Services	396
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	1,605
Total Depreciation Expense-Governmental Activities	<u>\$ 16,750</u>

<u>Business-type Activities</u>	<u>Amount</u>
Airport	\$ 650
State Water Project	203
Lopez Flood Control	481
Nonmajor Enterprise	945
Total Depreciation Expense-Business-type Activities	<u>\$ 2,279</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, 2007 (in thousands):

<u>Governmental Activities</u>		
<u>Project</u>	<u>Expended to June 30, 2007</u>	<u>Committed Funds</u>
Juvenile Services Center Expansion	\$ 1,519	\$ 2,160
Paso Robles Courthouse-New Facility	2,736	5,699
Courthouse Holding Cell Expansion	1,156	2
North County Regional Center	2,560	343
Carrizo Fire Station Improvements	908	-
Roads Infrastructure	29,813	6,702
Health Campus	8,291	1,937

<u>Business-Type Activities</u>		
<u>Project</u>	<u>Expended to June 30, 2007</u>	<u>Committed Funds</u>
Nacimiento Water Project	\$ 16,500	\$ 3,893
Lopez Dam Water Treatment Plant Upgrade	22,756	2,450
Lopez Dam Remediation	771	-
SLO Airport Facilities Infrastructure	18,181	6,116

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

**6. LEASES**

County as Lessor

The County's General Fund and Enterprise Funds receive revenue from various properties leased to others under agreements classified as operating leases in accordance with Financial Accounting Standards Board (FASB) Statement 13. The leases cover periods ranging generally from 1 to 40 years. The General Fund leases portions of the former County General Hospital and North County healthcare facilities. The original cost of these facilities was \$10,400. As of June 30, 2007, they had a carrying value of \$9,875 net of accumulated depreciation of \$525. The Airport leases portions of airport land to various operators. The cost and carrying value of the original Airport land area is \$2,011.

The following is a schedule of minimum future rentals to be received under these non-cancelable operating leases at June 30, 2007 (in thousands):

Year Ending June 30	General Fund	Airport
2008	\$ 458	\$ 163
2009	434	163
2010	166	163
2011	166	150
2012	166	147
Later Years	2,032	821
Total	<u>\$ 3,422</u>	<u>\$ 1,607</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 \$894,698 for the fiscal year ended June 30, 2007.

County as Lessee

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

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

Rental payments for fiscal year ended June 30, 2007 totaled \$3,593,541. 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	Minimum Lease
2008	\$ 2,272
2009	1,966
2010	1,590
2011	1,049
2012	1,010
2013-2017	4,815
2018-2022	2,759
2023-2027	414
Total	<u>\$ 15,875</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

**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	\$ 559,163 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 2005/2006 and 2006/2007, were as follows (in thousands):

	<u>Beginning of the fiscal year liability</u>	<u>Current year claims, changes &amp; estimates</u>	<u>Claim payments</u>	<u>Balance at fiscal year end</u>
2005-06	\$ 26,530	\$ 2,472	\$ 7,312	\$ 21,690
2006-07	\$ 21,690	\$ 2,897	\$ 5,011	\$ 19,576

**8. INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund balances at June 30, 2007 were (in thousands):

Due to/from other county funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service Funds	\$ 60
Nonmajor Governmental Funds	Nonmajor Governmental Fund	220
	Total	<u>\$ 280</u>

Funds due to the General Fund represents a receivable from the Dental Insurance Internal Service Fund. The interfund balance between Nonmajor Governmental Funds represents a payable of the Impact Fee-Traffic Special Revenue Fund owed to the Roads Special Revenue Fund.

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Enterprise Funds	\$ 581
	Nonmajor Governmental Funds	945
	Airport	<u>717</u>
		<u>2,243</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	<u>549</u>
	Total	<u>\$ 2,792</u>

The Airport owes the General Fund \$717 for an internal loan for the purchase of land. The loan is payable in annual installments. The final payment is due in March 2010.

Advances from General Fund to Nonmajor Enterprise Funds of \$581 represent internal loans issued to County Service Area 18 (\$401) and County Service Area 7 (\$180).

Advances from General Fund to Nonmajor Governmental Funds of \$945 represent internal loans issued to County Service Area 21 (\$848) and County Service Area 9 (\$97).

Advances from Nonmajor Enterprise Funds to Nonmajor Governmental Funds of \$549 represent reserve funds of the Golf Enterprise fund held by the Public Financing Corporation Debt Service Fund.

**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	Capital Projects Fund	\$ 7,789
	Nonmajor Enterprise Funds	185
	Nonmajor Governmental Funds	<u>28,227</u>
		<u>36,201</u>
Nonmajor Governmental Funds	General Fund	404
	Capital Projects	900
	Nonmajor Governmental Funds	5,037
	Airport	109
	Nonmajor Enterprise Funds	<u>143</u>
		<u>6,593</u>
Airport	General Fund	47
	Nonmajor Governmental Funds	<u>27</u>
		<u>74</u>
Capital Projects Fund	Nonmajor Enterprise Funds	<u>23</u>
		<u>23</u>
Nonmajor Enterprise Funds	General Fund	16
	Nonmajor Governmental Funds	51
	Lopez Flood Control	<u>7</u>
		<u>74</u>
Internal Service Funds	Nonmajor Governmental Funds	<u>498</u>
Total Transfers		<u>\$ 43,463</u>

The General Fund transferred \$5,594 to finance debt service payments to the Pension Obligation Bond Debt Service Fund and \$1,129 to finance debt service payments of the Public Financing Corporation Debt Service Fund. It also made contributions of \$12,969 to the Roads Special Revenue Fund, \$564 to the Library Special Revenue Fund, \$450 to the Community Development Special Revenue Fund, \$450 to the Organizational Effectiveness Special Revenue Fund, \$200 to the County Medical Services Program Special Revenue Fund, \$2,277 to the County-wide Automation Replacement Special Revenue Fund, \$963 to the General Government Building Replacement Special Revenue Fund, \$3,278 to the Parks Special Revenue Fund, \$522 to the County Medical Services Program Special Revenue Fund, and \$31 to the County Service Area 21 Special Revenue Fund.

Nonmajor Governmental Funds transferred Public Facilities Fees revenue to the General Fund (\$74), the Capital Projects Fund (\$585), the Airport Fund (\$109), the Public Financing Corporation Debt Service Fund (\$499), and the Parks Special Revenue Fund (\$670) to fund capital and maintenance projects. Additionally, the Impact Fee-Traffic Special Revenue Fund transferred Traffic Impact Fees of \$3,623 to the Roads Fund for capital and maintenance projects.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### 10. BONDED INDEBTEDNESS AND LONG TERM DEBT

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, (in thousands) is as follows:

	Beginning Balance July 1, 2006	Additions	Reductions	Ending Balance June 30, 2007	Due within one year
<u>Governmental Activities</u>					
Bonds and notes payable:					
Certificates of participation	\$ 23,106	\$ 5,090	\$ 1,071	\$ 27,125	\$ 1,131
Pension Obligation Bonds	135,199	-	4,695	130,504	1,470
Total Bonds and notes payable	158,305	5,090	5,766	157,629	2,601
Other liabilities:					
Compensated absences	21,584	15,921	15,022	22,483	14,966
Landfill post-closure costs	3,127	176	-	3,303	282
Self insurance	21,690	2,897	5,011	19,576	4,814
Total other liabilities	46,401	18,994	20,033	45,362	20,062
Total Governmental Activities	\$ 204,706	\$ 24,084	\$ 25,799	\$ 202,991	\$ 22,663
<u>Business-Type Activities</u>					
Bonds and notes payable:					
Certificates of participation	\$ 22,069	\$ -	\$ 534	\$ 21,535	\$ 549
State notes	15,128	11,349	333	26,144	335
Revenue bonds	61	-	5	56	5
General obligation bonds	12,260	-	260	12,000	270
Total bonds and notes payable	49,518	11,349	1,132	59,735	1,159
Other liabilities:					
Compensated absences	274	157	152	279	162
Total other liabilities	274	157	152	279	162
Total Business-Type Activities	\$ 49,792	\$ 11,506	\$ 1,284	\$ 60,014	\$ 1,321

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, \$2,257 of internal service funds' compensated absences and \$19,576 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, 2007 (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	\$ 2,490
	2002 Government Center	3-5%	\$1484 - \$1489	19,545
	2007 Paso Robles Courthouse	4-4.25%	\$304 - \$308	5,090
<u>Business-type Activities</u>	1994 Refunding	4-6%	\$7 - \$12	40
	2002 Dairy Creek Golf Course Refunding	3-5%	\$545 - \$550	7,210
	2000 Lopez Dam Remediation	4.0-5.375%	\$1,047 - \$1,052	14,285
				<u>\$ 48,660</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>
2008	\$ 1,130	\$ 1,278	\$ 549	\$ 1,065
2009	1,290	1,192	575	1,041
2010	1,370	1,126	590	1,016
2011	1,460	1,061	605	992
2012	780	1,011	630	967
2013-2017	4,425	4,545	3,620	4,370
2018-2022	5,595	3,365	4,635	3,347
2023-2027	7,150	1,815	6,015	1,970
2028-2032	2,550	462	4,316	433
2033-2037	1,375	156	-	-
Total	<u>\$ 27,125</u>	<u>\$ 16,011</u>	<u>\$ 21,535</u>	<u>\$ 15,201</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

Description of State Notes

In fiscal year ended June 30, 2007, the County borrowed \$11,349 and in prior years the County borrowed \$11,302 from the State of California Department of Water Resources Safedinking 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 prior years 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, 2007 (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	\$ 324
2006 Lopez Water Treatment Plant Upgrade	2.6%	\$246-493	18,802
2006 Airport Hangars	4.6124%	\$236-432	4,544
2004 Lopez Recreation Area	2.5132%	\$10 - \$21	287
1998 Cayucos Water Treatment Facility	3.0315%	\$174	2,187
			<u>\$ 26,144</u>

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>
2008	\$ 336	\$ 293
2009	1,068	764
2010	1,107	732
2011	1,147	698
2012	1,189	663
2013-2017	6,589	2,735
2018-2022	7,581	1,641
2028-2032	5,939	571
2033-2037	1,188	23
Total	<u>\$ 26,144</u>	<u>\$ 8,120</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, 2007 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	\$ 56
Lopez Dam Remediation	4.0-5.375%	\$879 - \$883	12,000
			<u>\$ 12,056</u>

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Fiscal Year ending June 30	Business Activities	
	Principal	Interest
2008	\$ 275	\$ 615
2009	285	603
2010	301	590
2011	311	577
2012	326	563
2013-2017	1,883	2,558
2018-2022	2,385	2,019
2028-2032	3,115	1,289
2033-2037	3,175	353
Total	<u>\$ 12,056</u>	<u>\$ 9,167</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.

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, 2007 totals \$2,530 (\$2,490 governmental and \$40 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, 2007 is \$19,545 (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, 2007 is \$7,210 (100% business-type).

On 2/8/2007 the County issued certificates of participation (COP) in the amount of \$5,090 to finance the construction of the Paso Robles courthouse building. The certificates have average interest rates of 4% to 4.25%. This debt will be fully paid in fiscal year 2036-37. Debt service is provided by court fines specifically designated and restricted for new construction or major renovation of court facilities. The principal balance outstanding at June 30, 2007 is \$5,090 (100% governmental).

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.

## **NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

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 balances outstanding at June 30, 2007 are \$14,285 (COP) and \$12,000 (GO Bonds) (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, utility and water delivery systems. These bonds will be repaid from amounts levied against the property owners benefited by this construction.

The County acts in an agent capacity for the assessment districts. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the County must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment principal outstanding at June 30, 2007 totals \$3,826 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 \$22,762 at June 30, 2007. The accumulated benefits will be liquidated in future years as employees elect to use them. In the normal course of business, all payments of these accumulated benefits will be funded from appropriations in the year in which they are to be paid.

### Legal debt margin

State statutes limit the amount of general obligation debt a governmental entity may issue to 1.25% of its net assessed valuation. The current debt limitation for the County is \$421,146.

### 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

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

POB principal outstanding at June 30, 2007 is \$130,504 (100% governmental). Annual debt service requirements to maturity for bonds are as follows (in thousands):

Fiscal Year ending June 30	Governmental Activities	
	Principal	Interest
2008	\$ 1,470	\$ 4,015
2009	1,865	3,970
2010	2,290	3,834
2011	2,755	3,676
2012	3,260	3,565
2013-2017	25,400	15,173
2018-2022	21,621	31,394
2023-2027	17,588	50,567
2028-2032	37,655	48,966
2033-2037	16,600	415
Total	<u>\$ 130,504</u>	<u>\$ 165,575</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, 2007 are as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ 996,381
Business-type activities	<u>146,004</u>
Total	<u>\$ 1,142,385</u>

*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. This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Included in total restricted net assets at June 30, 2007 are net assets restricted by enabling legislation of \$28,062.

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

Restricted net assets at June 30, 2007 for governmental activities are as follows (in thousands):

	<u>Amount</u>
<b>RESTRICTED FOR:</b>	
<u>General Government</u>	
Commitments for Information Technology equipment	\$ 67
Commitments for Clerk-recorder voting equipment and software	261
Commitments for Clerk-recorder related professional services	118
Commitments for engineering related professional services	318
Commitments for computer automation related professional services	547
Commitments for capital projects	3,173
Claims, contracts and other restrictions	710
<u>Public Protection</u>	
Commitments for flood control related engineering services	439
Commitments for Planning related professional services	588
Commitments for Emergency Services radio systems	84
Commitments for fire protection equipment	376
Claims, contracts and other restrictions	690
<u>Health and Sanitation</u>	
Commitments for Mental Health contract services	256
Commitments for Mental Health facilities maintenance	189
Claims, contracts and other restrictions	109
<u>Public Assistance</u>	
Claims, contracts and other restrictions	58
<u>Education</u>	
Claims, contracts and other restrictions	1
<u>Public Ways and Facilities</u>	
Claims, contracts and other restrictions	336
Road maintenance and construction	12,344
Public facilities fees restricted for public facilities	15,718
<u>Recreation and Culture</u>	
Claims, contracts and other restrictions	174
<u>Debt Service</u>	
	<u>13,505</u>
Total Restricted Net Assets	<u>\$ 50,061</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, 2007 are as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ 203,462
Business-type activities	<u>16,528</u>
Total	<u>\$ 219,990</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, 2007 (in thousands):

<u>Reserved Fund Balance</u>	General Fund	Capital Projects	Nonmajor Gov'tl Funds	Total
<u>Reserved for:</u>				
Encumbrances	\$ 3,958	\$ 3,249	\$ 1,287	\$ 8,494
Public Facility Fees	-	-	15,718	15,718
Impact Fees	-	-	12,344	12,344
Advances to Other Funds	2,243	-	-	2,243
Inventories	80	-	-	80
Prepaid Items	215	-	-	215
Debt Service	-	-	13,504	13,504
Programs/Grants	23,345	-	3,298	26,643
Total Reserved	<u>\$ 29,841</u>	<u>\$ 3,249</u>	<u>\$ 46,151</u>	<u>\$ 79,241</u>

<u>Unreserved Fund Balance</u>	General Fund	Capital Projects	Nonmajor Gov'tl Funds	Total
<u>Unreserved, Designated for:</u>				
Los Osos Landfill Monitoring	\$ -	\$ 505	\$ -	\$ 505
Facilities Planning	-	15,279	-	15,279
Equipment Replacement	972	-	-	972
Government Building	-	-	6,421	6,421
Accounting Systems & Automation	-	-	6,186	6,186
Tax Reduction Reserve	-	-	12,792	12,792
Compensated Absences	1,400	-	-	1,400
Post-employment Health	2,000	-	-	2,000
Road Projects	-	-	1,777	1,777
Parks Projects	-	-	5	5
Drinking Driver Programs	-	-	70	70
Library Programs	-	-	1,643	1,643
Wildlife Projects	-	-	2	2
Fish and Game Projects	-	-	67	67
General Reserve	8,000	-	1,141	9,141
Fire Equipment Replacement	1,251	-	-	1,251
Internal Financing	3,872	-	-	3,872
County-wide Training	-	-	1,756	1,756
Total Designated	<u>17,495</u>	<u>15,784</u>	<u>31,860</u>	<u>65,139</u>
Unreserved, Undesignated	<u>57,232</u>	<u>11,482</u>	<u>20,411</u>	<u>89,125</u>
Total Unreserved	<u>\$ 74,727</u>	<u>\$ 27,266</u>	<u>\$ 52,271</u>	<u>\$ 154,264</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

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

**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, 2007 to be reappropriated during the next fiscal year (in thousands):

Function	Total Encumbrances
General Government	\$ 344
Health & Sanitation	313
Public Protection	889
Public Ways and Facilities	13,841
Education	1
Total Lapsing Encumbrances	<u>\$ 15,388</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 \$32,614,500 over the next 28 years. The estimated amounts vary by year. For example, the principal amount due in 2007 is \$631,400 while \$1,927,000 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, 2007.

**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	\$ -	\$ -	\$ 2,544
Governmental aid advanced for capital projects	-	470	-
Roads developer contributions	-	-	90
Parks Endowment	-	-	59
Other deferred revenues	66	-	-
Total Unearned	66	470	2,693
Teeter Tax Revenues	8,780	-	-
Total Unavailable	8,780	-	-
Total Deferred Revenue	\$ 8,846	\$ 470	\$ 2,693

**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	Capital Projects	Nonmajor Gov't Funds
Reimbursements	\$ 903	\$ -	\$ 839
Surplus sales, publications & rebates	44	-	-
Nuisance abatement	27	-	-
Returned check fees and card fees	20	-	-
Microfilm	75	-	-
Seminar, conferences and workshop fees	86	-	-
Contributions non-governmental	109	-	181
HUD related non-program revenue	-	-	282
Water sales	43	-	-
Assessments	-	-	149
Other settlements	12	60	1,382
Other miscellaneous revenues	1,529	8	-
Total Governmental Funds	\$ 2,848	\$ 68	\$ 2,833

Business-type funds:

	Airport	Other Enterprise Funds	Internal Service Funds
Settlements, Damages, Insurance	\$ 7	\$ -	\$ 20
Other reimbursements	-	8	-
Miscellaneous non-operating sources	112	157	-
Total Business-type funds	\$ 119	\$ 165	\$ 20

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### 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 when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investment income is recognized as earned by the 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, 2006, the Plan had 34.83% of its net assets in Mellon Fund Capital Funds.

*Funding Policy* – Participants are required to contribute to the Plan for the 2006 and 2005 calendar years at rates ranging from 6.35% to 22.63% of includable compensation as defined in the Plan document, depending upon the collective bargaining agreement under which the participant is covered. Such contributions, together with the County's appropriations, are 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. In 2003 the County issued a Pension Obligation Bond. The Entry Age Normal cost method permits the

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

selection of either a 30-year or 40-year amortization period for such bonds. The Board of Trustees chose a closed amortization period of 30-years. As a result of the issuance of the Pension Obligation Bond by the County, the scheduled increases in required contributions previously adopted by the Board of Trustees were rescinded and, based 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 2005 and 2006 as negotiations for changes to the Retirement Allowance formula were concluded and implemented.

Total contributions and appropriations to the Plan in 2006 amounted to \$34,674,296. Of this, \$19,177,491 were regular County appropriations. Employee contributions amounted to \$15,496,805. The Employee contributions include Employee Additional Contributions of \$182,862. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation report as of January 1, 2007.

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, 2006, were as follows (in thousands):

	<u>Amount</u>
County annual required contribution (ARC)/Annual pension cost	\$ 22,018
Interest on pension asset	<u>11</u>
Subtotal	22,029
County contributions made	(19,178)
Discharge of POB Debt (from FY 2004-05 fund balance)	<u>(2,000)</u>
Increase in pension asset	851
Net pension asset, beginning of year	<u>131,185</u>
Net pension asset, end of year	\$ <u>132,036</u>

The annual pension cost and net pension asset were based on an actuarial valuation report as of January 1, 2006. The actuarial values of assets were determined on a market related basis. The actuarial assumptions included (a) 7.50% investment rate of return (b) projected salary increases of 1 to 4.0% with a sliding scale based upon age and service and (c) inflation assumption of 3.75% (Real rate of return assumption 7.50%-3.75%=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, 2006, these reserves were generally credited with interest at the rate of 7.50%. In addition, any additional employee or employer contributions, as well as interest credited to these additional contributions, earned interest at the rate of 7.50%. 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.

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</u>
			<u>(Benefit)</u>
2003	\$20,173	100.0%	(\$126,038)
2004	\$16,891	100.0%	(\$129,306)
2005	\$20,008	100.0%	(\$131,185)
2006	\$22,018	87.0%	(\$132,036)

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### 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, 2007 is \$3,302,856. Of this \$1,161,569 is the Net Present Value Corrective Action Cost and \$2,141,287 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 ranged from \$65 to \$139 per month (calendar year 2006) and \$81 to \$139 (calendar year 2007) per month per retiree. The CALPERS required minimum amount is scheduled to gradually increase to \$97 for calendar year 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 \$588,398 during 2006-07 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 \$780,000 for fiscal 2007-08.

*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 %

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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. SUBSEQUENT EVENTS

In September 2007 the San Luis Obispo County Financing Authority issued \$157,845 million (Series 2007 A) and \$38,565 million (Series 2007 B) revenue bonds. The proceeds will be used to finance construction of the Nacimiento Water Pipeline Project, fund a debt service reserve and pay bond issuance costs. Debt service will be derived from pledged revenues consisting principally of water sales revenues of the participating cities and districts payable under water delivery contracts.

### 21. 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), may have a 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.

The GASB has issued Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues. This statement establishes criteria that governments will use to ascertain whether certain transactions should be regarded as sales or a collateralized borrowings. The statement also includes disclosure requirements for future revenues that are pledged or sold. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2006.

The GASB has issued Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, which provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2007.

GASB Statement No. 50 amends GASB Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 27, Accounting for Pensions by State and Local Governmental Employers. The provisions of Statement No. 50 generally are effective for periods beginning after June 15, 2007.

GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, provides needed guidance regarding how to identify, account for, and report intangible assets. The requirements of Statement No. 51 are effective for financial statements for periods beginning after June 15, 2009.



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**REQUIRED SUPPLEMENTARY INFORMATION**

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## **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
- 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, 2007 (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)
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%
2006	\$759,758	\$994,861	\$235,103	76.4%	\$152,117	154.6%

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, 2007 (in thousands)**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 126,997	\$ 126,997	\$ 131,585	\$ 4,588
Licenses, permits, and franchises	11,182	11,182	9,400	(1,782)
Fines, forfeits, and penalties	2,871	3,322	3,903	581
Use of money and property	1,464	1,464	4,239	2,775
Aid from other governmental agencies	155,312	166,780	158,396	(8,384)
Charges for services	32,910	36,606	37,139	533
Other revenue	5,509	5,691	2,848	(2,843)
<b>Total Revenues</b>	<b>336,245</b>	<b>352,042</b>	<b>347,510</b>	<b>(4,532)</b>
<b>Expenditures:</b>				
Current:				
General government	52,570	62,121	55,518	6,603
Public protection	122,753	132,346	123,186	9,160
Public Ways and facilities	2,951	3,318	845	2,473
Health and sanitation	55,889	59,553	50,965	8,588
Public assistance	84,217	86,706	80,930	5,776
Education	407	413	353	60
Contingencies	17,233	12,186	--	12,186
<b>Total Expenditures</b>	<b>336,020</b>	<b>356,643</b>	<b>311,797</b>	<b>44,846</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	225	(4,601)	35,713	40,314
<b>Other Financing Sources (Uses):</b>				
Transfers in	222	447	467	20
Transfers (out)	(30,414)	(31,911)	(36,201)	(4,290)
<b>Total Other Financing Sources (Uses)</b>	<b>(30,192)</b>	<b>(31,464)</b>	<b>(35,734)</b>	<b>(4,270)</b>
<b>Net change in fund balances</b>	<b>(29,967)</b>	<b>(36,065)</b>	<b>(21)</b>	<b>36,044</b>
Fund balances, beginning	--	--	104,589	104,589
Fund balances, ending	<u>\$ (29,967)</u>	<u>\$ (36,065)</u>	<u>\$ 104,568</u>	<u>\$ 140,633</u>

**COUNTY OF SAN LUIS OBISPO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2007**

**1. BUDGETARY BASIS OF ACCOUNTING**

**A. BUDGETARY ACCOUNTING**

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

After the budget is approved, the appropriations can be added to, subtracted from, or changed only by Board resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Board. During the fiscal year ended June 30, 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, capital assets, and contingencies. Sub-object levels of expenditures for capital assets are land, structures and improvements, and equipment.

**B. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATION**

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

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**OTHER SUPPLEMENTARY INFORMATION**

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**COMBINING FINANCIAL STATEMENTS  
NONMAJOR GOVERNMENTAL FUNDS**

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## 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.

#### Pension Obligation Bonds

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 unfunded actuarial accrued liability (UAAL).

### **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).

## **NONMAJOR GOVERNMENTAL FUNDS (Continued)**

### Fish & Game

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

### 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, 2007 (in thousands)**

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u>        </u>	<u>        </u>	<u>        </u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 5,904	\$ 90,853	\$ 96,757
Accounts receivable	--	2,401	2,401
Other receivables	29	213	242
Due from other governments	--	131	131
Due from other funds	--	220	220
Restricted cash with fiscal agent	8,397	94	8,491
Other assets	<u>2,602</u>	<u>--</u>	<u>2,602</u>
 Total Assets	 <u><u>\$ 16,932</u></u>	 <u><u>\$ 93,912</u></u>	 <u><u>\$ 110,844</u></u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Salaries and benefits payable	\$ --	\$ 425	\$ 425
Accounts payable	--	3,869	3,869
Due to other funds	--	220	220
Deposits from others	--	842	842
Deferred revenue	--	2,693	2,693
Other current liabilities	2,879	--	2,879
Advances from other funds	549	945	1,494
Total Liabilities	<u>3,428</u>	<u>8,994</u>	<u>12,422</u>
Fund Balances:			
Reserved	13,504	32,647	46,151
Unreserved, reported in nonmajor			
Special revenue funds	<u>--</u>	<u>52,271</u>	<u>52,271</u>
Total Fund Balances	<u>13,504</u>	<u>84,918</u>	<u>98,422</u>
 Total Liabilities and Fund Balances	 <u><u>\$ 16,932</u></u>	 <u><u>\$ 93,912</u></u>	 <u><u>\$ 110,844</u></u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2007 (in thousands)**

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Taxes	\$ --	\$ 10,349	\$ 10,349
Licenses, permits, and franchises	--	4	4
Fines, forfeits and penalties	--	890	890
Use of money and property	443	3,837	4,280
Aid from other governmental agencies	--	23,584	23,584
Charges for current services	4,624	13,286	17,910
Other revenues	207	2,626	2,833
Total revenues	<u>5,274</u>	<u>54,576</u>	<u>59,850</u>
<u>Expenditures:</u>			
Current:			
General government	--	4,524	4,524
Public protection	--	1,769	1,769
Public ways and facilities	--	36,218	36,218
Health and sanitation	--	6,053	6,053
Public assistance	--	5,189	5,189
Education	--	8,378	8,378
Recreation and cultural services	--	8,005	8,005
Debt service:			
Principal payments	6,560	--	6,560
Interest and fiscal charges	6,401	--	6,401
Total expenditures	<u>12,961</u>	<u>70,136</u>	<u>83,097</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,687)</u>	<u>(15,560)</u>	<u>(23,247)</u>
<u>Other financing sources (uses):</u>			
Certificates of participation issued	5,090	--	5,090
Transfers in	6,398	27,442	33,840
Transfers out	(315)	(6,278)	(6,593)
Total other financing sources and (uses)	<u>11,173</u>	<u>21,164</u>	<u>32,337</u>
Net changes in fund balances	3,486	5,604	9,090
Fund balances - beginning	<u>10,018</u>	<u>79,314</u>	<u>89,332</u>
Fund balances - ending	<u>\$ 13,504</u>	<u>\$ 84,918</u>	<u>\$ 98,422</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**June 30, 2007 (in thousands)**

	<u>Debt Service Public Facilities Corporation</u>	<u>Debt Service Public Financing Authority</u>	<u>Debt Service Pension Obligation Bonds</u>	<u>Total Nonmajor Debt Service Funds</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ --	\$ --	\$ 5,904	\$ 5,904
Other receivables	16	--	13	29
Restricted cash with fiscal agent	8,364	--	33	8,397
Other assets	<u>1,131</u>	<u>--</u>	<u>1,471</u>	<u>2,602</u>
Total Assets	<u>\$ 9,511</u>	<u>\$ --</u>	<u>\$ 7,421</u>	<u>\$ 16,932</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Other current liabilities	\$ 1,131	\$ --	\$ 1,471	\$ 2,602
Advances from other funds	549	--	--	549
Interest payable	<u>277</u>	<u>--</u>	<u>--</u>	<u>277</u>
Total Liabilities	<u>1,957</u>	<u>--</u>	<u>1,471</u>	<u>3,428</u>
Fund Balances:				
Reserved for debt service	<u>7,554</u>	<u>--</u>	<u>5,950</u>	<u>13,504</u>
Total Fund Balances	<u>7,554</u>	<u>--</u>	<u>5,950</u>	<u>13,504</u>
Total Liabilities and Fund Balances	<u>\$ 9,511</u>	<u>\$ --</u>	<u>\$ 7,421</u>	<u>\$ 16,932</u>

**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, 2007 (in thousands)**

	Debt Service Public Facilities Corporation	Debt Service Public Financing Authority	Debt Service Pension Obligation Bonds	Total Nonmajor Debt Service Funds
<u>Revenues:</u>				
Use of money and property	\$ 205	\$ 1	\$ 237	\$ 443
Charges for current services	2,690	1,934	--	4,624
Other revenues	--	--	207	207
Total revenues	<u>2,895</u>	<u>1,935</u>	<u>444</u>	<u>5,274</u>
<u>Expenditures:</u>				
Debt service:				
Principal payments	1,295	570	4,695	6,560
Interest and fiscal charges	<u>1,409</u>	<u>1,365</u>	<u>3,627</u>	<u>6,401</u>
Total expenditures	<u>2,704</u>	<u>1,935</u>	<u>8,322</u>	<u>12,961</u>
Excess (deficiency) of revenues over (under) expenditures	<u>191</u>	<u>--</u>	<u>(7,878)</u>	<u>(7,687)</u>
<u>Other financing sources (uses):</u>				
Certificates of participation issued	5,090	--	--	5,090
Transfers in	--	--	6,398	6,398
Transfers out	<u>(315)</u>	<u>--</u>	<u>--</u>	<u>(315)</u>
Total other financing sources and (uses)	<u>4,775</u>	<u>--</u>	<u>6,398</u>	<u>11,173</u>
Net changes in fund balances	4,966	--	(1,480)	3,486
Fund balances - beginning	<u>2,588</u>	<u>--</u>	<u>7,430</u>	<u>10,018</u>
Fund balances - ending	<u>\$ 7,554</u>	<u>\$ --</u>	<u>\$ 5,950</u>	<u>\$ 13,504</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2007 (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>
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 1,064	\$ 329	\$ 1,500	\$ 9,582	\$ 379
Accounts receivable	--	--	--	--	--
Other receivables	--	--	--	--	201
Due from other governments	46	10	--	--	--
Due from other funds	--	--	--	--	--
Restricted cash with fiscal agent	--	--	--	--	--
	<u>1,110</u>	<u>339</u>	<u>1,500</u>	<u>9,582</u>	<u>580</u>
Total Assets	<u>\$ 1,110</u>	<u>\$ 339</u>	<u>\$ 1,500</u>	<u>\$ 9,582</u>	<u>\$ 580</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Accounts payable	\$ --	\$ --	\$ 1	\$ 130	\$ --
Salaries and benefits payable	--	--	28	--	--
Due to other funds	--	--	--	--	--
Deposits from others	--	39	--	--	--
Deferred revenue	--	--	--	--	--
Advances from other funds	--	--	--	--	--
Total Liabilities	<u>--</u>	<u>39</u>	<u>29</u>	<u>130</u>	<u>--</u>
Fund Balances:					
Reserved for:					
Encumbrances	--	64	58	547	--
Construction of roads and public facilities	--	--	--	--	--
Specific program or grants	--	300	--	--	--
Unreserved	<u>1,110</u>	<u>(64)</u>	<u>1,413</u>	<u>8,905</u>	<u>580</u>
Total Fund Balances	<u>1,110</u>	<u>300</u>	<u>1,471</u>	<u>9,452</u>	<u>580</u>
Total Liabilities and Fund Balances	<u>\$ 1,110</u>	<u>\$ 339</u>	<u>\$ 1,500</u>	<u>\$ 9,582</u>	<u>\$ 580</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2007 (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>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 605	\$ 141	\$ 6,701	\$ 15,108	\$ 4,323
Accounts receivable	--	--	--	--	--
Other receivables	--	--	--	--	--
Due from other governments	--	--	--	--	--
Due from other funds	--	--	--	--	--
Restricted cash with fiscal agent	--	--	--	--	--
	<u>605</u>	<u>141</u>	<u>6,701</u>	<u>15,108</u>	<u>4,323</u>
Total Assets	<u>\$ 605</u>	<u>\$ 141</u>	<u>\$ 6,701</u>	<u>\$ 15,108</u>	<u>\$ 4,323</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 12	\$ 4	\$ --	\$ --	\$ 75
Salaries and benefits payable	33	--	--	--	176
Due to other funds	--	--	--	220	--
Deposits from others	--	--	--	--	--
Deferred revenue	--	--	--	2,544	--
Advances from other funds	--	--	--	--	--
Total Liabilities	<u>45</u>	<u>4</u>	<u>--</u>	<u>2,764</u>	<u>251</u>
Fund Balances:					
Reserved for:					
Encumbrances	--	--	--	--	1
Construction of roads and public facilities	--	--	--	12,344	--
Specific program or grants	--	--	--	--	--
Unreserved	<u>560</u>	<u>137</u>	<u>6,701</u>	<u>--</u>	<u>4,071</u>
Total Fund Balances	<u>560</u>	<u>137</u>	<u>6,701</u>	<u>12,344</u>	<u>4,072</u>
Total Liabilities and Fund Balances	<u>\$ 605</u>	<u>\$ 141</u>	<u>\$ 6,701</u>	<u>\$ 15,108</u>	<u>\$ 4,323</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2007 (in thousands)**

	<u>Organizational Effectiveness</u>	<u>Parks</u>	<u>Public Facilities Fees</u>	<u>Roads</u>	<u>Tax Reduction Reserve</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,678	\$ 3,182	\$ 15,721	\$ 8,897	\$ 13,397
Accounts receivable	--	--	--	2,401	--
Other receivables	--	12	--	--	--
Due from other governments	--	--	--	75	--
Due from other funds	--	--	--	220	--
Restricted cash with fiscal agent	--	--	--	94	--
	<u>2,678</u>	<u>3,194</u>	<u>15,721</u>	<u>11,687</u>	<u>13,397</u>
Total Assets	<u>\$ 2,678</u>	<u>\$ 3,194</u>	<u>\$ 15,721</u>	<u>\$ 11,687</u>	<u>\$ 13,397</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 51	\$ 7	\$ --	\$ 3,461	\$ --
Salaries and benefits payable	8	180	--	--	--
Due to other funds	--	--	--	--	--
Deposits from others	--	88	3	711	--
Deferred revenue	--	59	--	90	--
Advances from other funds	--	--	--	--	--
Total Liabilities	<u>59</u>	<u>334</u>	<u>3</u>	<u>4,262</u>	<u>--</u>
Fund Balances:					
Reserved for:					
Encumbrances	4	174	--	--	--
Construction of roads and public facilities	--	--	15,718	--	--
Specific program or grants	--	2,523	--	475	--
Unreserved	<u>2,615</u>	<u>163</u>	<u>--</u>	<u>6,950</u>	<u>13,397</u>
Total Fund Balances	<u>2,619</u>	<u>2,860</u>	<u>15,718</u>	<u>7,425</u>	<u>13,397</u>
Total Liabilities and Fund Balances	<u>\$ 2,678</u>	<u>\$ 3,194</u>	<u>\$ 15,721</u>	<u>\$ 11,687</u>	<u>\$ 13,397</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2007 (in thousands)**

	Wildlife Grazing	Gov't Leasing	Special Districts	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12	\$ 370	\$ 6,864	\$ 90,853
Accounts receivable	--	--	--	2,401
Other receivables	--	--	--	213
Due from other governments	--	--	--	131
Due from other funds	--	--	--	220
Restricted cash with fiscal agent	--	--	--	94
	<u>12</u>	<u>370</u>	<u>6,864</u>	<u>93,912</u>
Total Assets	<u>\$ 12</u>	<u>\$ 370</u>	<u>\$ 6,864</u>	<u>\$ 93,912</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ 128	\$ 3,869
Salaries and benefits payable	--	--	--	425
Due to other funds	--	--	--	220
Deposits from others	--	--	1	842
Deferred revenue	--	--	--	2,693
Advances from other funds	--	--	945	945
Total Liabilities	<u>--</u>	<u>--</u>	<u>1,074</u>	<u>8,994</u>
Fund Balances:				
Reserved for:				
Encumbrances	--	--	439	1,287
Construction of roads and public facilities	--	--	--	28,062
Specific program or grants	--	--	--	3,298
Unreserved	<u>12</u>	<u>370</u>	<u>5,351</u>	<u>52,271</u>
Total Fund Balances	<u>12</u>	<u>370</u>	<u>5,790</u>	<u>84,918</u>
Total Liabilities and Fund Balances	<u>\$ 12</u>	<u>\$ 370</u>	<u>\$ 6,864</u>	<u>\$ 93,912</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, 2007 (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	--	--	--	--	533
Use of money and property	46	5	31	399	11
Aid from other governmental agencies	183	5,055	3,014	--	--
Charges for current services	925	--	85	--	--
Other revenues	532	282	2	271	203
Total revenues	<u>1,686</u>	<u>5,342</u>	<u>3,132</u>	<u>670</u>	<u>747</u>
<u>Expenditures:</u>					
Current:					
General government	--	--	--	1,902	--
Public protection	--	--	--	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	6,053	--	--	--
Public assistance	1,453	--	3,056	--	680
Education	--	--	--	--	--
Recreation and cultural services	--	--	--	--	--
Total expenditures	<u>1,453</u>	<u>6,053</u>	<u>3,056</u>	<u>1,902</u>	<u>680</u>
Excess (deficiency) of revenues over (under) expenditures	<u>233</u>	<u>(711)</u>	<u>76</u>	<u>(1,232)</u>	<u>67</u>
<u>Other financing sources (uses):</u>					
Transfers in	--	450	522	2,277	--
Transfers out	(200)	--	(18)	--	--
Total other financing sources (uses)	<u>(200)</u>	<u>450</u>	<u>504</u>	<u>2,277</u>	<u>--</u>
Net changes in fund balances	33	(261)	580	1,045	67
Fund Balances - beginning	<u>1,077</u>	<u>561</u>	<u>891</u>	<u>8,407</u>	<u>513</u>
Fund Balances - ending	<u>\$ 1,110</u>	<u>\$ 300</u>	<u>\$ 1,471</u>	<u>\$ 9,452</u>	<u>\$ 580</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, 2007 (in thousands)**

	Driving Under the Influence Pgms	Fish and Game	General Govt Bldg Rplcmnt	Impact Fee Traffic	Library
<u>Revenues:</u>					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ 6,416
Licenses, permits, and franchises	--	--	--	--	--
Fines, forfeits and penalties	45	27	--	--	--
Use of money and property	20	--	280	662	162
Aid from other governmental agencies	--	--	--	--	297
Charges for current services	1,388	--	--	2,663	222
Other revenues	1	--	--	--	149
Total revenues	<u>1,454</u>	<u>27</u>	<u>280</u>	<u>3,325</u>	<u>7,246</u>
<u>Expenditures:</u>					
Current:					
General government	--	--	--	--	--
Public protection	--	15	--	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Education	1,217	--	--	--	7,161
Recreation and cultural services	--	--	--	--	--
Total expenditures	<u>1,217</u>	<u>15</u>	<u>--</u>	<u>--</u>	<u>7,161</u>
Excess (deficiency) of revenues over (under) expenditures	<u>237</u>	<u>12</u>	<u>280</u>	<u>3,325</u>	<u>85</u>
<u>Other financing sources (uses):</u>					
Transfers in	--	--	963	--	564
Transfers out	(18)	--	--	(3,623)	(118)
Total other financing sources (uses)	<u>(18)</u>	<u>--</u>	<u>963</u>	<u>(3,623)</u>	<u>446</u>
Net changes in fund balances	219	12	1,243	(298)	531
Fund Balances - beginning	<u>341</u>	<u>125</u>	<u>5,458</u>	<u>12,642</u>	<u>3,541</u>
Fund Balances - ending	<u>\$ 560</u>	<u>\$ 137</u>	<u>\$ 6,701</u>	<u>\$ 12,344</u>	<u>\$ 4,072</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, 2007 (in thousands)**

	Organizational Effectiveness	Parks	Public Facilities Fees	Roads	Tax Reduction Reserve
<b>Revenues:</b>					
Taxes	\$ --	\$ --	\$ --	\$ 1,360	\$ --
Licenses, permits, and franchises	--	--	--	4	--
Fines, forfeits and penalties	--	5	--	--	--
Use of money and property	122	175	701	305	605
Aid from other governmental agencies	--	176	--	14,715	--
Charges for current services	--	3,768	2,877	967	--
Other revenues	3	54	115	864	--
Total revenues	<u>125</u>	<u>4,178</u>	<u>3,693</u>	<u>18,215</u>	<u>605</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	477	--	--	--	--
Public protection	--	--	--	--	--
Public ways and facilities	--	--	--	35,624	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Education	--	--	--	--	--
Recreation and cultural services	--	8,005	--	--	--
Total expenditures	<u>477</u>	<u>8,005</u>	<u>--</u>	<u>35,624</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(352)</u>	<u>(3,827)</u>	<u>3,693</u>	<u>(17,409)</u>	<u>605</u>
<b>Other financing sources (uses):</b>					
Transfers in	450	3,948	--	16,592	--
Transfers out	(5)	(162)	(1,937)	--	--
Total other financing sources (uses)	<u>445</u>	<u>3,786</u>	<u>(1,937)</u>	<u>16,592</u>	<u>--</u>
Net changes in fund balances	93	(41)	1,756	(817)	605
Fund Balances - beginning	<u>2,526</u>	<u>2,901</u>	<u>13,962</u>	<u>8,242</u>	<u>12,792</u>
Fund Balances - ending	<u>\$ 2,619</u>	<u>\$ 2,860</u>	<u>\$ 15,718</u>	<u>\$ 7,425</u>	<u>\$ 13,397</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, 2007 (in thousands)**

	Wildlife Grazing	Govt'l Leasing	Special Districts	Total Nonmajor Special Revenue Funds
<u>Revenues:</u>				
Taxes	\$ --	\$ 500	\$ 2,073	\$ 10,349
Licenses, permits, and franchises	--	--	--	4
Fines, forfeits and penalties	--	280	--	890
Use of money and property	1	--	312	3,837
Aid from other governmental agencies	7	--	137	23,584
Charges for current services	--	--	391	13,286
Other revenues	--	--	150	2,626
Total revenues	<u>8</u>	<u>780</u>	<u>3,063</u>	<u>54,576</u>
<u>Expenditures:</u>				
Current:				
General government	--	2,145	--	4,524
Public protection	6	--	1,748	1,769
Public ways and facilities	--	--	594	36,218
Health and sanitation	--	--	--	6,053
Public assistance	--	--	--	5,189
Education	--	--	--	8,378
Recreation and cultural services	--	--	--	8,005
Total expenditures	<u>6</u>	<u>2,145</u>	<u>2,342</u>	<u>70,136</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2</u>	<u>(1,365)</u>	<u>721</u>	<u>(15,560)</u>
<u>Other financing sources (uses):</u>				
Transfers in	--	1,645	31	27,442
Transfers out	--	--	(197)	(6,278)
Total other financing sources (uses)	<u>--</u>	<u>1,645</u>	<u>(166)</u>	<u>21,164</u>
Net changes in fund balances	2	280	555	5,604
Fund Balances - beginning	<u>10</u>	<u>90</u>	<u>5,235</u>	<u>79,314</u>
Fund Balances - ending	<u>\$ 12</u>	<u>\$ 370</u>	<u>\$ 5,790</u>	<u>\$ 84,918</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds - Special Districts**  
**June 30, 2007 (in thousands)**

	<u>Flood Control Districts</u>	<u>Lighting Districts</u>	<u>County Service Areas</u>	<u>Total Special Revenue Special District Funds</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 4,554	\$ 386	\$ 1,924	\$ 6,864
Total Assets	<u>\$ 4,554</u>	<u>\$ 386</u>	<u>\$ 1,924</u>	<u>\$ 6,864</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 118	\$ --	\$ 10	\$ 128
Deposits from Others	1	--	--	1
Advances from other funds	--	--	945	945
Total Liabilities	<u>119</u>	<u>--</u>	<u>955</u>	<u>1,074</u>
Fund Balances:				
Reserved for:				
Encumbrances	439	--	--	439
Unreserved	<u>3,996</u>	<u>386</u>	<u>969</u>	<u>5,351</u>
Total Fund Balances	<u>4,435</u>	<u>386</u>	<u>969</u>	<u>5,790</u>
Total Liabilities and Fund Balances	<u>\$ 4,554</u>	<u>\$ 386</u>	<u>\$ 1,924</u>	<u>\$ 6,864</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, 2007 (in thousands)**

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>Revenues:</u>				
Taxes	\$ 1,442	\$ 33	\$ 598	\$ 2,073
Use of money and property	194	17	101	312
Aid from other governmental agencies	136	--	1	137
Charges for current services	382	2	7	391
Other revenue	150	--	--	150
Total revenues	<u>2,304</u>	<u>52</u>	<u>707</u>	<u>3,063</u>
<u>Expenditures:</u>				
Current:				
Public protection	1,735	13	--	1,748
Public ways and facilities	--	--	594	594
Total expenditures	<u>1,735</u>	<u>13</u>	<u>594</u>	<u>2,342</u>
Excess (deficiency) of revenues over (under) expenditures	<u>569</u>	<u>39</u>	<u>113</u>	<u>721</u>
<u>Other financing sources (uses):</u>				
Transfers in	--	--	31	31
Transfers out	--	--	(197)	(197)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>(166)</u>	<u>(166)</u>
Net changes in fund balances	<u>569</u>	<u>39</u>	<u>(53)</u>	<u>555</u>
Fund Balances - beginning	<u>3,866</u>	<u>347</u>	<u>1,022</u>	<u>5,235</u>
Fund Balances - ending	<u>\$ 4,435</u>	<u>\$ 386</u>	<u>\$ 969</u>	<u>\$ 5,790</u>

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

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**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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines, forfeits, and penalties	\$ --	\$ 5,908	\$ 1,609	\$ (4,299)
Revenue from use of money and property	250	250	1,270	1,020
Aid from other governmental agencies	--	5,406	1,961	(3,445)
Charges for services	--	48	34	(14)
Other revenue	--	444	68	(376)
Total Revenues	<u>250</u>	<u>12,056</u>	<u>4,942</u>	<u>(7,114)</u>
<b>Expenditures:</b>				
Capital Outlay	<u>1,963</u>	<u>33,505</u>	<u>10,239</u>	<u>23,266</u>
Total Expenditures	<u>1,963</u>	<u>33,505</u>	<u>10,239</u>	<u>23,266</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,713)</u>	<u>(21,449)</u>	<u>(5,297)</u>	<u>16,152</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	8,313	10,629	8,689	(1,940)
Transfers (out)	--	100	(23)	(123)
Total Other Financing Sources (Uses)	<u>8,313</u>	<u>10,729</u>	<u>8,666</u>	<u>(2,063)</u>
<b>Net change in fund balances</b>	6,600	(10,720)	3,369	14,089
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>27,146</u>	<u>27,146</u>
Fund balances, ending	<u>\$ 6,600</u>	<u>\$ (10,720)</u>	<u>\$ 30,515</u>	<u>\$ 41,235</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Revenue from use of money and property	\$ --	\$ 33	\$ 205	\$ 172
Charges for current services	--	2,690	2,690	--
Total Revenues	<u>--</u>	<u>2,723</u>	<u>2,895</u>	<u>172</u>
<b>Expenditures:</b>				
Debt Service:				
Principal	--	1,295	1,295	--
Interest and fiscal charges	--	1,428	1,409	19
Total Expenditures	<u>--</u>	<u>2,723</u>	<u>2,704</u>	<u>19</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	--	--	191	191
<b>Other Financing Sources (Uses):</b>				
Debt issued	--	--	5,090	(5,090)
Transfers out	--	--	(315)	315
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>4,775</u>	<u>(4,775)</u>
<b>Net change in fund balances</b>	--	--	4,966	(4,584)
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>2,588</u>	<u>2,588</u>
Fund balances, ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 7,554</u>	<u>\$ (1,996)</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Use of money and property	\$ --	\$ --	\$ 1	\$ 1
Charges for current services	--	1,935	\$ 1,934	\$ (1)
Total Revenues	<u>--</u>	<u>1,935</u>	<u>1,935</u>	<u>--</u>
<b>Expenditures:</b>				
Debt Service:				
Principal	--	570	570	--
Interest and fiscal charges	--	1,365	1,365	--
Total Expenditures	<u>--</u>	<u>1,935</u>	<u>1,935</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	--	--	--	--
<b>Net change in fund balances</b>	--	--	--	--
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances, ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**COUNTY OF SAN LUIS OBISPO**  
**Pension Obligation Bonds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues:</b>				
Revenue from use of money and property	\$ 90	\$ 90	\$ 237	\$ 147
Other revenue	5,460	5,460	207	(5,253)
Total Revenues	<u>5,550</u>	<u>5,550</u>	<u>444</u>	<u>(5,106)</u>
<b>Expenditures:</b>				
Debt Service:				
Principal payments	2,695	4,695	4,695	--
Interest and fiscal charges	3,482	3,697	3,627	70
Total Expenditures	<u>6,177</u>	<u>8,392</u>	<u>8,322</u>	<u>70</u>
(Under) Expenditures	<u>(627)</u>	<u>(2,842)</u>	<u>(7,878)</u>	<u>(5,036)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,000	1,000	6,398	5,398
Total Other Financing Sources (Uses)	<u>1,000</u>	<u>1,000</u>	<u>6,398</u>	<u>5,398</u>
<b>Net change in fund balances</b>	373	(1,842)	(1,480)	362
Fund balances, beginning	--	--	7,430	7,430
Fund balances, ending	<u>\$ 373</u>	<u>\$ (1,842)</u>	<u>\$ 5,950</u>	<u>\$ 7,792</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Use of money and property	\$ 9	\$ 9	\$ 46	\$ 37
Aid from other governmental agencies	189	189	183	(6)
Charges for services	977	977	925	(52)
Other revenue	--	552	532	(20)
Total Revenues	<u>1,175</u>	<u>1,727</u>	<u>1,686</u>	<u>(41)</u>
<b>Expenditures:</b>				
Current:				
Public assistance				
Services and supplies	429	1,574	779	795
Other charges	996	621	674	(53)
Contingencies	11	11	--	11
Total Expenditures	<u>1,436</u>	<u>2,206</u>	<u>1,453</u>	<u>753</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(261)</u>	<u>(479)</u>	<u>233</u>	<u>712</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	124	234	(200)	(434)
Total Other Financing Sources (Uses)	<u>124</u>	<u>234</u>	<u>(200)</u>	<u>(434)</u>
<b>Net change in fund balances</b>	(137)	(245)	33	278
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>1,077</u>	<u>1,077</u>
Fund balances, ending	<u>\$ (137)</u>	<u>\$ (245)</u>	<u>\$ 1,110</u>	<u>\$ 1,355</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Use of money and property	\$ --	\$ --	\$ 5	\$ 5
Aid from other governmental agencies	4,454	10,853	5,055	(5,798)
Other revenue	<u>150</u>	<u>150</u>	<u>282</u>	<u>132</u>
<b>Total Revenues</b>	<u>4,604</u>	<u>11,003</u>	<u>5,342</u>	<u>(5,661)</u>
<b>Expenditures:</b>				
Current:				
Health and sanitation				
Services and supplies	640	981	1,875	(894)
Other charges	4,413	10,486	4,178	6,308
Contingencies	<u>15</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Total Expenditures</b>	<u>5,068</u>	<u>11,467</u>	<u>6,053</u>	<u>5,414</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(464)</u>	<u>(464)</u>	<u>(711)</u>	<u>(247)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>250</u>	<u>450</u>	<u>450</u>	<u>--</u>
<b>Total Other Financing Sources (Uses)</b>	<u>250</u>	<u>450</u>	<u>450</u>	<u>--</u>
<b>Net change in fund balances</b>	(214)	(14)	(261)	(247)
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>561</u>	<u>561</u>
Fund balances, ending	<u>\$ (214)</u>	<u>\$ (14)</u>	<u>\$ 300</u>	<u>\$ 314</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Use of money and property	\$ 22	\$ 22	\$ 31	\$ 9
Aid from governmental agencies	3,014	3,014	3,014	--
Charges for current services	58	58	85	27
Other Revenue	--	--	2	2
Total Revenues	<u>3,094</u>	<u>3,094</u>	<u>3,132</u>	<u>38</u>
<b>Expenditures:</b>				
Current:				
Public assistance				
Salaries wages benefits	831	694	675	19
Services and supplies	2,785	3,813	2,381	1,432
Contingencies	163	--	--	--
Total Expenditures	<u>3,779</u>	<u>4,507</u>	<u>3,056</u>	<u>1,451</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(685)</u>	<u>(1,413)</u>	<u>76</u>	<u>1,489</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	522	522	522	--
Transfers out	--	--	(18)	(18)
Total Other Financing Sources (Uses)	<u>522</u>	<u>522</u>	<u>504</u>	<u>(18)</u>
<b>Net change in fund balances</b>	(163)	(891)	580	1,471
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>891</u>	<u>891</u>
Fund balances, ending	<u>\$ (163)</u>	<u>\$ (891)</u>	<u>\$ 1,471</u>	<u>\$ 2,362</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues:</b>				
Use of money and property	\$ 150	\$ 150	\$ 399	\$ 249
Other Revenue	--	--	271	271
Total Revenues	<u>150</u>	<u>150</u>	<u>670</u>	<u>520</u>
<b>Expenditures:</b>				
Current:				
General government				
Services and supplies	1,832	3,683	1,416	2,267
Capital outlay	666	1,045	486	559
Total Expenditures	<u>2,498</u>	<u>4,728</u>	<u>1,902</u>	<u>2,826</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,348)</u>	<u>(4,578)</u>	<u>(1,232)</u>	<u>3,346</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>2,277</u>	<u>2,357</u>	<u>2,277</u>	<u>(80)</u>
Total Other Financing Sources (Uses)	<u>2,277</u>	<u>2,357</u>	<u>2,277</u>	<u>(80)</u>
<b>Net change in fund balances</b>	(71)	(2,221)	1,045	3,266
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>8,407</u>	<u>8,407</u>
Fund balances, ending	<u>\$ (71)</u>	<u>\$ (2,221)</u>	<u>\$ 9,452</u>	<u>\$ 11,673</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines, forfeits, and penalties	\$ 495	\$ 582	\$ 533	\$ (49)
Use of money and property	6	6	11	5
Other Revenue	--	213	203	(10)
Total Revenues	<u>501</u>	<u>801</u>	<u>747</u>	<u>(54)</u>
<b>Expenditures:</b>				
Current:				
Public assistance				
Services and supplies	210	257	95	162
Other charges	291	786	585	201
Contingencies	12	12	--	12
Total Expenditures	<u>513</u>	<u>1,055</u>	<u>680</u>	<u>375</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12)</u>	<u>(254)</u>	<u>67</u>	<u>321</u>
<b>Net change in fund balances</b>	<b>(12)</b>	<b>(254)</b>	<b>67</b>	<b>321</b>
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>513</u>	<u>513</u>
Fund balances, ending	<u>\$ (12)</u>	<u>\$ (254)</u>	<u>\$ 580</u>	<u>\$ 834</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines, forfeits, and penalties	\$ 32	\$ 32	\$ 45	\$ 13
Use of money and property	3	3	20	17
Charges for current services	1,156	1,219	1,388	169
Other Revenue	--	--	1	1
Total Revenues	<u>1,159</u>	<u>1,222</u>	<u>1,409</u>	<u>187</u>
<b>Expenditures:</b>				
Current:				
Education				
Salaries wages benefits	783	834	769	65
Service and supplies	390	496	442	54
Capital outlay	6	6	6	--
Contingencies	95	1	--	1
Total Expenditures	<u>1,274</u>	<u>1,337</u>	<u>1,217</u>	<u>120</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(115)</u>	<u>(115)</u>	<u>192</u>	<u>67</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	--	--	(18)	(18)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(18)</u>	<u>(18)</u>
<b>Net change in fund balances</b>	(115)	(115)	174	289
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>341</u>	<u>341</u>
Fund balances, ending	<u>\$ (115)</u>	<u>\$ (115)</u>	<u>\$ 515</u>	<u>\$ 630</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines, forfeits, and penalties	\$ 10	\$ 10	\$ 27	\$ 17
Total Revenues	<u>10</u>	<u>10</u>	<u>27</u>	<u>17</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Services and supplies	25	35	15	20
Total Expenditures	<u>25</u>	<u>35</u>	<u>15</u>	<u>20</u>
<b>Net change in fund balances</b>	(15)	(25)	12	37
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>125</u>	<u>125</u>
Fund balances, ending	<u><u>\$ (15)</u></u>	<u><u>\$ (25)</u></u>	<u><u>\$ 137</u></u>	<u><u>\$ 162</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Use of money and property	\$ --	\$ --	\$ 280	\$ 280
Total Revenues	<u>--</u>	<u>--</u>	<u>280</u>	<u>280</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>963</u>	<u>963</u>	<u>963</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>963</u>	<u>963</u>	<u>963</u>	<u>--</u>
<b>Net change in fund balances</b>	963	963	1,243	280
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>5,458</u>	<u>5,458</u>
Fund balances, ending	<u>\$ 963</u>	<u>\$ 963</u>	<u>\$ 6,701</u>	<u>\$ 5,738</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Use of money and property	\$ --	\$ --	\$ 662	\$ 662
Charges for current services	--	--	2,663	2,663
Total Revenues	<u>--</u>	<u>--</u>	<u>3,325</u>	<u>3,325</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(3,096)</u>	<u>(9,573)</u>	<u>(3,623)</u>	<u>5,950</u>
Total Other Financing Sources (Uses)	<u>(3,096)</u>	<u>(9,573)</u>	<u>(3,623)</u>	<u>5,950</u>
<b>Net change in fund balances</b>	(3,096)	(9,573)	(298)	9,275
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>12,642</u>	<u>12,642</u>
Fund balances, ending	<u><u>\$ (3,096)</u></u>	<u><u>\$ (9,573)</u></u>	<u><u>\$ 12,344</u></u>	<u><u>\$ 21,917</u></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, 2007 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 5,874	\$ 5,874	\$ 6,416	\$ 542
Use of money and property	40	40	162	122
Aid from other governmental agencies	251	295	297	2
Charges for services	239	239	222	(17)
Other revenue	14	496	149	(347)
<b>Total Revenues</b>	<u>6,418</u>	<u>6,944</u>	<u>7,246</u>	<u>302</u>
<b>Expenditures:</b>				
Current:				
Education				
Salaries and benefits	4,701	4,676	4,392	284
Services and supplies	2,678	3,153	2,764	389
Other charges	1	955	5	950
Contingencies	199	199	--	199
<b>Total Expenditures</b>	<u>7,579</u>	<u>8,983</u>	<u>7,161</u>	<u>1,822</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,161)</u>	<u>(2,039)</u>	<u>85</u>	<u>2,124</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	666	666	564	(102)
Transfers out	--	--	(118)	(118)
<b>Total Other Financing Sources (Uses)</b>	<u>666</u>	<u>666</u>	<u>446</u>	<u>(220)</u>
<b>Net change in fund balances</b>	(495)	(1,373)	531	1,904
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>3,541</u>	<u>3,541</u>
Fund balances, ending	<u>\$ (495)</u>	<u>\$ (1,373)</u>	<u>\$ 4,072</u>	<u>\$ 5,445</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of money and property	\$ --	\$ --	\$ 122	\$ 122
Other revenue	--	--	3	3
Total Revenues	<u>--</u>	<u>--</u>	<u>125</u>	<u>125</u>
<b>Expenditures:</b>				
Current:				
General government				
Salaries and benefits	299	299	165	134
Services and supplies	331	335	312	23
Contingencies	52	52	--	52
Total Expenditures	<u>682</u>	<u>686</u>	<u>477</u>	<u>209</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(682)</u>	<u>(686)</u>	<u>(352)</u>	<u>334</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	450	450	450	--
Transfers out	--	--	(5)	(5)
Total Other Financing Sources (Uses)	<u>450</u>	<u>450</u>	<u>445</u>	<u>(5)</u>
<b>Net change in fund balances</b>	<b>(232)</b>	<b>(236)</b>	<b>93</b>	<b>329</b>
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>2,526</u>	<u>2,526</u>
Fund balances, ending	<u>\$ (232)</u>	<u>\$ (236)</u>	<u>\$ 2,619</u>	<u>\$ 2,855</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines, forfeits, and penalties	\$ 9	\$ 9	\$ 5	\$ (4)
Use of money and property	61	61	175	114
Aid from other governmental agencies	--	28	176	148
Charges for services	2,978	4,948	3,768	(1,180)
Other revenue	(11)	(40)	54	94
Total Revenues	<u>3,037</u>	<u>5,006</u>	<u>4,178</u>	<u>(828)</u>
<b>Expenditures:</b>				
Current:				
Recreational and cultural services				
Salaries wages benefits	3,918	3,871	3,786	85
Services and supplies	2,578	2,842	2,901	(59)
Other charges	9	1,144	961	183
Capital outlay	--	1,444	357	1,087
Contingencies	104	104	--	104
Total Expenditures	<u>6,609</u>	<u>9,405</u>	<u>8,005</u>	<u>1,400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,572)</u>	<u>(4,399)</u>	<u>(3,827)</u>	<u>572</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,374	4,192	3,948	(244)
Transfers out	--	87	(162)	(249)
Total Other Financing Sources (Uses)	<u>3,374</u>	<u>4,279</u>	<u>3,786</u>	<u>(493)</u>
<b>Net change in fund balances</b>	(198)	(120)	(41)	79
Fund balances, beginning	--	--	2,901	2,901
Fund balances, ending	<u>\$ (198)</u>	<u>\$ (120)</u>	<u>\$ 2,860</u>	<u>\$ 2,980</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Use of money and property	\$ --	\$ --	\$ 701	\$ 701
Charges for current services	3,453	3,453	2,877	(576)
Other Revenue	--	--	115	115
Total Revenues	<u>3,453</u>	<u>3,453</u>	<u>3,693</u>	<u>240</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>1,498</u>	<u>4,397</u>	<u>(1,937)</u>	<u>(6,334)</u>
Total Other Financing Sources (Uses)	<u>1,498</u>	<u>4,397</u>	<u>(1,937)</u>	<u>(6,334)</u>
<b>Net change in fund balances</b>	4,951	7,850	1,756	(6,094)
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>13,962</u>	<u>13,962</u>
Fund balances, ending	<u>\$ 4,951</u>	<u>\$ 7,850</u>	<u>\$ 15,718</u>	<u>\$ 7,868</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 1,245	\$ 1,245	\$ 1,360	\$ 115
Licenses, permits, and franchises	--	--	4	4
Use of money and property	180	254	305	51
Aid from other governmental agencies	11,043	25,849	14,715	(11,134)
Charges for services	190	461	967	506
Other revenue	153	1,240	864	(376)
Total Revenues	<u>12,811</u>	<u>29,049</u>	<u>18,215</u>	<u>(10,834)</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities				
Services and supplies	14,780	14,590	35,574	(20,984)
Other charges	19	50	50	--
Capital outlay	<u>13,690</u>	<u>41,047</u>	<u>--</u>	<u>41,047</u>
Total Expenditures	<u>28,489</u>	<u>55,687</u>	<u>35,624</u>	<u>20,063</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,678)</u>	<u>(26,638)</u>	<u>(17,409)</u>	<u>9,229</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>15,606</u>	<u>22,542</u>	<u>16,592</u>	<u>(5,950)</u>
Total Other Financing Sources (Uses)	<u>15,606</u>	<u>22,542</u>	<u>16,592</u>	<u>(5,950)</u>
<b>Net change in fund balances</b>	(72)	(4,096)	(817)	3,279
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>8,242</u>	<u>8,242</u>
Fund balances, ending	<u>\$ (72)</u>	<u>\$ (4,096)</u>	<u>\$ 7,425</u>	<u>\$ 11,521</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Use of money and property	\$ --	\$ --	\$ 605	\$ 605
Total Revenues	<u>    --</u>	<u>    --</u>	<u>    605</u>	<u>    605</u>
<b>Net change in fund balances</b>	--	--	605	605
Fund balances, beginning	<u>    --</u>	<u>    --</u>	<u>12,792</u>	<u>12,792</u>
Fund balances, ending	<u>\$    --</u>	<u>\$    --</u>	<u>\$ 13,397</u>	<u>\$ 13,397</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of money and property	\$ --	\$ --	\$ 1	\$ 1
Aid from governmental agencies	4	4	7	3
Total Revenues	<u>4</u>	<u>4</u>	<u>8</u>	<u>4</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Services and supplies	<u>6</u>	<u>6</u>	<u>6</u>	<u>--</u>
Total Expenditures	<u>6</u>	<u>6</u>	<u>6</u>	<u>--</u>
<b>Net change in fund balances</b>	(2)	(2)	2	4
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>10</u>	<u>10</u>
Fund balances, ending	<u>\$ (2)</u>	<u>\$ (2)</u>	<u>\$ 12</u>	<u>\$ 14</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 500	\$ 500	\$ 500	\$ --
Fines, forfeits, and penalties	281	281	280	(1)
Charges for services	629	629	--	(629)
Total Revenues	<u>1,410</u>	<u>1,410</u>	<u>780</u>	<u>(630)</u>
<b>Expenditures:</b>				
Current:				
General government				
Other charges	2,400	2,400	2,145	255
Total Expenditures	<u>2,400</u>	<u>2,400</u>	<u>2,145</u>	<u>255</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(990)</u>	<u>(990)</u>	<u>(1,365)</u>	<u>(375)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	991	991	1,645	654
Total Other Financing Sources (Uses)	<u>991</u>	<u>991</u>	<u>1,645</u>	<u>654</u>
<b>Net change in fund balances</b>	1	1	280	279
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>90</u>	<u>90</u>
Fund balances, ending	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 370</u>	<u>\$ 369</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 1,250	\$ 1,250	\$ 1,442	\$ 192
Use of money and property	51	51	194	143
Aid from other governmental agencies	1,822	1,822	136	(1,686)
Charges for services	382	382	382	--
Other revenue	369	369	150	(219)
<b>Total Revenues</b>	<u>3,874</u>	<u>3,874</u>	<u>2,304</u>	<u>(1,570)</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Services and supplies	2,374	2,549	1,735	814
Capital outlay	2,076	2,239	--	2,239
<b>Total Expenditures</b>	<u>4,450</u>	<u>4,788</u>	<u>1,735</u>	<u>3,053</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(576)</u>	<u>(914)</u>	<u>569</u>	<u>1,483</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	133	133	--	(133)
Transfers out	133	343	--	(343)
<b>Total Other Financing Sources (Uses)</b>	<u>266</u>	<u>476</u>	<u>--</u>	<u>(476)</u>
<b>Net change in fund balances</b>	(310)	(438)	569	1,007
Fund balances, beginning	--	--	3,866	3,866
Fund balances, ending	<u>\$ (310)</u>	<u>\$ (438)</u>	<u>\$ 4,435</u>	<u>\$ 4,873</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 29	\$ 29	\$ 33	\$ 4
Use of money and property	8	8	17	9
Charges for services	--	--	2	2
Total Revenues	<u>37</u>	<u>37</u>	<u>52</u>	<u>15</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Services and supplies	<u>27</u>	<u>27</u>	<u>13</u>	<u>14</u>
Total Expenditures	<u>27</u>	<u>27</u>	<u>13</u>	<u>14</u>
<b>Net change in fund balances</b>	10	10	39	29
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>347</u>	<u>347</u>
Fund balances, ending	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 386</u>	<u>\$ 376</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, 2007 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 343	\$ 343	\$ 598	\$ 255
Revenue from use of money and property	39	39	101	62
Aid from other governmental agencies	1	1	1	--
Charges for services	18	18	7	(11)
Total Revenues	<u>401</u>	<u>401</u>	<u>707</u>	<u>306</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities				
Services and supplies	83	185	594	(409)
Capital outlay	798	780	--	780
Total Expenditures	<u>881</u>	<u>965</u>	<u>594</u>	<u>371</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(480)</u>	<u>(564)</u>	<u>113</u>	<u>677</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,449	1,480	31	(1,449)
Transfers out	165	183	(197)	(380)
Total Other Financing Sources (Uses)	<u>1,614</u>	<u>1,663</u>	<u>(166)</u>	<u>(1,829)</u>
<b>Net change in fund balances</b>	1,134	1,099	(53)	(1,152)
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>1,022</u>	<u>1,022</u>
Fund balances, ending	<u>\$ 1,134</u>	<u>\$ 1,099</u>	<u>\$ 969</u>	<u>\$ (130)</u>

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**COMBINING FINANCIAL STATEMENTS  
NONMAJOR ENTERPRISE FUNDS**

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## 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.

#### Golf Course Fund

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.

#### 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, 2007 (in thousands)**

	Transit	General Flood Control Zone	Golf	Lopez Park	County Service Areas	Total
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$ 964	\$ 960	\$ 1,483	\$ 199	\$ 3,716	\$ 7,322
Accounts receivable, net	--	48	--	--	128	176
Due from other governments	--	--	--	--	66	66
Other receivables	--	--	--	24	50	74
Deposits with Others	--	--	--	--	13	13
<b>Total Current Assets</b>	<b>964</b>	<b>1,008</b>	<b>1,483</b>	<b>223</b>	<b>3,973</b>	<b>7,651</b>
Noncurrent assets:						
Advances to other funds	--	--	549	--	--	549
Capital Assets						
Nondepreciable:						
Land	84	--	1,333	--	132	1,549
Construction in progress	--	--	24	27	1,975	2,026
Depreciable:						
Structures & improvements, net	76	--	11,576	910	6,937	19,499
Equipment, net	119	--	174	40	162	495
Other property, net	--	--	--	--	17	17
<b>Total Noncurrent Assets</b>	<b>279</b>	<b>--</b>	<b>13,656</b>	<b>977</b>	<b>9,223</b>	<b>24,135</b>
<b>Total Assets</b>	<b>1,243</b>	<b>1,008</b>	<b>15,139</b>	<b>1,200</b>	<b>13,196</b>	<b>31,786</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable	159	1	643	--	121	924
Salaries and benefits payable	--	--	55	--	--	55
Trust deposits	--	--	--	--	--	--
Deposits from others	27	--	--	--	233	260
Accrued interest	--	--	85	--	18	103
Deferred revenue	--	--	--	--	43	43
Accrued vacation and sick leave - current	--	--	83	--	--	83
Notes and bonds payable - current	--	--	229	14	137	380
<b>Total Current Liabilities</b>	<b>186</b>	<b>1</b>	<b>1,095</b>	<b>14</b>	<b>552</b>	<b>1,848</b>
Noncurrent Liabilities:						
Advances from other funds	--	--	--	--	581	581
Accrued vacation and sick leave - noncurrent	--	--	102	--	--	102
Notes and bonds payable - noncurrent	--	--	7,021	273	2,430	9,724
<b>Total Noncurrent Liabilities</b>	<b>--</b>	<b>--</b>	<b>7,123</b>	<b>273</b>	<b>3,011</b>	<b>10,407</b>
<b>Total Liabilities</b>	<b>186</b>	<b>1</b>	<b>8,218</b>	<b>287</b>	<b>3,563</b>	<b>12,255</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	279	--	5,857	690	6,639	13,465
Unrestricted	778	1,007	1,064	223	2,994	6,066
<b>Total Net Assets</b>	<b>\$ 1,057</b>	<b>\$ 1,007</b>	<b>\$ 6,921</b>	<b>\$ 913</b>	<b>\$ 9,633</b>	<b>\$ 19,531</b>

**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, 2007 (in thousands)**

	Transit	General Flood Control Zone	Golf	Lopez Park	County Service Areas	Total
<b>Operating Revenues:</b>						
Charges for current services	\$ 60	\$ 585	\$ 3,016	\$ 1,789	\$ 2,860	\$ 8,310
Total operating revenues	<u>60</u>	<u>585</u>	<u>3,016</u>	<u>1,789</u>	<u>2,860</u>	<u>8,310</u>
<b>Operating expenses:</b>						
Salaries and benefits	--	--	1,379	--	--	1,379
Services and supplies	658	665	981	1,266	2,959	6,529
Other charges	--	--	341	1	24	366
Depreciation	36	--	369	222	318	945
Countywide cost allocation	20	16	160	17	62	275
Total operating expenses	<u>714</u>	<u>681</u>	<u>3,230</u>	<u>1,506</u>	<u>3,363</u>	<u>9,494</u>
Operating income (loss)	<u>(654)</u>	<u>(96)</u>	<u>(214)</u>	<u>283</u>	<u>(503)</u>	<u>(1,184)</u>
<b>Nonoperating revenues (expenses):</b>						
Property taxes	--	--	--	--	398	398
Interest income	37	49	64	10	179	339
Interest expense	--	--	(84)	(7)	(102)	(193)
Aid from governmental agencies	543	--	--	--	155	698
Gain (loss) on sale of assets	--	--	(1)	--	--	(1)
Other nonoperating revenue (expense)	--	--	167	--	(2)	165
Total nonoperating revenues (expenses)	<u>580</u>	<u>49</u>	<u>146</u>	<u>3</u>	<u>628</u>	<u>1,406</u>
Income (loss) before transfers	(74)	(47)	(68)	286	125	222
Transfers in	--	--	23	--	328	351
Transfers out	--	--	(51)	(7)	(16)	(74)
Change in net assets	(74)	(47)	(96)	279	437	499
Net assets - beginning	<u>1,131</u>	<u>1,054</u>	<u>7,017</u>	<u>634</u>	<u>9,196</u>	<u>19,032</u>
Net assets - ending	<u>\$ 1,057</u>	<u>\$ 1,007</u>	<u>\$ 6,921</u>	<u>\$ 913</u>	<u>\$ 9,633</u>	<u>\$ 19,531</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2007 (in thousands)**

	Transit	General Flood Control Zone	Golf	Lopez Park
Cash Flows from Operating Activities:				
Receipts from customers, patients, third-parties	\$ 60	\$ 537	\$ 3,183	\$ 1,780
Payments to employees for service	--	--	(1,373)	--
Payments for goods and services	(519)	(680)	(1,364)	(1,284)
Net Cash Provided (Used) by Operating Activities	<u>(459)</u>	<u>(143)</u>	<u>446</u>	<u>496</u>
Cash Flows from Noncapital Financing Activities:				
Property tax proceeds	--	--	--	--
Grants and subsidies from other gov't agencies	543	--	--	--
Transfers from other funds	--	--	23	--
Transfers to other funds	--	--	(51)	(7)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>543</u>	<u>--</u>	<u>(28)</u>	<u>(7)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases and construction of capital assets	--	--	(59)	(389)
Principal paid on capital debt	--	--	(224)	(13)
Interest paid on capital debt	--	--	--	(7)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>(283)</u>	<u>(409)</u>
Cash Flows from Investing Activities:				
Interest received	37	49	64	10
Net Cash Provided (Used) by Investing Activities	<u>37</u>	<u>49</u>	<u>64</u>	<u>10</u>
Net Increase (Decrease) in Cash and Cash Equivalents	121	(94)	199	90
Cash and Cash Equivalents - Beginning of Year	843	1,054	1,284	109
Cash and Cash Equivalents - End of Year	<u>\$ 964</u>	<u>\$ 960</u>	<u>\$ 1,483</u>	<u>\$ 199</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (654)	\$ (96)	\$ (214)	\$ 283
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation expense	36	--	369	222
Change in Assets and Liabilities:				
Receivables, net	--	(48)	167	(9)
Accounts payable	158	1	118	--
Salaries and benefits payable	--	--	4	--
Accrued vacation and sick leave	--	--	2	--
Other accrued liabilities	1	--	--	--
Total Adjustments	<u>195</u>	<u>(47)</u>	<u>660</u>	<u>213</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (459)</u>	<u>\$ (143)</u>	<u>\$ 446</u>	<u>\$ 496</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2007 (in thousands)**

	<u>County Service Areas</u>	<u>Total</u>
Cash Flows from Operating Activities:		
Receipts from customers	\$ 2,884	\$ 8,444
Payments to employees	--	(1,373)
Payments for goods and services	(2,831)	(6,678)
Net Cash Provided (Used) by Operating Activities	<u>53</u>	<u>393</u>
Cash Flows from Noncapital Financing Activities:		
Property tax proceeds	398	398
Grants and subsidies from other gov't agencies	155	698
Transfers from other funds	557	580
Transfers to other funds	(16)	(74)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>1,094</u>	<u>1,602</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases and construction of capital assets	(916)	(1,364)
Principal paid on capital debt	(138)	(375)
Interest paid on capital debt	(84)	(91)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,138)</u>	<u>(1,830)</u>
Cash Flows from Investing Activities:		
Interest received	179	339
Net Cash Provided (Used) by Investing Activities	<u>179</u>	<u>339</u>
Net Increase (Decrease) in Cash and Cash Equivalents	188	504
Cash and Cash Equivalents - Beginning of Year	<u>3,528</u>	<u>6,818</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,716</u>	<u>\$ 7,322</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	<u>\$ (503)</u>	<u>\$ (1,184)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation expense	318	945
Change in Assets and Liabilities:		
Receivables, net	81	191
Accounts payable	103	380
Salaries and benefits payable	--	4
Accrued vacation and sick leave	--	2
Other accrued liabilities	54	55
Total Adjustments	<u>556</u>	<u>1,577</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ 53</u>	<u>\$ 393</u>



## **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, 2007 (in thousands)**

	Reprographics	Garage	Public Works	Combined Insurance (4 funds)	Total
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 199	\$ 3,404	\$ 8,233	\$ 28,421	\$ 40,257
Accounts receivable	--	35	14	--	49
Inventory	--	51	445	--	496
Total Current Assets	<u>199</u>	<u>3,490</u>	<u>8,692</u>	<u>28,421</u>	<u>40,802</u>
Noncurrent assets:					
Capital Assets:					
Structures & improvements, net	--	252	107	--	359
Equipment, net	21	3,702	5,146	--	8,869
Total Noncurrent Assets	<u>21</u>	<u>3,954</u>	<u>5,253</u>	<u>--</u>	<u>9,228</u>
Total Assets	<u>220</u>	<u>7,444</u>	<u>13,945</u>	<u>28,421</u>	<u>50,030</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accrued payroll	7	39	693	--	739
Accounts payable	15	147	672	329	1,163
Due to other funds	--	--	--	60	60
Self insurance liability	--	--	--	4,814	4,814
Deposits from others	--	--	531	--	531
Accrued vacation and sick leave - current	17	56	1,300	--	1,373
Total Current Liabilities	<u>39</u>	<u>242</u>	<u>3,196</u>	<u>5,203</u>	<u>8,680</u>
Noncurrent Liabilities:					
Self insurance liability	--	--	--	14,762	14,762
Accrued vacation and sick leave	6	20	858	--	884
Total Noncurrent Liabilities	<u>6</u>	<u>20</u>	<u>858</u>	<u>14,762</u>	<u>15,646</u>
Total Liabilities	<u>45</u>	<u>262</u>	<u>4,054</u>	<u>19,965</u>	<u>24,326</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	21	3,954	5,253	--	9,228
Unrestricted	154	3,228	4,638	8,456	16,476
Total Net Assets	<u>\$ 175</u>	<u>\$ 7,182</u>	<u>\$ 9,891</u>	<u>\$ 8,456</u>	<u>\$ 25,704</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2007 (in thousands)**

	Reprographics	Garage	Public Works	Combined Insurance (4 funds)	Total
<u>Operating Revenues:</u>					
Charges for current services	\$ 675	\$ 5,230	\$ 27,142	\$ 15,818	\$ 48,865
Total Operating Revenues	<u>675</u>	<u>5,230</u>	<u>27,142</u>	<u>15,818</u>	<u>48,865</u>
<u>Operating Expenses:</u>					
Salaries and benefits	210	1,023	17,599	--	18,832
Services and supplies	396	2,541	7,468	2,657	13,062
Insurance benefit payments	--	--	--	702	702
Insurance premiums	--	--	--	3,112	3,112
Depreciation	12	998	595	--	1,605
Countywide cost allocation	91	188	93	235	607
Total Operating Expenses	<u>709</u>	<u>4,750</u>	<u>25,755</u>	<u>6,706</u>	<u>37,920</u>
Operating Income (Loss)	<u>(34)</u>	<u>480</u>	<u>1,387</u>	<u>9,112</u>	<u>10,945</u>
<u>Nonoperating Revenues (Expenses):</u>					
Interest income	9	142	243	1,126	1,520
Gain (loss) on sale of assets	(1)	(104)	132	--	27
Other revenue (expense)	--	(26)	46	--	20
Total Nonoperating Revenues (Expenses)	<u>8</u>	<u>12</u>	<u>421</u>	<u>1,126</u>	<u>1,567</u>
Income (Loss) Before Transfers	(26)	492	1,808	10,238	12,512
Transfers out	<u>(5)</u>	<u>(27)</u>	<u>(466)</u>	<u>--</u>	<u>(498)</u>
Change in Net Assets	<u>(31)</u>	<u>465</u>	<u>1,342</u>	<u>10,238</u>	<u>12,014</u>
Net assets - beginning	<u>206</u>	<u>6,717</u>	<u>8,549</u>	<u>(1,782)</u>	<u>13,690</u>
Net assets - ending	<u>\$ 175</u>	<u>\$ 7,182</u>	<u>\$ 9,891</u>	<u>\$ 8,456</u>	<u>\$ 25,704</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2007 (in thousands)**

	Reprographics	Garage	Public Works	Combined Insurance (4 funds)	Total
<b>Cash Flows from Operating Activities:</b>					
Receipts from interfund billings	\$ 675	\$ 5,195	\$ 27,192	\$ 15,818	\$ 48,880
Payments for goods and services	(486)	(2,755)	(7,560)	(2,866)	(13,667)
Payments to employees for service	(209)	(1,016)	(17,384)	--	(18,609)
Payments for insurance benefits	--	--	--	(2,984)	(2,984)
Payments for premiums	--	--	--	(3,112)	(3,112)
Net Cash Provided (Used) by Operating Activities	<u>(20)</u>	<u>1,424</u>	<u>2,248</u>	<u>6,856</u>	<u>10,508</u>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers from other funds	--	--	--	60	60
Transfers to other funds	(5)	(27)	(466)	--	(498)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(5)</u>	<u>(27)</u>	<u>(466)</u>	<u>60</u>	<u>(438)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Purchases and construction of capital assets	--	(1,293)	(1,019)	--	(2,312)
Proceeds from sale of capital assets	--	180	--	--	180
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>(1,113)</u>	<u>(1,019)</u>	<u>--</u>	<u>(2,132)</u>
<b>Cash Flows from Investing Activities:</b>					
Interest received	9	142	243	1,126	1,520
Net Cash Provided (Used) by Investing Activities	<u>9</u>	<u>142</u>	<u>243</u>	<u>1,126</u>	<u>1,520</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(16)	426	1,006	8,042	9,458
Cash and Cash Equivalents - Beginning of Year	<u>215</u>	<u>2,978</u>	<u>7,227</u>	<u>20,379</u>	<u>30,799</u>
Cash and Cash Equivalents - End of Year	<u>\$ 199</u>	<u>\$ 3,404</u>	<u>\$ 8,233</u>	<u>\$ 28,421</u>	<u>\$ 40,257</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ (34)	\$ 480	\$ 1,387	\$ 9,112	\$ 10,945
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Depreciation expense	12	998	595	--	1,605
<b>Change in Assets and Liabilities:</b>					
Receivables, net	--	(35)	39	--	4
Inventory	2	(3)	3	--	2
Accounts payable	(1)	(23)	(2)	(142)	(168)
Accrued payroll liabilities	--	2	67	--	69
Accrued vacation	1	5	148	--	154
Self-insurance liability	--	--	--	(2,114)	(2,114)
Other accrued liabilities	--	--	11	--	11
Total Adjustments	<u>14</u>	<u>944</u>	<u>861</u>	<u>(2,256)</u>	<u>(437)</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (20)</u>	<u>\$ 1,424</u>	<u>\$ 2,248</u>	<u>\$ 6,856</u>	<u>\$ 10,508</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Net Assets**  
**Internal Service Funds - Insurance**  
**June 30, 2007 (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>
<b><u>ASSETS</u></b>					
Current Assets:					
Cash and cash equivalents	\$ 23,403	\$ 4,266	\$ 559	\$ 193	\$ 28,421
Total Current Assets	<u>23,403</u>	<u>4,266</u>	<u>559</u>	<u>193</u>	<u>28,421</u>
Total Assets	<u>23,403</u>	<u>4,266</u>	<u>559</u>	<u>193</u>	<u>28,421</u>
<b><u>LIABILITIES</u></b>					
Current Liabilities:					
Accounts payable	266	4	--	59	329
Due to other funds	--	--	--	60	60
Self insurance payable	3,216	1,524	--	74	4,814
Total Current Liabilities	<u>3,482</u>	<u>1,528</u>	<u>--</u>	<u>193</u>	<u>5,203</u>
Noncurrent Liabilities:					
Self insurance liability	11,714	2,489	559	--	14,762
Total Noncurrent Liabilities	<u>11,714</u>	<u>2,489</u>	<u>559</u>	<u>--</u>	<u>14,762</u>
Total Liabilities	<u>15,196</u>	<u>4,017</u>	<u>559</u>	<u>193</u>	<u>19,965</u>
Net Assets					
Unrestricted	8,207	249	--	--	8,456
Total Net Assets	<u>\$ 8,207</u>	<u>\$ 249</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 8,456</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, 2007 (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>Operating Revenues:</u>					
Charges for current services	\$ 8,987	\$ 4,809	\$ 370	\$ 1,652	\$ 15,818
Total Operating Revenues	<u>8,987</u>	<u>4,809</u>	<u>370</u>	<u>1,652</u>	<u>15,818</u>
<u>Operating Expenses:</u>					
Services and supplies	1,549	956	2	150	2,657
Insurance benefit payments	(827)	(367)	392	1,504	702
Insurance premiums	1,177	1,935	--	--	3,112
Countywide cost allocation	<u>116</u>	<u>115</u>	<u>--</u>	<u>4</u>	<u>235</u>
Total Operating Expenses	<u>2,015</u>	<u>2,639</u>	<u>394</u>	<u>1,658</u>	<u>6,706</u>
Operating Income (Loss)	<u>6,972</u>	<u>2,170</u>	<u>(24)</u>	<u>(6)</u>	<u>9,112</u>
<u>Nonoperating Revenues (Expenses):</u>					
Interest income	<u>912</u>	<u>184</u>	<u>24</u>	<u>6</u>	<u>1,126</u>
Total Nonoperating Revenues (Expenses)	<u>912</u>	<u>184</u>	<u>24</u>	<u>6</u>	<u>1,126</u>
Change in Net Assets	<u>7,884</u>	<u>2,354</u>	<u>--</u>	<u>--</u>	<u>10,238</u>
Net assets - beginning	<u>323</u>	<u>(2,105)</u>	<u>--</u>	<u>--</u>	<u>(1,782)</u>
Net assets - ending	<u>\$ 8,207</u>	<u>\$ 249</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 8,456</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds - Insurance**  
**For the Year Ended June 30, 2007 (in thousands)**

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	Total
<b>Cash Flows from Operating Activities:</b>					
Receipts from interfund billings	\$ 8,987	\$ 4,809	\$ 370	\$ 1,652	\$ 15,818
Payments for goods and services	(1,665)	(1,071)	(2)	(128)	(2,866)
Payments for insurance benefits	(1,385)	165	(255)	(1,509)	(2,984)
Payments for premiums	(1,177)	(1,935)	--	--	(3,112)
Net Cash Provided (Used) by Operating Activities	<u>4,760</u>	<u>1,968</u>	<u>113</u>	<u>15</u>	<u>6,856</u>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers from other funds	--	--	--	60	60
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>60</u>	<u>60</u>
<b>Cash Flows from Investing Activities:</b>					
Interest received	912	184	24	6	1,126
Net Cash Provided (Used) by Investing Activities	<u>912</u>	<u>184</u>	<u>24</u>	<u>6</u>	<u>1,126</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,672	2,152	137	81	8,042
Cash and Cash Equivalents - Beginning of Year	17,731	2,114	422	112	20,379
Cash and Cash Equivalents - End of Year	<u>\$ 23,403</u>	<u>\$ 4,266</u>	<u>\$ 559</u>	<u>\$ 193</u>	<u>\$ 28,421</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ 6,972	\$ 2,170	\$ (24)	\$ (6)	\$ 9,112
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
<b>Change in Assets and Liabilities:</b>					
Accounts payable	(53)	(114)	(1)	26	(142)
Self-insurance liability	(2,159)	(88)	138	(5)	(2,114)
Total Adjustments	<u>(2,212)</u>	<u>(202)</u>	<u>137</u>	<u>21</u>	<u>(2,256)</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ 4,760</u>	<u>\$ 1,968</u>	<u>\$ 113</u>	<u>\$ 15</u>	<u>\$ 6,856</u>



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**COMBINING FINANCIAL STATEMENTS  
FIDUCIARY FUNDS**

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## **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 (40 funds), Special Districts (30 funds), Courts (6 funds), and Other Local Boards (15 funds)

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Fiduciary Net Assets**  
**Agency Funds**  
**June 30, 2007 (in thousands)**

	Clearing Funds (71 Funds)	1915 Act Service Funds (17 Funds)	Other Agency Funds (32 Funds)	Total
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 4,692	\$ 3,030	\$ 20,436	\$ 28,158
Total Assets	4,692	3,030	20,436	28,158
<b><u>LIABILITIES</u></b>				
Assets held as agency for others	4,692	3,030	20,436	28,158
Total Liabilities	\$ 4,692	\$ 3,030	\$ 20,436	\$ 28,158

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2007 (in thousands)**

	<u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2007</u>
<u>Clearing and Revolving Funds (71 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 4,339	\$ 841,424	\$ 841,071	\$ 4,692
Total Assets	<u>4,339</u>	<u>841,424</u>	<u>841,071</u>	<u>4,692</u>
Liabilities:				
Assets held as agency for others	4,339	841,424	841,071	4,692
Total Liabilities	<u>\$ 4,339</u>	<u>\$ 841,424</u>	<u>\$ 841,071</u>	<u>\$ 4,692</u>
<u>1915 Act Service Funds (17 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 2,118	\$ 1,645	\$ 733	\$ 3,030
Total Assets	<u>2,118</u>	<u>1,645</u>	<u>733</u>	<u>3,030</u>
Liabilities:				
Assets held as agency for others	2,118	1,645	733	3,030
Total Liabilities	<u>\$ 2,118</u>	<u>\$ 1,645</u>	<u>\$ 733</u>	<u>\$ 3,030</u>
<u>Other Agency Funds (32 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 18,623	\$ 134,358	\$ 132,545	\$ 20,436
Total Assets	<u>18,623</u>	<u>134,358</u>	<u>132,545</u>	<u>20,436</u>
Liabilities:				
Assets held as agency for others	18,623	134,358	132,545	20,436
Total Liabilities	<u>\$ 18,623</u>	<u>\$ 134,358</u>	<u>\$ 132,545</u>	<u>\$ 20,436</u>
<u>Total All Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 25,080	\$ 977,427	\$ 974,349	\$ 28,158
Total Assets	<u>25,080</u>	<u>977,427</u>	<u>974,349</u>	<u>28,158</u>
Liabilities:				
Assets held as agency for others	25,080	977,427	974,349	28,158
Total Liabilities	<u>\$ 25,080</u>	<u>\$ 977,427</u>	<u>\$ 974,349</u>	<u>\$ 28,158</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Fiduciary Net Assets**  
**Investment Trust Funds**  
**June 30, 2007 (in thousands)**

	School Districts (40 Funds)	Special Districts (30 Funds)	Courts (6 Funds)	Other Local Boards (15 Funds)	Total
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 173,400	\$ 10,290	\$ 1,764	\$ 15,836	\$ 201,290
Total Assets	<u>173,400</u>	<u>10,290</u>	<u>1,764</u>	<u>15,836</u>	<u>201,290</u>
<b><u>NET ASSETS</u></b>					
Assets held in trust for pool participants	173,400	10,290	1,764	15,836	201,290
Total Net Assets	<u>\$ 173,400</u>	<u>\$ 10,290</u>	<u>\$ 1,764</u>	<u>\$ 15,836</u>	<u>\$ 201,290</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Investment Trust Funds**  
**For the Year Ended June 30, 2007 (in thousands)**

	School Districts (40 Funds)	Special Districts (30 Funds)	Courts (6 Funds)	Other Local Boards (15 Funds)
<u>Additions</u>				
Contributions to pooled investments	\$ 799,734	\$ 7,534	\$ 19,346	\$ 23,508
Interest	<u>6,845</u>	<u>451</u>	<u>2</u>	<u>621</u>
Total Additions	<u>806,579</u>	<u>7,985</u>	<u>19,348</u>	<u>24,129</u>
<u>Deductions</u>				
Distributions from investment pool	<u>779,354</u>	<u>6,868</u>	<u>19,352</u>	<u>25,041</u>
Total Deductions	<u>779,354</u>	<u>6,868</u>	<u>19,352</u>	<u>25,041</u>
Change in Net Assets	27,225	1,117	(4)	(912)
Net Assets - Beginning	<u>146,175</u>	<u>9,173</u>	<u>1,768</u>	<u>16,748</u>
Net Assets - Ending	<u>\$ 173,400</u>	<u>\$ 10,290</u>	<u>\$ 1,764</u>	<u>\$ 15,836</u>



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**GENERAL FUND  
DETAIL BUDGETARY COMPARISON SCHEDULES**

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**COUNTY OF SAN LUIS OBISPO**  
**General Fund**  
**Detail Schedule of Revenues**  
**Budget to Actual Comparison (in thousands)**  
**For the Year Ended June 30, 2007**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Non Departmental Revenues</u></b>				
Taxes	\$ 126,603	\$ 126,603	\$ 131,212	\$ 4,609
Licenses, permits & franchises	2,354	2,354	2,796	442
Revenues from use of money and property	1,200	1,200	3,569	2,369
Aid from governmental agencies	3,502	3,502	4,080	578
Charges for current services	2,365	2,365	3,123	758
Other revenues	--	--	356	356
Total Non Departmental Revenues	<u>136,024</u>	<u>136,024</u>	<u>145,136</u>	<u>9,112</u>
<b><u>General Government - Revenues</u></b>				
<b><u>Legislative and Administrative</u></b>				
Administrative Office:				
Aid from governmental agencies	47	47	28	(19)
Charges for current services	44	44	44	--
Total	<u>91</u>	<u>91</u>	<u>72</u>	<u>(19)</u>
Clerk/Recorder:				
Licenses, permits and franchises	--	--	1	1
Aid from governmental agencies	1,250	1,659	985	(674)
Revenues from use of money and property	--	--	(2)	(2)
Charges for current services	2,241	2,305	2,638	333
Other revenues	--	--	(28)	(28)
Total	<u>3,491</u>	<u>3,964</u>	<u>3,594</u>	<u>(370)</u>
Total Legislative and Administrative	<u>3,582</u>	<u>4,055</u>	<u>3,666</u>	<u>(389)</u>
<b><u>Finance</u></b>				
Assessor:				
Aid from governmental agencies	--	325	94	(231)
Charges for current services	139	139	133	(6)
Other Revenue	--	--	2	2
Total	<u>139</u>	<u>464</u>	<u>229</u>	<u>(235)</u>
Auditor-Controller:				
Taxes	250	250	250	--
Aid from governmental agencies	30	80	113	33
Charges for current services	310	310	368	58
Other revenues	8	8	8	--
Total	<u>598</u>	<u>648</u>	<u>739</u>	<u>91</u>
Treasurer-Tax Collector-Public Administrator:				
Taxes	144	144	123	(21)
Aid from governmental agencies	--	--	16	16
Licenses, permits and franchises	71	71	81	10
Charges for current services	878	878	877	(1)
Other revenue	35	62	54	(8)
Total	<u>1,128</u>	<u>1,155</u>	<u>1,151</u>	<u>(4)</u>
Total Finance	<u>1,865</u>	<u>2,267</u>	<u>2,119</u>	<u>(148)</u>
<b><u>Counsel</u></b>				
County Counsel:				
Aid from governmental agencies	12	32	83	51
Charges for current services	157	157	141	(16)
Total Counsel	<u>169</u>	<u>189</u>	<u>224</u>	<u>35</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, 2007**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<b>General Government - Revenues</b> (continued)				
<u>Personnel</u>				
Personnel:				
Aid from governmental agencies	\$ 4	\$ 4	\$ 3	\$ (1)
Charges for current services	1	1	1	--
Total Personnel	<u>5</u>	<u>5</u>	<u>4</u>	<u>(1)</u>
<u>Property Management</u>				
General Services:				
Licenses, permits, and franchises	--	--	2	2
Revenues from use of money and property	258	258	239	(19)
Aid from governmental agencies	6	6	--	(6)
Charges for current services	1,742	1,746	2,609	863
Other revenues	964	964	30	(934)
Total	<u>2,970</u>	<u>2,974</u>	<u>2,880</u>	<u>(94)</u>
Maintenance Projects:				
Fines, forfeits and penalties	--	9	--	(9)
Aid from governmental agencies	--	1,060	291	(769)
Charges for current services	625	1,656	417	(1,239)
Other revenues	--	8	--	(8)
Total	<u>625</u>	<u>2,733</u>	<u>708</u>	<u>(2,025)</u>
Total Property Management	<u>3,595</u>	<u>5,707</u>	<u>3,588</u>	<u>(2,119)</u>
<u>Other General</u>				
Information Technology:				
Revenues from use of money and property	--	--	2	2
Aid from governmental agencies	64	206	133	(73)
Charges for current services	1,468	1,468	2,136	668
Other revenues	1,401	1,401	7	(1,394)
Total	<u>2,933</u>	<u>3,075</u>	<u>2,278</u>	<u>(797)</u>
Risk Management:				
Charges for current services	781	781	766	(15)
Total	<u>781</u>	<u>781</u>	<u>766</u>	<u>(15)</u>
Non-Department Financing Uses:				
Charges for current services	3,736	3,736	3,654	(82)
Total	<u>3,736</u>	<u>3,736</u>	<u>3,654</u>	<u>(82)</u>
Contributions to Other Agencies:				
Charges or current services	413	413	381	(32)
Other revenues	100	103	106	3
Total	<u>513</u>	<u>516</u>	<u>487</u>	<u>(29)</u>
Total Other General	<u>7,963</u>	<u>8,108</u>	<u>7,185</u>	<u>(923)</u>
<b>Total General Government</b>	<u>17,179</u>	<u>20,331</u>	<u>16,786</u>	<u>(3,545)</u>
<b>Public Protection - Revenues</b>				
<u>Judicial</u>				
Court Operations Fund:				
Fines, forfeits and penalties	2,142	2,224	2,388	164
Charges for current services	414	414	350	(64)
Total	<u>2,556</u>	<u>2,638</u>	<u>2,738</u>	<u>100</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, 2007**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Public Protection - Revenues</b> (continued)				
<u>Judicial</u> (continued)				
District Attorney:				
Fines, forfeits and penalties	\$ 45	\$ 45	\$ 165	\$ 120
Revenues from use of money and property	--	--	16	16
Aid from governmental agencies	3,657	3,836	3,950	114
Charges for current services	324	324	265	(59)
Other revenues	120	120	18	(102)
Total	<u>4,146</u>	<u>4,325</u>	<u>4,414</u>	<u>89</u>
Family Support:				
Revenues from use of money and property	--	--	5	5
Aid from governmental agencies	4,811	4,833	4,978	145
Charges for current services	4	4	1	(3)
Other revenues	289	289	4	(285)
Total	<u>5,104</u>	<u>5,126</u>	<u>4,988</u>	<u>(138)</u>
Public Defender:				
Aid from governmental agencies	220	220	418	198
Charges for current services	77	77	72	(5)
Total	<u>297</u>	<u>297</u>	<u>490</u>	<u>193</u>
Total Judicial	<u>12,103</u>	<u>12,386</u>	<u>12,630</u>	<u>244</u>
<u>Police Protection</u>				
Sheriff-Coroner:				
Licenses, permits and franchises	19	19	15	(4)
Fines, forfeits and penalties	188	548	505	(43)
Revenues from use of money and property	--	--	109	109
Aid from governmental agencies	14,385	16,439	15,197	(1,242)
Charges for current services	4,589	4,806	5,202	396
Other revenues	41	41	17	(24)
Total Police Protection	<u>19,222</u>	<u>21,853</u>	<u>21,045</u>	<u>(808)</u>
<u>Detention and Correction</u>				
Probation Department:				
Fines, forfeits and penalties	47	47	70	23
Revenues from use of money and property	--	--	11	11
Aid from governmental agencies	8,657	8,542	8,193	(349)
Charges for current services	699	699	886	187
Other revenues	838	838	637	(201)
Total Detention and Correction	<u>10,241</u>	<u>10,126</u>	<u>9,797</u>	<u>(329)</u>
<u>Fire Protection</u>				
County Fire:				
Licenses, permits and franchises	350	350	343	(7)
Revenues from use of money and property	5	5	--	(5)
Aid from governmental agencies	2,303	2,700	2,593	(107)
Charges for current services	2,321	2,321	2,367	46
Other revenues	63	63	99	36
Total Fire Protection	<u>5,042</u>	<u>5,439</u>	<u>5,402</u>	<u>(37)</u>
<u>Protective Inspection</u>				
Agricultural Commissioner:				
Licenses, permits and franchises	132	132	139	7
Fines, forfeits and penalties	--	--	26	26
Aid from governmental agencies	2,291	2,291	2,160	(131)
Charges for current services	118	118	130	12
Other revenues	3	3	5	2
Total Protective Inspection	<u>2,544</u>	<u>2,544</u>	<u>2,460</u>	<u>(84)</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, 2007**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Public Protection - Revenues</b> (continued)				
<u>Other Protection</u>				
Animal Services:				
Licenses, permits and franchises	\$ 385	\$ 385	\$ 341	\$ (44)
Aid from governmental agencies	625	745	1,157	412
Charges for current services	211	211	173	(38)
Other revenues	7	7	21	14
Total	<u>1,228</u>	<u>1,348</u>	<u>1,692</u>	<u>344</u>
Emergency Services:				
Aid from governmental agencies	786	987	742	(245)
Total	<u>786</u>	<u>987</u>	<u>742</u>	<u>(245)</u>
Planning Department:				
Licenses, permits and franchises	7,712	7,712	5,539	(2,173)
Fines, forfeits and penalties	103	103	83	(20)
Revenues from use of money and property	--	--	20	20
Aid from governmental agencies	5	1,151	1,328	177
Charges for current services	1,345	3,270	2,862	(408)
Other revenues	182	198	174	(24)
Total	<u>9,347</u>	<u>12,434</u>	<u>10,006</u>	<u>(2,428)</u>
Victim/Witness Assistance:				
Licenses, permits and franchises	55	55	56	1
Aid from governmental agencies	532	532	573	41
Other revenues	--	--	4	4
Total	<u>587</u>	<u>587</u>	<u>633</u>	<u>46</u>
Waste Management:				
Revenues from use of money and property	--	--	60	60
Charges for current services	--	--	107	107
Total	<u>--</u>	<u>--</u>	<u>167</u>	<u>167</u>
Total Other Protection	<u>11,948</u>	<u>15,356</u>	<u>13,240</u>	<u>(2,116)</u>
<b>Total Public Protection</b>	<u>61,100</u>	<u>67,704</u>	<u>64,574</u>	<u>(3,130)</u>
<b>Public Ways and facilities</b>				
<u>Public Work</u>				
Licenses, permits and franchises	93	93	75	(18)
Revenues from use of money and property	--	--	34	34
Aid from governmental agencies	13	13	2	(11)
Charges for current services	1,261	1,712	1,242	(470)
Other revenues	3	3	54	51
Total	<u>1,370</u>	<u>1,821</u>	<u>1,407</u>	<u>(414)</u>
<b>Total Public Ways and facilities</b>	<u>1,370</u>	<u>1,821</u>	<u>1,407</u>	<u>(414)</u>
<b>Health and Sanitation - Revenues</b>				
<u>Health</u>				
Drug & Alcohol Services:				
Fines, forfeits and penalties	192	192	192	--
Revenues from use of money and property	--	--	(24)	(24)
Aid from governmental agencies	3,916	4,485	4,149	(336)
Charges for current services	259	259	531	272
Other revenues	403	485	242	(243)
Total	<u>4,770</u>	<u>5,421</u>	<u>5,090</u>	<u>(331)</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, 2007**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Health and Sanitation - Revenues</u></b> (continued)				
Public Health:				
Licenses, permits and franchises	\$ 5	\$ 5	\$ 5	\$ --
Fines, forfeits and penalties	154	154	474	320
Revenues from use of money and property	1	1	66	65
Aid from governmental agencies	12,577	13,905	11,708	(2,197)
Charges or current services	5,083	5,087	4,899	(188)
Other revenues	69	69	66	(3)
Total	<u>17,889</u>	<u>19,221</u>	<u>17,218</u>	<u>(2,003)</u>
Clinic Lab:				
Charges or current services	--	--	(440)	(440)
Total	<u>--</u>	<u>--</u>	<u>(440)</u>	<u>(440)</u>
Mental Health:				
Aid from governmental agencies	20,454	20,610	18,980	(1,630)
Charges for current services	1,299	1,299	1,120	(179)
Other revenues	238	277	245	(32)
Total	<u>21,991</u>	<u>22,186</u>	<u>20,345</u>	<u>(1,841)</u>
Mental Health Services Act:				
Aid from governmental agencies	3,376	4,443	4,245	(198)
Charges for current services	--	--	134	134
Total	<u>3,376</u>	<u>4,443</u>	<u>4,379</u>	<u>(64)</u>
SART:				
Aid from governmental agencies	4	4	3	(1)
Other revenues	3	3	3	--
Total	<u>7</u>	<u>7</u>	<u>6</u>	<u>(1)</u>
Total Health	<u>48,033</u>	<u>51,278</u>	<u>46,598</u>	<u>(4,680)</u>
<b>Total Health and Sanitation</b>	<u>48,033</u>	<u>51,278</u>	<u>46,598</u>	<u>(4,680)</u>
<b><u>Public Assistance - Revenues</u></b>				
<u>Administration</u>				
Department of Social Services:				
Aid from governmental agencies	44,262	46,598	45,475	(1,123)
Charges for current services	6	6	34	28
Other revenues	153	160	137	(23)
Total Administration	<u>44,421</u>	<u>46,764</u>	<u>45,646</u>	<u>(1,118)</u>
<u>Aid Programs</u>				
Aid Foster Care Non-Fed:				
Aid from governmental agencies	14,698	14,698	14,671	(27)
Other revenues	140	140	235	95
Total	<u>14,838</u>	<u>14,838</u>	<u>14,906</u>	<u>68</u>
Calworks Assistance:				
Aid from governmental agencies	11,792	11,792	11,051	(741)
Other revenues	63	63	102	39
Total	<u>11,855</u>	<u>11,855</u>	<u>11,153</u>	<u>(702)</u>
Total Aid Programs	<u>26,693</u>	<u>26,693</u>	<u>26,059</u>	<u>(634)</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, 2007**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Public Assistance - Revenues</b> (continued)				
<u>Medical Services</u>				
Medical Assistance Program:				
Aid from governmental agencies	\$ 240	\$ 240	\$ 295	\$ 55
Charges for current services	--	--	48	48
Other revenues	--	--	48	48
Total Medical Services	<u>240</u>	<u>240</u>	<u>391</u>	<u>151</u>
<u>General Relief</u>				
General Relief:				
Licenses, permits, and franchises	6	6	7	1
Aid from governmental agencies	97	97	140	43
Other revenues	386	386	199	(187)
Total General Relief	<u>489</u>	<u>489</u>	<u>346</u>	<u>(143)</u>
<u>Veterans Service</u>				
Veterans Service:				
Aid from governmental agencies	60	62	62	--
Other revenues	--	--	2	2
Total Veterans Service	<u>60</u>	<u>62</u>	<u>64</u>	<u>2</u>
<u>Other Assistance</u>				
Law Enforcement Med Care:				
Aid from governmental agencies	\$ 630	\$ 630	\$ 499	\$ (131)
Charges for current services	--	--	2	2
Other revenues	--	--	1	1
Total	<u>630</u>	<u>630</u>	<u>502</u>	<u>(128)</u>
Total Other Assistance	<u>630</u>	<u>630</u>	<u>502</u>	<u>(128)</u>
<b>Total Public Assistance</b>	<u>72,533</u>	<u>74,878</u>	<u>73,008</u>	<u>(1,870)</u>
<b>Education - Revenues</b>				
<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>
<b>Total Education</b>	<u>6</u>	<u>6</u>	<u>1</u>	<u>(5)</u>
<b>Total General Fund Revenues</b>	<u>\$ 336,245</u>	<u>\$ 352,042</u>	<u>\$ 347,510</u>	<u>\$ (4,532)</u>

**COUNTY OF SAN LUIS OBISPO**  
**General Fund**  
**Detail Schedule of Expenditures**  
**Budget to Actual Comparison (in thousands)**  
**For the Year Ended June 30, 2007**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>General Government - Expenditures</u></b>				
<b><u>Legislative and Administrative</u></b>				
Administrative Office:				
Salaries wages benefits	\$ 1,600	\$ 1,600	\$ 1,550	\$ 50
Services and supplies	343	358	260	98
Capital Outlay	10	10	--	10
Expenditure transfers and reimbursements	(72)	(72)	(72)	--
Total	<u>1,881</u>	<u>1,896</u>	<u>1,738</u>	<u>158</u>
Board of Supervisors:				
Salaries wages benefits	1,124	1,210	1,175	35
Services and supplies	225	227	175	52
Expenditure transfers and reimbursements	(31)	(31)	(31)	--
Total	<u>1,318</u>	<u>1,406</u>	<u>1,319</u>	<u>87</u>
Clerk/Recorder:				
Salaries wages benefits	1,738	1,858	1,811	47
Services and supplies	1,515	1,973	1,098	875
Capital Outlay	792	940	175	765
Expenditure transfers and reimbursements	--	--	--	--
Total	<u>4,045</u>	<u>4,771</u>	<u>3,084</u>	<u>1,687</u>
Total Legislative and Administrative	<u>7,244</u>	<u>8,073</u>	<u>6,141</u>	<u>1,932</u>
<b><u>Finance</u></b>				
Assessor:				
Salaries wages benefits	6,944	6,994	6,507	487
Services and supplies	869	1,194	849	345
Capital Outlay	24	24	18	6
Expenditure transfers and reimbursements	--	--	--	--
Total	<u>7,837</u>	<u>8,212</u>	<u>7,374</u>	<u>838</u>
Auditor-Controller:				
Salaries wages benefits	4,109	4,159	4,042	117
Services and supplies	311	1,172	609	563
Capital Outlay	--	136	69	67
Expenditure transfers and reimbursements	--	--	(4)	4
Total	<u>4,420</u>	<u>5,467</u>	<u>4,716</u>	<u>751</u>
Treasurer-Tax Collector-Public Administrator:				
Salaries wages benefits	2,470	2,497	2,430	67
Services and supplies	342	348	273	75
Total	<u>2,812</u>	<u>2,845</u>	<u>2,703</u>	<u>142</u>
Total Finance	<u>15,069</u>	<u>16,524</u>	<u>14,793</u>	<u>1,731</u>
<b><u>Counsel</u></b>				
County Counsel:				
Salaries wages benefits	3,265	3,285	3,178	107
Services and supplies	276	606	530	76
Total Counsel	<u>3,541</u>	<u>3,891</u>	<u>3,708</u>	<u>183</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, 2007**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<b>General Government - Expenditures</b> (continued)				
<u>Personnel</u>				
Personnel:				
Salaries wages benefits	\$ 1,662	\$ 1,763	\$ 1,718	\$ 45
Services and supplies	443	389	352	37
Total Personnel	<u>2,105</u>	<u>2,152</u>	<u>2,070</u>	<u>82</u>
<u>Property Management</u>				
General Services:				
Salaries wages benefits	8,028	8,098	7,891	207
Services and supplies	3,834	3,835	7,227	(3,392)
Other charges	28	86	82	4
Capital Outlay	10	61	31	30
Expenditure transfers and reimbursement	(1,335)	(1,335)	(1,504)	169
Total	<u>10,565</u>	<u>10,745</u>	<u>13,727</u>	<u>(2,982)</u>
Maintenance Projects:				
Services and supplies	7,133	13,277	4,812	8,465
Expenditure transfers and reimbursement	--	(40)	(10)	(30)
Total	<u>7,133</u>	<u>13,237</u>	<u>4,802</u>	<u>8,435</u>
Total Property Management	<u>17,698</u>	<u>23,982</u>	<u>18,529</u>	<u>5,453</u>
<u>Other General</u>				
Information Technology:				
Salaries wages benefits	9,497	9,497	8,978	519
Services and supplies	4,335	4,446	6,527	(2,081)
Capital Outlay	--	278	203	75
Expenditure transfers and reimbursement	(2,095)	(2,095)	(1,996)	(99)
Total	<u>11,737</u>	<u>12,126</u>	<u>13,712</u>	<u>(1,586)</u>
Risk Management:				
Salaries wages benefits	783	783	610	173
Services and supplies	1,551	1,571	1,511	60
Capital Outlay	--	80	51	29
Expenditure transfers and reimbursement	(168)	(168)	(50)	(118)
Total	<u>2,166</u>	<u>2,266</u>	<u>2,122</u>	<u>144</u>
Non-Department Financing Uses:				
Expenditure transfers and reimbursement	(9,079)	(9,079)	(9,111)	32
Total	<u>(9,079)</u>	<u>(9,079)</u>	<u>(9,111)</u>	<u>32</u>
Contributions to Other Agencies:				
Services and supplies	2,089	2,186	3,554	(1,368)
Total	<u>2,089</u>	<u>2,186</u>	<u>3,554</u>	<u>(1,368)</u>
Total Other General	<u>6,913</u>	<u>7,499</u>	<u>10,277</u>	<u>(2,778)</u>
<b>Total General Government</b>	<u>52,570</u>	<u>62,121</u>	<u>55,518</u>	<u>6,603</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, 2007**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Public Protection - Expenditures</u></b>				
<u>Judicial</u>				
Court Operations Fund:				
Other charges	\$ 1,824	\$ 1,906	\$ 1,906	\$ --
Total	<u>1,824</u>	<u>1,906</u>	<u>1,906</u>	<u>--</u>
District Attorney:				
Salaries wages benefits	10,113	10,228	9,957	271
Services and supplies	1,217	1,243	1,621	(378)
Capital Outlay	12	10	10	--
Expenditure transfers and reimbursement	(519)	(519)	(447)	(72)
Total	<u>10,823</u>	<u>10,962</u>	<u>11,141</u>	<u>(179)</u>
Family Support:				
Salaries wages benefits	3,332	3,355	3,252	103
Services and supplies	1,776	1,780	1,060	720
Expenditure transfers and reimbursement	--	--	--	--
Total	<u>5,108</u>	<u>5,135</u>	<u>4,312</u>	<u>823</u>
Grand Jury:				
Salaries wages benefits	30	32	31	1
Services and supplies	92	89	77	12
Total	<u>122</u>	<u>121</u>	<u>108</u>	<u>13</u>
Public Defender:				
Services and supplies	4,862	4,862	4,340	522
Total	<u>4,862</u>	<u>4,862</u>	<u>4,340</u>	<u>522</u>
Total Judicial	<u>22,739</u>	<u>22,986</u>	<u>21,807</u>	<u>1,179</u>
<u>Police Protection</u>				
Sheriff-Coroner:				
Salaries wages benefits	38,796	40,346	39,621	725
Services and supplies	6,560	7,665	7,826	(161)
Other charges	853	1,358	1,384	(26)
Capital Outlay	22	1,265	1,035	230
Expenditure transfers and reimbursement	(50)	(50)	(50)	--
Total Police Protection	<u>46,181</u>	<u>50,584</u>	<u>49,816</u>	<u>768</u>
<u>Detention and Correction</u>				
Probation Department:				
Salaries wages benefits	12,880	13,197	12,870	327
Services and supplies	3,797	3,929	3,235	694
Other charges	8	106	98	8
Expenditure transfers and reimbursement	(58)	(501)	(392)	(109)
Total Detention and Correction	<u>16,627</u>	<u>16,731</u>	<u>15,811</u>	<u>920</u>
<u>Fire Protection</u>				
County Fire:				
Services and supplies	13,636	13,725	12,505	1,220
Capital Outlay	850	1,528	1,084	444
Other charges	--	64	64	--
Total Fire Protection	<u>14,486</u>	<u>15,317</u>	<u>13,653</u>	<u>1,664</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, 2007**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Public Protection - Expenditures</b> (continued)				
<u>Protective Inspection</u>				
Agricultural Commissioner:				
Salaries wages benefits	\$ 3,917	\$ 4,085	\$ 3,934	\$ 151
Services and supplies	706	706	656	50
Capital Outlay	13	8	8	--
Other charges	13	10	--	10
Expenditure transfers and reimbursement	--	--	(1)	1
Total Protective Inspection	4,649	4,809	4,597	212
<u>Other Protection</u>				
Animal Services:				
Salaries wages benefits	1,676	1,676	1,494	182
Services and supplies	592	649	551	98
Capital Outlay	--	80	--	80
Total	2,268	2,405	2,045	360
Emergency Services:				
Salaries wages benefits	584	632	547	85
Services and supplies	356	577	291	286
Capital Outlay	18	18	--	18
Other charges	10	10	--	10
Expenditure transfers and reimbursement	--	(49)	--	(49)
Total	968	1,188	838	350
Planning Department:				
Salaries wages benefits	10,380	10,380	9,400	980
Services and supplies	2,585	3,615	1,620	1,995
Other charges	32	2,434	2,225	209
Capital Outlay	60	60	50	10
Expenditure transfers and reimbursement	--	--	(3)	3
Total	13,057	16,489	13,292	3,197
Victim/Witness Assistance:				
Salaries wages benefits	1,009	1,010	981	29
Services and supplies	151	153	138	15
Capital Outlay	12	11	11	--
Total	1,172	1,174	1,130	44
Waste Management:				
Services and supplies	606	663	143	520
Total	606	663	143	520
Other:				
Services and supplies	--	--	54	(54)
Total	--	--	54	(54)
Total Other Protection	18,071	21,919	17,502	4,417
<b>Total Public Protection</b>	122,753	132,346	123,186	9,160

continued

**COUNTY OF SAN LUIS OBISPO**  
**General Fund**  
**Detail Schedule of Expenditures**  
**Budget to Actual Comparison (in thousands)**  
**For the Year Ended June 30, 2007**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Public Ways and Facilities - Expenditures</u></b>				
<u>Public Work:</u>				
Services and supplies	\$ 2,951	\$ 3,318	\$ 845	\$ 2,473
Total	<u>2,951</u>	<u>3,318</u>	<u>845</u>	<u>2,473</u>
<b>Total Public Ways and facilities</b>	<u>2,951</u>	<u>3,318</u>	<u>845</u>	<u>2,473</u>
<b><u>Health and Sanitation - Expenditures</u></b>				
<u>Health</u>				
Drug & Alcohol Services:				
Salaries wages benefits	3,935	4,056	3,804	252
Services and supplies	1,343	1,882	1,658	224
Other charges	737	737	737	--
Expenditure transfers and reimbursement	(825)	(826)	(889)	63
Total	<u>5,190</u>	<u>5,849</u>	<u>5,310</u>	<u>539</u>
Public Health:				
Salaries wages benefits	14,487	14,347	13,028	1,319
Services and supplies	5,009	6,217	5,509	708
Other charges	877	1,111	838	273
Capital Outlay	--	48	7	41
Expenditure transfers and reimbursement	(382)	(382)	(328)	(54)
Total	<u>19,991</u>	<u>21,341</u>	<u>19,054</u>	<u>2,287</u>
Clinic Lab:				
Salaries wages benefits	21	33	32	1
Services and supplies	5	72	43	29
Total	<u>26</u>	<u>105</u>	<u>75</u>	<u>30</u>
Mental Health:				
Salaries wages benefits	14,870	14,870	13,269	1,601
Services and supplies	12,826	13,335	11,580	1,755
Other charges	14	14	--	14
Capital Outlay	31	31	7	24
Expenditure transfers and reimbursement	(757)	(757)	(755)	(2)
Total	<u>26,984</u>	<u>27,493</u>	<u>24,101</u>	<u>3,392</u>
Mental Health Services Act:				
Salaries wages benefits	1,701	1,701	482	1,219
Services and supplies	1,677	2,704	1,650	1,054
Other charges	--	40	26	14
Total	<u>3,378</u>	<u>4,445</u>	<u>2,158</u>	<u>2,287</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, 2007**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Health and Sanitation - Expenditures</u></b>				
SART:				
Salaries wages benefits	\$ 214	\$ 214	\$ 190	\$ 24
Services and supplies	109	109	79	30
Expenditure transfers and reimbursement	(3)	(3)	(2)	(1)
Total	<u>320</u>	<u>320</u>	<u>267</u>	<u>53</u>
Total Health	<u>55,889</u>	<u>59,553</u>	<u>50,965</u>	<u>8,588</u>
<b>Total Health and Sanitation</b>	<u>55,889</u>	<u>59,553</u>	<u>50,965</u>	<u>8,588</u>
<b><u>Public Assistance - Expenditures</u></b>				
<u>Administration</u>				
Department of Social Services:				
Salaries wages benefits	32,333	32,259	29,547	2,712
Services and supplies	11,737	13,638	12,334	1,304
Other charges	4,386	4,889	4,734	155
Capital Outlay	90	76	76	--
Expenditure transfers and reimbursement	(77)	(77)	(76)	(1)
Total Administration	<u>48,469</u>	<u>50,785</u>	<u>46,615</u>	<u>4,170</u>
<u>Aid Programs</u>				
Aid Foster Care Non-Fed:				
Other charges	15,013	15,013	14,315	698
Total	<u>15,013</u>	<u>15,013</u>	<u>14,315</u>	<u>698</u>
Calworks Assistance:				
Other charges	12,069	12,069	11,417	652
Total	<u>12,069</u>	<u>12,069</u>	<u>11,417</u>	<u>652</u>
Total Aid Programs	<u>27,082</u>	<u>27,082</u>	<u>25,732</u>	<u>1,350</u>
<u>Medical Services</u>				
Medical Assistance Program:				
Salaries wages benefits	564	564	539	25
Services and supplies	5,550	5,598	5,163	435
Total Medical Services	<u>6,114</u>	<u>6,162</u>	<u>5,702</u>	<u>460</u>
<u>General Relief</u>				
General Relief:				
Other charges	757	757	624	133
Total General Relief	<u>757</u>	<u>757</u>	<u>624</u>	<u>133</u>
<u>Veterans Service</u>				
Veterans Service:				
Salaries wages benefits	325	335	321	14
Services and supplies	36	36	30	6
Total Veterans Service	<u>361</u>	<u>371</u>	<u>351</u>	<u>20</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, 2007**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Public Assistance - Expenditures</b> (continued)				
<u>Other Assistance</u>				
Law Enforcement Med Care:				
Salaries wages benefits	\$ 1,309	\$ 1,375	\$ 1,343	\$ 32
Services and supplies	825	887	1,275	(388)
Expenditure transfers and reimbursement	(700)	(713)	(712)	(1)
Total	<u>1,434</u>	<u>1,549</u>	<u>1,906</u>	<u>(357)</u>
Total Other Assistance	<u>1,434</u>	<u>1,549</u>	<u>1,906</u>	<u>(357)</u>
<b>Total Public Assistance</b>	<u>84,217</u>	<u>86,706</u>	<u>80,930</u>	<u>5,776</u>
<b>Education - Expenditures</b>				
<u>Agricultural Education</u>				
Farm Advisor:				
Salaries wages benefits	269	263	235	28
Services and supplies	108	120	88	32
Other charges	30	30	30	--
Total Agricultural Education	<u>407</u>	<u>413</u>	<u>353</u>	<u>60</u>
<b>Total Education</b>	<u>407</u>	<u>413</u>	<u>353</u>	<u>60</u>
<b>Total General Fund - Expenditures</b> (Before Contingencies)	<u>318,787</u>	<u>344,457</u>	<u>311,797</u>	<u>32,660</u>
<b>Contingencies</b>				
<u>Appropriation for Contingencies</u>				
Contingencies - General Fund:				
Appropriation for contingency	17,233	12,186	--	12,186
Total	<u>17,233</u>	<u>12,186</u>	<u>--</u>	<u>12,186</u>
Total Appropriation for Contingency	<u>17,233</u>	<u>12,186</u>	<u>--</u>	<u>12,186</u>
<b>Total Contingency</b>	<u>17,233</u>	<u>12,186</u>	<u>--</u>	<u>12,186</u>
<b>Total General Fund Expenditures</b>	<u>\$ 336,020</u>	<u>\$ 356,643</u>	<u>\$ 311,797</u>	<u>\$ 44,846</u>



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**STATISTICAL SECTION**

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# COUNTY OF SAN LUIS OBISPO

## Statistical Section

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

	<b><u>Page</u></b>
<b>Financial Trends Information</b>	
These schedules contain trend information that may assist the reader in assessing the County's current financial performance by placing it in historical perspective .....	179
<b>Revenue Capacity Information</b>	
These schedules contain information that may assist the reader in assessing the viability of the County's two most significant local revenue sources; property taxes and sales taxes .....	184
<b>Debt Capacity Information</b>	
These schedules present information that may assist the reader in analyzing the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.....	188
<b>Demographic &amp; Economic Information</b>	
These schedules offer economic and demographic indicators that are commonly used for financial analysis and that can enhance a reader's understanding of the County's present and ongoing financial status .....	189
<b>Operating Information</b>	
This schedule contains service and infrastructure indicators about how the information in the County's financial statements relates to the services the County provides and the activities it performs.....	191

Notes: The County implemented GASB Statement No. 34 in 2001-2002; schedules presenting government-wide information include information beginning in that year.



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

	Fiscal Year					
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
<b>Governmental Activities</b>						
Invested in Capital Assets, net of related debt	\$ 950,432	\$ 951,989	\$ 956,773	\$ 981,543	\$ 996,381	\$ 996,381
Restricted	54,090	66,890	66,474	48,141	40,178	50,061
Unrestricted	129,902	116,055	109,032	130,632	169,766	206,184
<b>Total governmental activities net assets</b>	<b>\$ 1,134,424</b>	<b>\$ 1,134,934</b>	<b>\$ 1,132,279</b>	<b>\$ 1,160,316</b>	<b>\$ 1,206,325</b>	<b>\$ 1,252,626</b>
<b>Business-type activities</b>						
Invested in Capital Assets, net of related debt	\$ 99,047	\$ 101,138	\$ 109,785	\$ 114,785	\$ 122,534	\$ 146,004
Unrestricted	20,699	21,586	17,146	12,867	19,178	16,528
<b>Total business net assets</b>	<b>\$ 119,746</b>	<b>\$ 122,724</b>	<b>\$ 126,931</b>	<b>\$ 127,652</b>	<b>\$ 141,712</b>	<b>\$ 162,532</b>
<b>Total Primary Government</b>						
Invested in Capital Assets, net of related debt	\$ 1,049,479	\$ 1,053,127	\$ 1,066,558	\$ 1,096,328	\$ 1,118,915	\$ 1,142,385
Restricted	54,090	66,890	66,474	48,141	40,178	50,061
Unrestricted	150,601	137,641	126,178	143,499	188,944	222,712
<b>Total primary government net assets</b>	<b>\$ 1,254,170</b>	<b>\$ 1,257,658</b>	<b>\$ 1,259,210</b>	<b>\$ 1,287,968</b>	<b>\$ 1,348,037</b>	<b>\$ 1,415,158</b>

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

Source: Table A of Management's Discussion and Analysis

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

	Fiscal Year					
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
<b>Expenses</b>						
<b>Governmental Activities</b>						
General government	\$ 32,670	\$ 31,990	\$ 34,862	\$ 29,565	\$ 38,852	\$ 50,819
Public protection	92,131	98,816	104,594	106,402	109,910	120,165
Public ways and facilities	24,161	23,328	23,147	23,647	24,617	22,256
Health Sanitation	43,912	48,961	50,240	52,540	53,475	55,173
Public Assistance	78,006	78,524	82,461	83,209	84,134	84,045
Education	7,437	7,323	7,969	7,459	7,688	8,626
Recreation and Cultural Services	4,793	5,003	5,762	4,238	3,882	6,106
Interest on Long Term debt	3,119	2,797	4,379	4,173	6,231	5,163
<b>Total Governmental Activities Expenses</b>	<b>286,229</b>	<b>296,742</b>	<b>313,414</b>	<b>311,233</b>	<b>328,789</b>	<b>352,353</b>
<b>Business-type Activities Expenses</b>						
Airport	2,405	3,046	3,116	3,628	3,703	4,021
Golf	2,585	1,613	3,132	2,905	2,867	3,301
Hospital	26,154	28,170	17,987	2,149	-	-
State water contract	5,813	5,384	5,045	5,451	5,102	4,792
Lopez dam	1,950	2,274	3,449	3,928	5,237	5,807
Non-major Special Districts	5,576	5,751	6,598	6,138	4,958	5,419
<b>Total Business-type Activities Expenses</b>	<b>44,483</b>	<b>46,238</b>	<b>39,327</b>	<b>24,199</b>	<b>21,867</b>	<b>23,340</b>
<b>Total Primary Government Expenses</b>	<b>\$ 330,712</b>	<b>\$ 342,980</b>	<b>\$ 352,741</b>	<b>\$ 335,432</b>	<b>\$ 350,656</b>	<b>\$ 375,693</b>
<b>Program Revenues</b>						
<b>Governmental Activities</b>						
<b>Charges for services</b>						
General Government	\$ 34,074	\$ 23,236	\$ 25,112	\$ 29,911	\$ 22,293	\$ 18,743
Public Protection	5,119	7,139	7,012	7,642	11,776	21,061
Public ways and facilities	3,692	6,179	6,767	6,607	9,730	7,236
Health and sanitation	5,495	8,754	6,766	8,555	8,831	6,505
Public assistance	853	2,455	2,279	2,680	2,438	2,798
Education	1,593	1,567	1,515	1,853	1,460	1,759
Recreation and cultural services	2,328	3,189	2,598	1,110	1,370	1,246
Operating Grants and Contributions	142,741	141,716	151,194	151,703	165,837	171,587
Capital Grants and Contributions	1,782	3,109	7,764	5,997	7,266	8,269
<b>Total Governmental Activities</b>	<b>197,677</b>	<b>197,344</b>	<b>211,007</b>	<b>216,058</b>	<b>231,001</b>	<b>239,204</b>
<b>Business-type Activities</b>						
<b>Charges for services</b>						
Airport	2,290	2,913	4,846	4,206	3,864	3,919
Golf	3,055	2,823	2,928	2,719	2,895	3,016
Hospital	16,371	15,824	6,993	-	-	-
State Water Project	5,101	5,845	5,084	5,506	5,098	4,458
Nacimiento Water Project	-	-	-	-	-	6,893
Lopez Dam	2,683	2,668	3,006	3,027	4,717	5,987
Other Special Districs	3,645	4,270	4,479	4,334	8,732	3,487
Operating Grants and Contributions	764	947	1,316	1,081	1,722	1,012
Capital Grants and Contributions	5,214	2,493	1,126	3,188	3,792	9,509
<b>Total Business-type Activities Revenues</b>	<b>39,123</b>	<b>37,783</b>	<b>29,778</b>	<b>24,061</b>	<b>30,820</b>	<b>38,281</b>
<b>Total Primary Government Revenues</b>	<b>\$ 236,800</b>	<b>\$ 235,127</b>	<b>\$ 240,785</b>	<b>\$ 240,119</b>	<b>\$ 261,821</b>	<b>\$ 277,485</b>
<b>Net (Expense)/Revenues</b>						
Governmental Activities	\$ (88,552)	\$ (99,398)	\$ (102,407)	\$ (95,175)	\$ (97,788)	\$ (113,149)
Business-Type Activities	(5,360)	(8,455)	(9,549)	(138)	8,953	14,941
<b>Total Primary Government net expense</b>	<b>\$ (93,912)</b>	<b>\$ (107,853)</b>	<b>\$ (111,956)</b>	<b>\$ (95,313)</b>	<b>\$ (88,835)</b>	<b>\$ (98,208)</b>

Source: Table B of Management's Discussion and Analysis

continued

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

	Fiscal Year					
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
<b>General Revenue and Other Changes in Net Assets</b>						
<b>Governmental Activities</b>						
Property Taxes	\$ 78,802	\$ 70,002	\$ 75,559	\$ 98,025	\$ 114,076	\$ 128,867
Other Taxes	11,828	12,739	15,422	14,333	15,823	15,798
Interest and investment income	10,969	5,026	3,221	4,420	7,176	11,025
Unrestricted Grants	21,721	19,839	15,681	4,609	9,559	4,079
Other revenues	-	-	83	331	-	-
Transfers	(6,059)	(7,718)	(10,214)	1,494	(1,884)	(319)
<b>Total Governmental Actives</b>	<b>117,261</b>	<b>99,888</b>	<b>99,752</b>	<b>123,212</b>	<b>144,750</b>	<b>159,450</b>
<b>Business-type Activities</b>						
Property Taxes	2,369	2,823	3,073	1,765	2,051	3,359
Interest and investment income	2,186	872	318	406	1,085	1,897
Other revenues	421	20	151	182	86	304
Transfers	6,059	7,718	10,214	(1,494)	1,884	319
<b>Total Business-type Activities</b>	<b>11,035</b>	<b>11,433</b>	<b>13,756</b>	<b>859</b>	<b>5,106</b>	<b>5,879</b>
<b>Total Primary Government</b>	<b>\$ 128,296</b>	<b>\$ 111,321</b>	<b>\$ 113,508</b>	<b>\$ 124,071</b>	<b>\$ 149,856</b>	<b>\$ 165,329</b>
<b>Change in Net Assets</b>						
Governmental Activities	\$ 28,709	\$ 490	\$ (2,655)	\$ 28,037	\$ 46,962	\$ 46,301
Business-Type Activities	5,675	2,978	4,207	721	14,059	20,820
<b>Total Primary Government</b>	<b>\$ 34,384</b>	<b>\$ 3,468</b>	<b>\$ 1,552</b>	<b>\$ 28,758</b>	<b>\$ 61,021</b>	<b>\$ 67,121</b>

Source: Table B of Management's Discussion and Analysis

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

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund										
Reserved	\$ 20,036	\$ 16,996	\$ 12,590	\$ 15,447	\$ 18,761	\$ 21,772	\$ 19,194	\$ 18,255	\$ 5,246	\$ 2,538
Unreserved	23,184	25,375	34,555	37,306	68,187	70,147	59,105	76,200	99,343	102,030
Total General Fund	<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>	<u>\$ 104,568</u>
All Other Governmental Funds										
Reserved	\$ 9,429	\$ 9,415	\$ 10,028	\$ 13,549	\$ 50,932	\$ 64,454	\$ 73,309	\$ 41,727	\$ 9,039	\$ 30,278
Unreserved, reported in:										
Special Revenue Funds	14,306	18,819	26,490	32,316	38,589	38,779	32,263	42,828	80,293	70,630
Capital Project Funds	10,476	10,563	11,765	26,059	15,439	17,117	13,793	19,877	27,245	31,638
Debt Service Funds	172	207	218	268	-	-	-	-	-	-
Total all other Governmental Funds	<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>	<u>\$ 132,546</u>

**Note:** In 2002, the 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)**

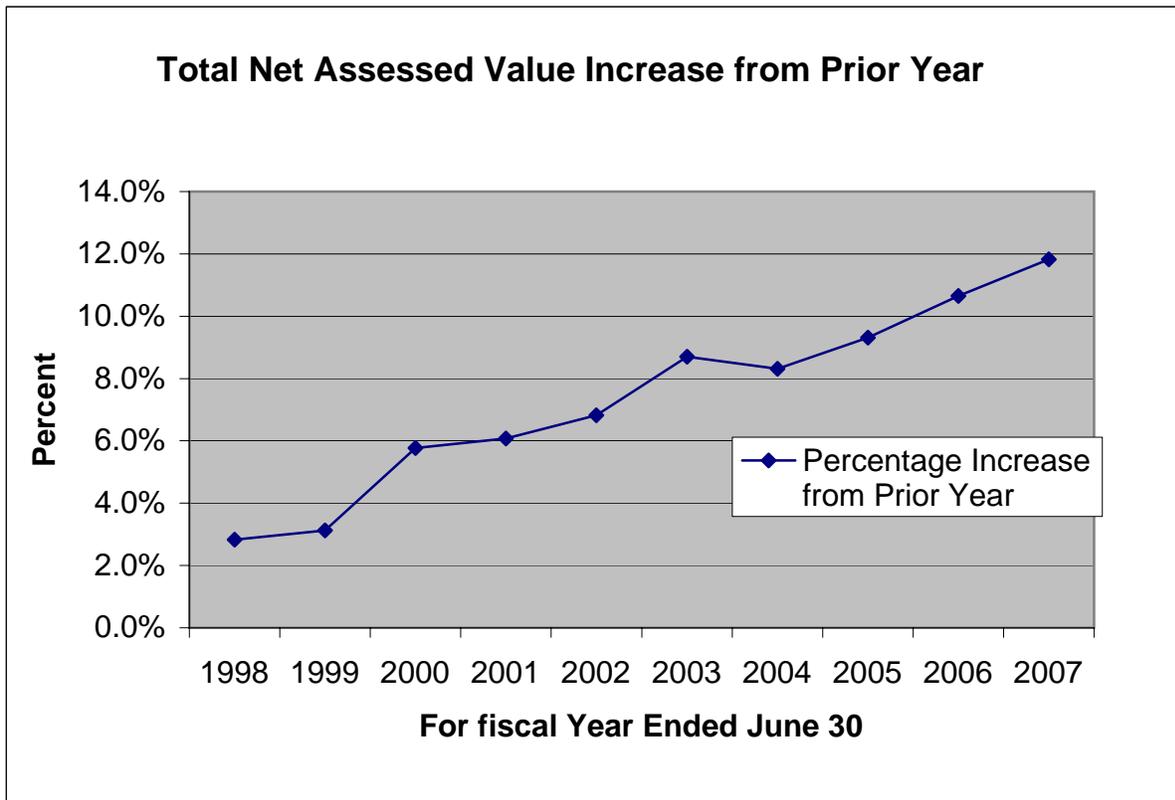
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Revenues</b>										
Taxes	\$ 62,493	\$ 65,576	\$ 69,266	\$ 85,851	\$ 85,472	\$ 83,404	\$ 90,553	\$ 112,565	\$ 128,586	\$ 141,934
Licenses, permits, and franchises	4,339	4,913	6,606	7,592	7,849	8,700	8,674	13,637	10,744	9,404
Fines, forfeits, and penalties	3,849	4,974	4,611	4,684	7,861	5,988	7,901	6,105	3,544	6,262
Revenues from use of money and property	6,040	5,802	6,231	7,600	10,439	4,839	2,973	4,063	6,637	9,789
Aid from governmental agencies	111,750	119,295	133,430	147,535	164,435	164,625	172,425	160,452	182,750	184,142
Charges for current services	20,359	21,249	21,372	24,584	46,664	48,957	54,300	54,769	55,547	55,083
Other revenues	12,367	11,958	16,988	16,742	10,162	4,319	4,608	4,712	7,146	6,750
<b>Total revenues</b>	<b>221,197</b>	<b>233,767</b>	<b>258,504</b>	<b>294,588</b>	<b>332,882</b>	<b>320,832</b>	<b>341,434</b>	<b>356,303</b>	<b>394,954</b>	<b>413,364</b>
<b>Expenditures</b>										
Current:										
General government	30,242	32,354	33,082	33,347	42,765	39,896	49,491	49,074	53,691	60,042
Public protection	66,941	72,970	74,332	80,691	89,119	95,815	101,203	107,355	116,791	124,955
Public ways and facilities	10,733	13,819	15,858	17,941	20,836	20,741	29,718	24,096	25,749	34,578
Health and sanitation	27,918	26,884	29,637	33,852	43,071	47,822	49,542	52,894	55,464	57,018
Public assistance	56,926	62,303	63,541	67,611	77,350	77,449	81,616	82,673	87,020	86,119
Education	5,341	6,033	6,500	6,775	7,285	6,972	7,606	7,802	7,891	8,731
Recreational and cultural services	5,469	5,343	5,195	6,255	4,800	4,853	5,645	5,092	4,159	8,005
Debt service:										
Principal payments	530	555	580	615	4,735	1,305	1,815	1,895	4,970	6,560
Interest and fiscal charges	1,665	1,403	1,053	1,082	3,121	2,959	5,105	6,226	5,774	6,401
Debt Issuance Costs	-	-	-	-	-	-	2,173	-	-	-
Capital outlay	3,951	2,916	6,263	6,320	7,919	15,147	14,490	18,673	9,551	10,177
<b>Total expenditures</b>	<b>209,716</b>	<b>224,580</b>	<b>236,041</b>	<b>254,489</b>	<b>301,001</b>	<b>312,959</b>	<b>348,404</b>	<b>355,780</b>	<b>371,060</b>	<b>402,586</b>
Excess (deficiency) of revenues over expenditures	11,481	9,187	22,463	40,099	31,881	7,873	(6,970)	523	23,894	10,778
<b>Other Financing Sources</b>										
Issuance of long term debt	-	-	-	-	-	-	137,194	-	-	5,090
Proceeds on long term debt	-	-	-	-	-	21,982	-	-	-	-
Payment to San Luis Pension Trust	-	-	-	-	-	-	(135,000)	-	-	-
Transfers in	8,910	8,067	8,144	12,268	21,970	36,960	29,420	19,792	31,910	42,996
Transfers out	(10,026)	(12,419)	(14,152)	(18,912)	(30,493)	(46,454)	(39,248)	(19,093)	(33,525)	(42,817)
<b>Total other financing sources and uses</b>	<b>(1,116)</b>	<b>(4,352)</b>	<b>(6,008)</b>	<b>(6,644)</b>	<b>(8,523)</b>	<b>12,488</b>	<b>(7,634)</b>	<b>699</b>	<b>(1,615)</b>	<b>5,269</b>
<b>Net change in fund balances</b>	<b>\$ 10,365</b>	<b>\$ 4,835</b>	<b>\$ 16,455</b>	<b>\$ 33,455</b>	<b>\$ 23,358</b>	<b>\$ 20,361</b>	<b>\$ (14,604)</b>	<b>\$ 1,222</b>	<b>\$ 22,279</b>	<b>\$ 16,047</b>
Debt Service as a percentage of non capital expenditures	1.07%	0.88%	0.71%	0.68%	2.68%	1.43%	2.72%	2.41%	2.97%	3.30%

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

**County of San Luis Obispo  
Assessed Valuation  
Last 10 Fiscal Years (in thousands)  
(UNAUDITED)**

Fiscal Year	Secured	Unsecured	Exemptions	Net Assessed Valuations	Percentage Increase from Prior Year	Tax Rate
1998	\$ 18,718,803	\$ 601,121	\$ (492,665)	\$ 18,827,259	2.8%	1.0063
1999	19,358,789	588,429	(532,447)	19,414,771	3.1%	1.0049
2000	20,457,019	630,584	(552,477)	20,535,126	5.8%	1.0047
2001	21,636,143	712,208	(565,668)	21,782,683	6.1%	1.0035
2002	23,038,553	834,800	(603,887)	23,269,466	6.8%	1.0023
2003	25,052,023	875,457	(634,019)	25,293,461	8.7%	1.0023
2004	27,194,503	859,296	(658,326)	27,395,473	8.3%	1.0023
2005	29,738,552	836,182	(627,983)	29,946,751	9.3%	1.0023
2006	32,984,334	933,186	(781,070)	33,136,450	10.7%	1.0022
2007	36,890,449	1,000,874	(835,357)	37,055,966	11.8%	1.0022

Source: County Property Tax System



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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>County Direct Rates</b>										
General	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
State Water Project	0.00490	0.00470	0.00350	0.00230	0.00230	0.00230	0.00230	0.00223	0.00222	0.00221
Total Direct Rate	1.00490	1.00470	1.00350	1.00230	1.00230	1.00230	1.00230	1.00223	1.00222	1.00221
<b>Cities, Schools, and Special Districts Combined Rates</b>										
Arroyo Grande	0.0234	0.0224	0.0168	0.0467	0.0365	0.0329	0.0403	0.0593	0.0423	0.0392
Atascadero	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975
Grover Beach	0.0234	0.0224	0.0168	0.0467	0.0365	0.0329	0.0273	0.0463	0.0313	0.0295
Morro Bay	0.1075	0.1075	0.0097	0.0086	0.0083	0.0081	0.0082	0.0081	0.0231	0.0231
Paso Robles	0.3575	0.3575	0.3575	0.3575	0.3575	0.1775	0.1775	0.1775	0.1082	0.0952
Pismo Beach	0.0234	0.0224	0.0168	0.0467	0.0365	0.0329	0.0273	0.0463	0.0335	0.0295
San Luis Obispo	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: County Property Tax Information Booklet

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

Taxpayer	Industry	Fiscal Year 2007			Fiscal Year 1998		
		Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
Pacific Gas & Electric Co.	Utility	\$ 2,177,838	1	5.88%	\$ 3,343,945	1	17.76%
Tosco Corp A NV Corp.	Oil and Construction	140,179	2	0.38%	188,917	2	1.00%
AIMCO Mustang Village LLC	Apartments	70,825	3	0.19%	-	-	-
Beringer Wine Estates Co.	Agriculture	65,609	4	0.18%	-	-	-
AT&T California	Communications	61,619	5	0.17%	49,978	6	0.27%
Duke Energy Morro Bay LLC	Utility	61,400	6	0.17%	-	-	-
Southern California Gas Co	Utility	53,458	7	0.14%	51,456	5	0.27%
Charter Communications LLC	Communications	50,720	8	0.14%	-	-	-
Centex Homes	Developer	49,786	9	0.13%	-	-	-
Twin Cities Com. Hospital	Health Care	45,587	10	0.12%	-	-	-
Pacific Bell	Utility	-	-	-	148,578	3	0.79%
Wings West	Transportation	-	-	-	74,147	4	0.39%
Union Oil Company	Oil and Chemical	-	-	-	39,979	7	0.21%
French Hospital	Health Care	-	-	-	39,411	8	0.21%
AMI Sierra Vista Hospital	Health Care	-	-	-	33,354	9	0.18%
Shell Western E&P Inc.	Oil and Chemical	-	-	-	31,005	10	0.16%
Total		<u>\$ 2,777,021</u>		<u>7.49%</u>	<u>\$ 4,000,770</u>		<u>21.25%</u>
Total County Assessed Value		\$ 37,055,966			\$ 18,827,259		

Source: County Property Tax System

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

Fiscal Year	Total Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Amount	% of Levy Delinquent
		Collected Amount	% of Original Levy		
1998	\$ 181,808	\$ 178,224	98.03%	\$ 3,584	1.97%
1999	188,726	185,864	98.48%	2,862	1.52%
2000	199,552	196,993	98.72%	2,559	1.28%
2001	210,048	207,392	98.74%	2,656	1.26%
2002	224,426	221,377	98.64%	3,049	1.36%
2003	243,985	240,502	98.57%	3,483	1.43%
2004	265,009	261,422	98.65%	3,587	1.35%
2005	290,692	286,937	98.71%	3,755	1.29%
2006	324,547	319,214	98.36%	5,333	1.64%
2007	362,429	354,117	97.71%	8,312	2.29%

Note:

Amounts do not include Tax collections for Bonds or Special Assessments

Source: County Property Tax Booklet

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

	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
<b>Governmental Actives</b>							
Certificates of Participation	\$10,976	\$6,486	\$27,601	\$26,487	\$25,323	\$23,107	\$27,125
Pension Obligation Bonds	-	-	-	137,194	137,194	135,199	130,504
<b>Business Type</b>							
Certificates of Participation	24,224	23,989	23,539	23,068	22,577	22,069	21,535
Pension Obligation Bonds							
State Note	3,228	3,117	3,003	3,211	3,077	15,126	26,144
Revenue Bonds	1,778	984	705	71	66	61	56
General Obligation Bonds	13,200	13,200	12,980	12,750	12,510	12,260	12,000
<b>Total Outstanding Debt</b>	<u>\$53,406</u>	<u>\$47,776</u>	<u>\$67,828</u>	<u>\$202,781</u>	<u>\$200,747</u>	<u>\$207,822</u>	<u>\$217,364</u>
Percentage of Personal Income	0.74%	0.64%	0.88%	2.48%	17.09%	N/A	N/A
Percentage of Actual Value of Taxable Property	0.26%	0.21%	0.28%	0.74%	0.66%	0.63%	0.59%
Per Capita	\$211.84	\$188.39	\$264.64	\$785.36	\$769.95	\$789.47	\$ 820.55

Note:

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.

Source: Table G of Management's Discussion and Analysis

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

Calendar Year	Population (1,a,c)	Personal Income		Median Age (5,c)	School Enrollment (3,b,e)	Unemployment Rate (4,a)
		<i>(in thousands)</i> (2)	Per Capital Income (2,a,d)			
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	8,766,168	34,305	39.20	45,268	4.2
2006	263,242	N/A	N/A	37.30	44,537	4.1
2007	264,900	N/A	N/A	N/A	44,610	4.6

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	2007			1998		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
California Polytechnic State University, SLO	2,677	1	2.00%	2,500	1	2.37%
County of San Luis Obispo	2,546	2	1.90%	2,471	2	2.35%
Atascadero State Hospital	2,155	3	1.61%	1,695	4	1.61%
California Men's Colony	1,800	4	1.35%	1,650	5	1.57%
Pacific Gas and Electric Company	1,800	5	1.35%	1,699	3	1.61%
Cal Poly Foundation	1,400	6	1.05%	-	-	-
Lucia Mar Unified School District	1,042	7	0.78%	1,280	6	1.22%
Cuesta College	830	8	0.62%	-	-	-
San Luis Coastal Unified School District	821	9	0.61%	890	7	0.85%
Paso Robles Public Schools	803	10	0.60%	775	9	0.74%
Sierra Vista Regional Medical Center	-	-	-	826	8	0.78%
Atascadero Unified School District	-	-	-	750	10	0.71%
Total Employment Labor Force			133,800			105,300

Source:

2007 San Luis Obispo County Economic Outlook

**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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	416.25	431.75	464.25	480.75	478.25	465.25	481.25	480.25	479.75	482.00
Public Protection	871.75	766.00	793.00	813.50	830.50	857.00	862.50	850.50	856.00	885.25
Public Ways and Facilities	192.50	195.50	178.50	182.50	182.50	191.50	194.50	184.00	185.00	185.25
Health and Sanitation	483.00	485.75	501.75	528.25	549.75	531.00	507.25	419.25	413.25	394.50
Public Assistance	348.75	369.50	417.00	426.50	441.50	464.50	464.50	439.00	438.75	443.75
Education	75.25	85.25	66.50	67.00	67.50	73.00	74.00	73.00	74.00	84.00
Recreation and Cultural Services	56.00	51.00	52.00	54.00	54.00	53.00	55.50	56.50	55.00	59.00
Total	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	2,533.75

Source: County Budget Report

Notes:

Position allocation figures are calculated at the time of budget preparation for the following year.

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

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

Function	Department	Fiscal Year									
		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Government</b>											
<b>Parks</b>											
	<i>Day Use Passes</i>	75,746	87,532	85,876	79,718	72,971	71,874	64,679	53,906	62,951	66,899
	<i>Annual Passes</i>	1,534	1,865	1,819	1,902	1,948	1,822	1,478	1,436	1,496	1,416
	<i>Daily Boat Launches</i>	31,837	32,707	32,287	30,564	36,854	28,951	26,552	21,085	22,481	19,737
	<i>Annual Boat Passes</i>	918	1,014	954	999	986	960	842	795	804	793
<b>Public Protection</b>											
<b>Planning and Building</b>											
	<i>Total Permits Issued</i>	2,614	3,035	3,196	3,266	3,331	3,618	3,856	3,747	3,548	2,897
	<i>Number of New Affordable Housing</i>	n/a	n/a	n/a	67	54	0	141	267	184	183
<b>Sheriff</b>											
	<i>Jail bookings (a)</i>	11,436	12,039	12,638	13,108	13,741	14,182	15,016	14,240	14,927	18,718
	<i>Average daily population (a)</i>	397	373	365	352	386	433	460	506	534	553
<b>Health Sanitation</b>											
<b>Mental Health</b>											
	<i>Total number of patient days in State Hospitals</i>	n/a	n/a	n/a	0	182	410	571	986	522	365
<b>Public Health</b>											
	<i>No. of Children enrolled in the Health Families Pgm</i>	n/a	n/a	n/a	2,786	3,378	3,833	3,824	4,331	4,436	4,600
<b>Public Assistance</b>											
<b>Social Services</b>											
	<i>Rate per 1,000 children entering out-of-home care for the first time (State Rate is 2.8)</i>	n/a	n/a	n/a	1.8	3.1	3.8	3.3	2.9	3.8	3.8
<b>Education</b>											
<b>Library</b>											
	<i>Annual number of items circulated per capita</i>	n/a	n/a	n/a	7.0	7.6	7.2	7.1	5.8	6.0	6.3
	<i>Annual Expenditure per capita for total Library budget</i>	n/a	n/a	n/a	\$ 21.87	\$ 23.11	\$ 24.30	\$ 24.03	\$ 27.37	\$ 28.34	\$ 31.50
<b>Public Ways and facilities</b>											
<b>Roads</b>											
	<i>Pavement Condition Rating for all county roads (70 = "good")</i>	n/a	74	70	68	65	64	64	58	70	69
<b>Airport</b>											
<b>Airport</b>											
	<i>Takeoffs and Landings (a)</i>	105,233	130,468	120,650	114,732	113,292	119,613	115,066	101,849	92,096	n/a
	<i>Passenger Enplanements</i>	n/a	146,195	156,866	161,293	148,347	152,607	154,726	173,370	182,177	177,176

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

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

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Government</b>										
County golf courses	3	3	3	3	3	3	3	3	3	3
Park acreage	11,861	11,861	11,861	11,886	11,946	11,946	11,946	12,026	12,056	12,056
<b>Public Protection</b>										
Correction facility capacities (a)	689	689	689	689	689	689	689	693	693	684
<b>Recreation and Cultural Services</b>										
Miles of county roads	1,290	1,293	1,300	1,305	1,302	1,312	1,315	1,317	1,321	1,321
<b>Airport</b>										
Number of runways	2	2	2	2	2	2	2	2	2	2

Note:

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

Source: County management