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# **County of San Luis Obispo, California Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2008**

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



**COUNTY OF SAN LUIS OBISPO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2008**

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**INTRODUCTORY SECTION**

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# County of San Luis Obispo

## Office of the Auditor-Controller

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**GERE W. SIBBACH, CPA**

*Auditor-Controller*

**BILL ESTRADA**

*Assistant*

December 24, 2008

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, 2008, 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 Gallina LLP, 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, 2008, 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, 2008, 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 269,300 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 5.7%, which is lower than the state (7.0%) and in line with the national average (5.5%). The County's steady unemployment rate 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 discretionary revenue indicators clearly illustrate a down turn in the economy. Property tax revenue receipts were \$136.7 million, a modest 3.3% increase over the prior year. People's desire to live in the area kept the median home price at \$420,000, although this figure is dramatically down 17.4% from the previous year. Property transfer tax dropped to \$1.9 million, 27% below last year, clearly demonstrating the sluggish real estate market. Overall there were only moderate changes in other economic indicators during 07-08 FY. The forecast for 08-09 FY does not appear to be any more promising with a projected continued down turn in the housing market and continued uncertainties in the finance and banking industry.

**Long-term financial planning.** The 08-09 FY budget was developed to address major changes in the overall financial status of the County. The drastic down turn in the housing market has significantly impacted the County's main discretionary revenue sources, while federal, state and grant funds continue to decline in relation to program growth. These factors, along with increases in employee compensation and pension costs, produced a much leaner budget from previous years. The final budget authorized a \$492.7 million spending level which is a reduction over the \$493.4 budget from 07-08 FY. The general fund included \$387.8 million appropriated to finance the current year's expenditures including contingencies, with \$8 million placed in general reserves, and \$12.5 million earmarked for designations. The 08-09 FY budget anticipates that the 2009-10 FY will be at least as financially difficult, with a continuing slide in the housing market and local economy. Accepting this outlook, one time money was used to ease the amount of program reductions, while other reserve amounts were held in anticipation of next year's need. Also, hiring limits were put in place so only positions that are critical to public health or safety or essential for key operations would be filled. And finally, no new General Fund money was provided to new capital projects with the idea of focusing on maintaining existing infrastructure.

Each year a 5-year Capital Improvement Program (CIP) is compiled. The CIP is a plan for short range and long-range capital acquisition and development. It also includes plans to improve or rehabilitate

County-owned roads and facilities. The plan provides the mechanism for estimating capital requirements; setting priorities; monitoring and evaluating the progress of capital projects; and informing the public of projected capital improvements and unfunded needs. While the CIP covers a five-year planning period, it is updated each year to reflect ongoing changes as new projects are added, existing projects modified, and completed projects deleted from the plan document. The five-year CIP does not appropriate funds; rather it serves as a budgeting tool, identifying those Capital Project appropriations to be made through the adoption of the County's annual budget. The 08-09 FY capital budget included very few new projects and no new General Fund money. Additionally, the amount budgeted for maintenance projects was the same as last year.

**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 4.16% during fiscal year 2007-08. At June 30, 2008, the County had \$552.8 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 with their third party administrator has dramatically reduced the workers compensation liability from the previous years. Workers' compensation fund reserves have been adequately restored through successful efforts in effective claims management and the development of the back to work program.

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 8.80% to 23.76% 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, 2007, the Plan had no investments of a single issuer comprising more than 5% of net assets.

The Pension Plan uses the calendar year for financial reporting purposes. The total Plan net assets held in trust as of December 31, 2007 were \$832.2 million, a \$43.2 million increase from the prior

year. As of December 31, 2007 (January 1, 2008), the date of the last actuarial evaluation, the funded ratio for all Pension Trust's agencies was 78.6% indicating that for every dollar of benefits due approximately \$0.79 of assets were available for payment as of this date.

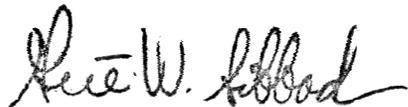
Additional information on the County of San Luis Obispo's Pension Plan's actuarial information and Plan provisions can be found in the notes to the financial statements.

**Awards.** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of San Luis Obispo for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the twenty-second 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, Gallina LLP, for their assistance in the report preparation. We would also like to express our appreciation to all County departments who assisted in this process and to the Board of Supervisors for its leadership responsibility and unfailing support to ensure the continued general fiscal health and integrity of the County.

Respectfully submitted,

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

Gere W. Sibbach, CPA  
Auditor-Controller

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

County of San Luis Obispo  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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.



*Oliver S. Cox*

President

*Jeffrey R. Emery*

Executive Director

COUNTY OF SAN LUIS OBISPO

LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2008

Elected Officials

Board of Supervisors

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

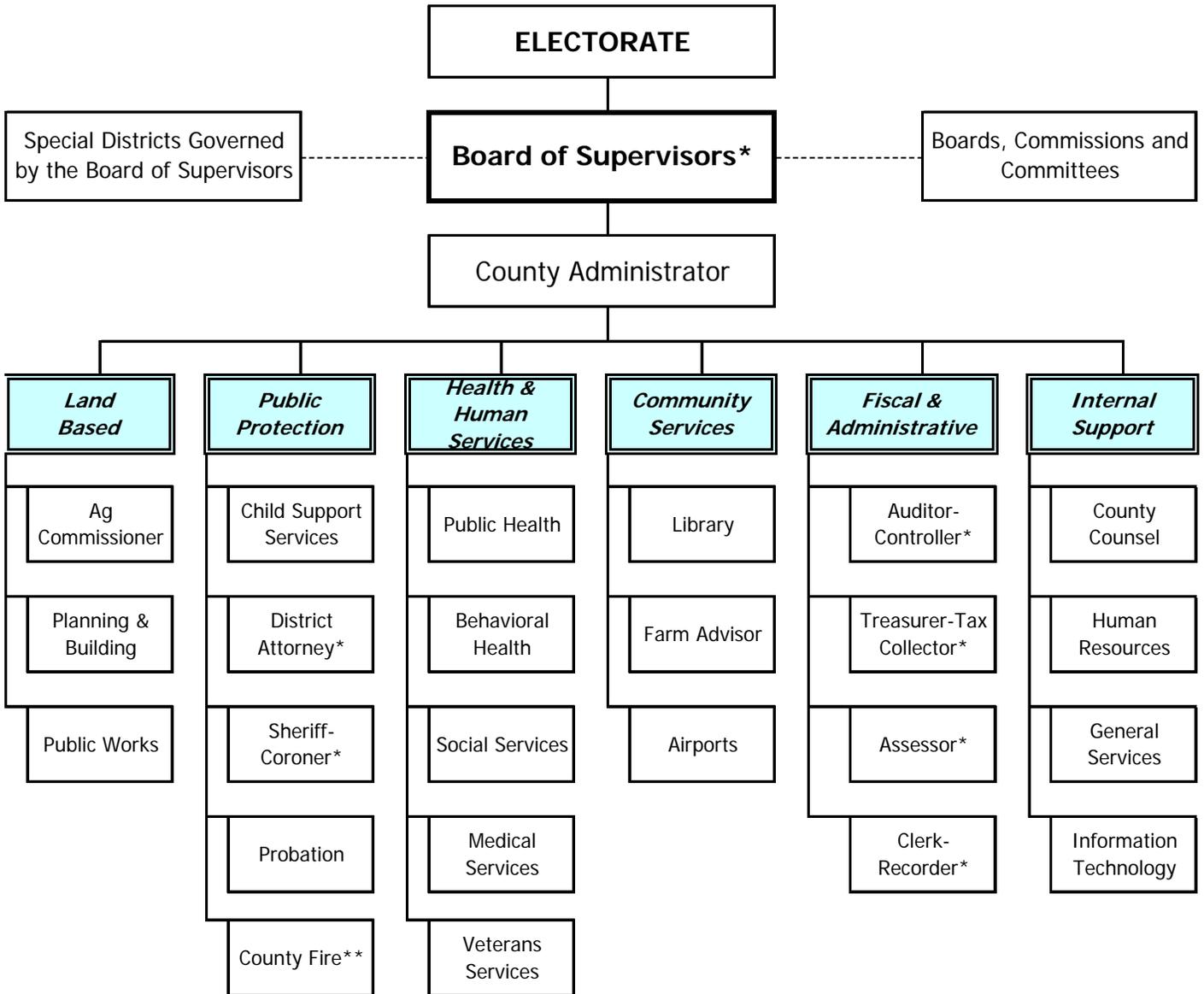
Other Elected Officials

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 Probation Officer .....	Kim Barrett
Child Support Services Director .....	Phil Lowe
County Administrator .....	David Edge
County Counsel .....	Wyatt Cash
County Fire.....	Matt Jenkins
Director of Behavioral Health Services .....	Karen Baylor
General Services Agency Director.....	Janette Pell
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 .....	Paavo Ogren
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, 2008, 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 \$832,820,834 as of December 31, 2007, and total revenues of \$79,279,449 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, 2008, 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 22, 2008 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.

*Gallina LLP*

Roseville, California  
December 22, 2008

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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, 2008**

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, 2008. 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 \$1,445,432 (*net assets*). Of this amount \$189,598 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors, \$52,566 is restricted for specific purposes (*restricted net assets*), and \$1,203,268 is invested in capital assets, net of related debt. (Table A)
- ❖ The County's net assets increased by \$30,274 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, 2008, the County's governmental activities reported combined ending net assets of \$1,273,323, an increase of \$20,697 in comparison with the prior year. Approximately 14% of the combined fund balances, or \$173,396 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 losses of \$2,371 before general revenues, contributions and transfers from other funds, a decrease of \$17,312 from the prior year. The key factor contributing to the decrease was a \$9.8 loss realized by the Nacimiento Water Contract. The loss included \$12.3 reimbursed to various participating agencies and \$7.4 in interest expense.
- ❖ At the end of the fiscal year, unreserved fund balance of the general fund was \$64,886, or 20% of total general fund expenditures.
- ❖ The County issued \$210.6 million in new debt during the year to finance various capital projects. New debt consisted of Revenue Bonds totaling \$196.4 for the construction of the Nacimiento Water Pipeline project, \$7.325 in Certificates of Participation to fund the Vineyard Drive Interchange project, \$5.818 in State Safe Drinking Water loans to fund construction of water systems in unincorporated communities, and a \$1 million State Department of Transportation loan to finance construction of airport hangars at the San Luis Obispo County Airport.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

## **Government-wide financial statements**

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*business-type activities*). The governmental activities of the County include public protection, public ways and facilities, health and sanitation, public assistance, education, recreational and cultural services and general government. The main business-type activities of the County include the airport, golf courses, flood control districts, 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 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, Other Post Employment Benefits, and self-insurance programs. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the governmental-wide financial statements.

Proprietary funds provide the same type of information as the *government-wide financial statements*, only in more detail. The Airport, Nacimiento Water Contract, 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 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 133 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 \$1,445,432.

**Table A**  
**Statement of Net Assets**  
**June 30, 2008**  
(in thousands)

	June 30, 2008			June 30, 2007			2007-2008
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
<b>Assets:</b>							
Current assets	\$ 306,320	\$ 50,480	\$ 356,800	\$ 297,637	\$ 41,787	\$ 339,424	5.1%
Other long-term assets	137,186	161,237	298,423	142,510	998	143,508	107.9%
Capital assets	<u>1,070,738</u>	<u>264,732</u>	<u>1,335,470</u>	<u>1,039,583</u>	<u>205,756</u>	<u>1,245,339</u>	7.2%
Total assets	<u>1,514,244</u>	<u>476,449</u>	<u>1,990,693</u>	<u>1,479,730</u>	<u>248,541</u>	<u>1,728,271</u>	15.7%
<b>Liabilities:</b>							
Long-term liabilities	186,248	266,258	452,506	180,328	58,693	239,021	89.3%
Other liabilities	58,068	34,687	92,755	50,387	23,705	74,092	25.2%
Internal balances	<u>(3,395)</u>	<u>3,395</u>	<u>-</u>	<u>(3,611)</u>	<u>3,611</u>	<u>-</u>	-
Total liabilities	<u>247,921</u>	<u>304,340</u>	<u>545,261</u>	<u>227,104</u>	<u>86,009</u>	<u>313,113</u>	74.1%
<b>Net assets:</b>							
Invested in capital assets, net related debt **	1,047,361	155,907	1,203,268	1,012,458	146,021	1,158,479	3.9%
Restricted	52,566	-	52,566	50,061	-	50,061	5.0%
Unrestricted **	<u>173,396</u>	<u>16,202</u>	<u>189,598</u>	<u>190,107</u>	<u>16,511</u>	<u>206,618</u>	(8.2%)
Total net assets	<u>\$ 1,273,323</u>	<u>\$ 172,109</u>	<u>\$ 1,445,432</u>	<u>\$ 1,252,626</u>	<u>\$ 162,532</u>	<u>\$ 1,415,158</u>	2.1%

\*\* 2007 amounts restated

### **Analysis of Net Assets**

Approximately 13%, or \$189,598 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, \$1,203,268 or 83%, reflects its investment in capital assets net of accumulated depreciation (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of the County's net assets of \$52,566, or 4%, 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 \$30,274. Although total revenue realized exceeded total expenses, the County was forced to use additional general fund money to cover increased expenses for programs that are supposed to be revenue-offset from non-County sources. Program revenues have not kept up with the increase in costs to provide the programs. This is particularly apparent in the area of health services.

Unrestricted net assets decreased by \$17,020. All but 2% of the decrease occurred in governmental activities. This change is the result of using existing designations and available County resources to fund several large capital projects. Note there is a corresponding increase of \$35 million in the amount Invested in capital assets, net of related debt in governmental activities.

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, 2008**  
(in thousands)

	June 30, 2008			June 30, 2007			2007-2008 Total % Chg
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government	
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 54,780	\$ 25,947	\$ 80,727	\$ 59,348	\$ 27,760	\$ 87,108	(7.9%)
Operating grants and contributions	176,249	1,482	177,731	171,587	1,012	172,599	2.9%
Capital grants and contributions	16,726	19,366	36,092	8,269	9,509	17,778	50.7%
General revenues:							
Property taxes	133,292	3,402	136,694	128,867	3,359	132,226	3.3%
Other taxes	15,881	25	15,906	15,798	-	15,798	0.7%
Interest and investment income	9,790	7,290	17,080	11,025	1,897	12,922	24.3%
Grants not restricted to specific programs	4,019	-	4,019	4,079	-	4,079	(1.5%)
Other revenues	-	267	267	-	304	304	(13.9%)
Total revenues	<u>410,737</u>	<u>57,779</u>	<u>468,516</u>	<u>398,973</u>	<u>43,841</u>	<u>442,814</u>	5.5%
<b>Expenses:</b>							
General government	46,971	-	46,971	50,819	-	50,819	(8.2%)
Public protection	135,987	-	135,987	120,165	-	120,165	11.6%
Public ways and facilities	24,503	-	24,503	22,256	-	22,256	9.2%
Health sanitation	66,382	-	66,382	55,173	-	55,173	16.9%
Public assistance	93,472	-	93,472	84,045	-	84,045	10.1%
Education	9,966	-	9,966	8,626	-	8,626	13.4%
Recreational and cultural services	6,024	-	6,024	6,106	-	6,106	(1.4%)
Interest on Long-term debt	5,771	-	5,771	5,163	-	5,163	10.5%
Airport	-	7,809	7,809	-	4,021	4,021	48.5%
Golf	-	3,033	3,033	-	3,301	3,301	(8.8%)
State water contract	-	5,179	5,179	-	4,792	4,792	7.5%
Nacimiento Water Contract	-	20,021	20,021	-	559	559	97.2%
Lopez dam	-	7,945	7,945	-	5,807	5,807	27.9%
Nonmajor special districts	-	5,179	5,179	-	4,860	4,860	6.4%
Total expenses	<u>389,076</u>	<u>49,166</u>	<u>438,242</u>	<u>352,353</u>	<u>23,340</u>	<u>375,693</u>	14.3%
Excess before transfers	<u>21,661</u>	<u>8,613</u>	<u>30,274</u>	<u>46,620</u>	<u>20,501</u>	<u>67,121</u>	(121.7%)
Transfers	<u>(964)</u>	<u>964</u>	<u>-</u>	<u>(319)</u>	<u>319</u>	<u>-</u>	
Change in net assets	20,697	9,577	30,274	46,301	20,820	67,121	(121.7%)
Net assets at beginning of year	<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>	4.7%
Net assets at end of year	<u>\$ 1,273,323</u>	<u>\$ 172,109</u>	<u>\$ 1,445,432</u>	<u>\$ 1,252,626</u>	<u>\$ 162,532</u>	<u>\$ 1,415,158</u>	2.1%

## **Analysis of Governmental and Business-type Activities**

### **Governmental Activities**

Governmental activities increased San Luis Obispo County's net assets by \$20,697, accounting for 68% of the total growth in the net assets of the County. Factors contributing to the increase are as follows:

Total revenues from Governmental Activities increased by \$11.8 million from the prior year. Large increases in *Operating grants and contributions* (\$4.7 million), *Capital grants and contributions* (\$8.5 million) and *Property taxes* (\$4.4 million) offset the decline in *Charges for services* (\$4.6 million). Key components of the increase in *Operating grants and contributions* were increases in funding for Early Periodic Screening, Diagnostic, and Treatment services; Welfare Administration, and Community Development Block Grant programs. In addition, increases in funding for *Capital grants and contributions* enabled County Public Works to complete several large infrastructure projects. The County experienced a decline in *Charges for services* revenue that was a direct result of the downturn in the state and local economy. Departmental revenues from planning and building fees, recording document fees, Public Facility fees, and Traffic Impact fees were down from the previous year.

Total expenses from Governmental Activities increased by \$37 million from the prior year. The greatest increases occurred in *Public Protection* (\$15.8 million) and *Health and Sanitation* (\$11 million). Maintaining service levels in these two areas has been particularly challenging for the County since the annual increase in expenses continues to outpace revenue growth. This was in contrast to a large decrease in expenses for *General Government* (\$3.8 million) generated by aggressive cost control measures implemented by the County in FY 2007/2008.

### **Business-type Activities**

Business-type Activities increased San Luis Obispo County's net assets by \$9,577, accounting for 32% of the total growth in the government's net assets. Key elements of the increase are as follows:

*Capital grants and contributions* associated with several large Airport capital projects increased \$9.9 million over the previous year. In FY 2008, the County Airport received \$19.2 million in grants from the Federal Aviation Administration for various projects including the relocation of Santa Fe Road to accommodate the runway extension and Runway Safety Area Improvements consisting of Engineered Material Arresting System installation.

*Interest and investment income* increased \$5.4 million in FY 2007/2008. The majority of this increase is attributable to interest earned on the Nacimiento Water Project bond proceeds.

## **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 \$228,778, a decrease of 2%, or \$4,727 in comparison with the prior year. Approximately 64% of the combined fund balances, or \$146,503, constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of fund balance, \$82,275, is reserved for the following reasons: 1) liquidate contracts and purchase orders of the prior period (\$9,005); 2) amounts due from other funds that are long-term in nature and do not represent available spendable resources (\$2,373); 3) to pay debt service of (\$15,297); 4) amounts reserved by outside agencies or legislation to pay for specific programs or specific use (\$55,324) and 5) other restricted purposes (\$276).

### 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 \$64,886 while total fund balance reached \$96,739. 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 \$329,317. Unreserved fund balance represents 20% of the total fund expenditures, while total fund balance represents 30% of the same amount. During the current fiscal year the fund balance of general fund decreased by \$7,829.

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

- ❖ Although total revenues exceeded total expenditures by \$17.6 million, general fund revenue remained relatively flat while expenditures increased \$17.5 million from the year before. Costs associated with providing various mandated programs have outpaced state and federal funding. As a result, the county was forced to dramatically increase general fund support to maintain existing service levels.
- ❖ Increases in two revenue categories helped to offset declining revenue in the remaining categories. Increases in Current Property Taxes and increases in State and Federal Aid combined with declining revenue in all other categories resulting in a \$.5 million increase in total General Fund revenue over the prior year.
- ❖ The most significant increases in expenditures occurred in the Health and Sanitation and Public Protection areas. Health and Sanitation expenditures rose \$3.4 million. Expenditures related to providing mental health services jumped \$5.7 million. Receipt of additional Mental Health Services Act funds enabled the County to expand existing programs and provide new services. Public Protection expenditures rose \$8.0 million. The majority of this increase was attributable to higher labor costs. A combination of staffing new positions, pension enhancements, and negotiated salary increases caused labor costs to rise sharply.
- ❖ Transfers out from general fund totaled \$26.6 million. Operating transfers to other funds included \$2.3 million to fund building replacement, \$11.5 million to support County Roads and the pavement management program, \$3.4 million to fund Parks, and \$2.1 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 \$23,731. Capital outlay expenditures exceeded total revenues by \$9.8 million contributing to the \$6.8 million decline in fund balance for the current year. Funding for specific projects comes from use of designations, 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 \$419,097 in the current fiscal year, which represents an increase of approximately 1.6% or \$6,795 from the prior fiscal year revenues of \$412,302.

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, 2008**  
(in thousands)

	2007/2008		2006/2007		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Revenues by Source:						
Taxes	\$ 144,596	34.5%	\$ 141,934	34.4%	\$ 2,662	1.9%
Licenses, Permits, Franchises	9,117	2.2%	9,404	2.3%	(287)	(3.1%)
Fines, Forfeits, and Penalties	6,224	1.5%	6,402	1.6%	(178)	(2.8%)
Revenues from Use of Money and Property	8,452	2.0%	9,789	2.4%	(1,337)	(13.7%)
Aid from Governmental Agencies	196,994	47.0%	183,941	44.6%	13,053	7.1%
Charges for Current Services	50,592	12.1%	55,083	13.4%	(4,491)	(8.2%)
Other Revenues	3,122	0.7%	5,749	1.4%	(2,627)	(45.7%)
<b>Total</b>	<b>\$ 419,097</b>	<b>100%</b>	<b>\$ 412,302</b>	<b>100%</b>	<b>\$ 6,795</b>	<b>1.6%</b>

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

- ❖ *Aid from Governmental Agencies* increased \$13.1 million or 7.1%. The majority of the State and Federal Aid increases occurred in the Roads Division. Among the increases was \$4.8 million in State Prop 1B funds used to fund a variety of infrastructure projects and \$1.3 million in State Prop 40 Clean Water Clean Air revenue. The Roads Division also experienced a \$3.6 million increase in Federal Aid for Construction, a funding source for the San Luis Bay Drive bridge project. Additional increases in FY 07/08 included \$1.5 million in EPSDT funds, \$2.7 million in Federal Aid for Welfare Administration, and \$1.3 million in CDBG and Home revenue.
- ❖ *Charges for Current Services* decreased \$4.5 million or 8.2%. Two county departments, Planning and Clerk-Recorder, experienced large declines in FY 2007/2008. In FY 2006/2007, the Planning Department received \$1.83 million in one-time money for coastal access enhancement projects. Work on the projects was completed that same year. A combination of the decline in the real estate market and a delay in reimbursements for election services contributed to a \$1 million drop in current services revenue for the Clerk-Recorder in FY 2007/2008.
- ❖ *Other Revenues* decreased \$2.6 million or 45.7%. In FY 2006/2007, the County received \$1.2 million in reimbursements from developers for various roads projects. In addition, that same year, the County received \$850,000 in reimbursement for missing funds collected for payment to medical services providers.

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, 2008**  
(in thousands)

	2007/2008		2006/2007 (restated)		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Expenditures by Function:						
General Government	\$ 51,733	12.1%	\$ 55,375	13.7%	\$ (3,642)	(6.6%)
Public Protection	134,058	31.1%	126,043	31.1%	8,015	6.4%
Public Ways and Facilities	44,814	10.5%	38,981	9.6%	5,833	15.0%
Health and Sanitation	66,180	15.4%	57,590	14.2%	8,590	14.9%
Public Assistance	92,682	21.6%	87,182	21.5%	5,500	6.3%
Education	9,698	2.3%	8,755	2.2%	943	10.8%
Recreational and Cultural Services	9,911	2.3%	8,005	2.0%	1,906	23.8%
Principal payments	2,601	.6%	6,560	1.6%	(3,959)	(60.4%)
Interest on Long-Term Debt	5,593	1.3%	6,401	1.6%	(808)	(12.6%)
Capital outlay	13,333	3.1%	10,241	2.5%	3,092	30.2%
Total	\$ 430,603	100%	\$ 405,133	100%	\$ 25,470	6.29%

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

- ❖ General Government expenditures decreased by a total of \$3.6 million or 6.6%. The decline is the result of the County's pro-active approach to the fiscal challenges it faced in FY 2007/2008. In October, the Board of Supervisors implemented a partial hiring freeze. The new policy limited hiring to positions that were critical to health or public safety. The Board further directed staff to implement a 2.5% expenditure reduction mid-year in order to increase the fund balance available, a funding source for the subsequent fiscal year.
- ❖ *Public Ways and Facilities* expenditures increased \$5.8 million or 15.0%. This significant increase was driven by an increase in planned capital projects in the County Roads division. FY 2007/2008 major projects included retrofitting the San Luis Bay Dr. and Picachio Rd. bridges to address safety issues, installing Olde Town Nipomo storm drain culverts, and completion of the Sherwood Dr. Underground Utility project.
- ❖ *Health and Sanitation* expenditures increased \$8.6 million or 14.9%. Several factors contributed to the significant increase in costs to provide health services. Labor costs driven by prevailing wage increases, higher pension costs, and funding for retiree health benefits continue to climb. The Health Agency hired additional staff to keep up with growing caseloads. Mental Health ramped up activity related to the new Mental Health Services Act programs.

### **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 2007/2008 fiscal year.

**Table E**  
**Statement of Revenues, Expenses and Results of Operations**  
**Proprietary Funds**  
**Fund Financial Statements**  
**For the Year Ended June 30, 2008**  
(in thousands)

	Major Funds				Nonmajor Funds	Total
	Airport	Nacimiento Water Contract	State Water Project	Lopez Flood Control	Other Enterprise Funds	Total Enterprise
Operating revenues	\$ 4,585	\$ 3,018	\$ 5,309	\$ 4,599	\$ 8,446	\$ 25,957
Operating expenses	<u>7,720</u>	<u>12,827</u>	<u>5,120</u>	<u>4,037</u>	<u>9,957</u>	<u>39,661</u>
Operating income (loss)	<u>(3,135)</u>	<u>(9,809)</u>	<u>189</u>	<u>562</u>	<u>(1,511)</u>	<u>(13,704)</u>
Non-operating revenues (expenses), net	<u>775</u>	<u>40</u>	<u>1,203</u>	<u>(567)</u>	<u>1,096</u>	<u>2,547</u>
Net income (loss) before contributions and transfers	(2,360)	(9,769)	1,392	(5)	(415)	(11,157)
Contributions and transfers, net	<u>19,995</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>328</u>	<u>20,330</u>
Change in net assets	<u>\$ 17,635</u>	<u>\$ (9,769)</u>	<u>\$ 1,392</u>	<u>\$ 2</u>	<u>\$ (87)</u>	<u>\$ 9,173</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 Fund* reported an operating loss of \$3.1 million and an increase in net assets of \$17.6 million. The majority of the increase is attributable to the receipt of federal construction revenue to finance various construction projects including runway extensions, ramps, and runway safety improvements.
- ❖ The *Nacimiento Water Contract Fund* experienced an operating loss of \$9.8 million and reported a decrease in net assets of \$9.8 million. Construction continued on the \$196 million project designed to deliver 15,750 acre-feet per year to various cities and agencies in the area. FY 2007/2008 expenses included \$12.3 million in reimbursements to cities for design costs and \$7.5 million in interest expense.
- ❖ The *State Water Project Fund* reported operating income of \$189 thousand and an increase in net assets of \$1.4 million. The State Water Project fund provides for delivery of state water. Non-operating revenues included \$797 thousand in property taxes and \$467 thousand in interest.
- ❖ The *Lopez Flood Control Fund* reported operating income of \$562 thousand and an increase in net assets of \$2 thousand. Lopez Flood Control provides water supply to South San Luis Obispo County and maintains the Lopez Dam. Non-operating revenue included property taxes of \$1.1 million and \$175 thousand in interest. Non-operating expenses were comprised of \$1.9 million interest expense.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for general fund expenditures and transfers out increased during the year by a total of \$18.9 million. This increase was funded in part by increases in budgeted revenues of \$8.8 million and the use of reserves and designations for the balance. Unanticipated revenues totaling \$6.9 million from State and Federal Aid, \$1.1 million from Charges for Current Services, and \$.4 million in Licenses, Permits and Franchises were used to finance the budget augmentations. The largest budget augmentations occurred in the functional areas of General Government (\$10.4 million) and Public Protection (\$8.9 million). The majority of the increase in the budget for General Government is attributable to \$6.9 million in maintenance projects that were carried forward from FY 2007 to FY 2008. An additional \$1.6 million was appropriated for special projects in the Clerk-Recorder's budget. The second largest increase occurred in Public Protection. Negotiated salary increases, overtime costs, and an increase in Homeland Security funding led to \$4.7 million in budget augmentations for the Sheriff and the District Attorney. County Fire added \$1.3 million to its budget for planned equipment replacement. At the close of the current fiscal year, actual General Fund expenditures were 89% of budget, while General Fund revenues were realized at 96% of budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2008, the County had \$1,335,470 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 \$90,131 or 7.2% over last year.

**Table F**  
**Capital Assets**  
**June 30, 2008**  
(in thousands)

	Governmental Activities July 1, 2007	Governmental Activities June 30, 2008	Business Type Activities July 1, 2007	Business Type Activities June 30, 2008	Total Capital Assets July 1, 2007	Total Capital Assets June 30, 2008	Total Percent Change
Land	\$ 20,443	\$ 23,109	\$ 18,237	\$ 18,237	\$ 38,680	\$ 41,346	6.9%
Water Rights and Other Property	-	-	34,254	35,652	34,254	35,652	4.1%
Other Property Non Depreciable	-	-	1,968	1,968	1,968	1,968	-
Infrastructure Non Depreciable	757,696	757,696	-	-	757,696	757,696	-
Construction-in-progress	52,213	91,876	62,823	114,856	115,036	206,732	79.7%
Structures & Improvements	129,769	131,293	114,396	121,119	244,165	252,412	3.4%
Equipment	61,951	61,709	2,038	2,522	63,989	64,231	0.4%
Other Property Depreciable	-	-	58	554	58	554	855%
Infrastructure Depreciable	<u>205,595</u>	<u>206,118</u>	<u>-</u>	<u>50</u>	<u>205,595</u>	<u>206,168</u>	0.3%
Subtotal	1,227,667	1,271,801	233,774	294,958	1,461,441	1,566,759	7.2%
Less Accumulated Depreciation	<u>(188,084)</u>	<u>(201,063)</u>	<u>(28,018)</u>	<u>(30,226)</u>	<u>(216,102)</u>	<u>(231,289)</u>	7.0%
Total	\$ <u>1,039,583</u>	\$ <u>1,070,738</u>	\$ <u>205,756</u>	\$ <u>264,732</u>	\$ <u>1,245,339</u>	\$ <u>1,335,470</u>	7.2%

### Major additions and future commitments in capital assets - Governmental activities

The \$9 million Health Campus Renovations project is scheduled for completion in early fiscal year 2008/2009. Various County health related services and offices relocated to the former General Hospital site. Construction continues on the \$11.7 million Paso Robles Courthouse project. The new courthouse facility will replace an existing outdated and undersized facility in the City of Paso Robles. Future projects include the new Creston Fire Station, improvements to the North County Road Yard, the Women's Jail Expansion, and improvements to park play equipment and park areas.

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

Construction continues on the Nacimiento Water Project. The construction includes 45-miles of 36- to 12-inch diameter pipe to convey up to 15,750 acre-feet per year of raw water from Lake Nacimiento, and deliver it to the communities of Paso Robles, Templeton, Atascadero, and San Luis Obispo. The Project is trending to meet the \$176-million budget and is projected to be completed in July 2010.

In fiscal year 2007/2008, the Airport continued construction of \$21.6 million in Airport runway projects. The runway projects included the relocation of a secondary runway threshold, installation of engineered arresting system foundations, reconfiguration of the eastside ramp and taxiways, and the realignment of Santa Fe Road.

Future capital projects scheduled for the 2008/2009 fiscal year include a new, larger Passenger Terminal to accommodate increased commercial and private traffic as well as additional security requirements. Passenger terminal construction is projected to start in 2010. Additionally, new rental car facilities are designed and projected construction is estimated to commence in Spring 2009.

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 \$429,605. The County's balance of the 1993 Pension Obligation Bonds is \$129,034. The Pension Obligation Bonds debt service payments are funded by County payroll benefits. Of the balance remaining, \$11,730 is backed by the full faith and credit of the County. The remainder of the County's debt consists of: \$54,186 in certificates of participation, which are repaid from a variety of revenues; \$31,824 in State loans and \$202,831 in revenue bonds which are repaid with water service revenue. Additionally, the County is liable for \$3,470 of special assessment debt in the event of default by the property owner subject to the assessment.

**Table G**  
**Outstanding Debt**  
**June 30, 2008**  
(in thousands)

	Governmental Activities June 30, 2007	Governmental Activities June 30, 2008	Business Type Activities June 30, 2007	Business Type Activities June 30, 2008	Total June 30, 2007	Total June 30, 2008	Total Percent Change
Certificates of participation	\$ 27,125	\$ 33,200	\$ 21,535	\$ 20,986	\$ 48,660	\$ 54,186	11.4%
Pension Obligation Bonds	130,504	129,034	-	-	130,504	129,034	(1.1%)
State notes	-	-	26,145	31,824	26,145	31,824	21.72%
Revenue bonds	-	-	56	202,831	56	202,831	>100%
General obligation bonds	-	-	12,000	11,730	12,000	11,730	(2.3%)
	<u>\$ 157,629</u>	<u>\$ 162,234</u>	<u>\$ 59,736</u>	<u>\$ 267,371</u>	<u>\$ 217,365</u>	<u>\$ 429,605</u>	97.6%

The net increase over last year for the County's notes and bonds payable was \$212,240, or 97.6%. The increase resulted from issuing \$7,325 Certificates of Participation for the construction of the Vineyard Drive Interchange, issuing \$196,410 in Revenue Bonds for the construction of the Nacimiento Water Pipeline Project, borrowing \$6,818 from the State for construction of water systems and airport hangars, and scheduled debt payments.

The County's recent debt issues have maintained an "AA-" (uninsured) rating from Standard & Poor's and an "AA-" rating from Fitch.

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 \$505,663.

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

Other liabilities include compensated absences (\$24.7 million), landfill post-closure costs (\$3.3 million), and self-insurance (\$19.1million). 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 2008/2009 fiscal year is designed to maintain core service levels
- ❖ Faced with an \$18 million gap, the County was forced to look for creative ways to balance General Fund's FY 2008/2009 budget. Departments bore the brunt of the shortfall by slashing \$9 million from their status quo budget requests. The County tapped into reserves and contributions from other funds for another \$6 million. The balance of \$3 million came from a one-time infusion of sales tax revenue associated with an infrastructure upgrade.
- ❖ The County's unemployment rate rose to 5.7% in June 2008, lower than the state rate of 7.0% and slightly higher than the national rate of 5.5%.
- ❖ The major sources of revenues stimulated by the economy have shown signs of leveling off or declining.
  - For the second year in a row, local housing prices dropped. The median price of homes in San Luis Obispo County fell from \$520,000 in August 2007 to \$420,000 in August 2008. Property transfer tax revenue declined 27% in FY 2008.
  - The decline in the housing market will undoubtedly have an adverse effect on the County's finances. Administrators anticipate that fee revenue for services related to planning and building, road impact fees, and recording fees will continue to decrease in the coming year.
  - The County projects growth in secured property tax revenues to level off from the highs of 10 – 12% experienced during the height of the housing market to an estimated growth rate of 5% over the amount realized in FY 2007/2008.
- ❖ The Board of Supervisors adopted the 2008-2009 budget in June 2008, with a \$44 million fund balance in the general fund, of which \$14.7 million was appropriated to finance the current year's expenditures including contingencies, \$8 million was placed in general reserves, and \$8.9 million was earmarked for designations. The total General Fund budget for 2008-2009 is \$388 million, an increase of 4% from the previous year. The County budget also includes community-wide results and indicators as well as department goals and performance measures that gauge how departments are meeting the needs of the community.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Auditor-Controller, 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, 2008 (in thousands)**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 262,108	\$ 45,853	\$ 307,961
Accounts receivable, net	2,239	2,186	4,425
Property taxes receivable	16,149	--	16,149
Other receivables	3,844	806	4,650
Due from other governments	21,216	830	22,046
Deposits with others	--	779	779
Inventories	577	--	577
Prepaid items	187	26	213
Total Current Assets	<u>306,320</u>	<u>50,480</u>	<u>356,800</u>
Noncurrent Assets:			
Restricted cash with fiscal agent	10,708	159,042	169,750
Prepaid pension contributions	124,652	--	124,652
Prepaid bond issuance costs	1,826	2,195	4,021
Capital Assets:			
Nondepreciable	872,681	170,713	1,043,394
Depreciable, net	198,057	94,019	292,076
Total Noncurrent Assets	<u>1,207,924</u>	<u>425,969</u>	<u>1,633,893</u>
Total Assets	<u>1,514,244</u>	<u>476,449</u>	<u>1,990,693</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Salaries and benefits payable	9,224	110	9,334
Accounts payable	14,382	22,851	37,233
Trust deposits	372	--	372
Deposits from others	1,686	3,164	4,850
Unearned revenue	6,086	3,201	9,287
Accrued interest	1,883	3,967	5,850
Other current liabilities	40	--	40
Internal balances	(3,395)	3,395	--
Bonds and notes payable	3,265	1,217	4,482
Compensated absences	16,309	177	16,486
Landfill closure/postclosure costs	306	--	306
Self insurance payable	4,515	--	4,515
Total Current Liabilities	<u>54,673</u>	<u>38,082</u>	<u>92,755</u>
Long Term Liabilities:			
Bonds and notes payable	158,969	266,154	425,123
Compensated absences	8,082	104	8,186
Landfill closure/postclosure costs	3,057	--	3,057
OPEB liability	1,597	--	1,597
Self insurance payable	14,543	--	14,543
Total Long-term Liabilities	<u>186,248</u>	<u>266,258</u>	<u>452,506</u>
Total Liabilities	<u>240,921</u>	<u>304,340</u>	<u>545,261</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,047,361	155,907	1,203,268
Restricted for:			
General government	5,057	--	5,057
Public protection	3,360	--	3,360
Health and sanitation	266	--	266
Public assistance	279	--	279
Public ways and facilities	28,302	--	28,302
Recreation and culture	5	--	5
Debt service	15,297	--	15,297
Unrestricted	<u>173,396</u>	<u>16,202</u>	<u>189,598</u>
Total Net Assets	<u>\$ 1,273,323</u>	<u>\$ 172,109</u>	<u>\$ 1,445,432</u>

**COUNTY OF SAN LUIS OBISPO**  
**Statement of Activities**  
**For the Year Ended June 30, 2008 (in thousands)**

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General government	\$ 46,971	\$ 13,299	\$ 446	\$ 264
Public protection	135,987	20,380	40,924	319
Public ways and facilities	24,503	7,580	8,975	15,130
Health and sanitation	66,382	6,583	46,267	34
Public assistance	93,472	2,864	79,190	--
Education	9,966	1,891	262	--
Recreation and cultural services	6,024	2,183	185	979
Interest on long-term debt	5,771	--	--	--
<b>Total Governmental Activities</b>	<b>389,076</b>	<b>54,780</b>	<b>176,249</b>	<b>16,726</b>
<b>Business-Type Activities:</b>				
Airport	7,809	4,585	820	19,201
Golf	3,033	3,058	--	--
State Water Contract	5,179	5,309	8	--
Nacimiento Water Contract	20,021	3,018	28	--
Lopez Dam	7,945	6,453	--	--
Other Special Districts	5,179	3,524	626	165
<b>Total Business-Type Activities:</b>	<b>49,166</b>	<b>25,947</b>	<b>1,482</b>	<b>19,366</b>
<b>Total primary government</b>	<b>\$ 438,242</b>	<b>\$ 80,727</b>	<b>\$ 177,731</b>	<b>\$ 36,092</b>
<b>General Revenues:</b>				
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
\$ (32,962)	\$ --	\$ (32,962)
(74,364)	--	(74,364)
7,182	--	7,182
(13,498)	--	(13,498)
(11,418)	--	(11,418)
(7,813)	--	(7,813)
(2,677)	--	(2,677)
(5,771)	--	(5,771)
<u>(141,321)</u>	<u>--</u>	<u>(141,321)</u>
--	16,797	16,797
--	25	25
--	138	138
--	(16,975)	(16,975)
--	(1,492)	(1,492)
--	(864)	(864)
<u>--</u>	<u>(2,371)</u>	<u>(2,371)</u>
<u>(141,321)</u>	<u>(2,371)</u>	<u>(143,692)</u>
133,292	3,402	136,694
6,961	--	6,961
6,539	--	6,539
1,908	--	1,908
473	25	498
4,019	--	4,019
9,790	7,290	17,080
--	267	267
(964)	964	--
<u>162,018</u>	<u>11,948</u>	<u>173,966</u>
20,697	9,577	30,274
<u>1,252,626</u>	<u>162,532</u>	<u>1,415,158</u>
<u>\$ 1,273,323</u>	<u>\$ 172,109</u>	<u>\$ 1,445,432</u>

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, 2008 (in thousands)**

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 85,835	\$ 24,328	\$ 106,966	\$ 217,129
Accounts receivable, net	7	--	2,218	2,225
Accrued property taxes receivable	16,149	--	--	16,149
Other receivables	3,638	--	206	3,844
Due from other governments	17,398	849	2,969	21,216
Due from other funds	--	--	3,302	3,302
Inventories	89	--	--	89
Prepaid items	162	--	25	187
Advances to other funds	1,995	--	378	2,373
Restricted cash with fiscal agent	--	753	9,955	10,708
Other assets	--	--	3,265	3,265
Total Assets	<u>\$ 125,273</u>	<u>\$ 25,930</u>	<u>\$ 129,284</u>	<u>\$ 280,487</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Salaries and benefits payable	\$ 7,973	\$ --	\$ 481	\$ 8,454
Accounts payable	6,463	1,728	5,670	13,861
Due to other funds	--	--	3,302	3,302
Trust deposits	372	--	--	372
Deposits from others	277	--	836	1,113
Deferred revenue	13,409	471	5,563	19,443
Other current liabilities	40	--	3,688	3,728
Advances from other funds	--	--	1,436	1,436
Total Liabilities	<u>28,534</u>	<u>2,199</u>	<u>20,976</u>	<u>51,709</u>
Fund Balances:				
Reserved for:				
Encumbrances	4,796	2,498	1,711	9,005
Advances to other funds	1,995	--	378	2,373
Inventories and prepaids	251	--	25	276
Debt service	--	--	15,297	15,297
Construction of roads and public facilities	--	--	28,263	28,263
Specific program or grants	24,811	--	2,250	27,061
Unreserved	64,886	21,233	--	86,119
Unreserved, reported in nonmajor				
Special revenue funds	--	--	60,384	60,384
Total Fund Balances	<u>96,739</u>	<u>23,731</u>	<u>108,308</u>	<u>228,778</u>
Total Liabilities and Fund Balances	<u>\$ 125,273</u>	<u>\$ 25,930</u>	<u>\$ 129,284</u>	<u>\$ 280,487</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, 2008 (in thousands)**

<b>Fund Balance - total governmental funds (page 39)</b>	\$	228,778
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.		1,060,931
Accrued Property tax revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		13,357
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore not reported in the funds.		124,652
Cost of issuance on pension obligation bonds recognized as current expenditures in the governmental funds are deferred in the statement of net assets.		1,826
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.		30,417
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.		2,458
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(1,460)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds as follows:		
Certificates of participation		(33,200)
Bonds and notes payable		(129,034)
Compensated absences		(22,039)
Landfill closure/postclosure costs		(3,363)
		(188,036)
<b>Net assets of governmental activities (page 33)</b>	<b>\$</b>	<b><u>1,273,323</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, 2008 (in thousands)**

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes	\$ 133,833	\$ --	\$ 10,763	\$ 144,596
Licenses, permits, and franchises	9,117	--	--	9,117
Fines, forfeits and penalties	3,873	1,318	1,033	6,224
Revenue from use of money and property	3,196	1,129	4,127	8,452
Aid from governmental agencies	160,918	979	35,097	196,994
Charges for current services	33,982	75	16,535	50,592
Other revenues	2,046	--	1,076	3,122
Total revenues	<u>346,965</u>	<u>3,501</u>	<u>68,631</u>	<u>419,097</u>
<u>Expenditures:</u>				
Current:				
General government	47,899	--	3,834	51,733
Public protection	131,225	--	2,833	134,058
Public ways and facilities	2,337	--	42,477	44,814
Health and sanitation	59,436	--	6,744	66,180
Public assistance	88,010	--	4,672	92,682
Education	410	--	9,288	9,698
Recreation and cultural services	--	--	9,911	9,911
Debt service:				
Principal payments	--	--	2,601	2,601
Interest and fiscal charges	--	--	5,593	5,593
Capital outlay	--	13,333	--	13,333
Total expenditures	<u>329,317</u>	<u>13,333</u>	<u>87,953</u>	<u>430,603</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,648</u>	<u>(9,832)</u>	<u>(19,322)</u>	<u>(11,506)</u>
<u>Other Financing Sources (Uses):</u>				
Certificates of participation issued	--	--	7,325	7,325
Discount on certificates of participation issued	--	--	(119)	(119)
Transfers in	1,108	4,908	36,308	42,324
Transfers out	(26,585)	(1,860)	(14,306)	(42,751)
Total Other Financing Sources (Uses)	<u>(25,477)</u>	<u>3,048</u>	<u>29,208</u>	<u>6,779</u>
Net Change in Fund Balances	(7,829)	(6,784)	9,886	(4,727)
Fund Balances - Beginning	<u>104,568</u>	<u>30,515</u>	<u>98,422</u>	<u>233,505</u>
Fund Balances - Ending	<u>\$ 96,739</u>	<u>\$ 23,731</u>	<u>\$ 108,308</u>	<u>\$ 228,778</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, 2008 (in thousands)**

<b>Net Change in fund balance - total governmental funds (page 41)</b>	\$	(4,727)
<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>		4,577
<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	\$ 13,333	
General government	775	
Public protection	1,747	
Public ways	26,962	
Health and sanitation	79	
Public assistance	72	
Education	6	
Recreation and cultural services	<u>2,663</u>	45,637
<p>In the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		(14,917)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.</p>		(144)
<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		(7,325)
Discount on certificates of participation issued		119
Debt principal payments		2,601
<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		(1,813)
Change in accrued interest payable		(102)
Change in landfill closure/postclosure costs		(60)
Amortization of bond discounts and issuance costs		(74)
Amortization of prepaid pension contributions		(7,384)
<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>4,309</u>
<b>Change in net assets of governmental activities (page 35)</b>	<b>\$</b>	<b><u><u>20,697</u></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, 2008 (in thousands)**

	Business-type Activities - Enterprise Funds						Governmental
	Nacimiento				Nonmajor	Total	Activities
	Airport	Water Contract	State Water Project	Lopez Flood Control	Enterprise Funds	Enterprise Funds	Internal Service Funds
<b>Assets</b>							
<b>Current Assets:</b>							
Cash and investments	\$ 3,483	\$ 16,157	\$ 11,497	\$ 7,698	\$ 7,018	\$ 45,853	\$ 44,979
Accounts receivable, net	--	--	1,740	288	158	2,186	14
Other receivables	--	610	--	--	196	806	--
Due from other governments	830	--	--	--	--	830	--
Deposits with others	--	685	81	--	13	779	--
Inventories	--	--	--	--	--	--	488
Prepaid items	--	--	--	26	--	26	--
<b>Total Current Assets</b>	<b>4,313</b>	<b>17,452</b>	<b>13,318</b>	<b>8,012</b>	<b>7,385</b>	<b>50,480</b>	<b>45,481</b>
<b>Noncurrent assets:</b>							
Advances to other funds	--	--	--	--	549	549	--
Restricted cash with fiscal agent	495	158,547	--	--	--	159,042	--
Prepaid bond issuance costs	--	2,195	--	--	--	2,195	--
<b>Capital assets:</b>							
<b>Nondepreciable:</b>							
Land	14,592	--	--	2,096	1,549	18,237	--
Construction in progress	32,293	56,919	8	24,328	1,308	114,856	14
Water rights	--	--	35,652	--	--	35,652	--
Other property	--	--	--	1,968	--	1,968	--
<b>Depreciable:</b>							
Infrastructure, net	--	--	--	--	1	1	--
Structures and improvements, net	26,419	--	7,951	38,106	19,789	92,265	326
Equipment, net	692	--	51	29	470	1,242	9,467
Other property, net	--	--	--	--	511	511	--
<b>Total Noncurrent Assets</b>	<b>74,491</b>	<b>217,661</b>	<b>43,662</b>	<b>66,527</b>	<b>24,177</b>	<b>426,518</b>	<b>9,807</b>
<b>Total Assets</b>	<b>78,804</b>	<b>235,113</b>	<b>56,980</b>	<b>74,539</b>	<b>31,562</b>	<b>476,998</b>	<b>55,288</b>
<b>Liabilities:</b>							
<b>Current Liabilities:</b>							
Salaries and benefits payable	58	--	--	--	52	110	770
Accounts payable	1,764	15,593	4,551	37	906	22,851	521
Interest payable	51	3,263	--	553	100	3,967	--
Self insurance payable	--	--	--	--	--	--	4,515
Deposits from others	413	--	2,590	8	153	3,164	573
Unearned revenue	24	--	1,694	1,442	41	3,201	--
Accrued vacation and sick leave - current	83	--	--	--	94	177	1,490
Notes and bond payable - current	206	--	--	615	396	1,217	--
<b>Total Current Liabilities</b>	<b>2,599</b>	<b>18,856</b>	<b>8,835</b>	<b>2,655</b>	<b>1,742</b>	<b>34,687</b>	<b>7,869</b>
<b>Noncurrent Liabilities:</b>							
OPEB liability	--	--	--	--	--	--	1,597
Self insurance payable	--	--	--	--	--	--	14,543
Advances from other funds	510	--	--	--	976	1,486	--
Notes and bonds payable	4,346	202,781	--	49,700	9,327	266,154	--
Accrued vacation and sick leave	31	--	--	--	73	104	862
<b>Total Noncurrent Liabilities</b>	<b>4,887</b>	<b>202,781</b>	<b>--</b>	<b>49,700</b>	<b>10,376</b>	<b>267,744</b>	<b>17,002</b>
<b>Total Liabilities</b>	<b>7,486</b>	<b>221,637</b>	<b>8,835</b>	<b>52,355</b>	<b>12,118</b>	<b>302,431</b>	<b>24,871</b>
<b>Net Assets</b>							
Invested in capital assets, net of related debt	69,444	12,684	43,662	16,212	13,905	155,907	9,807
Unreserved	1,874	792	4,483	5,972	5,539	18,660	20,610
<b>Total Net Assets</b>	<b>\$ 71,318</b>	<b>\$ 13,476</b>	<b>\$ 48,145</b>	<b>\$ 22,184</b>	<b>\$ 19,444</b>	<b>174,567</b>	<b>\$ 30,417</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(2,458)	
<b>Net assets of business-type activities</b>						<b>\$ 172,109</b>	

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, 2008 (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
<b>Operating Revenues:</b>							
Charges for current services	\$ 4,585	\$ 3,018	\$ 5,309	\$ 4,599	\$ 8,446	\$ 25,957	\$ 47,476
Total Operating Revenues	<u>4,585</u>	<u>3,018</u>	<u>5,309</u>	<u>4,599</u>	<u>8,446</u>	<u>25,957</u>	<u>47,476</u>
<b>Operating Expenses:</b>							
Salaries and benefits	1,300	--	--	--	1,371	2,671	20,563
Services and supplies	5,295	513	4,892	3,519	7,437	21,656	13,425
Other charges	43	12,304	--	4	21	12,372	--
Insurance benefit payments	--	--	--	--	--	--	4,610
Insurance premiums	--	--	--	--	--	--	3,335
Depreciation	819	--	203	487	952	2,461	1,746
Countywide cost allocation	263	10	25	27	176	501	371
Total Operating Expenses	<u>7,720</u>	<u>12,827</u>	<u>5,120</u>	<u>4,037</u>	<u>9,957</u>	<u>39,661</u>	<u>44,050</u>
Operating Income (Loss)	<u>(3,135)</u>	<u>(9,809)</u>	<u>189</u>	<u>562</u>	<u>(1,511)</u>	<u>(13,704)</u>	<u>3,426</u>
<b>Nonoperating Revenues (Expenses):</b>							
Property taxes	--	1,115	797	1,090	425	3,427	--
Interest income	90	6,259	466	175	300	7,290	1,663
Interest expense	(154)	(7,364)	(102)	(1,887)	(402)	(9,909)	(2)
Aid from governmental agencies	820	28	8	--	626	1,482	--
Other nonoperating revenue (expenses)	19	2	34	55	147	257	163
Total Nonoperating Revenues (Expenses)	<u>775</u>	<u>40</u>	<u>1,203</u>	<u>(567)</u>	<u>1,096</u>	<u>2,547</u>	<u>1,824</u>
Income (Loss) Before Contributions and Transfers	(2,360)	(9,769)	1,392	(5)	(415)	(11,157)	5,250
Capital contributions	19,201	--	--	--	165	19,366	--
Transfers in	868	--	--	7	264	1,139	--
Transfers out	(74)	--	--	--	(101)	(175)	(537)
Changes in net assets	<u>17,635</u>	<u>(9,769)</u>	<u>1,392</u>	<u>2</u>	<u>(87)</u>	<u>9,173</u>	<u>4,713</u>
Net Assets - Beginning	<u>53,683</u>	<u>23,245</u>	<u>46,753</u>	<u>22,182</u>	<u>19,531</u>		<u>25,704</u>
Net Assets - Ending	<u>\$ 71,318</u>	<u>\$ 13,476</u>	<u>\$ 48,145</u>	<u>\$ 22,184</u>	<u>\$ 19,444</u>		<u>\$ 30,417</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						404	
Change in net assets of business-type activities (page 35)						<u>\$ 9,577</u>	

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

**COUNTY OF SAN LUIS OBISPO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2008 (in thousands)**

	Business-type Activities - Enterprise Funds						Governmental
	Nacimiento		State Water	Lopez	Nonmajor	Total	Internal
	Airport	Water Contract	Project	Flood Control	Enterprise Funds	Enterprise Funds	Service Funds
<b>Cash Flows from Operating Activities:</b>							
Receipts from customers and third parties	\$ 4,612	\$ 2,410	\$ 5,236	\$ 4,553	\$ 8,673	\$ 25,484	\$ --
Receipts from interfund billings	--	--	--	--	--	--	47,759
Payments for goods and services	(6,036)	(20,039)	(4,592)	(4,793)	(7,759)	(43,219)	(14,388)
Payments to employees for service	(1,266)	--	--	--	(1,392)	(2,658)	(20,437)
Payments for insurance benefits	--	--	--	--	--	--	(3,531)
Payments for premiums	--	--	--	--	--	--	(3,335)
Net Cash Provided (Used) by Operating Activities	<u>(2,690)</u>	<u>(17,629)</u>	<u>644</u>	<u>(240)</u>	<u>(478)</u>	<u>(20,393)</u>	<u>6,068</u>
<b>Cash Flows from Noncapital Financing Activities:</b>							
Property tax proceeds	--	1,115	797	1,090	425	3,427	--
Grants and subsidies from other gov't agencies	820	28	8	--	626	1,482	--
Due to other funds	--	--	--	--	--	--	(60)
Advances from other funds	(207)	--	--	--	395	188	--
Transfers from other funds	868	--	--	7	264	1,139	(537)
Transfers to other funds	(74)	--	--	--	(101)	(175)	--
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>1,407</u>	<u>1,143</u>	<u>805</u>	<u>1,097</u>	<u>1,609</u>	<u>6,061</u>	<u>(597)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>							
Purchases and construction of capital assets	(18,818)	(23,526)	(1,398)	(1,391)	(1,145)	(46,278)	(2,700)
Proceeds from issuance of long-term debt	1,000	200,586	--	5,818	--	207,404	--
Proceeds from sale of capital assets	--	--	--	--	31	31	288
Proceeds from capital grants	20,070	--	--	--	165	20,235	--
Principal paid on capital debt	(992)	--	--	(590)	(381)	(1,963)	--
Interest paid on capital debt	(173)	(4,101)	(102)	(1,898)	(405)	(6,679)	--
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>1,087</u>	<u>172,959</u>	<u>(1,500)</u>	<u>1,939</u>	<u>(1,735)</u>	<u>172,750</u>	<u>(2,412)</u>
<b>Cash Flows from Investing Activities:</b>							
Interest received	90	6,259	466	175	300	7,290	1,663
Net Cash Provided (Used) by Investing Activities	<u>90</u>	<u>6,259</u>	<u>466</u>	<u>175</u>	<u>300</u>	<u>7,290</u>	<u>1,663</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(106)</b>	<b>162,732</b>	<b>415</b>	<b>2,971</b>	<b>(304)</b>	<b>165,708</b>	<b>4,722</b>
Cash and Cash Equivalents - Beginning 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>
Cash and Cash Equivalents - End of Year	<u>\$ 3,978</u>	<u>\$ 174,704</u>	<u>\$ 11,497</u>	<u>\$ 7,698</u>	<u>\$ 7,018</u>	<u>\$ 204,895</u>	<u>\$ 44,979</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>							
Operating income (loss)	\$ (3,135)	\$ (9,809)	\$ 189	\$ 562	\$ (1,511)	\$ (13,704)	\$ 3,426
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</b>							
Depreciation expense	819	--	203	487	952	2,461	1,746
<b>Change in Assets and Liabilities:</b>							
Receivables, net	16	(608)	(272)	(205)	229	(840)	283
Prepays and other assets	--	(685)	--	--	--	(685)	--
Inventory	--	--	--	--	--	--	8
Accounts payable	(460)	--	221	(1,248)	(18)	(1,505)	(642)
Salaries and benefits payable	14	--	--	--	(3)	11	31
Deferred revenue	11	--	199	159	(2)	367	--
Accrued vacation and sick leave	20	--	--	--	(18)	2	95
Self-insurance liability	--	--	--	--	--	--	1,079
Other accrued liabilities	25	(6,527)	104	5	(107)	(6,500)	42
Total Adjustments	<u>445</u>	<u>(7,820)</u>	<u>455</u>	<u>(802)</u>	<u>1,033</u>	<u>(6,689)</u>	<u>2,642</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,690)</u>	<u>\$ (17,629)</u>	<u>\$ 644</u>	<u>\$ (240)</u>	<u>\$ (478)</u>	<u>\$ (20,393)</u>	<u>\$ 6,068</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, 2008 (in thousands)**  
**San Luis Obispo Pension Trust Fund**  
**December 31, 2007 (in thousands)**

	Agency Funds 6/30/2008	Investment Trust Fund 6/30/2008	San Luis Obispo County Pension Trust 12/31/2007
<u>Assets</u>			
Cash and cash equivalents	\$ 29,123	\$ 202,878	\$ 12,128
Accrued interest & dividends receivable	--	--	30
Notes receivable	--	--	4,043
Contributions receivable	--	--	1,916
Prepaid benefits	--	--	2,132
Restricted cash with fiscal agent	--	--	810,316
Capital assets-net of accumulated depreciation	--	--	2,256
Total Assets	<u>29,123</u>	<u>202,878</u>	<u>832,821</u>
<u>Liabilities</u>			
Agency obligations	29,123	--	--
Accrued liabilities	--	--	585
Total Liabilities	<u>29,123</u>	<u>--</u>	<u>585</u>
<u>Net Assets</u>			
Assets held in trust for pool participants	--	202,878	--
Assets held in trust for pension benefits	--	--	832,236
Total Net Assets	<u>\$ --</u>	<u>\$ 202,878</u>	<u>\$ 832,236</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, 2008 (in thousands)**  
**San Luis Obispo Pension Trust Fund**  
**December 31, 2007 (in thousands)**

	<u>Investment Trust Fund 6/30/2008</u>	<u>San Luis Obispo County Pension Trust 12/31/2007</u>
<u>Additions</u>		
Contributions:		
County contributions	\$ 886,082	\$ 24,014
Member contributions	--	17,406
Total Contributions	<u>886,082</u>	<u>41,420</u>
Investment Earnings:		
Net increase (decrease) in fair value of investments	--	(23,063)
Realized gains and losses	--	25,703
Interest	8,285	19,437
Dividends	--	6,243
Real estate management trust income	--	7,740
Rental Real Estate:		
Real estate operating income (expense)	--	1,799
Total Investment Earnings	<u>8,285</u>	<u>37,859</u>
Total Additions	<u>894,367</u>	<u>79,279</u>
<u>Deductions</u>		
Benefits:		
Monthly benefit payments	--	32,100
Termination refunds	--	1,588
Death benefits	--	504
Total benefits	<u>--</u>	<u>34,192</u>
Administrative expenses	--	1,848
Total Administrative Expenses	<u>--</u>	<u>1,848</u>
Distributions from investment pool	<u>892,779</u>	<u>--</u>
Total deductions	<u>892,779</u>	<u>36,040</u>
Change in Net Assets	1,588	43,239
Net Assets - Beginning	<u>201,290</u>	<u>788,997</u>
Net Assets - Ending	<u>\$ 202,878</u>	<u>\$ 832,236</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, 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. FINANCIAL REPORTING ENTITY**

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

**Blended Component Units**

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

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

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

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

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

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

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

available in these entities. Seven cities and numerous self-governed special districts provide services to the residents of the County. The operations of these entities have been excluded from the basic financial statements as each entity conducts its own day-to-day operations and answers to its own governing board.

### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

#### Government-wide Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or functions and, therefore, are clearly identifiable to a particular function. 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.
- 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

- The Airport Fund accounts for the maintenance, operations, and development of the County owned commercial service airports in San Luis Obispo and Oceano.
- The 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 the tax assessment areas created under the 1915 Improvement Act, temporary clearing funds, and other temporary holding funds not classified in other agency categories.

## C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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. NEW ACCOUNTING PRONOUNCEMENTS

#### *Governmental Accounting Standards Board Statement No. 45*

For the fiscal year ended June 30, 2008, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This statement is effective for the County for the fiscal period beginning after December 15, 2006.

This Statement requires that governments account for, and report, the annual cost of other postemployment benefits (OPEB) and the outstanding obligation and commitments related to OPEB in the same manner as they currently do for pensions. The Statement does not require that governments fund their OPEB plans, only that they account for them and report them. OPEB generally consist of health insurance and dental, vision, prescription, or other healthcare benefits provided to eligible retirees, including their beneficiaries in some cases. The County's OPEB plan is administered by the California Public Employees' Retirement System and consists of a postretirement medical program for retired members and their eligible dependents.

Implementation of GASB Statement No. 45 primarily impacted the County's government-wide and proprietary funds financial statements for the year ended June 30, 2008. In addition, implementation required additional note disclosure and required supplemental information.

#### *Governmental Accounting Standards Board Statement No. 50*

For the fiscal year ended June 30, 2008, the County implemented GASB Statement No. 50, "Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27". This statement is effective for the County for the fiscal period beginning after June 15, 2007.

GASB Statement No. 50 amends GASB Statement No. 27 to require employers participating in a sole or agent multiple-employer defined benefit pension plan to disclose the funded status of the plan as of the most recent actuarial valuation date and to include a reference linking the funded status disclosure in the notes to the financial statements to the required schedule of funding progress in required supplementary information. Statement 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits.

Implementation of GASB Statement No. 50 primarily impacted the County's note disclosure for the employee's retirement plans.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### E. 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 79.4 percent.

#### Cash and Cash Equivalents

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

#### Receivables and Payables

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

#### Property Tax

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

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

### Interfund Transactions

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

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

### Inventories and Prepaid Items

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

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

### Capital Assets

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

Normal maintenance and repairs are not capitalized, but are charged to operations when incurred. Betterments or major improvements, which significantly increase values, change capacities, or extend useful lives, are capitalized. Upon sale or retirement of 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

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

### Compensated Absences

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

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

### Long-term Obligations

In the Government-wide financial statements, and 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.

## **F. 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 has 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 monitors and reviews quarterly, 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. California Government Code directs the CTOC to cause an annual IP compliance audit. A list of providers

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

for the annual compliance audit is specified in the Board Resolution which created the CTOC. These providers are: County Auditor in conjunction with or in addition to work directed by California Government Code; independent certified public accountants (CPAs) selected to review the County's Comprehensive Annual Financial Report; and independent CPAs as deemed appropriate. The County Auditor-Controller's Office has been selected to perform an Annual Investment Program Compliance Audit since the inception of the CTOC. The result of this audit has been 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 and any of the other 49 states; bankers' acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term corporate notes; as well as other investments established by the California Government Code. The California Government Code prohibits investments in derivatives which include inverse floaters, range notes, or mortgage-derived, interest strips and any security that could result in zero interest accrual if held to maturity. While securities lending and reverse repurchase agreements are considered permitted investments per California Government Code, the County IP prohibits these types of investments.

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, 2008, consist of the following (in thousands):

Cash on hand	\$	150
Deposits with financial institutions		14,795
Investments		<u>537,808</u>
Total Cash and Investments	\$	<u>552,753</u>

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

GASB 31 requires governmental external investment pools to report certain investments at fair value in the financial statements and report the change in the fair value of investments in the year in which the change occurred. In compliance with these requirements, the fair value of the County's combined pool is determined annually and is based on current market prices received from the securities custodian, broker bids, and LAIF, except for instruments which are carried at amortized cost plus accrued interest. The fair value of the participants' position in the pool is the same as the value of the pool shares. The County Treasury has provided a fair value dollar factor of 1.003482809595 in the Quarterly Report of Investments as of June 30, 2008, 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 0.999950219 for its portfolio as of June 30, 2008. As of June 30, 2008, the LAIF pool includes structured notes and asset-backed securities, which total 14.72%. The Local Investment Advisory Board, which consists of five members as designated by statute, provides oversight for LAIF.

The table below identifies the investment types that are authorized for the County by the California Government Code. The County's 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. As of June 30, 2008, the table represents the County's IP or where more

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

restrictive, the Treasurer’s written policies and procedures, that address interest risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Bonds issued by the Local Agency	1 year	5%	No more than 10% of issuer debt and assets. 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	Not authorized in FY 2007-08		
Registered Treasury Notes or Bonds of any of the other 49 United States	Not authorized in FY 2007-08		
Bonds, Notes, Warrants, other evidences of indebtedness of any local agency within this state	Not authorized in FY 2007-08		
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
Bankers' Acceptances-Domestic	180 days	25%	8%
Bankers' Acceptances-Foreign	90 days	10%	4%
Commercial Paper	30 days	10%	2%
Collateralized Certificates of Deposit	Not authorized in FY 2007-08		
Negotiable Certificates of Deposit	Not authorized in FY 2007-08		
Tri-Party Repurchase Agreement	30 days	15% of all repos	None
Medium-Term Notes	Not authorized in FY 2007-08		
Money Market Mutual Funds	Not authorized in FY 2007-08		
Pledged Funds held by a trustee or fiscal agent	Per specific statutory provisions or in accordance with the ordinance, resolution, indenture, or agreement of a local agency providing for the issuance.		
Notes, Bonds, or other obligations that are at all times secured by a valid first priority security interest	Not authorized in FY 2007-08		
Mortgage Pass-Through Securities	Not authorized in FY 2007-08		
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

In accordance with its investment policy, the County Treasurer contracts with a third party custodial bank that holds securities in the County’s name.

Credit Risk

In accordance with its investment policy, 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### Concentration of Credit Risk

At June 30, 2008, the County did not have investments in commercial paper, corporate bonds, medium term notes, and money market mutual funds. State law limits investments to 30% of the agency's money in bankers' acceptances of any one commercial bank. The County's IP limits investments in bankers' acceptances-domestic and bankers' acceptances-foreign to 10% and 4% respectively per issuer. The Treasurer's written policies and procedures further restrict investments in bankers' acceptances-domestic to 8% per issuer. As of June 30, 2008, the County has 6.47% of its portfolio in Bankers' Acceptances-domestic issued by Bank of America. Investments in obligations of the U.S. government, U.S. government agencies or government-sponsored enterprises are exempt from limitations set by GASB.

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, 2008.

Investment Type	S&P	Moody's	% of Portfolio
U.S. Treasuries	AAA	Aaa	52.63%
U.S. Government Agencies	AAA	Aaa	30.57%
Banker's Acceptances-domestic	A-1+	P-1	6.47%
Repurchase Agreement	A-1	P-1	2.86%
Local Agency Investment Fund	Unrated	Unrated	7.47%
Total			100%

At June 30, 2008, 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	7/03/08-6/30/10	1.060%-4.881%	0.64	\$ 282,300	\$ 284,074	\$ 280,000
U.S. Government Agencies	7/01/08-9/11/09	1.820%-5.220%	0.38	164,801	164,980	164,445
Bankers' Acceptances-domestic	7/07/08-11/26/08	2.46%-2.80%	0.22	34,967	34,940	35,173
Repurchase Agreement	7/01/08	2.03%	-	15,438	15,438	15,437
Investment in Local Agency Fund	On Demand		-	40,302	40,301	40,000
Total Investments in County Treasury			0.47	\$ 537,808	\$ 539,733	\$ 535,055
Treasury Cash in Hand and in Banks				14,945	14,945	14,945
Deposits in Transit				752	752	752
Outstanding Warrants				(14,355)	(14,355)	(14,355)
Total Cash in Treasury				539,160	541,085	536,407
Other Cash Deposits				812	812	812
Total cash and cash equivalents in Treasurer's investments pool				\$ 539,962	\$ 541,887	\$ 537,209
				Carrying Amount	Fair Value	Par Value
<u>Restricted Cash with Fiscal Agent</u>						
U.S. Government & Federal Agencies				\$ 26,592	\$ 26,854	\$ 26,854
Guaranteed Investment Contract				139,952	140,563	140,563
Certificates of Deposit and Money Market Accounts				3,206	3,206	3,206
				\$ 169,750	\$ 170,623	\$ 170,623

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

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2008 (in thousands):

	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Statement of Net Assets:</u>		
Net assets held for pool participants	\$ 539,962	\$ 541,887
Equity of internal pool participants	\$ 337,084	\$ 339,009
Equity of external pool participants (voluntary and involuntary)	<u>202,878</u>	<u>202,878</u>
Total Equity	<u>\$ 539,962</u>	<u>\$ 541,887</u>
<u>Statement of Changes in Net Assets:</u>		
Revenue	\$ 22,347	\$ 22,347
Investment Costs	(1,038)	(1,038)
Net Deposits	(4,545)	(4,535)
Change in fair value	<u>-</u>	<u>2,567</u>
Net change in pool	16,764	19,341
Net Assets at July 1, 2007	<u>523,198</u>	<u>522,546</u>
Net Assets at June 30, 2008	<u>\$ 539,962</u>	<u>\$ 541,887</u>

Restricted Cash with Fiscal Agent

Cash and investments at June 30, 2008 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	\$ 13,739
Restricted interest on lease reserves	152,805
Restricted for Contractor Retentions	<u>3,206</u>
Total Restricted Cash	<u>\$ 169,750</u>

Other Cash Deposits

Year-end, the carrying amount of the County's other cash deposits was \$512,183 and the combined financial institutions' balance was \$580,820. The difference of \$68,637 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 \$580,820 was covered by federal depository insurance or by collateral held by County's agent in the County's name.

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

**3. RECEIVABLES**

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

	Governmental Activities		Business-Type Activities			Governmental Activities	
	General Fund	Nonmajor Governmental Funds	State Water Project	Lopez Flood Control	Nacimiento Water Contract	Nonmajor Enterprise Funds	Internal Service Funds
Accounts Receivable	\$ 7	\$ 2,218	\$1,740	\$ 288	\$ 1,506	\$ 158	\$ 14
Allow. for Doubtful Accounts	-	-	-	-	(1,506)	-	-
Net Accounts Receivable	<u>\$ 7</u>	<u>\$ 2,218</u>	<u>\$1,740</u>	<u>\$ 288</u>	<u>\$ -</u>	<u>\$ 158</u>	<u>\$ 14</u>

**4. CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2008, is as follows (in thousands):

<u>Governmental Activities</u>	Balance July 1, 2007	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2008
Capital assets, not being depreciated:					
Land	\$ 20,443	\$ 2,667	\$ (1)	\$ -	\$ 23,109
Construction in progress	52,213	41,725	-	(2,062)	91,876
Infrastructure	757,696	-	-	-	757,696
Total capital assets, not being depreciated	830,352	44,392	(1)	(2,062)	872,681
Capital assets, being depreciated:					
Structures and improvements	129,769	46	(61)	1,539	131,293
Equipment	61,951	3,901	(4,143)	-	61,709
Infrastructure	205,595	-	-	523	206,118
Total capital assets, being depreciated	397,315	3,947	(4,204)	2,062	399,120
Less accumulated depreciation for:					
Structures and improvements	(42,585)	(3,661)	56	-	(46,190)
Equipment	(28,322)	(5,223)	3,629	-	(29,916)
Infrastructure	(117,177)	(7,780)	-	-	(124,957)
Total accumulated depreciation	(188,084)	(16,664)	3,685	-	(201,063)
Total capital assets being depreciated, net	209,231	(12,717)	(519)	2,062	198,057
Governmental activities capital assets, net	<u>\$1,039,583</u>	<u>\$ 31,675</u>	<u>\$ (520)</u>	<u>\$ -</u>	<u>\$ 1,070,738</u>

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

<u>Business-type Activities</u>	Balance July 1, 2007	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2008
Capital assets, not being depreciated:					
Land	\$ 18,237	\$ -	\$ -	\$ -	\$ 18,237
Construction in progress	62,823	58,700	(27)	(6,640)	114,856
Water Rights	34,254	1,398	-	-	35,652
Other Property	1,968	-	-	-	1,968
Total capital assets, not being depreciated	117,282	60,098	(27)	(6,640)	170,713
Capital assets, being depreciated:					
Infrastructure	-	-	-	50	50
Structures and improvements	114,396	133	-	6,590	121,119
Equipment	2,038	861	(377)	-	2,522
Other Property	58	496	-	-	554
Total capital assets, being depreciated	116,492	1,490	(377)	6,640	124,245
Less accumulated depreciation for:					
Infrastructure	-	-	-	(49)	(49)
Structures and improvements	(26,539)	(2,361)	-	49	(28,851)
Equipment	(1,438)	(98)	253	-	(1,283)
Other Property	(41)	(2)	-	-	(43)
Total accumulated depreciation	(28,018)	(2,461)	253	-	(30,226)
Total capital assets being depreciated, net	88,474	(971)	(124)	6,640	94,019
Governmental activities capital assets, net	\$ 205,756	\$ 59,127	\$ (151)	\$ -	\$ 264,732

Depreciation expense

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

<u>Governmental Activities</u>	<u>Amount</u>
General Government	\$ 4,009
Public Protection	2,066
Public Ways and Facilities	7,786
Health and Sanitation	196
Public Assistance	271
Education	144
Recreational and Cultural Services	446
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	1,746
Total Depreciation Expense-Governmental Activities	\$ 16,664

<u>Business-type Activities</u>	<u>Amount</u>
Airport	\$ 819
State Water Project	203
Lopez Flood Control	487
Nonmajor Enterprise	952
Total Depreciation Expense-Business-type Activities	\$ 2,461

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

**5. CONSTRUCTION IN PROGRESS AND RELATED COMMITMENTS**

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

The following is a schedule of major projects included in Construction in Progress as of June 30, 2008 (in thousands):

Governmental Activities

Project	Expended to June 30, 2008	Committed Funds
Juvenile Services Center Expansion	\$ 3,044	\$ 382
Paso Robles Courthouse-New Facility	10,573	1,944
Courthouse Holding Cell Expansion	1,369	92
North County Regional Center	2,565	4,359
Cambria Flood Control Project	2,373	138
Roads Infrastructure	54,624	6,711
Health Campus	9,311	429

Business-Type Activities

Project	Expended to June 30, 2008	Committed Funds
Nacimiento Water Project	\$ 57,412	\$ 102,582
Lopez Dam Water Treatment Plant Upgrade	24,107	893
SLO Airport Facilities Infrastructure	32,293	3,570

**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, 2008 they had a carrying value of \$9,742 net of accumulated depreciation of \$658. 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, 2008 (in thousands):

Year Ending June 30	General Fund	Airport
2009	\$ 487	\$ 234
2010	477	210
2011	474	179
2012	449	155
2013	429	152
Later Years	2,225	698
Total	<u>\$ 4,541</u>	<u>\$ 1,628</u>

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

Minimum future rentals do not include contingent rentals, which are received as stipulated in the lease contracts. These contingent rental payments are based on the monthly revenues of the concessionaire operating on the premises. Contingent rentals amounted to \$1,071,403 for the fiscal year ended June 30, 2008.

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, 2008 totaled \$3,313,935. 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, 2008 for the next five years and for each five-year period thereafter (in thousands):

Year Ending June 30	Minimum Lease Payments
2009	\$ 2,499
2010	2,241
2011	1,393
2012	1,263
2013	1,120
2014-2018	5,077
2019-2023	2,886
2024-2028	30
Total	<u>\$ 16,509</u>

**7. RISK MANAGEMENT**

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

<u>Type of Coverage</u>	<u>Self-Insurance</u>	<u>Authority</u>
Liability	\$ 250,000 per occurrence	\$ 25,000,000
Workers' Compensation	\$ 250,000 per occurrence	\$ 50,000,000
Unemployment	\$ 758,923 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.

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

The estimated claims liability for the Protected Self Insurance Fund and Workers' Compensation Self Insurance Fund have been recorded at a discounted 80% 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 2006/2007 and 2007/2008, were as follows (in thousands):

	Beginning of the fiscal year liability	Current year claims, changes & estimates	Claim payments	Balance at fiscal year end
2006-07	\$ 21,690	\$ 2,897	\$ 5,011	\$ 19,576
2007-08	\$ 19,576	\$ 3,770	\$ 4,288	\$ 19,058

**8. INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund balances at June 30, 2008 were (in thousands):

Due to/from other county funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Roads Special Revenue	Nonmajor Governmental Funds	\$ 2,414
	Nonmajor Governmental Funds	888
		<u>\$ 3,302</u>

Funds due to the Roads Special Revenue Fund represent developer fees due from the Impact fees Special Revenue Fund (\$2,414) and construction project reimbursements due from the Public Facilities Corporation Debt Service Fund (\$888).

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Enterprise Funds	\$ 598
	Nonmajor Governmental Funds	887
	Airport	<u>510</u>
		1,995
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	378
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	<u>549</u>
	Total	<u>\$ 2,922</u>

Advances from the General Fund to Nonmajor Enterprise Funds of \$598 represent internal loans issued to County Service Area 18 (\$363), County Service Area 7 (\$160) and County Service Area 23 (\$75).

Advances from the General Fund to Nonmajor Governmental Funds of \$887 represent internal loans issued to County Service Area 21 (\$665), County Service Area 9 (\$87) and Parks Special Revenue Fund (\$135).

The Airport owes the General Fund \$510 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 Nonmajor Governmental Funds to Nonmajor Enterprise Funds of \$378 represent internal loans issued to the County Service Area 10 Enterprise Fund from the County Service Area 10 Special Revenue Fund

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	Nonmajor Governmental Funds	<u>\$ 26,585</u>
Nonmajor Governmental Funds	General Fund	322
	Capital Projects	4,908
	Nonmajor Governmental Funds	8,975
	Nonmajor Enterprise Funds	<u>101</u>
		<u>14,306</u>
Airport	General Fund	42
	Nonmajor Governmental Funds	<u>32</u>
		<u>74</u>
Capital Projects Fund	Nonmajor Governmental Funds	246
	Nonmajor Enterprise Funds	26
	Airport	868
	General Fund	<u>720</u>
		<u>1,860</u>
Nonmajor Enterprise Funds	General Fund	24
	Nonmajor Governmental Funds	70
	Lopez Flood Control	<u>7</u>
		<u>101</u>
Internal Service Funds	Nonmajor Governmental Funds	400
	Nonmajor Enterprise Funds	<u>137</u>
		<u>537</u>
Total Transfers		<u>\$ 43,463</u>

The General Fund transferred \$4,998 to finance debt service payments to the Pension Obligation Bond Debt Service Fund and \$931 to finance debt service payments of the Public Financing Corporation Debt Service Fund. It also made contributions of \$11,476 to the Roads Special Revenue Fund, \$556 to the Library Special Revenue Fund, \$280 to the Community Development Special Revenue Fund, \$439 to the Organizational Effectiveness Special Revenue Fund, \$2,199 to the County-wide Automation Replacement Special Revenue Fund, \$2,300 to the General Government Building Replacement Special Revenue Fund, and \$3,404 to the Parks Special Revenue Fund.

Nonmajor Governmental Funds transferred Public Facilities Fees revenue to the General Fund (\$22), the Capital Projects Fund (\$106), the Public Financing Corporation Debt Service Fund (\$500), and the Parks Special Revenue Fund (\$63) to fund capital and maintenance projects, and \$1,638 to the Parks Special Revenue Fund to fund a land acquisition. Additionally, the Impact Fee-Traffic Special Revenue Fund transferred Traffic Impact Fees of \$4,668 to the Roads Fund for capital and maintenance projects. The Public Facilities Corporation Debt Service Fund transferred \$4,781 to the Capital Projects Fund for construction of the Paso Robles Courthouse Facility.

**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, 2008, (in thousands) is as follows:

<u>Governmental Activities</u>	<u>Beginning Balance July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2008</u>	<u>Due within one year</u>
Bonds and notes payable:					
Certificates of participation	\$ 27,125	\$ 7,325	\$ 1,131	\$ 33,319	\$ 1,400
Less deferred amounts:					
For issuance discounts	-	(119)	-	(119)	-
Pension Obligation Bonds	130,504	-	1,470	129,034	1,865
Total Bonds and notes payable	157,629	7,206	2,601	162,234	3,265
Other liabilities:					
Compensated absences	22,483	17,961	16,053	24,391	16,309
Landfill post-closure costs	3,303	342	282	3,363	306
Self insurance	19,576	3,770	4,288	19,058	4,515
Total other liabilities	45,362	22,073	20,623	46,812	21,130
Total Governmental Activities	\$ 202,991	\$ 29,279	\$ 23,224	\$ 209,046	\$ 24,395
<u>Business-Type Activities</u>					
Bonds and notes payable:					
Certificates of participation	\$ 21,535	-	\$ 550	\$ 20,985	\$ 575
State notes	26,144	\$ 6,819	1,139	31,824	357
Revenue bonds	56	196,410	5	196,461	5
Add deferred amounts:					
For issuance premiums	-	6,371	-	6,371	-
General obligation bonds	12,000	-	270	11,730	280
Total bonds and notes payable	59,735	209,600	1,964	267,371	1,217
Other liabilities:					
Compensated absences	279	175	173	281	177
Total other liabilities	279	175	173	281	177
Total Business-Type Activities	\$ 60,014	\$ 209,775	\$ 2,137	\$ 267,652	\$ 1,394

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, \$2,352 of internal service funds' compensated absences and \$19,058 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.

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, 2008 (in thousands) is as follows:

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

	<u>Purpose</u>	<u>Interest Rates</u>	<u>Annual Installments</u>	<u>Amount</u>
<u>Governmental Activities</u>	1994 Refunding	4-6%	\$674 - \$726	\$ 1,939
	2002 Government Center	3-5%	\$1484 - \$1489	18,965
	2007 Paso Robles Courthouse	4-4.25%	\$304 - \$308	5,090
	2008 Vineyard Drive Interchange Improvements	4-4.625%	\$440-\$451	7,325
<u>Business-type Activities</u>	1994 Refunding	4-6%	\$7 - \$12	25
	2002 Dairy Creek Golf Course Refunding	3-5%	\$545 - \$550	6,995
	2000 Lopez Dam Remediation	4.0-5.375%	\$1,047 - \$1,052	13,965
				<u>\$ 54,304</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>
2009	\$ 1,399	\$ 1,533	\$ 575	\$ 1,041
2010	1,500	1,443	590	1,016
2011	1,600	1,372	605	992
2012	925	1,317	630	967
2013	965	1,281	660	938
2014-2018	5,465	5,749	3,795	4,194
2019-2023	6,900	4,307	4,880	3,101
2024-2028	8,760	2,442	6,340	1,647
2029-2033	2,715	1,054	2,910	241
2034-2038	3,090	381	-	-
Total	<u>\$ 33,319</u>	<u>\$ 20,879</u>	<u>\$ 20,985</u>	<u>\$ 14,137</u>

Description of State Notes

In fiscal year ended June 30, 2008, the County borrowed \$5,818 and in prior years the County borrowed \$22,651 from the State of California Department of Water Resources Safedrinking Water Loan program to finance the construction of water systems in unincorporated communities. State loans are repaid with water service revenue generated by the constructed assets. In fiscal year ended June 30, 2008, the County borrowed \$1,000 and in prior years the County borrowed \$4,734 from the State of California Department of Transportation to finance the construction of 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, 2008 (in thousands) is as follows:

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

Business-type Activities	Interest Rates	Annual Installments	Amount
1999 Santa Margarita Water System	3.41%	\$36	\$ 299
2006 Lopez Water Treatment Plant Upgrade	2.6%	\$246-493	24,620
2006 Airport Hangars	4.6124%	\$236-432	3,553
2007 Airport Hangar	4.6557%	\$86	1,000
2004 Lopez Recreation Area	2.5132%	\$10 - \$21	273
1998 Cayucos Water Treatment Facility	3.0315%	\$174	2,079
			<u>\$ 31,824</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>
2009	\$ 357	\$ 929
2010	1,329	915
2011	1,369	876
2012	1,409	835
2013	1,452	792
2014-2018	7,943	3,279
2019-2023	9,031	2,013
2024-2028	7,380	784
2029	1,554	40
Total	<u>\$ 31,824</u>	<u>\$ 10,463</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. 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 on behalf of the Nacimiento Water Contract Enterprise Fund. 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. General obligation bonds are repaid from applicable property taxes. Bond principal outstanding at June 30, 2008 is as follows (in thousands):

Business-type Activities	Interest Rates	Annual Installments	Amount
Water Project	5%	\$7 - \$9	\$ 51
Lopez Dam Remediation	4.0-5.375%	\$879 - \$883	11,730
Nacimiento Pipeline Project (Series 2007A)	3.75%- 5.00%	\$7,658- \$10,048	157,845
Nacimiento Pipeline Project (Series 2007B)	5.196%- 5.571%	\$2,132- \$2,646	38,565
			<u>\$ 208,191</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
2009	\$ 285	\$ 10,393
2010	301	10,380
2011	311	10,367
2012	3,281	10,291
2013	3,431	10,148
2014-2018	19,542	48,323
2019-2023	25,010	42,832
2024-2028	32,300	35,513
2029-2033	39,900	26,149
2034-2038	48,375	15,030
2039-2043	35,455	2,587
Total	<u>\$ 208,191</u>	<u>\$ 222,013</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, 2008 totals \$1,965 (\$1,939 governmental and \$26 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, 2008 is \$18,965 (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, 2008 is \$6,995 (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, 2008 is \$5,090 (100% governmental).

On 1/23/2008 the County issued certificates of participation (COP) in the amount of \$7,325 to finance improvements to the Vineyard Drive Interchange. The certificates have average interest rates of 4% to 4.625%. This debt will be fully paid in fiscal year 2037-38. Debt service is provided by Development Fees. The principal balance outstanding at June 30, 2008 is \$7,325 (100% governmental).

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### Financing Authority

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

On 10/26/2000 the Authority issued \$28,905 in revenue bonds (2000 series A) to finance the Lopez Dam seismic remediation project. The Flood Control District borrowed \$28,905 from the Authority by issuing COP of \$15,705 and government obligation (GO) bonds of \$13,200. Debt service is provided by semi-annual lease payments made by the Flood Control District to the Authority for use of the retrofitted facilities. The principal balances outstanding at June 30, 2008 are \$13,965 (COP) and \$11,730 (GO bonds) (100% business-type).

In September 2007 the 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.

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, 2008 totals \$3,470 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 \$24,672 at June 30, 2008. 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 \$505,663 with a margin of \$493,933.

### 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

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

- \$45,000 Series B auction rate securities, initial rate of 2.36%, final maturity 1/1/2033, annual installments of \$1,062 to \$20,558
- \$44,199 Series C capital appreciation bonds, yielding 5.27% to 5.73%, final maturity 1/1/2031, annual installments of zero to \$15,000

POB principal outstanding at June 30, 2008 is \$129,034 (100% governmental). Annual debt service requirements to maturity for bonds are as follows (in thousands):

Fiscal Year ending June 30	Governmental Activities	
	Principal	Interest
2009	\$ 1,865	\$ 3,970
2010	2,290	3,834
2011	2,755	3,676
2012	3,260	3,565
2013	3,805	3,428
2014-2018	28,860	14,010
2019-2023	17,904	37,906
2024-2028	17,519	54,036
2029-2033	50,776	37,134
Total	<u>\$ 129,034</u>	<u>\$ 161,559</u>

Rebatable Arbitrage Earnings

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service. During the current year, the County performed calculations of excess investment earnings and at June 30, 2008 resulting in no rebatable arbitrage liability.

**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, 2008 are as follows (in thousands):

Governmental activities	<u>Amount</u>
	\$ 1,047,361
Business-type activities	<u>155,907</u>
Total	<u>\$ 1,203,268</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. Included in total restricted net assets at June 30, 2008 are net assets restricted by enabling legislation of \$28,263.

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

Restricted net assets at June 30, 2008 for governmental activities are as follows (in thousands):

	<u>Amount</u>
<b>RESTRICTED FOR:</b>	
<u>General Government</u>	
Commitments for Information Technology equipment and services	\$ 43
Commitments for automation related professional services	1,396
Commitments for Risk Management related professional services	172
Commitments for Clerk-Recorder related professional services	126
Commitments for Auditor related professional services	189
Commitments for County Counsel related professional services	184
Commitments for Health and Sanitation related Capital Projects	37
Commitments for General Government related Capital Projects	160
Commitments for Public Protection related Capital Projects	2,241
Commitments for Recreation related Capital Projects	60
Claims, contracts and other restrictions	449
<u>Public Protection</u>	
Commitments for flood control related engineering services	291
Commitments for Planning related professional services	1,979
Commitments for Waste Management related professional services	89
Commitments for fire protection equipment	918
Claims, contracts and other restrictions	83
<u>Health and Sanitation</u>	
Commitments for Mental Health contract services	229
Commitments for Mental Health equipment	37
<u>Public Assistance</u>	
Claims, contracts and other restrictions	279
<u>Public Ways and Facilities</u>	
Claims, contracts and other restrictions	39
Road maintenance and construction	11,715
Public facilities fees restricted for public facilities	16,548
<u>Recreation and Culture</u>	
Claims, contracts and other restrictions	5
<u>Debt Service</u>	
	<u>15,297</u>
Total Restricted Net Assets	<u>\$ 52,566</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, 2008 are as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ 173,396
Business-type activities	<u>16,202</u>
Total	<u>\$ 189,598</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, 2008 (in thousands):

<u>Reserved Fund Balance</u>	General Fund	Capital Projects	Nonmajor Gov'tl Funds	Total
<u>Reserved for:</u>				
Encumbrances	\$ 4,796	\$ 2,498	\$ 1,711	\$ 9,005
Public Facility Fees	-	-	16,548	16,548
Impact Fees	-	-	11,715	11,715
Advances to Other Funds	1,995	-	378	2,373
Inventories	89	-	-	89
Prepaid Items	162	-	25	187
Debt Service	-	-	15,297	15,297
Programs/Grants	24,811	-	2,250	27,061
Total Reserved	<u>\$ 31,853</u>	<u>\$ 2,498</u>	<u>\$ 47,924</u>	<u>\$ 82,275</u>

<u>Unreserved Fund Balance</u>	General Fund	Capital Projects	Nonmajor Gov'tl Funds	Total
<u>Unreserved, Designated for:</u>				
Los Osos Landfill Monitoring	\$ -	\$ 295	\$ -	\$ 295
Facilities Planning	-	10,249	-	10,249
Government Building	-	-	9,001	9,001
Accounting Systems & Automation	-	-	7,523	7,523
Tax Reduction Reserve	-	-	4,151	4,151
Compensated Absences	1,400	-	-	1,400
Post-employment Health	2,000	-	-	2,000
Road Projects	-	-	1,454	1,454
Parks Projects	-	-	5	5
Drinking Driver Programs	-	-	70	70
Library Programs	-	-	1,609	1,609
Wildlife Projects	-	-	4	4
Fish and Game Projects	-	-	81	81
General Reserve	8,000	-	1,572	9,572
Fire Equipment Replacement	1,184	-	-	1,184
Internal Financing	4,281	-	-	4,281
County-wide Training	-	-	1,756	1,756
Total Designated	<u>16,865</u>	<u>10,544</u>	<u>27,226</u>	<u>54,635</u>
Unreserved, Undesignated	<u>48,021</u>	<u>10,689</u>	<u>33,158</u>	<u>91,868</u>
Total Unreserved	<u>\$ 64,886</u>	<u>\$ 21,233</u>	<u>\$ 60,384</u>	<u>\$ 146,503</u>

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

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

**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, 2008 to be reappropriated during the next fiscal year (in thousands):

Function	Total Encumbrances
General Government	\$ 386
Health & Sanitation	905
Public Protection	1,800
Public Assistance	90
Public Ways and Facilities	10,304
Education	91
Recreation	4
Total Lapsing Encumbrances	<u>\$ 13,580</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 \$32,951,800 over the next 27 years. The estimated amounts vary by year. For example, the principal amount due in 2008 is \$663,300 while \$1,991,500 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, 2008.

**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	\$ -	\$ -	\$ 4,414
Governmental aid advanced for capital projects	-	471	1,000
Roads developer contributions	-	-	90
Parks Endowment	-	-	59
Other deferred revenues	52	-	-
Total Unearned	<u>52</u>	<u>471</u>	<u>5,563</u>
Teeter Tax Revenues	13,357	-	-
Total Unavailable	<u>13,357</u>	<u>-</u>	<u>-</u>
Total Deferred Revenue	<u>\$ 13,409</u>	<u>\$ 471</u>	<u>\$ 5,563</u>

**16. OTHER REVENUES**

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

Governmental funds:

	General Fund	Nonmajor Gov't Funds
Reimbursements	\$ 904	\$ 40
Surplus sales, publications & rebates	11	-
Nuisance abatement	25	2
Returned check fees and card fees	23	86
Microfilm	68	-
Seminar, conferences and workshop fees	74	-
Contributions non-governmental	105	217
HUD related non-program revenue	-	32
Water sales	37	-
Other settlements	111	2
Other miscellaneous revenues	688	697
Total Governmental Funds	<u>\$ 2,046</u>	<u>\$ 1,076</u>

Business-type funds:

	Airport	Nacimiento Water Contract	State Water Project	Lopez Flood Control	Nonmajor Enterprise Funds	Internal Service Funds
Other reimbursements	\$ -	\$ -	\$ -	\$ -	\$ 183	\$ 122
Refunds and rebates	-	-	-	55	-	-
Settlements, Damages, Insurance	-	-	-	-	-	59
Misc. non-operating sources	19	2	34	-	85	73
Total Governmental Funds	<u>\$ 19</u>	<u>\$ 2</u>	<u>\$ 34</u>	<u>\$ 55</u>	<u>\$ 268</u>	<u>\$ 254</u>

## 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, 2007, the Plan held no investments of a single issuer comprising 5% or more of net assets.

*Funding Policy* - Participants are required to contribute to the Plan for the 2006 and 2007 calendar years at rates ranging from 8.80% to 23.76% 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 selection of either a 30-year or 40-year amortization period for such bonds. The Board of Trustees chose a closed amortization

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

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 14.73% to 27.50% of payroll. Specific appropriation rates were adopted for each benefit group at various times during 2006 and 2007 as negotiations for changes to the Retirement Allowance formula were concluded and implemented.

Total contributions and appropriations to the Plan in 2007 amounted to \$44,414,974. Of this, \$24,014,202 were regular County appropriations. Employee contributions amounted to \$17,400,772. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation report as of December 31, 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, 2008 (based on an actuarial valuation report as of December 31, 2007) were as follows (in thousands):

	<u>Amount</u>
County Annual Required Contribution (ARC)	\$ 33,841
Interest on pension asset	10,231
Adjustment to the ARC	<u>(27,442)</u>
Annual Pension Cost (APC)	16,630
County contributions made	<u>(24,014)</u>
Decrease in pension asset	(7,384)
Net pension asset, beginning of year	<u>132,036</u>
Net pension asset, end of year	\$ <u>124,652</u>

The annual pension cost and net pension asset were based on an actuarial valuation report as of January 1, 2008. The actuarial values of assets were determined on a market related basis. The actuarial assumptions included (a) 7.75% investment rate of return (b) projected salary increases of 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 7.75%-3.75%=4.00%). The Entry Age Normal cost method identifies and separately amortizes unfunded actuarial liabilities using the level percentage of projected payroll, with a thirty-year closed period.

The net assets held in trust for pension benefits are allocated among various reserves. For the year ended December 31, 2007, these reserves were generally credited with interest at the rate of 7.75%. In addition, any additional employee or employer contributions, as well as interest credited to these additional contributions, earned interest at the rate of 7.75%. Any interest or dividends earned in excess of the amount required to be credited to the various reserves is accumulated in the contingency reserve account.

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>(Asset)</u>
2006 *	\$20,088	91.0%	(\$131,185)
2007 *	\$22,029	87.0%	(\$132,036)
2008	\$16,630	144.0%	(\$124,652)
<i>* restated</i>			

**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, 2008 is \$3,363,406. Of this \$1,165,989 is the Net Present Value Corrective Action Cost and \$2,197,417 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 \$295,000 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**

*Plan Description and Benefits:* Employees retiring from the County with at least 50 years of age and 5 years of service may continue to purchase healthcare coverage, if they select one of the plans offered under the County's contract with the state's California Public Employee Retirement System (CALPERS.) The County assists eligible retirees by paying a portion of their premiums for medical care.

*Funding Policy:* The CALPERS contract requires that the County contribute certain minimum amounts for each retiree's health insurance. If the County selected another provider for health insurance coverage these minimum amounts may not apply. However, the County has been using CALPERS for medical coverage since 1990, and currently has no expressed intent to change providers. The amounts the County actually contributes depend on bargaining unit, and for calendar year 2008 ranged from \$97 to \$139 per month. The subsidy is adjusted annually to reflect changes in the medical component of the Consumer Price Index.

*Annual OPEB Cost and Net OPEB Obligation:* For fiscal year 2008, the County's annual OPEB cost of \$2,301 was equal to the ARC. The ARC includes the normal cost for the year for current active employees of \$1,351 and a component for amortization of the total unfunded actuarial accrued liability (UAAL) of \$950. The Net OPEB Obligation (NOO) was comprised of the following components: the ARC of \$2,301, plus interest on the beginning balance of the NOO of \$0, less an adjustment to the ARC to offset, approximately, the amount included in the ARC for the amortization of past contribution deficiencies of \$0, less contributions (representing retiree premiums paid) of \$704. The NOO increased \$1,597 resulting in an ending NOO balance of \$1,597.

During fiscal year 2008 the County established the OPEB Internal Service Fund (OPEB fund), specifically intended to fund OPEB liabilities on a pay-as-you-go basis. During 2008, the County contributed \$2,517 into the OPEB fund, and \$704 was paid for retiree health coverage. Net Assets of the OPEB fund at June 30, 2008 were \$375. Contributions received and accumulated assets of the OPEB fund, however, are not considered plan assets due to the absence of an irrevocable trust to administer the plan.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the NOO for the fiscal year ended 2008 (based on the County's December 31, 2007 actuarial valuation) are as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions	Percent of OPEB Cost Contributed	Net OPEB Obligation (NOO)
2008	\$2,301	\$704	31%	\$1,597

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

*Funded Status and Funding Progress:* The funded status of the OPEB plan as of June 30, 2008 (based on the County's December 31, 2007 actuarial valuation) is as follows:

Actuarially accrued liability	\$28,517
Actuarial value of plan assets	<u>-</u>
Unfunded actuarially accrued liability	<u><u>\$28,517</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$154,252
UAAL as a percentage of covered payroll	18.50%

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

In the County's December 31, 2007 actuarial valuation the entry age normal funding method was used. The actuarial assumptions included a 4.25% investment rate of return, an inflation rate of 3.75% per year, and assumed future medical inflation of 5% graded down to 4% over 9 years. The OPEB plan's unfunded actuarial liability is being amortized by level percent of payroll contributions over 30 years.



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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
- Schedule of Funding Progress – Other Post Employment Benefits (OPEB) 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, 2008 (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)
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%
2007	\$829,764	\$1,057,124	\$227,360	78.5%	\$162,436	140.0%

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.

OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN- SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2008 (in thousands)

Actuarial Valuation Dec 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2007	\$0	\$28,517	\$28,517	0%	\$154,252	18.5%

Source: Gabriel Roeder Smith & Company "County of San Luis Obispo Actuarial Valuation of Retiree Health Benefits" Report dated December 31, 2007

**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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 138,813	\$ 138,813	\$ 133,833	\$ (4,980)
Licenses, permits, and franchises	8,685	9,093	9,117	24
Fines, forfeits, and penalties	3,260	3,377	3,873	496
Use of money and property	2,642	2,642	3,196	554
Aid from other governmental agencies	160,457	167,317	160,918	(6,399)
Charges for services	33,346	34,493	33,982	(511)
Other revenue	5,074	5,372	2,046	(3,326)
Total Revenues	<u>352,277</u>	<u>361,107</u>	<u>346,965</u>	<u>(14,142)</u>
<b>Expenditures:</b>				
Current:				
General government	47,930	58,312	47,899	10,413
Public protection	130,538	139,390	131,225	8,165
Public Ways and facilities	3,091	3,481	2,337	1,144
Health and sanitation	61,537	66,188	59,436	6,752
Public assistance	90,132	91,242	88,010	3,232
Education	461	461	410	51
Contingencies	16,536	7,384	--	7,384
Total Expenditures	<u>350,225</u>	<u>366,458</u>	<u>329,317</u>	<u>37,141</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,052</u>	<u>(5,351)</u>	<u>17,648</u>	<u>22,999</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,186	1,493	1,108	(385)
Transfers (out)	<u>(22,283)</u>	<u>(26,429)</u>	<u>(26,585)</u>	<u>(156)</u>
Total Other Financing Sources (Uses)	<u>(21,097)</u>	<u>(24,936)</u>	<u>(25,477)</u>	<u>(541)</u>
<b>Net change in fund balances</b>	(19,045)	(30,287)	(7,829)	22,458
Fund balances, beginning	<u>104,568</u>	<u>104,568</u>	<u>104,568</u>	<u>--</u>
Fund balances, ending	<u>\$ 85,523</u>	<u>\$ 74,281</u>	<u>\$ 96,739</u>	<u>\$ 22,458</u>

**COUNTY OF SAN LUIS OBISPO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2008**

**1. BUDGETARY BASIS OF ACCOUNTING**

**BUDGETARY ACCOUNTING**

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

After the budget is approved, the appropriations can be added to, subtracted from, or changed only by Board resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Board. During the fiscal year ended June 30, 2008, the Board of Supervisors approved all necessary supplemental appropriations. Generally, the effects of the supplemental appropriations are to increase the budget for cost of living adjustments and new programs and grants financed by other governmental agencies.

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

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

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

**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 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

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

### **SPECIAL REVENUE FUNDS:**

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

#### California Health Care Indigent Program

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

#### Community Development Program

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

#### County Medical Services Program (CMSP)

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

#### County-wide Automation Replacement

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

#### Emergency Medical Services

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

#### Driving Under the Influence Programs

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

#### Fish & Game

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

#### General Government Building Replacement

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

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

### 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, 2008 (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	\$ 7,186	\$ 99,780	\$ 106,966
Accounts receivable	--	2,218	2,218
Other receivables	16	190	206
Due from other governments	--	2,969	2,969
Due from other funds	--	3,302	3,302
Prepaid expenses	--	25	25
Advances to other funds	--	378	378
Restricted cash with fiscal agent	9,955	--	9,955
Other assets	3,265	--	3,265
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 20,422</u>	<u>\$ 108,862</u>	<u>\$ 129,284</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Salaries and benefits payable	\$ --	\$ 481	\$ 481
Accounts payable	--	5,670	5,670
Due to other funds	888	2,414	3,302
Deposits from others	--	836	836
Deferred revenue	--	5,563	5,563
Other current liabilities	3,688	--	3,688
Advances from other funds	549	887	1,436
Total Liabilities	<u>5,125</u>	<u>15,851</u>	<u>20,976</u>
Fund Balances:			
Reserved	15,297	32,627	47,924
Unreserved, reported in nonmajor			
Special revenue funds	--	60,384	60,384
Total Fund Balances	<u>15,297</u>	<u>93,011</u>	<u>108,308</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$ 20,422</u>	<u>\$ 108,862</u>	<u>\$ 129,284</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, 2008 (in thousands)**

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Taxes	\$ --	\$ 10,763	\$ 10,763
Fines, forfeits and penalties	--	1,033	1,033
Use of money and property	503	3,624	4,127
Aid from other governmental agencies	--	35,097	35,097
Charges for current services	2,259	14,276	16,535
Other revenues	618	458	1,076
Total revenues	<u>3,380</u>	<u>65,251</u>	<u>68,631</u>
<u>Expenditures:</u>			
Current:			
General government	--	3,834	3,834
Public protection	--	2,833	2,833
Public ways and facilities	--	42,477	42,477
Health and sanitation	--	6,744	6,744
Public assistance	--	4,672	4,672
Education	--	9,288	9,288
Recreation and cultural services	--	9,911	9,911
Debt service:			
Principal payments	2,601	--	2,601
Interest and fiscal charges	5,593	--	5,593
Total expenditures	<u>8,194</u>	<u>79,759</u>	<u>87,953</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,814)</u>	<u>(14,508)</u>	<u>(19,322)</u>
<u>Other financing sources (uses):</u>			
Certificates of participation issued	7,325	--	7,325
Discount of certificates of participation issued	(119)	--	(119)
Transfers in	5,875	30,433	36,308
Transfers out	(6,474)	(7,832)	(14,306)
Total other financing sources and (uses)	<u>6,607</u>	<u>22,601</u>	<u>29,208</u>
Net changes in fund balances	1,793	8,093	9,886
Fund balances - beginning	<u>13,504</u>	<u>84,918</u>	<u>98,422</u>
Fund balances - ending	<u>\$ 15,297</u>	<u>\$ 93,011</u>	<u>\$ 108,308</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**June 30, 2008 (in thousands)**

	<u>Debt Service Public Facilities Corporation</u>	<u>Debt Service Pension Obligation Bonds</u>	<u>Total Nonmajor Debt Service Funds</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 198	\$ 6,988	\$ 7,186
Other receivables	16	--	16
Restricted cash with fiscal agent	9,909	46	9,955
Other assets	<u>1,400</u>	<u>1,865</u>	<u>3,265</u>
 Total Assets	 <u>\$ 11,523</u>	 <u>\$ 8,899</u>	 <u>\$ 20,422</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Other current liabilities	\$ 1,400	\$ 1,865	\$ 3,265
Due to other funds	888	--	888
Advances from other funds	549	--	549
Interest payable	423	--	423
Total Liabilities	<u>3,260</u>	<u>1,865</u>	<u>5,125</u>
Fund Balances:			
Reserved for debt service	<u>8,263</u>	<u>7,034</u>	<u>15,297</u>
Total Fund Balances	<u>8,263</u>	<u>7,034</u>	<u>15,297</u>
 Total Liabilities and Fund Balances	 <u>\$ 11,523</u>	 <u>\$ 8,899</u>	 <u>\$ 20,422</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, 2008 (in thousands)**

	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Total Nonmajor Debt Service Funds
<u>Revenues:</u>			
Use of money and property	\$ 282	\$ 221	\$ 503
Charges for current services	2,259	--	2,259
Other revenues	--	618	618
Total revenues	2,541	839	3,380
<u>Expenditures:</u>			
Debt service:			
Principal payments	1,131	1,470	2,601
Interest and fiscal charges	1,433	4,160	5,593
Total expenditures	2,564	5,630	8,194
Excess (deficiency) of revenues over (under) expenditures	(23)	(4,791)	(4,814)
<u>Other financing sources (uses):</u>			
Certificates of participation issued	7,325	--	7,325
Discount on certificates of participation issued	(119)	--	(119)
Transfers in	--	5,875	5,875
Transfers out	(6,474)	--	(6,474)
Total other financing sources and (uses)	732	5,875	6,607
Net changes in fund balances	709	1,084	1,793
Fund balances - beginning	7,554	5,950	13,504
Fund balances - ending	\$ 8,263	\$ 7,034	\$ 15,297

**COUNTY OF SAN LUIS OBISPO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2008 (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	\$ 1,072	\$ 28	\$ 2,051	\$ 11,370	\$ 519
Accounts receivable	--	--	--	--	--
Other receivables	--	--	--	--	168
Due from other governments	33	10	46	--	--
Due from other funds	--	--	--	--	--
Prepaid expenses	--	--	--	23	--
Advances to other funds	--	--	--	--	--
	<u>1,105</u>	<u>38</u>	<u>2,097</u>	<u>11,393</u>	<u>687</u>
Total Assets	<u>\$ 1,105</u>	<u>\$ 38</u>	<u>\$ 2,097</u>	<u>\$ 11,393</u>	<u>\$ 687</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Accounts payable	3	8	1	5	--
Salaries and benefits payable	--	--	33	--	--
Due to other funds	--	--	--	--	--
Deposits from others	--	10	--	--	--
Deferred revenue	--	--	--	--	--
Advances from other funds	--	--	--	--	--
Total Liabilities	<u>3</u>	<u>18</u>	<u>34</u>	<u>5</u>	<u>--</u>
Fund Balances:					
Reserved for:					
Encumbrances	--	--	8	1,396	--
Advances	--	--	--	--	--
Prepays	--	--	--	23	--
Construction of roads and public facilities	--	--	--	--	--
Specific program or grants	--	20	--	--	--
Unreserved	1,102	--	2,055	9,969	687
	<u>1,102</u>	<u>20</u>	<u>2,063</u>	<u>11,388</u>	<u>687</u>
Total Fund Balances	<u>1,102</u>	<u>20</u>	<u>2,063</u>	<u>11,388</u>	<u>687</u>
Total Liabilities and Fund Balances	<u>\$ 1,105</u>	<u>\$ 38</u>	<u>\$ 2,097</u>	<u>\$ 11,393</u>	<u>\$ 687</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2008 (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><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 604	\$ 127	\$ 9,326	\$ 18,543	\$ 4,508
Accounts receivable	--	--	--	--	--
Other receivables	--	--	--	--	--
Due from other governments	--	--	--	--	--
Due from other funds	--	--	--	--	--
Prepaid expenses	--	--	--	--	2
Advances to other funds	--	--	--	--	--
	<u>604</u>	<u>127</u>	<u>9,326</u>	<u>18,543</u>	<u>4,510</u>
Total Assets	<u>\$ 604</u>	<u>\$ 127</u>	<u>\$ 9,326</u>	<u>\$ 18,543</u>	<u>\$ 4,510</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Accounts payable	5	--	--	--	50
Salaries and benefits payable	39	--	--	--	209
Due to other funds	--	--	--	2,414	--
Deposits from others	--	--	--	--	--
Deferred revenue	--	--	--	4,414	--
Advances from other funds	--	--	--	--	--
Total Liabilities	<u>44</u>	<u>--</u>	<u>--</u>	<u>6,828</u>	<u>259</u>
Fund Balances:					
Reserved for:					
Encumbrances	--	--	--	--	--
Advances	--	--	--	--	--
Prepays	--	--	--	--	2
Construction of roads and public facilities	--	--	--	11,715	--
Specific program or grants	--	--	--	--	--
Unreserved	<u>560</u>	<u>127</u>	<u>9,326</u>	<u>--</u>	<u>4,249</u>
Total Fund Balances	<u>560</u>	<u>127</u>	<u>9,326</u>	<u>11,715</u>	<u>4,251</u>
Total Liabilities and Fund Balances	<u>\$ 604</u>	<u>\$ 127</u>	<u>\$ 9,326</u>	<u>\$ 18,543</u>	<u>\$ 4,510</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2008 (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	\$ 2,698	\$ 2,682	\$ 16,549	\$ 8,756	\$ 13,965
Accounts receivable	--	--	--	2,218	--
Other receivables	--	22	--	--	--
Due from other governments	--	--	--	2,282	--
Due from other funds	--	--	--	3,302	--
Prepaid expenses	--	--	--	--	--
Advances to other funds	--	--	--	--	--
	<u>2,698</u>	<u>2,704</u>	<u>16,549</u>	<u>16,558</u>	<u>13,965</u>
Total Assets	<u>\$ 2,698</u>	<u>\$ 2,704</u>	<u>\$ 16,549</u>	<u>\$ 16,558</u>	<u>\$ 13,965</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	26	116	--	4,849	--
Salaries and benefits payable	5	195	--	--	--
Due to other funds	--	--	--	--	--
Deposits from others	--	92	1	727	--
Deferred revenue	--	59	--	1,090	--
Advances from other funds	--	135	--	--	--
Total Liabilities	<u>31</u>	<u>597</u>	<u>1</u>	<u>6,666</u>	<u>--</u>
Fund Balances:					
Reserved for:					
Encumbrances	9	5	--	--	--
Advances	--	--	--	--	--
Prepays	--	--	--	--	--
Construction of roads and public facilities	--	--	16,548	--	--
Specific program or grants	--	1,755	--	475	--
Unreserved	<u>2,658</u>	<u>347</u>	<u>--</u>	<u>9,417</u>	<u>13,965</u>
Total Fund Balances	<u>2,667</u>	<u>2,107</u>	<u>16,548</u>	<u>9,892</u>	<u>13,965</u>
Total Liabilities and Fund Balances	<u>\$ 2,698</u>	<u>\$ 2,704</u>	<u>\$ 16,549</u>	<u>\$ 16,558</u>	<u>\$ 13,965</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2008 (in thousands)**

	Wildlife Grazing	Gov't Leasing	Special Districts	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10	\$ --	\$ 6,972	\$ 99,780
Accounts receivable	--	--	--	2,218
Other receivables	--	--	--	190
Due from other governments	--	--	598	2,969
Due from other funds	--	--	--	3,302
Prepaid expenses	--	--	--	25
Advances to other funds	--	--	378	378
	<u>10</u>	<u>--</u>	<u>7,948</u>	<u>108,862</u>
Total Assets	<u>\$ 10</u>	<u>\$ --</u>	<u>\$ 7,948</u>	<u>\$ 108,862</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	--	--	607	5,670
Salaries and benefits payable	--	--	--	481
Due to other funds	--	--	--	2,414
Deposits from others	--	--	6	836
Deferred revenue	--	--	--	5,563
Advances from other funds	--	--	752	887
Total Liabilities	<u>--</u>	<u>--</u>	<u>1,365</u>	<u>15,851</u>
Fund Balances:				
Reserved for:				
Encumbrances	--	--	293	1,711
Advances	--	--	378	378
Prepays	--	--	--	25
Construction of roads and public facilities	--	--	--	28,263
Specific program or grants	--	--	--	2,250
Unreserved	10	--	5,912	60,384
	<u>10</u>	<u>--</u>	<u>6,583</u>	<u>93,011</u>
Total Fund Balances	<u>10</u>	<u>--</u>	<u>6,583</u>	<u>93,011</u>
Total Liabilities and Fund Balances	<u>\$ 10</u>	<u>\$ --</u>	<u>\$ 7,948</u>	<u>\$ 108,862</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, 2008 (in thousands)**

	CA Health. Indigent Prog	Community Development	CMSP	County-Wide Autom Rplc	Emergency Med Services
<u>Revenues:</u>					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Fines, forfeits and penalties	--	--	--	--	983
Use of money and property	26	3	64	419	13
Aid from other governmental agencies	155	6,149	3,134	--	--
Charges for current services	972	--	103	135	--
Other revenues	21	32	--	--	10
Total revenues	<u>1,174</u>	<u>6,184</u>	<u>3,301</u>	<u>554</u>	<u>1,006</u>
<u>Expenditures:</u>					
Current:					
General government	--	--	--	817	--
Public protection	--	--	--	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	6,744	--	--	--
Public assistance	1,086	--	2,687	--	899
Education	--	--	--	--	--
Recreation and cultural services	--	--	--	--	--
Total expenditures	<u>1,086</u>	<u>6,744</u>	<u>2,687</u>	<u>817</u>	<u>899</u>
Excess (deficiency) of revenues over (under) expenditures	<u>88</u>	<u>(560)</u>	<u>614</u>	<u>(263)</u>	<u>107</u>
<u>Other financing sources (uses):</u>					
Transfers in	--	280	--	2,199	--
Transfers out	(96)	--	(22)	--	--
Total other financing sources (uses)	<u>(96)</u>	<u>280</u>	<u>(22)</u>	<u>2,199</u>	<u>--</u>
Net changes in fund balances	(8)	(280)	592	1,936	107
Fund Balances - beginning	<u>1,110</u>	<u>300</u>	<u>1,471</u>	<u>9,452</u>	<u>580</u>
Fund Balances - ending	<u>\$ 1,102</u>	<u>\$ 20</u>	<u>\$ 2,063</u>	<u>\$ 11,388</u>	<u>\$ 687</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, 2008 (in thousands)**

	Driving Under the Influence Pgms	Fish and Game	General Govt Bldg Rplcmnt	Impact Fee Traffic	Library
<b>Revenues:</b>					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ 6,725
Fines, forfeits and penalties	37	13	--	--	--
Use of money and property	24	--	325	687	147
Aid from other governmental agencies	--	--	--	--	256
Charges for current services	1,445	--	--	3,352	199
Other revenues	--	--	--	--	237
Total revenues	<u>1,506</u>	<u>13</u>	<u>325</u>	<u>4,039</u>	<u>7,564</u>
<b>Expenditures:</b>					
Current:					
General government	--	--	--	--	--
Public protection	--	23	--	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Education	1,483	--	--	--	7,805
Recreation and cultural services	--	--	--	--	--
Total expenditures	<u>1,483</u>	<u>23</u>	<u>--</u>	<u>--</u>	<u>7,805</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23</u>	<u>(10)</u>	<u>325</u>	<u>4,039</u>	<u>(241)</u>
<b>Other financing sources (uses):</b>					
Transfers in	--	--	2,300	--	556
Transfers out	(23)	--	--	(4,668)	(136)
Total other financing sources (uses)	<u>(23)</u>	<u>--</u>	<u>2,300</u>	<u>(4,668)</u>	<u>420</u>
Net changes in fund balances	--	(10)	2,625	(629)	179
Fund Balances - beginning	<u>560</u>	<u>137</u>	<u>6,701</u>	<u>12,344</u>	<u>4,072</u>
Fund Balances - ending	<u>\$ 560</u>	<u>\$ 127</u>	<u>\$ 9,326</u>	<u>\$ 11,715</u>	<u>\$ 4,251</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, 2008 (in thousands)**

	Organizational Effectiveness	Parks	Public Facilities Fees	Roads	Tax Reduction Reserve
<b>Revenues:</b>					
Taxes	\$ --	\$ --	\$ --	\$ 1,426	\$ --
Fines, forfeits and penalties	--	--	--	--	--
Use of money and property	112	159	695	97	568
Aid from other governmental agencies	--	184	--	24,009	--
Charges for current services	--	3,873	2,514	1,282	--
Other revenues	1	19	--	136	--
Total revenues	<u>113</u>	<u>4,235</u>	<u>3,209</u>	<u>26,950</u>	<u>568</u>
<b>Expenditures:</b>					
Current:					
General government	453	--	--	--	--
Public protection	--	--	--	--	--
Public ways and facilities	--	--	--	42,326	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Education	--	--	--	--	--
Recreation and cultural services	--	9,911	--	--	--
Total expenditures	<u>453</u>	<u>9,911</u>	<u>--</u>	<u>42,326</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(340)</u>	<u>(5,676)</u>	<u>3,209</u>	<u>(15,376)</u>	<u>568</u>
<b>Other financing sources (uses):</b>					
Transfers in	439	5,106	--	17,843	--
Transfers out	(51)	(183)	(2,379)	--	--
Total other financing sources (uses)	<u>388</u>	<u>4,923</u>	<u>(2,379)</u>	<u>17,843</u>	<u>--</u>
Net changes in fund balances	48	(753)	830	2,467	568
Fund Balances - beginning	<u>2,619</u>	<u>2,860</u>	<u>15,718</u>	<u>7,425</u>	<u>13,397</u>
Fund Balances - ending	<u>\$ 2,667</u>	<u>\$ 2,107</u>	<u>\$ 16,548</u>	<u>\$ 9,892</u>	<u>\$ 13,965</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, 2008 (in thousands)**

	Wildlife Grazing	Govt'l Leasing	Special Districts	Total Nonmajor Special Revenue Funds
<u>Revenues:</u>				
Taxes	\$ --	\$ 500	\$ 2,112	\$ 10,763
Fines, forfeits and penalties	--	--	--	1,033
Use of money and property	--	3	282	3,624
Aid from other governmental agencies	5	--	1,205	35,097
Charges for current services	--	--	401	14,276
Other revenues	--	--	2	458
Total revenues	<u>5</u>	<u>503</u>	<u>4,002</u>	<u>65,251</u>
<u>Expenditures:</u>				
Current:				
General government	--	2,564	--	3,834
Public protection	7	--	2,803	2,833
Public ways and facilities	--	--	151	42,477
Health and sanitation	--	--	--	6,744
Public assistance	--	--	--	4,672
Education	--	--	--	9,288
Recreation and cultural services	--	--	--	9,911
Total expenditures	<u>7</u>	<u>2,564</u>	<u>2,954</u>	<u>79,759</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2)</u>	<u>(2,061)</u>	<u>1,048</u>	<u>(14,508)</u>
<u>Other financing sources (uses):</u>				
Transfers in	--	1,691	19	30,433
Transfers out	--	--	(274)	(7,832)
Total other financing sources (uses)	<u>--</u>	<u>1,691</u>	<u>(255)</u>	<u>22,601</u>
Net changes in fund balances	(2)	(370)	793	8,093
Fund Balances - beginning	<u>12</u>	<u>370</u>	<u>5,790</u>	<u>84,918</u>
Fund Balances - ending	<u>\$ 10</u>	<u>\$ --</u>	<u>\$ 6,583</u>	<u>\$ 93,011</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds - Special Districts**  
**June 30, 2008 (in thousands)**

	Flood Control Districts	Lighting Districts	County Service Areas	Total Special Revenue Special District Funds
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 4,942	\$ 419	\$ 1,611	\$ 6,972
Due from other governments	598	--	--	598
Advances to other funds	--	--	378	378
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 5,540</u>	<u>\$ 419</u>	<u>\$ 1,989</u>	<u>\$ 7,948</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 604	\$ 3	\$ --	\$ 607
Deposits from Others	6	--	--	6
Advances from other funds	--	--	752	752
Total Liabilities	<u>610</u>	<u>3</u>	<u>752</u>	<u>1,365</u>
Fund Balances:				
Reserved for:				
Encumbrances	291	--	2	293
Advances	--	--	378	378
Unreserved	4,639	416	857	5,912
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>4,930</u>	<u>416</u>	<u>1,237</u>	<u>6,583</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$ 5,540</u>	<u>\$ 419</u>	<u>\$ 1,989</u>	<u>\$ 7,948</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, 2008 (in thousands)**

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>Revenues:</u>				
Taxes	\$ 1,564	\$ 33	\$ 515	\$ 2,112
Use of money and property	192	16	74	282
Aid from other governmental agencies	1,125	--	80	1,205
Charges for current services	394	2	5	401
Other revenue	2	--	--	2
Total revenues	<u>3,277</u>	<u>51</u>	<u>674</u>	<u>4,002</u>
<u>Expenditures:</u>				
Current:				
Public protection	2,782	21	--	2,803
Public ways and facilities	--	--	151	151
Total expenditures	<u>2,782</u>	<u>21</u>	<u>151</u>	<u>2,954</u>
Excess (deficiency) of revenues over (under) expenditures	<u>495</u>	<u>30</u>	<u>523</u>	<u>1,048</u>
<u>Other financing sources (uses):</u>				
Transfers in	--	--	19	19
Transfers out	--	--	(274)	(274)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>(255)</u>	<u>(255)</u>
Net changes in fund balances	495	30	268	793
Fund Balances - beginning	<u>4,435</u>	<u>386</u>	<u>969</u>	<u>5,790</u>
Fund Balances - ending	<u>\$ 4,930</u>	<u>\$ 416</u>	<u>\$ 1,237</u>	<u>\$ 6,583</u>

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**BUDGETARY COMPARISON SCHEDULES  
CAPITAL PROJECTS FUND  
PUBLIC FINANCING CORPORATION  
PENSION OBLIGATION BOND FUND  
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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines, forfeits, and penalties	\$ --	\$ 4,974	\$ 1,318	\$ (3,656)
Revenue from use of money and property	425	425	1,129	704
Aid from other governmental agencies	--	3,204	979	(2,225)
Charges for services	--	106	75	(31)
Total Revenues	<u>425</u>	<u>8,709</u>	<u>3,501</u>	<u>(5,208)</u>
<b>Expenditures:</b>				
Capital Outlay	<u>6,714</u>	<u>31,431</u>	<u>13,333</u>	<u>18,098</u>
Total Expenditures	<u>6,714</u>	<u>31,431</u>	<u>13,333</u>	<u>18,098</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,289)</u>	<u>(22,722)</u>	<u>(9,832)</u>	<u>12,890</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,040	3,333	4,908	1,575
Transfers out	<u>(715)</u>	<u>(792)</u>	<u>(1,860)</u>	<u>(1,068)</u>
Total Other Financing Sources (Uses)	<u>1,040</u>	<u>2,541</u>	<u>3,048</u>	<u>507</u>
<b>Net change in fund balances</b>	(5,249)	(20,181)	(6,784)	13,397
Fund balances, beginning	<u>30,515</u>	<u>30,515</u>	<u>30,515</u>	<u>--</u>
Fund balances, ending	<u>\$ 25,266</u>	<u>\$ 10,334</u>	<u>\$ 23,731</u>	<u>\$ 13,397</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from use of money and property	\$ --	\$ --	\$ 282	\$ 282
Charges for current services	--	--	2,259	2,259
Total Revenues	<u>--</u>	<u>--</u>	<u>2,541</u>	<u>2,541</u>
<b>Expenditures:</b>				
Debt Service:				
Principal	1,360	1,360	1,131	229
Interest and fiscal charges	842	842	1,433	(591)
Total Expenditures	<u>2,202</u>	<u>2,202</u>	<u>2,564</u>	<u>(362)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,202)</u>	<u>(2,202)</u>	<u>(23)</u>	<u>2,179</u>
<b>Other Financing Sources (Uses):</b>				
Debt issued	--	--	7,325	7,325
Discount on certificates of participation issued	--	--	(119)	(119)
Transfers out	--	--	(6,474)	(6,474)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>732</u>	<u>732</u>
<b>Net change in fund balances</b>	<u>(2,202)</u>	<u>(2,202)</u>	<u>709</u>	<u>2,911</u>
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>7,554</u>	<u>7,554</u>
Fund balances, ending	<u><u>\$ (2,202)</u></u>	<u><u>\$ (2,202)</u></u>	<u><u>\$ 8,263</u></u>	<u><u>\$ 10,465</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from use of money and property	\$ 160	\$ 160	\$ 221	\$ 61
Other revenue	5,812	5,812	618	(5,194)
Total Revenues	<u>5,972</u>	<u>5,972</u>	<u>839</u>	<u>(5,133)</u>
<b>Expenditures:</b>				
Debt Service:				
Principal payments	1,470	1,470	1,470	--
Interest and fiscal charges	4,117	4,117	4,160	(43)
Total Expenditures	<u>5,587</u>	<u>5,587</u>	<u>5,630</u>	<u>(43)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>385</u>	<u>385</u>	<u>(4,791)</u>	<u>(5,176)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	--	--	5,875	5,875
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>5,875</u>	<u>5,875</u>
<b>Net change in fund balances</b>	<b>385</b>	<b>385</b>	<b>1,084</b>	<b>699</b>
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>5,950</u>	<u>5,950</u>
Fund balances, ending	<u>\$ 385</u>	<u>\$ 385</u>	<u>\$ 7,034</u>	<u>\$ 6,649</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of money and property	\$ 20	\$ 20	\$ 26	\$ 6
Aid from other governmental agencies	183	183	155	(28)
Charges for services	993	993	972	(21)
Other revenue	--	--	21	21
Total Revenues	<u>1,196</u>	<u>1,196</u>	<u>1,174</u>	<u>(22)</u>
<b>Expenditures:</b>				
Current:				
Public assistance				
Services and supplies	437	1,180	529	651
Other charges	638	971	557	414
Total Expenditures	<u>1,075</u>	<u>2,151</u>	<u>1,086</u>	<u>1,065</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>121</u>	<u>(955)</u>	<u>88</u>	<u>1,043</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(121)	(155)	(96)	59
Total Other Financing Sources (Uses)	<u>(121)</u>	<u>(155)</u>	<u>(96)</u>	<u>59</u>
<b>Net change in fund balances</b>	--	(1,110)	(8)	1,102
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>1,110</u>	<u>1,110</u>
Fund balances, ending	<u>\$ --</u>	<u>\$ (1,110)</u>	<u>\$ 1,102</u>	<u>\$ 2,212</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of money and property	\$ 2	\$ 2	\$ 3	\$ 1
Aid from other governmental agencies	4,442	9,863	6,149	(3,714)
Other revenue	--	--	32	32
Total Revenues	<u>4,444</u>	<u>9,865</u>	<u>6,184</u>	<u>(3,681)</u>
<b>Expenditures:</b>				
Current:				
Health and sanitation				
Services and supplies	570	760	686	74
Other charges	4,143	9,438	6,058	3,380
Total Expenditures	<u>4,713</u>	<u>10,198</u>	<u>6,744</u>	<u>3,454</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(269)</u>	<u>(333)</u>	<u>(560)</u>	<u>(227)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	280	280	280	--
Total Other Financing Sources (Uses)	<u>280</u>	<u>280</u>	<u>280</u>	<u>--</u>
<b>Net change in fund balances</b>	11	(53)	(280)	(227)
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>300</u>	<u>300</u>
Fund balances, ending	<u>\$ 11</u>	<u>\$ (53)</u>	<u>\$ 20</u>	<u>\$ 73</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of money and property	\$ 26	\$ 26	\$ 64	\$ 38
Aid from governmental agencies	3,114	3,114	3,134	20
Charges for current services	110	110	103	(7)
Total Revenues	<u>3,250</u>	<u>3,250</u>	<u>3,301</u>	<u>51</u>
<b>Expenditures:</b>				
Current:				
Public assistance				
Salaries wages benefits	839	839	797	42
Services and supplies	2,932	4,365	1,890	2,475
Contingencies	39	39	--	39
Total Expenditures	<u>3,810</u>	<u>5,243</u>	<u>2,687</u>	<u>2,556</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(560)</u>	<u>(1,993)</u>	<u>614</u>	<u>2,607</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	522	522	--	(522)
Transfers out	--	--	(22)	(22)
Total Other Financing Sources (Uses)	<u>522</u>	<u>522</u>	<u>(22)</u>	<u>(544)</u>
<b>Net change in fund balances</b>	(38)	(1,471)	592	2,063
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>1,471</u>	<u>1,471</u>
Fund balances, ending	<u>\$ (38)</u>	<u>\$ (1,471)</u>	<u>\$ 2,063</u>	<u>\$ 3,534</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of money and property	\$ 374	\$ 374	\$ 419	\$ 45
Charges for current services	--	358	135	(223)
Total Revenues	<u>374</u>	<u>732</u>	<u>554</u>	<u>(178)</u>
<b>Expenditures:</b>				
Current:				
General government				
Services and supplies	1,985	2,133	573	1,560
Capital outlay	1,189	2,945	244	2,701
Total Expenditures	<u>3,174</u>	<u>5,078</u>	<u>817</u>	<u>4,261</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,800)</u>	<u>(4,346)</u>	<u>(263)</u>	<u>4,083</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	--	--	2,199	2,199
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>2,199</u>	<u>2,199</u>
<b>Net change in fund balances</b>	<b>(2,800)</b>	<b>(4,346)</b>	<b>1,936</b>	<b>6,282</b>
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>9,452</u>	<u>9,452</u>
Fund balances, ending	<u><u>\$ (2,800)</u></u>	<u><u>\$ (4,346)</u></u>	<u><u>\$ 11,388</u></u>	<u><u>\$ 15,734</u></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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines, forfeits, and penalties	\$ 1,080	\$ 1,080	\$ 983	\$ (97)
Use of money and property	12	12	13	1
Other Revenue	--	--	10	10
Total Revenues	<u>1,092</u>	<u>1,092</u>	<u>1,006</u>	<u>(86)</u>
<b>Expenditures:</b>				
Current:				
Public assistance				
Services and supplies	538	707	381	326
Other charges	554	764	518	246
Contingencies	14	--	--	--
Total Expenditures	<u>1,106</u>	<u>1,471</u>	<u>899</u>	<u>572</u>
<b>Net change in fund balances</b>	(14)	(379)	107	486
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>580</u>	<u>580</u>
Fund balances, ending	<u>\$ (14)</u>	<u>\$ (379)</u>	<u>\$ 687</u>	<u>\$ 1,066</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines, forfeits, and penalties	\$ 52	\$ 52	\$ 37	\$ (15)
Use of money and property	6	6	24	18
Charges for current services	<u>1,297</u>	<u>1,297</u>	<u>1,445</u>	<u>148</u>
Total Revenues	<u>1,355</u>	<u>1,355</u>	<u>1,506</u>	<u>151</u>
<b>Expenditures:</b>				
Current:				
Education				
Salaries wages benefits	908	1,008	952	56
Service and supplies	435	537	525	12
Capital outlay	6	6	6	--
Contingencies	<u>286</u>	<u>84</u>	<u>--</u>	<u>84</u>
Total Expenditures	<u>1,635</u>	<u>1,635</u>	<u>1,483</u>	<u>152</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(280)</u>	<u>(280)</u>	<u>23</u>	<u>(1)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>--</u>	<u>--</u>	<u>(23)</u>	<u>(23)</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(23)</u>	<u>(23)</u>
<b>Net change in fund balances</b>	(280)	(280)	--	280
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>560</u>	<u>560</u>
Fund balances, ending	<u>\$ (280)</u>	<u>\$ (280)</u>	<u>\$ 560</u>	<u>\$ 840</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>Revenues:</b>				
Fines, forfeits, and penalties	\$ 15	\$ 15	\$ 13	\$ (2)
Total Revenues	<u>15</u>	<u>15</u>	<u>13</u>	<u>(2)</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Services and supplies	<u>18</u>	<u>31</u>	<u>23</u>	<u>8</u>
Total Expenditures	<u>18</u>	<u>31</u>	<u>23</u>	<u>8</u>
<b>Net change in fund balances</b>	(3)	(16)	(10)	6
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>137</u>	<u>137</u>
Fund balances, ending	<u><u>\$ (3)</u></u>	<u><u>\$ (16)</u></u>	<u><u>\$ 127</u></u>	<u><u>\$ 143</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of money and property	\$ --	\$ --	\$ 325	\$ 325
Total Revenues	<u>--</u>	<u>--</u>	<u>325</u>	<u>325</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>2,300</u>	<u>2,300</u>	<u>2,300</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>2,300</u>	<u>2,300</u>	<u>2,300</u>	<u>--</u>
<b>Net change in fund balances</b>	2,300	2,300	2,625	325
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>6,701</u>	<u>6,701</u>
Fund balances, ending	<u>\$ 2,300</u>	<u>\$ 2,300</u>	<u>\$ 9,326</u>	<u>\$ 7,026</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>Revenues:</b>				
Use of money and property	\$ 357	\$ 357	\$ 687	\$ 330
Charges for current services	<u>2,616</u>	<u>2,616</u>	<u>3,352</u>	<u>736</u>
Total Revenues	<u>2,973</u>	<u>2,973</u>	<u>4,039</u>	<u>1,066</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(2,335)</u>	<u>(7,049)</u>	<u>(4,668)</u>	<u>2,381</u>
Total Other Financing Sources (Uses)	<u>(2,335)</u>	<u>(7,049)</u>	<u>(4,668)</u>	<u>2,381</u>
<b>Net change in fund balances</b>	638	(4,076)	(629)	3,447
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>12,344</u>	<u>12,344</u>
Fund balances, ending	<u>\$ 638</u>	<u>\$ (4,076)</u>	<u>\$ 11,715</u>	<u>\$ 15,791</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 6,678	\$ 6,678	\$ 6,725	\$ 47
Use of money and property	90	90	147	57
Aid from other governmental agencies	299	299	256	(43)
Charges for services	204	204	199	(5)
Other revenue	14	536	237	(299)
Total Revenues	<u>7,285</u>	<u>7,807</u>	<u>7,564</u>	<u>(243)</u>
<b>Expenditures:</b>				
Current:				
Education				
Salaries and benefits	5,195	5,295	5,092	203
Services and supplies	2,865	3,327	2,706	621
Other charges	2	1,152	7	1,145
Contingencies	233	133	--	133
Total Expenditures	<u>8,295</u>	<u>9,907</u>	<u>7,805</u>	<u>2,102</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,010)</u>	<u>(2,100)</u>	<u>(241)</u>	<u>1,859</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	570	570	556	(14)
Transfers out	--	--	(136)	(136)
Total Other Financing Sources (Uses)	<u>570</u>	<u>570</u>	<u>420</u>	<u>(150)</u>
<b>Net change in fund balances</b>	(440)	(1,530)	179	1,709
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>4,072</u>	<u>4,072</u>
Fund balances, ending	<u>\$ (440)</u>	<u>\$ (1,530)</u>	<u>\$ 4,251</u>	<u>\$ 5,781</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of money and property	\$ 75	\$ 75	\$ 112	\$ 37
Other revenue	--	--	1	1
Total Revenues	<u>75</u>	<u>75</u>	<u>113</u>	<u>38</u>
<b>Expenditures:</b>				
Current:				
General government				
Salaries and benefits	289	242	151	91
Services and supplies	481	485	302	183
Contingencies	78	78	--	78
Total Expenditures	<u>848</u>	<u>805</u>	<u>453</u>	<u>352</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(773)</u>	<u>(730)</u>	<u>(340)</u>	<u>390</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	450	450	439	(11)
Transfers out	--	(47)	(51)	(4)
Total Other Financing Sources (Uses)	<u>450</u>	<u>403</u>	<u>388</u>	<u>(15)</u>
<b>Net change in fund balances</b>	(323)	(327)	48	375
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>2,619</u>	<u>2,619</u>
Fund balances, ending	<u>\$ (323)</u>	<u>\$ (327)</u>	<u>\$ 2,667</u>	<u>\$ 2,994</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines, forfeits, and penalties	\$ 6	\$ 6	\$ --	\$ (6)
Use of money and property	58	58	159	101
Aid from other governmental agencies	--	--	184	184
Charges for services	3,696	4,696	3,873	(823)
Other revenue	13	13	19	6
Total Revenues	<u>3,773</u>	<u>4,773</u>	<u>4,235</u>	<u>(538)</u>
<b>Expenditures:</b>				
Current:				
Recreational and cultural services				
Salaries wages benefits	4,113	4,159	4,029	130
Services and supplies	3,246	6,406	3,069	3,337
Other charges	63	186	151	35
Capital outlay	31	2,835	2,662	173
Contingencies	147	147	--	147
Total Expenditures	<u>7,600</u>	<u>13,733</u>	<u>9,911</u>	<u>3,822</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,827)</u>	<u>(8,960)</u>	<u>(5,676)</u>	<u>3,284</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,492	5,192	5,106	(86)
Transfers out	(40)	(170)	(183)	(13)
Total Other Financing Sources (Uses)	<u>3,492</u>	<u>5,022</u>	<u>4,923</u>	<u>(99)</u>
<b>Net change in fund balances</b>	(335)	(3,938)	(753)	3,185
Fund balances, beginning	--	--	2,860	2,860
Fund balances, ending	<u>\$ (335)</u>	<u>\$ (3,938)</u>	<u>\$ 2,107</u>	<u>\$ 6,045</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of money and property	\$ --	\$ --	\$ 695	\$ 695
Charges for current services	3,058	3,058	2,514	(544)
Total Revenues	<u>3,058</u>	<u>3,058</u>	<u>3,209</u>	<u>151</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(1,890)</u>	<u>(5,982)</u>	<u>(2,379)</u>	<u>3,603</u>
Total Other Financing Sources (Uses)	<u>(1,890)</u>	<u>(5,982)</u>	<u>(2,379)</u>	<u>3,603</u>
<b>Net change in fund balances</b>	1,168	(2,924)	830	3,754
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>15,718</u>	<u>15,718</u>
Fund balances, ending	<u>\$ 1,168</u>	<u>\$ (2,924)</u>	<u>\$ 16,548</u>	<u>\$ 19,472</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 1,377	\$ 1,377	\$ 1,426	\$ 49
Use of money and property	245	245	97	(148)
Aid from other governmental agencies	20,117	36,943	24,009	(12,934)
Charges for services	872	1,234	1,282	48
Other revenue	181	574	136	(438)
Total Revenues	<u>22,792</u>	<u>40,373</u>	<u>26,950</u>	<u>(13,423)</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities				
Services and supplies	15,336	14,408	41,662	(27,254)
Other charges	738	738	664	74
Capital outlay	21,809	58,193	--	58,193
Total Expenditures	<u>37,883</u>	<u>73,339</u>	<u>42,326</u>	<u>31,013</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,091)</u>	<u>(32,966)</u>	<u>(15,376)</u>	<u>17,590</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	13,811	25,025	17,843	(7,182)
Total Other Financing Sources (Uses)	<u>13,811</u>	<u>25,025</u>	<u>17,843</u>	<u>(7,182)</u>
<b>Net change in fund balances</b>	(1,280)	(7,941)	2,467	10,408
Fund balances, beginning	--	--	7,425	7,425
Fund balances, ending	<u>\$ (1,280)</u>	<u>\$ (7,941)</u>	<u>\$ 9,892</u>	<u>\$ 17,833</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of money and property	\$ --	\$ --	\$ 568	\$ 568
Total Revenues	<u>    --</u>	<u>    --</u>	<u>    568</u>	<u>    568</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(9,250)</u>	<u>(9,250)</u>	<u>    --</u>	<u>    9,250</u>
Total Other Financing Sources (Uses)	<u>(9,250)</u>	<u>(9,250)</u>	<u>    --</u>	<u>    9,250</u>
<b>Net change in fund balances</b>	--	--	568	568
Fund balances, beginning	<u>    --</u>	<u>    --</u>	<u>  13,397</u>	<u>  13,397</u>
Fund balances, ending	<u>\$    --</u>	<u>\$    --</u>	<u>\$  13,965</u>	<u>\$  13,965</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Aid from governmental agencies	\$ 4	\$ 4	\$ 5	\$ 1
Total Revenues	<u>4</u>	<u>4</u>	<u>5</u>	<u>1</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Services and supplies	<u>8</u>	<u>8</u>	<u>7</u>	<u>1</u>
Total Expenditures	<u>8</u>	<u>8</u>	<u>7</u>	<u>1</u>
<b>Net change in fund balances</b>	(4)	(4)	(2)	2
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>12</u>	<u>12</u>
Fund balances, ending	<u><u>\$ (4)</u></u>	<u><u>\$ (4)</u></u>	<u><u>\$ 10</u></u>	<u><u>\$ 14</u></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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 500	\$ 500	\$ 500	\$ --
Fines, forfeits, and penalties	243	243	--	(243)
Use of money and property	--	2	3	1
Total Revenues	<u>743</u>	<u>745</u>	<u>503</u>	<u>(242)</u>
<b>Expenditures:</b>				
Current:				
General government				
Other charges	2,282	2,284	2,564	(280)
Total Expenditures	<u>2,282</u>	<u>2,284</u>	<u>2,564</u>	<u>(280)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,539)</u>	<u>(1,539)</u>	<u>(2,061)</u>	<u>(522)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	778	778	1,691	913
Total Other Financing Sources (Uses)	<u>778</u>	<u>778</u>	<u>1,691</u>	<u>913</u>
<b>Net change in fund balances</b>	(761)	(761)	(370)	391
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>370</u>	<u>370</u>
Fund balances, ending	<u>\$ (761)</u>	<u>\$ (761)</u>	<u>\$ --</u>	<u>\$ 761</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 1,392	\$ 1,392	\$ 1,564	\$ 172
Use of money and property	82	82	192	110
Aid from other governmental agencies	1,220	1,963	1,125	(838)
Charges for services	392	392	394	2
Other revenue	2	2	2	--
Total Revenues	<u>3,088</u>	<u>3,831</u>	<u>3,277</u>	<u>(554)</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Services and supplies	2,355	3,251	2,782	469
Capital outlay	1,995	2,834	--	2,834
Total Expenditures	<u>4,350</u>	<u>6,085</u>	<u>2,782</u>	<u>3,303</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,262)</u>	<u>(2,254)</u>	<u>495</u>	<u>2,749</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	614	614	--	(614)
Transfers out	(434)	(434)	--	434
Total Other Financing Sources (Uses)	<u>180</u>	<u>180</u>	<u>--</u>	<u>(180)</u>
<b>Net change in fund balances</b>	(1,082)	(2,074)	495	2,569
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>4,435</u>	<u>4,435</u>
Fund balances, ending	<u>\$ (1,082)</u>	<u>\$ (2,074)</u>	<u>\$ 4,930</u>	<u>\$ 7,004</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 33	\$ 33	\$ 33	\$ --
Use of money and property	13	13	16	3
Charges for services	--	--	2	2
Total Revenues	<u>46</u>	<u>46</u>	<u>51</u>	<u>5</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Services and supplies	<u>37</u>	<u>37</u>	<u>21</u>	<u>16</u>
Total Expenditures	<u>37</u>	<u>37</u>	<u>21</u>	<u>16</u>
<b>Net change in fund balances</b>	9	9	30	21
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>386</u>	<u>386</u>
Fund balances, ending	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 416</u>	<u>\$ 407</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, 2008 (in thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 432	\$ 432	\$ 515	\$ 83
Use of money and property	53	53	74	21
Aid from other governmental agencies	74	74	80	6
Charges for services	22	22	5	(17)
Total Revenues	<u>581</u>	<u>581</u>	<u>674</u>	<u>93</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities				
Services and supplies	207	207	151	56
Capital outlay	37	37	--	37
Total Expenditures	<u>244</u>	<u>244</u>	<u>151</u>	<u>93</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>337</u>	<u>337</u>	<u>523</u>	<u>186</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	864	864	19	(845)
Transfers out	(337)	(897)	(274)	623
Total Other Financing Sources (Uses)	<u>527</u>	<u>(33)</u>	<u>(255)</u>	<u>(222)</u>
<b>Net change in fund balances</b>	864	304	268	(36)
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>969</u>	<u>969</u>
Fund balances, ending	<u>\$ 864</u>	<u>\$ 304</u>	<u>\$ 1,237</u>	<u>\$ 933</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.

### General Flood Control Zone

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

### Golf

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, 2008 (in thousands)**

	Transit	General Flood Control Zone	Golf	Lopez Park	County Service Areas	Total
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$ 699	\$ 1,012	\$ 1,502	\$ 259	\$ 3,546	\$ 7,018
Accounts receivable, net	--	--	--	--	158	158
Other receivables	--	--	54	21	121	196
Deposits with Others	--	--	--	--	13	13
Total Current Assets	<u>699</u>	<u>1,012</u>	<u>1,556</u>	<u>280</u>	<u>3,838</u>	<u>7,385</u>
Noncurrent assets:						
Advances to other funds	--	--	549	--	--	549
Capital Assets						
Nondepreciable:						
Land	84	--	1,333	--	132	1,549
Construction in progress	--	--	52	--	1,256	1,308
Depreciable:						
Infrastructure, net	--	--	--	1	--	1
Structures & improvements, net	69	--	11,236	693	7,791	19,789
Equipment, net	--	--	293	29	148	470
Other property, net	--	--	--	--	511	511
Total Noncurrent Assets	<u>153</u>	<u>--</u>	<u>13,463</u>	<u>723</u>	<u>9,838</u>	<u>24,177</u>
Total Assets	<u>852</u>	<u>1,012</u>	<u>15,019</u>	<u>1,003</u>	<u>13,676</u>	<u>31,562</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable	278	23	543	17	45	906
Salaries and benefits payable	--	--	52	--	--	52
Deposits from others	--	--	--	--	153	153
Accrued interest	--	--	83	--	17	100
Deferred revenue	--	--	--	--	41	41
Accrued vacation and sick leave - current	--	--	94	--	--	94
Notes and bonds payable - current	--	--	240	14	142	396
Total Current Liabilities	<u>278</u>	<u>23</u>	<u>1,012</u>	<u>31</u>	<u>398</u>	<u>1,742</u>
Noncurrent Liabilities:						
Advances from other funds	--	--	--	--	976	976
Accrued vacation and sick leave - noncurrent	--	--	73	--	--	73
Notes and bonds payable - noncurrent	--	--	6,780	259	2,288	9,327
Total Noncurrent Liabilities	<u>--</u>	<u>--</u>	<u>6,853</u>	<u>259</u>	<u>3,264</u>	<u>10,376</u>
Total Liabilities	<u>278</u>	<u>23</u>	<u>7,865</u>	<u>290</u>	<u>3,662</u>	<u>12,118</u>
<b>NET ASSETS</b>						
Invested in capital assets	153	--	5,894	450	7,408	13,905
Unrestricted	<u>421</u>	<u>989</u>	<u>1,260</u>	<u>263</u>	<u>2,606</u>	<u>5,539</u>
Total Net Assets	<u>\$ 574</u>	<u>\$ 989</u>	<u>\$ 7,154</u>	<u>\$ 713</u>	<u>\$ 10,014</u>	<u>\$ 19,444</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2008 (in thousands)**

	Transit	General Flood Control Zone	Golf	Lopez Park	County Service Areas	Total
<b>Operating Revenues:</b>						
Charges for current services	\$ 55	\$ 610	\$ 3,058	\$ 1,854	\$ 2,869	\$ 8,446
Total operating revenues	<u>55</u>	<u>610</u>	<u>3,058</u>	<u>1,854</u>	<u>2,869</u>	<u>8,446</u>
<b>Operating expenses:</b>						
Salaries and benefits	--	--	1,371	--	--	1,371
Services and supplies	1,053	682	903	1,816	2,983	7,437
Other charges	--	--	--	--	21	21
Depreciation	6	--	374	224	348	952
Countywide cost allocation	12	7	94	14	49	176
Total operating expenses	<u>1,071</u>	<u>689</u>	<u>2,742</u>	<u>2,054</u>	<u>3,401</u>	<u>9,957</u>
Operating income (loss)	<u>(1,016)</u>	<u>(79)</u>	<u>316</u>	<u>(200)</u>	<u>(532)</u>	<u>(1,511)</u>
<b>Nonoperating revenues (expenses):</b>						
Property taxes	--	--	--	--	425	425
Interest income	29	42	67	14	148	300
Interest expense	--	--	(317)	(7)	(78)	(402)
Aid from governmental agencies	624	--	--	--	2	626
Other nonoperating revenue (expense)	(120)	19	188	1	59	147
Total nonoperating revenues (expenses)	<u>533</u>	<u>61</u>	<u>(62)</u>	<u>8</u>	<u>556</u>	<u>1,096</u>
Income (loss) before contributions and transfers	(483)	(18)	254	(192)	24	(415)
Capital contributions	--	--	--	--	165	165
Transfers in	--	--	29	--	235	264
Transfers out	--	--	(50)	(8)	(43)	(101)
Change in net assets	(483)	(18)	233	(200)	381	(87)
Net assets - beginning	<u>1,057</u>	<u>1,007</u>	<u>6,921</u>	<u>913</u>	<u>9,633</u>	<u>19,531</u>
Net assets - ending	<u>\$ 574</u>	<u>\$ 989</u>	<u>\$ 7,154</u>	<u>\$ 713</u>	<u>\$ 10,014</u>	<u>\$ 19,444</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2008 (in thousands)**

	Transit	General Flood Control Zone	Golf	Lopez Park
<b>Cash Flows from Operating Activities:</b>				
Receipts from customers	\$ 55	\$ 677	\$ 3,193	\$ 1,857
Payments to employees for service	--	--	(1,392)	--
Payments for goods and services	(973)	(667)	(1,097)	(1,813)
Net Cash Provided (Used) by Operating Activities	<u>(918)</u>	<u>10</u>	<u>704</u>	<u>44</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Property tax proceeds	--	--	--	--
Grants and subsidies from other gov't agencies	624	--	--	--
Advances from other funds	--	--	--	--
Transfers from other funds	--	--	29	--
Transfers to other funds	--	--	(50)	(8)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>624</u>	<u>--</u>	<u>(21)</u>	<u>(8)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Purchases and construction of capital assets	--	--	(182)	--
Proceeds from sale of capital assets	--	--	--	31
Proceeds from capital grants	--	--	--	--
Principal paid on capital debt	--	--	(230)	(14)
Interest paid on capital debt	--	--	(319)	(7)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>(731)</u>	<u>10</u>
<b>Cash Flows from Investing Activities:</b>				
Interest received	29	42	67	14
Net Cash Provided (Used) by Investing Activities	<u>29</u>	<u>42</u>	<u>67</u>	<u>14</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(265)	52	19	60
Cash and Cash Equivalents - Beginning of Year	964	960	1,483	199
Cash and Cash Equivalents - End of Year	<u>\$ 699</u>	<u>\$ 1,012</u>	<u>\$ 1,502</u>	<u>\$ 259</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (1,016)	\$ (79)	\$ 316	\$ (200)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Depreciation expense	6	--	374	224
<b>Change in Assets and Liabilities:</b>				
Receivables, net	--	67	135	3
Accounts payable	119	22	(100)	17
Salaries and benefits payable	--	--	(3)	--
Deferred revenue	--	--	--	--
Accrued vacation and sick leave	--	--	(18)	--
Other accrued liabilities	(27)	--	--	--
Total Adjustments	<u>98</u>	<u>89</u>	<u>388</u>	<u>244</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (918)</u>	<u>\$ 10</u>	<u>\$ 704</u>	<u>\$ 44</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2008 (in thousands)**

	County Service Areas	Total
Cash Flows from Operating Activities:		
Receipts from customers	\$ 2,891	\$ 8,673
Payments to employees	--	(1,392)
Payments for goods and services	(3,209)	(7,759)
Net Cash Provided (Used) by Operating Activities	(318)	(478)
Cash Flows from Noncapital Financing Activities:		
Property tax proceeds	425	425
Grants and subsidies from other gov't agencies	2	626
Advances from other funds	395	395
Transfers from other funds	235	264
Transfers to other funds	(43)	(101)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	1,014	1,609
Cash Flows from Capital and Related Financing Activities:		
Purchases and construction of capital assets	(963)	(1,145)
Proceeds from sale of capital assets	--	31
Proceeds from capital grants	165	165
Principal paid on capital debt	(137)	(381)
Interest paid on capital debt	(79)	(405)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,014)	(1,735)
Cash Flows from Investing Activities:		
Interest received	148	300
Net Cash Provided (Used) by Investing Activities	148	300
Net Increase (Decrease) in Cash and Cash Equivalents	(170)	(304)
Cash and Cash Equivalents - Beginning of Year	3,716	7,322
Cash and Cash Equivalents - End of Year	\$ 3,546	\$ 7,018
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (532)	\$ (1,511)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation expense	348	952
Change in Assets and Liabilities:		
Receivables, net	24	229
Accounts payable	(76)	(18)
Salaries and benefits payable	--	(3)
Deferred revenue	(2)	(2)
Accrued vacation and sick leave	--	(18)
Other accrued liabilities	(80)	(107)
Total Adjustments	214	1,033
Net Cash Provided (Used) by Operating Activities:	\$ (318)	\$ (478)



## 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, Dental Insurance, Other Post-Employment Benefits (OPEB) programs.

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2008 (in thousands)**

	Reprographics	Garage	Public Works	Combined Insurance (5 funds)	Total
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 185	\$ 3,785	\$ 8,493	\$ 32,516	\$ 44,979
Accounts receivable	--	--	14	--	14
Inventory	2	50	436	--	488
Total Current Assets	<u>187</u>	<u>3,835</u>	<u>8,943</u>	<u>32,516</u>	<u>45,481</u>
Noncurrent assets:					
Capital Assets:					
Construction in progress	--	14	--	--	14
Structures & improvements, net	--	234	92	--	326
Equipment, net	87	3,538	5,842	--	9,467
Total Noncurrent Assets	<u>87</u>	<u>3,786</u>	<u>5,934</u>	<u>--</u>	<u>9,807</u>
Total Assets	<u>274</u>	<u>7,621</u>	<u>14,877</u>	<u>32,516</u>	<u>55,288</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	13	195	242	71	521
Salaries and benefits payable	8	43	719	--	770
Self insurance liability	--	--	--	4,515	4,515
Deposits from others	--	--	573	--	573
Accrued vacation and sick leave - current	14	58	1,418	--	1,490
Total Current Liabilities	<u>35</u>	<u>296</u>	<u>2,952</u>	<u>4,586</u>	<u>7,869</u>
Noncurrent Liabilities:					
OPEB liability	--	--	--	1,597	1,597
Self insurance liability	--	--	--	14,543	14,543
Accrued vacation and sick leave	12	40	810	--	862
Total Noncurrent Liabilities	<u>12</u>	<u>40</u>	<u>810</u>	<u>16,140</u>	<u>17,002</u>
Total Liabilities	<u>47</u>	<u>336</u>	<u>3,762</u>	<u>20,726</u>	<u>24,871</u>
<b>NET ASSETS</b>					
Invested in capital assets	87	3,786	5,934	--	9,807
Unrestricted	140	3,499	5,181	11,790	20,610
Total Net Assets	<u>\$ 227</u>	<u>\$ 7,285</u>	<u>\$ 11,115</u>	<u>\$ 11,790</u>	<u>\$ 30,417</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, 2008 (in thousands)**

	Reprographics	Garage	Public Works	Combined Insurance (5 funds)	Total
<u>Operating Revenues:</u>					
Charges for current services	\$ 720	\$ 4,863	\$ 28,627	\$ 13,266	\$ 47,476
Total Operating Revenues	<u>720</u>	<u>4,863</u>	<u>28,627</u>	<u>13,266</u>	<u>47,476</u>
<u>Operating Expenses:</u>					
Salaries and benefits	218	1,120	19,225	--	20,563
Services and supplies	416	2,515	7,297	3,197	13,425
Insurance benefit payments	--	--	--	4,610	4,610
Insurance premiums	--	--	--	3,335	3,335
Depreciation	7	1,144	595	--	1,746
Countywide cost allocation	17	77	112	165	371
Total Operating Expenses	<u>658</u>	<u>4,856</u>	<u>27,229</u>	<u>11,307</u>	<u>44,050</u>
Operating Income (Loss)	<u>62</u>	<u>7</u>	<u>1,398</u>	<u>1,959</u>	<u>3,426</u>
<u>Nonoperating Revenues (Expenses):</u>					
Interest income	6	136	265	1,256	1,663
Interest expense	--	--	(2)	--	(2)
Other revenue (expense)	(10)	(11)	62	122	163
Total Nonoperating Revenues (Expenses)	<u>(4)</u>	<u>125</u>	<u>325</u>	<u>1,378</u>	<u>1,824</u>
Income (Loss) Before Transfers	58	132	1,723	3,337	5,250
Transfers out	<u>(6)</u>	<u>(29)</u>	<u>(499)</u>	<u>(3)</u>	<u>(537)</u>
Change in Net Assets	52	103	1,224	3,334	4,713
Net assets - beginning	<u>175</u>	<u>7,182</u>	<u>9,891</u>	<u>8,456</u>	<u>25,704</u>
Net assets - ending	<u>\$ 227</u>	<u>\$ 7,285</u>	<u>\$ 11,115</u>	<u>\$ 11,790</u>	<u>\$ 30,417</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2008 (in thousands)**

	Reprographics	Garage	Public Works	Combined Insurance (5 funds)	Total
<b>Cash Flows from Operating Activities:</b>					
Receipts from interfund billings	\$ 720	\$ 4,968	\$ 28,683	\$ 13,388	\$ 47,759
Payments for goods and services	(437)	(2,543)	(7,788)	(3,620)	(14,388)
Payments to employees for service	(214)	(1,094)	(19,129)	--	(20,437)
Payments for insurance benefits	--	--	--	(3,531)	(3,531)
Payments for premiums	--	--	--	(3,335)	(3,335)
Net Cash Provided (Used) by Operating Activities	<u>69</u>	<u>1,331</u>	<u>1,766</u>	<u>2,902</u>	<u>6,068</u>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Due to other funds	--	--	--	(60)	(60)
Transfers to other funds	(6)	(29)	(499)	(3)	(537)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(6)</u>	<u>(29)</u>	<u>(499)</u>	<u>(63)</u>	<u>(597)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Purchases and construction of capital assets	(83)	(1,192)	(1,425)	--	(2,700)
Proceeds from sale of capital assets	--	135	153	--	288
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(83)</u>	<u>(1,057)</u>	<u>(1,272)</u>	<u>--</u>	<u>(2,412)</u>
<b>Cash Flows from Investing Activities:</b>					
Interest received	6	136	265	1,256	1,663
Net Cash Provided (Used) by Investing Activities	<u>6</u>	<u>136</u>	<u>265</u>	<u>1,256</u>	<u>1,663</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(14)	381	260	4,095	4,722
Cash and Cash Equivalents - Beginning of Year	<u>199</u>	<u>3,404</u>	<u>8,233</u>	<u>28,421</u>	<u>40,257</u>
Cash and Cash Equivalents - End of Year	<u>\$ 185</u>	<u>\$ 3,785</u>	<u>\$ 8,493</u>	<u>\$ 32,516</u>	<u>\$ 44,979</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ 62	\$ 7	\$ 1,398	\$ 1,959	\$ 3,426
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Depreciation expense	7	1,144	595	--	1,746
<b>Change in Assets and Liabilities:</b>					
Receivables, net	--	105	56	122	283
Inventory	(2)	1	9	--	8
Accounts payable	(2)	48	(430)	(258)	(642)
Salaries and benefits payable	1	4	26	--	31
Accrued vacation and sick leave	3	22	70	--	95
Self-insurance liability	--	--	--	1,079	1,079
Other accrued liabilities	--	--	42	--	42
Total Adjustments	<u>7</u>	<u>1,324</u>	<u>368</u>	<u>943</u>	<u>2,642</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ 69</u>	<u>\$ 1,331</u>	<u>\$ 1,766</u>	<u>\$ 2,902</u>	<u>\$ 6,068</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Net Assets**  
**Internal Service Funds - Insurance**  
**June 30, 2008 (in thousands)**

	<u>Workers'</u> <u>Compensation</u>	<u>Protected</u> <u>Self-Insurance</u>	<u>Unemployment</u> <u>Insurance</u>	<u>Dental</u> <u>Insurance</u>	<u>OPEB</u>	<u>Total</u>
<b><u>ASSETS</u></b>						
Current Assets:						
Cash and cash equivalents	\$ 24,554	\$ 5,033	\$ 759	\$ 198	\$ 1,972	\$ 32,516
<b><u>LIABILITIES</u></b>						
Current Liabilities:						
Accounts payable	29	9	--	33	--	71
Self insurance payable	<u>3,113</u>	<u>1,237</u>	<u>--</u>	<u>165</u>	<u>--</u>	<u>4,515</u>
Total Current Liabilities	<u>3,142</u>	<u>1,246</u>	<u>--</u>	<u>198</u>	<u>--</u>	<u>4,586</u>
Noncurrent Liabilities:						
OPEB liability	--	--	--	--	1,597	1,597
Self insurance liability	<u>11,606</u>	<u>2,179</u>	<u>758</u>	<u>--</u>	<u>--</u>	<u>14,543</u>
Total Noncurrent Liabilities	<u>11,606</u>	<u>2,179</u>	<u>758</u>	<u>--</u>	<u>1,597</u>	<u>16,140</u>
Total Liabilities	<u>14,748</u>	<u>3,425</u>	<u>758</u>	<u>198</u>	<u>1,597</u>	<u>20,726</u>
Net Assets						
Unrestricted	9,806	1,608	1	--	375	11,790
Total Net Assets	<u>\$ 9,806</u>	<u>\$ 1,608</u>	<u>\$ 1</u>	<u>\$ --</u>	<u>\$ 375</u>	<u>\$ 11,790</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, 2008 (in thousands)**

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
<u>Operating Revenues:</u>						
Charges for current services	\$ 4,515	\$ 4,038	\$ 406	\$ 1,790	\$ 2,517	\$ 13,266
Total Operating Revenues	<u>4,515</u>	<u>4,038</u>	<u>406</u>	<u>1,790</u>	<u>2,517</u>	<u>13,266</u>
<u>Operating Expenses:</u>						
Services and supplies	1,396	1,636	6	159	--	3,197
Insurance benefit payments	1,293	(342)	429	1,633	1,597	4,610
Insurance premiums	1,093	1,538	--	--	704	3,335
Countywide cost allocation	113	49	--	3	--	165
Total Operating Expenses	<u>3,895</u>	<u>2,881</u>	<u>435</u>	<u>1,795</u>	<u>2,301</u>	<u>11,307</u>
Operating Income (Loss)	<u>620</u>	<u>1,157</u>	<u>(29)</u>	<u>(5)</u>	<u>216</u>	<u>1,959</u>
<u>Nonoperating Revenues (Expenses):</u>						
Interest income	979	202	30	8	37	1,256
Other revenue (expense)	--	--	--	--	122	122
Total Nonoperating Revenues (Expenses)	<u>979</u>	<u>202</u>	<u>30</u>	<u>8</u>	<u>159</u>	<u>1,378</u>
Income (loss) before transfers	1,599	1,359	1	3	375	3,337
Transfers out	--	--	--	(3)	--	(3)
Change in Net Assets	1,599	1,359	1	--	375	3,334
Net assets - beginning	<u>8,207</u>	<u>249</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>8,456</u>
Net assets - ending	<u>\$ 9,806</u>	<u>\$ 1,608</u>	<u>\$ 1</u>	<u>\$ --</u>	<u>\$ 375</u>	<u>\$ 11,790</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds - Insurance**  
**For the Year Ended June 30, 2008 (in thousands)**

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
<b>Cash Flows from Operating Activities:</b>						
Receipts from interfund billings	\$ 4,515	\$ 4,038	\$ 406	\$ 1,790	\$ 2,639	\$ 13,388
Payments for goods and services	(1,746)	(1,680)	(6)	(188)	--	(3,620)
Payments for insurance benefits	(1,504)	(255)	(230)	(1,542)	--	(3,531)
Payments for premiums	(1,093)	(1,538)	--	--	(704)	(3,335)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>172</b>	<b>565</b>	<b>170</b>	<b>60</b>	<b>1,935</b>	<b>2,902</b>
<b>Cash Flows from Noncapital Financing Activities:</b>						
Due to other funds	--	--	--	(60)	--	(60)
Transfers to other funds	--	--	--	(3)	--	(3)
<b>Net Cash Provided (Used) by Noncapital and Related Financing Activities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(63)</b>	<b>--</b>	<b>(63)</b>
<b>Cash Flows from Investing Activities:</b>						
Interest received	979	202	30	8	37	1,256
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>979</b>	<b>202</b>	<b>30</b>	<b>8</b>	<b>37</b>	<b>1,256</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,151</b>	<b>767</b>	<b>200</b>	<b>5</b>	<b>1,972</b>	<b>4,095</b>
Cash and Cash Equivalents - Beginning of Year	23,403	4,266	559	193	--	28,421
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 24,554</b>	<b>\$ 5,033</b>	<b>\$ 759</b>	<b>\$ 198</b>	<b>\$ 1,972</b>	<b>\$ 32,516</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating income (loss)	\$ 620	\$ 1,157	\$ (29)	\$ (5)	\$ 216	\$ 1,959
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</b>						
<b>Change in Assets and Liabilities:</b>						
Accounts receivable	--	--	--	--	122	122
Accounts payable	(237)	5	--	(26)	--	(258)
Self-insurance liability	(211)	(597)	199	91	1,597	1,079
<b>Total Adjustments</b>	<b>(448)</b>	<b>(592)</b>	<b>199</b>	<b>65</b>	<b>1,719</b>	<b>943</b>
<b>Net Cash Provided (Used) by Operating Activities:</b>	<b>\$ 172</b>	<b>\$ 565</b>	<b>\$ 170</b>	<b>\$ 60</b>	<b>\$ 1,935</b>	<b>\$ 2,902</b>



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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 (41 funds), Special Districts (31 funds), Courts (6 funds), and Other Local Boards (16 funds).

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Fiduciary Net Assets**  
**Agency Funds**  
**June 30, 2008 (in thousands)**

	Clearing Funds (73 Funds)	1915 Act Service Funds (17 Funds)	Other Agency Funds (31 Funds)	Total
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 1,433	\$ 2,495	\$ 25,195	\$ 29,123
Total Assets	1,433	2,495	25,195	29,123
<b><u>LIABILITIES</u></b>				
Assets held as agency for others	1,433	2,495	25,195	29,123
Total Liabilities	\$ 1,433	\$ 2,495	\$ 25,195	\$ 29,123

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2008 (in thousands)**

	<u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2008</u>
<u>Clearing and Revolving Funds (73 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 4,692	\$ 929,485	\$ 932,744	\$ 1,433
Total Assets	<u>4,692</u>	<u>929,485</u>	<u>932,744</u>	<u>1,433</u>
Liabilities:				
Assets held as agency for others	4,692	929,485	932,744	1,433
Total Liabilities	<u>\$ 4,692</u>	<u>\$ 929,485</u>	<u>\$ 932,744</u>	<u>\$ 1,433</u>
<u>1915 Act Service Funds (17 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 3,030	\$ 736	\$ 1,271	\$ 2,495
Total Assets	<u>3,030</u>	<u>736</u>	<u>1,271</u>	<u>2,495</u>
Liabilities:				
Assets held as agency for others	3,030	736	1,271	2,495
Total Liabilities	<u>\$ 3,030</u>	<u>\$ 736</u>	<u>\$ 1,271</u>	<u>\$ 2,495</u>
<u>Other Agency Funds (31 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 20,436	\$ 158,915	\$ 154,156	\$ 25,195
Total Assets	<u>20,436</u>	<u>158,915</u>	<u>154,156</u>	<u>25,195</u>
Liabilities:				
Assets held as agency for others	20,436	158,915	154,156	25,195
Total Liabilities	<u>\$ 20,436</u>	<u>\$ 158,915</u>	<u>\$ 154,156</u>	<u>\$ 25,195</u>
<u>Total All Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 28,158	\$ 1,089,136	\$ 1,088,171	\$ 29,123
Total Assets	<u>28,158</u>	<u>1,089,136</u>	<u>1,088,171</u>	<u>29,123</u>
Liabilities:				
Assets held as agency for others	28,158	1,089,136	1,088,171	29,123
Total Liabilities	<u>\$ 28,158</u>	<u>\$ 1,089,136</u>	<u>\$ 1,088,171</u>	<u>\$ 29,123</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Fiduciary Net Assets**  
**Investment Trust Funds**  
**June 30, 2008 (in thousands)**

	<u>School Districts (41 Funds)</u>	<u>Special Districts (31 Funds)</u>	<u>Courts (6 Funds)</u>	<u>Other Local Boards (16 Funds)</u>	<u>Total</u>
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 172,919	\$ 10,696	\$ 1,442	\$ 17,821	\$ 202,878
Total Assets	<u>172,919</u>	<u>10,696</u>	<u>1,442</u>	<u>17,821</u>	<u>202,878</u>
<b><u>NET ASSETS</u></b>					
Assets held in trust for pool participants	172,919	10,696	1,442	17,821	202,878
Total Net Assets	<u>\$ 172,919</u>	<u>\$ 10,696</u>	<u>\$ 1,442</u>	<u>\$ 17,821</u>	<u>\$ 202,878</u>

**COUNTY OF SAN LUIS OBISPO**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Investment Trust Funds**  
**For the Year Ended June 30, 2008 (in thousands)**

	School Districts (41 Funds)	Special Districts (31 Funds)	Courts (6 Funds)	Other Local Boards (16 Funds)	Total
<u>Additions</u>					
Contributions to pooled investments	\$ 820,686	\$ 7,585	\$ 23,132	\$ 34,679	\$ 886,082
Interest	7,174	487	3	621	8,285
Total Additions	<u>827,860</u>	<u>8,072</u>	<u>23,135</u>	<u>35,300</u>	<u>894,367</u>
<u>Deductions</u>					
Distributions from investment pool	<u>828,341</u>	<u>7,666</u>	<u>23,457</u>	<u>33,315</u>	<u>892,779</u>
Total Deductions	<u>828,341</u>	<u>7,666</u>	<u>23,457</u>	<u>33,315</u>	<u>892,779</u>
Change in Net Assets	(481)	406	(322)	1,985	1,588
Net Assets - Beginning	<u>173,400</u>	<u>10,290</u>	<u>1,764</u>	<u>15,836</u>	<u>201,290</u>
Net Assets - Ending	<u>\$ 172,919</u>	<u>\$ 10,696</u>	<u>\$ 1,442</u>	<u>\$ 17,821</u>	<u>\$ 202,878</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, 2008**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<b><u>Non Departmental Revenues</u></b>				
Taxes	\$ 138,431	\$ 138,431	\$ 133,474	\$ (4,957)
Licenses, permits & franchises	2,800	2,800	2,864	64
Revenues from use of money and property	2,400	2,400	2,663	263
Aid from governmental agencies	3,604	3,604	4,020	416
Charges for current services	2,730	2,730	2,609	(121)
Other revenues	4	4	8	4
Total Non Departmental Revenues	<u>149,969</u>	<u>149,969</u>	<u>145,638</u>	<u>(4,331)</u>
<b><u>General Government - Revenues</u></b>				
<b><u>Legislative and Administrative</u></b>				
Administrative Office:				
Aid from governmental agencies	25	25	45	20
Charges for current services	68	68	41	(27)
Other revenues	33	33	--	(33)
Total	<u>126</u>	<u>126</u>	<u>86</u>	<u>(40)</u>
Clerk/Recorder:				
Licenses, permits and franchises	--	--	1	1
Aid from governmental agencies	165	198	348	150
Revenues from use of money and property	--	--	1	1
Charges for current services	1,965	1,980	1,667	(313)
Other revenues	--	--	4	4
Total	<u>2,130</u>	<u>2,178</u>	<u>2,021</u>	<u>(157)</u>
Total Legislative and Administrative	<u>2,256</u>	<u>2,304</u>	<u>2,107</u>	<u>(197)</u>
<b><u>Finance</u></b>				
Assessor:				
Aid from governmental agencies	2	2	--	(2)
Charges for current services	133	133	105	(28)
Total	<u>135</u>	<u>135</u>	<u>105</u>	<u>(30)</u>
Auditor-Controller:				
Taxes	250	250	250	--
Fines, forfeits and penalties	--	--	119	119
Aid from governmental agencies	5	5	13	8
Charges for current services	336	346	384	38
Other revenues	7	67	76	9
Total	<u>598</u>	<u>668</u>	<u>842</u>	<u>174</u>
Treasurer-Tax Collector-Public Administrator:				
Taxes	132	132	109	(23)
Licenses, permits and franchises	87	87	93	6
Charges for current services	977	977	956	(21)
Other revenue	31	31	44	13
Total	<u>1,227</u>	<u>1,227</u>	<u>1,202</u>	<u>(25)</u>
Total Finance	<u>1,960</u>	<u>2,030</u>	<u>2,149</u>	<u>119</u>
<b><u>Counsel</u></b>				
County Counsel:				
Aid from governmental agencies				
Charges for current services	110	110	126	16
Other revenue	--	--	12	12
Total Counsel	<u>110</u>	<u>110</u>	<u>138</u>	<u>28</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, 2008**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<b><u>General Government - Revenues</u></b> (continued)				
<b><u>Personnel</u></b>				
Personnel:				
Aid from governmental agencies	\$ 1	\$ 1	\$ 2	\$ 1
Charges for current services	2	2	--	(2)
Total Personnel	<u>3</u>	<u>3</u>	<u>2</u>	<u>(1)</u>
<b><u>Property Management</u></b>				
General Services:				
Licenses, permits, and franchises	8	8	7	(1)
Revenues from use of money and property	234	234	257	23
Aid from governmental agencies	1	1	10	9
Charges for current services	1,812	1,812	2,628	816
Other revenues	957	993	113	(880)
Total	<u>3,012</u>	<u>3,048</u>	<u>3,015</u>	<u>(33)</u>
Maintenance Projects:				
Fines, forfeits and penalties	--	9	3	(6)
Aid from governmental agencies	--	494	233	(261)
Charges for current services	489	1,168	185	(983)
Other revenues	--	129	103	(26)
Total	<u>489</u>	<u>1,800</u>	<u>524</u>	<u>(1,276)</u>
Total Property Management	<u>3,501</u>	<u>4,848</u>	<u>3,539</u>	<u>(1,309)</u>
<b><u>Other General</u></b>				
Information Technology:				
Revenues from use of money and property	--	--	6	6
Aid from governmental agencies	63	63	78	15
Charges for current services	1,488	1,488	1,952	464
Other revenues	1,191	1,191	2	(1,189)
Total	<u>2,742</u>	<u>2,742</u>	<u>2,038</u>	<u>(704)</u>
Risk Management:				
Charges for current services	784	784	762	(22)
Total	<u>784</u>	<u>784</u>	<u>762</u>	<u>(22)</u>
Non-Department Financing Uses:				
Charges for current services	3,089	3,089	3,088	(1)
Total	<u>3,089</u>	<u>3,089</u>	<u>3,088</u>	<u>(1)</u>
Contributions to Other Agencies:				
Charges or current services	420	420	409	(11)
Other revenues	100	104	104	--
Total	<u>520</u>	<u>524</u>	<u>513</u>	<u>(11)</u>
Total Other General	<u>7,135</u>	<u>7,139</u>	<u>6,401</u>	<u>(738)</u>
Total General Government	<u>14,965</u>	<u>16,434</u>	<u>14,336</u>	<u>(2,098)</u>
<b><u>Public Protection - Revenues</u></b>				
<b><u>Judicial</u></b>				
Court Operations Fund:				
Fines, forfeits and penalties	2,125	2,125	2,667	542
Charges for current services	350	350	244	(106)
Other revenues	--	--	(790)	(790)
Total	<u>2,475</u>	<u>2,475</u>	<u>2,121</u>	<u>(354)</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, 2008**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<b>Public Protection - Revenues</b> (continued)				
<u>Judicial</u> (continued)				
District Attorney:				
Fines, forfeits and penalties	\$ 98	\$ 98	\$ 92	\$ (6)
Revenues from use of money and property	--	--	19	19
Aid from governmental agencies	3,969	4,025	3,857	(168)
Charges for current services	303	303	319	16
Other revenues	36	46	50	4
Total	<u>4,406</u>	<u>4,472</u>	<u>4,337</u>	<u>(135)</u>
Family Support:				
Revenues from use of money and property	--	--	(5)	(5)
Aid from governmental agencies	4,782	4,782	4,924	142
Charges for current services	4	4	--	(4)
Other revenues	284	284	8	(276)
Total	<u>5,070</u>	<u>5,070</u>	<u>4,927</u>	<u>(143)</u>
Public Defender:				
Aid from governmental agencies	222	222	313	91
Charges for current services	130	130	399	269
Total	<u>352</u>	<u>352</u>	<u>712</u>	<u>360</u>
Total Judicial	<u>12,303</u>	<u>12,369</u>	<u>12,097</u>	<u>(272)</u>
<u>Police Protection</u>				
Sheriff-Coroner:				
Licenses, permits and franchises	17	17	13	(4)
Fines, forfeits and penalties	488	596	464	(132)
Revenues from use of money and property	--	--	(17)	(17)
Aid from governmental agencies	14,761	16,081	15,728	(353)
Charges for current services	4,850	5,047	5,649	602
Other revenues	18	18	(139)	(157)
Total Police Protection	<u>20,134</u>	<u>21,759</u>	<u>21,698</u>	<u>(61)</u>
<u>Detention and Correction</u>				
Probation Department:				
Fines, forfeits and penalties	47	47	120	73
Revenues from use of money and property	--	--	(14)	(14)
Aid from governmental agencies	8,975	8,669	8,318	(351)
Charges for current services	666	691	765	74
Other revenues	874	874	818	(56)
Total Detention and Correction	<u>10,562</u>	<u>10,281</u>	<u>10,007</u>	<u>(274)</u>
<u>Fire Protection</u>				
County Fire:				
Licenses, permits and franchises	300	300	352	52
Revenues from use of money and property	5	5	24	19
Aid from governmental agencies	2,338	2,762	2,299	(463)
Charges for current services	2,321	2,321	2,616	295
Other revenues	90	90	115	25
Total Fire Protection	<u>5,054</u>	<u>5,478</u>	<u>5,406</u>	<u>(72)</u>
<u>Protective Inspection</u>				
Agricultural Commissioner:				
Licenses, permits and franchises	204	204	201	(3)
Fines, forfeits and penalties	--	--	28	28
Aid from governmental agencies	2,284	2,431	2,306	(125)
Charges for current services	115	115	104	(11)
Other revenues	3	3	9	6
Total Protective Inspection	<u>2,606</u>	<u>2,753</u>	<u>2,648</u>	<u>(105)</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, 2008**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<b><u>Public Protection - Revenues</u></b> (continued)				
<u>Other Protection</u>				
Animal Services:				
Licenses, permits and franchises	\$ 458	\$ 458	\$ 428	\$ (30)
Aid from governmental agencies	770	795	710	(85)
Charges for current services	211	211	177	(34)
Other revenues	9	9	19	10
Total	<u>1,448</u>	<u>1,473</u>	<u>1,334</u>	<u>(139)</u>
Emergency Services:				
Aid from governmental agencies	777	1,059	1,080	21
Total	<u>777</u>	<u>1,059</u>	<u>1,080</u>	<u>21</u>
Planning Department:				
License, permits and franchises	4,637	5,045	5,008	(37)
Fines, forfeits and penalties	53	53	121	68
Revenues from use of money and property	--	--	3	3
Aid from governmental agencies	--	--	17	17
Charges for current services	1,275	1,442	1,144	(298)
Other revenues	230	230	124	(106)
Total	<u>6,195</u>	<u>6,770</u>	<u>6,417</u>	<u>(353)</u>
Victim/Witness Assistance:				
Licenses, permits and franchises	55	55	56	1
Fines, forfeits and penalties	--	--	1	1
Aid from governmental agencies	531	543	553	10
Other revenues	--	--	(2)	(2)
Total	<u>586</u>	<u>598</u>	<u>608</u>	<u>10</u>
Waste Management:				
Revenues from use of money and property	--	--	60	60
Charges for current services	--	--	102	102
Other revenues	--	--	1	1
Total	<u>--</u>	<u>--</u>	<u>163</u>	<u>163</u>
Total Other Protection	<u>9,006</u>	<u>9,900</u>	<u>9,602</u>	<u>(298)</u>
<b>Total Public Protection</b>	<u>59,665</u>	<u>62,540</u>	<u>61,458</u>	<u>(1,082)</u>
<b><u>Public Ways and facilities</u></b>				
<u>Public Work</u>				
Licenses, permits and franchises	88	88	84	(4)
Revenues from use of money and property	--	--	46	46
Aid from governmental agencies	5	5	14	9
Charges for current services	1,295	1,349	955	(394)
Other revenues	6	6	8	2
Total	<u>1,394</u>	<u>1,448</u>	<u>1,107</u>	<u>(341)</u>
<b>Total Public Ways and facilities</b>	<u>1,394</u>	<u>1,448</u>	<u>1,107</u>	<u>(341)</u>
<b><u>Health and Sanitation - Revenues</u></b>				
<u>Health</u>				
Drug & Alcohol Services:				
Fines, forfeits and penalties	271	271	171	(100)
Aid from governmental agencies	4,072	4,669	4,699	30
Charges for current services	318	318	452	134
Other revenues	397	434	277	(157)
Total	<u>5,058</u>	<u>5,692</u>	<u>5,599</u>	<u>(93)</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, 2008**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<b><u>Health and Sanitation - Revenues</u></b> (continued)				
Public Health:				
Licenses, permits and franchises	\$ 25	\$ 25	\$ 5	\$ (20)
Fines, forfeits and penalties	178	178	87	(91)
Revenues from use of money and property	3	3	54	51
Aid from governmental agencies	11,761	12,221	11,936	(285)
Charges or current services	5,773	5,773	5,046	(727)
Other revenues	4	23	43	20
Total	<u>17,744</u>	<u>18,223</u>	<u>17,171</u>	<u>(1,052)</u>
Clinic Lab:				
Charges or current services	--	--	21	21
Total	<u>--</u>	<u>--</u>	<u>21</u>	<u>21</u>
Mental Health:				
Aid from governmental agencies	20,954	20,954	19,120	(1,834)
Charges for current services	1,328	1,328	1,037	(291)
Other revenues	233	233	190	(43)
Total	<u>22,515</u>	<u>22,515</u>	<u>20,347</u>	<u>(2,168)</u>
Mental Health Services Act:				
Aid from governmental agencies	3,977	6,555	4,389	(2,166)
Revenues from use of money and property	--	--	99	99
Total	<u>3,977</u>	<u>6,555</u>	<u>4,488</u>	<u>(2,067)</u>
SART:				
Aid from governmental agencies	4	4	9	5
Other revenues	3	3	1	(2)
Total	<u>7</u>	<u>7</u>	<u>10</u>	<u>3</u>
Total Health	<u>49,301</u>	<u>52,992</u>	<u>47,636</u>	<u>(5,356)</u>
<b>Total Health and Sanitation</b>	<u>49,301</u>	<u>52,992</u>	<u>47,636</u>	<u>(5,356)</u>
<b><u>Public Assistance - Revenues</u></b>				
<u>Administration</u>				
Department of Social Services:				
Aid from governmental agencies	48,190	48,676	48,619	(57)
Charges for current services	4	4	16	12
Other revenues	115	118	308	190
Total Administration	<u>48,309</u>	<u>48,798</u>	<u>48,943</u>	<u>145</u>
<u>Aid Programs</u>				
Aid Foster Care Non-Fed:				
Aid from governmental agencies	15,320	15,480	14,810	(670)
Other revenues	140	140	258	118
Total	<u>15,460</u>	<u>15,620</u>	<u>15,068</u>	<u>(552)</u>
Calworks Assistance:				
Aid from governmental agencies	11,842	11,842	11,337	(505)
Other revenues	63	63	101	38
Total	<u>11,905</u>	<u>11,905</u>	<u>11,438</u>	<u>(467)</u>
Total Aid Programs	<u>27,365</u>	<u>27,525</u>	<u>26,506</u>	<u>(1,019)</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, 2008**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<b><u>Public Assistance - Revenues</u></b> (continued)				
<u>Medical Services</u>				
Medical Assistance Program:				
Aid from governmental agencies	\$ 289	\$ 289	\$ 299	\$ 10
Charges for current services	--	--	22	22
Other revenues	--	--	4	4
Total Medical Services	<u>289</u>	<u>289</u>	<u>325</u>	<u>36</u>
<u>General Relief</u>				
General Relief:				
Licenses, permits, and franchises	6	6	5	(1)
Aid from governmental agencies	151	241	234	(7)
Other revenues	246	246	177	(69)
Total General Relief	<u>403</u>	<u>493</u>	<u>416</u>	<u>(77)</u>
<u>Veterans Service</u>				
Veterans Service:				
Aid from governmental agencies	65	67	66	(1)
Total Veterans Service	<u>65</u>	<u>67</u>	<u>66</u>	<u>(1)</u>
<u>Other Assistance</u>				
Law Enforcement Med Care:				
Aid from governmental agencies	\$ 546	\$ 546	\$ 526	\$ (20)
Charges for current services	--	--	2	2
Total	<u>546</u>	<u>546</u>	<u>528</u>	<u>(18)</u>
Total Other Assistance	<u>546</u>	<u>546</u>	<u>528</u>	<u>(18)</u>
<b>Total Public Assistance</b>	<u>76,977</u>	<u>77,718</u>	<u>76,784</u>	<u>(934)</u>
<b><u>Education - Revenues</u></b>				
<u>Agricultural Education</u>				
Farm Advisor:				
Aid from governmental agencies	6	6	6	--
Total Agricultural Education	<u>6</u>	<u>6</u>	<u>6</u>	<u>--</u>
<b>Total Education</b>	<u>6</u>	<u>6</u>	<u>6</u>	<u>--</u>
<b>Total General Fund Revenues</b>	<u>\$ 352,277</u>	<u>\$ 361,107</u>	<u>\$ 346,965</u>	<u>\$ (14,142)</u>

**COUNTY OF SAN LUIS OBISPO**  
**General Fund**  
**Detail Schedule of Expenditures**  
**Budget to Actual Comparison (in thousands)**  
**For the Year Ended June 30, 2008**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<b><u>General Government - Expenditures</u></b>				
<b><u>Legislative and Administrative</u></b>				
Administrative Office:				
Salaries wages benefits	\$ 1,749	\$ 1,674	\$ 1,624	\$ 50
Services and supplies	235	513	416	97
Expenditure transfers and reimbursements	(59)	(59)	(59)	--
Total	<u>1,925</u>	<u>2,128</u>	<u>1,981</u>	<u>147</u>
Board of Supervisors:				
Salaries wages benefits	1,346	1,399	1,333	66
Services and supplies	279	279	262	17
Capital Outlay	10	10	--	10
Expenditure transfers and reimbursements	(33)	(53)	(53)	--
Total	<u>1,602</u>	<u>1,635</u>	<u>1,542</u>	<u>93</u>
Clerk/Recorder:				
Salaries wages benefits	1,858	2,058	1,988	70
Services and supplies	969	2,011	1,643	368
Capital Outlay	10	99	87	12
Total	<u>2,837</u>	<u>4,168</u>	<u>3,718</u>	<u>450</u>
Total Legislative and Administrative	<u>6,364</u>	<u>7,931</u>	<u>7,241</u>	<u>690</u>
<b><u>Finance</u></b>				
Assessor:				
Salaries wages benefits	7,487	7,491	7,292	199
Services and supplies	894	1,143	865	278
Capital Outlay	12	6	6	--
Expenditure transfers and reimbursements	--	--	(1)	1
Total	<u>8,393</u>	<u>8,640</u>	<u>8,162</u>	<u>478</u>
Auditor-Controller:				
Salaries wages benefits	4,424	4,460	4,327	133
Services and supplies	316	1,022	667	355
Capital Outlay	--	67	6	61
Expenditure transfers and reimbursements	(3)	(3)	(4)	1
Total	<u>4,737</u>	<u>5,546</u>	<u>4,996</u>	<u>550</u>
Treasurer-Tax Collector-Public Administrator:				
Salaries wages benefits	2,598	2,598	2,513	85
Services and supplies	368	373	312	61
Expenditure transfers and reimbursements	--	--	(2)	2
Total	<u>2,966</u>	<u>2,971</u>	<u>2,823</u>	<u>148</u>
Total Finance	<u>16,096</u>	<u>17,157</u>	<u>15,981</u>	<u>1,176</u>
<b><u>Counsel</u></b>				
County Counsel:				
Salaries wages benefits	3,514	3,694	3,461	233
Services and supplies	305	464	247	217
Total Counsel	<u>3,819</u>	<u>4,158</u>	<u>3,708</u>	<u>450</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, 2008**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<b>General Government - Expenditures</b> (continued)				
<u>Personnel</u>				
Personnel:				
Salaries wages benefits	\$ 1,968	\$ 2,014	\$ 1,851	\$ 163
Services and supplies	376	383	309	74
Capital Outlay	6	6	6	--
Total Personnel	<u>2,350</u>	<u>2,403</u>	<u>2,166</u>	<u>237</u>
<u>Property Management</u>				
General Services:				
Salaries wages benefits	8,438	8,517	8,287	230
Services and supplies	4,508	4,527	4,075	452
Other charges	101	101	102	(1)
Capital Outlay	610	638	38	600
Expenditure transfers and reimbursement	(1,626)	(1,626)	(1,722)	96
Total	<u>12,031</u>	<u>12,157</u>	<u>10,780</u>	<u>1,377</u>
Maintenance Projects:				
Services and supplies	2,421	9,655	2,982	6,673
Expenditure transfers and reimbursement	--	(163)	(86)	(77)
Total	<u>2,421</u>	<u>9,492</u>	<u>2,896</u>	<u>6,596</u>
Total Property Management	<u>14,452</u>	<u>21,649</u>	<u>13,676</u>	<u>7,973</u>
<u>Other General</u>				
Information Technology:				
Salaries wages benefits	9,986	10,132	9,821	311
Services and supplies	4,355	4,206	3,595	611
Capital Outlay	--	98	31	67
Expenditure transfers and reimbursement	(2,053)	(2,053)	(2,175)	122
Total	<u>12,288</u>	<u>12,383</u>	<u>11,272</u>	<u>1,111</u>
Risk Management:				
Salaries wages benefits	580	580	548	32
Services and supplies	1,234	1,263	944	319
Expenditure transfers and reimbursement	(72)	(72)	(72)	--
Total	<u>1,742</u>	<u>1,771</u>	<u>1,420</u>	<u>351</u>
Non-Department Financing Uses:				
Other charges	--	--	1,500	(1,500)
Expenditure transfers and reimbursement	(11,401)	(11,401)	(11,278)	(123)
Total	<u>(11,401)</u>	<u>(11,401)</u>	<u>(9,778)</u>	<u>(1,623)</u>
Contributions to Other Agencies:				
Services and supplies	2,220	2,261	2,213	48
Total	<u>2,220</u>	<u>2,261</u>	<u>2,213</u>	<u>48</u>
Total Other General	<u>4,849</u>	<u>5,014</u>	<u>5,127</u>	<u>(113)</u>
<b>Total General Government</b>	<u>47,930</u>	<u>58,312</u>	<u>47,899</u>	<u>10,413</u>

continued

**COUNTY OF SAN LUIS OBISPO**  
**General Fund**  
**Detail Schedule of Expenditures**  
**Budget to Actual Comparison (in thousands)**  
**For the Year Ended June 30, 2008**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<b><u>Public Protection - Expenditures</u></b>				
<b><u>Judicial</u></b>				
Court Operations Fund:				
Other charges	\$ 1,906	\$ 1,906	\$ 1,855	\$ 51
Total	<u>1,906</u>	<u>1,906</u>	<u>1,855</u>	<u>51</u>
District Attorney:				
Salaries wages benefits	10,901	11,622	11,319	303
Services and supplies	1,279	1,325	1,273	52
Capital Outlay	20	18	18	--
Expenditure transfers and reimbursement	(480)	(480)	(501)	21
Total	<u>11,720</u>	<u>12,485</u>	<u>12,109</u>	<u>376</u>
Family Support:				
Salaries wages benefits	3,668	3,668	3,560	108
Services and supplies	1,404	1,404	1,212	192
Total	<u>5,072</u>	<u>5,072</u>	<u>4,772</u>	<u>300</u>
Grand Jury:				
Salaries wages benefits	32	35	32	3
Services and supplies	92	92	77	15
Capital Outlay	8	8	6	2
Total	<u>132</u>	<u>135</u>	<u>115</u>	<u>20</u>
Public Defender:				
Services and supplies	5,135	5,135	4,918	217
Total	<u>5,135</u>	<u>5,135</u>	<u>4,918</u>	<u>217</u>
Total Judicial	<u>23,965</u>	<u>24,733</u>	<u>23,769</u>	<u>964</u>
<b><u>Police Protection</u></b>				
Sheriff-Coroner:				
Salaries wages benefits	42,665	45,024	44,124	900
Services and supplies	6,671	7,649	7,591	58
Other charges	1,038	1,168	1,067	101
Capital Outlay	--	500	339	161
Expenditure transfers and reimbursement	(36)	(36)	(59)	23
Total Police Protection	<u>50,338</u>	<u>54,305</u>	<u>53,062</u>	<u>1,243</u>
<b><u>Detention and Correction</u></b>				
Probation Department:				
Salaries wages benefits	13,873	14,177	13,817	360
Services and supplies	3,941	3,978	3,966	12
Other charges	8	8	4	4
Capital outlay	10	11	11	--
Expenditure transfers and reimbursement	(40)	(447)	(463)	16
Total Detention and Correction	<u>17,792</u>	<u>17,727</u>	<u>17,335</u>	<u>392</u>
<b><u>Fire Protection</u></b>				
County Fire:				
Services and supplies	14,211	14,655	14,361	294
Capital Outlay	1,158	1,998	221	1,777
Total Fire Protection	<u>15,369</u>	<u>16,653</u>	<u>14,582</u>	<u>2,071</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, 2008**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<b><u>Public Protection - Expenditures</u></b> (continued)				
<b><u>Protective Inspection</u></b>				
Agricultural Commissioner:				
Salaries wages benefits	\$ 4,303	\$ 4,496	\$ 4,373	\$ 123
Services and supplies	730	727	723	4
Capital Outlay	17	17	16	1
Expenditure transfers and reimbursement	--	--	(1)	1
Total Protective Inspection	5,050	5,240	5,111	129
<b><u>Other Protection</u></b>				
Animal Services:				
Salaries wages benefits	1,653	1,653	1,513	140
Services and supplies	631	696	657	39
Capital Outlay	--	80	70	10
Total	2,284	2,429	2,240	189
Emergency Services:				
Salaries wages benefits	700	721	701	20
Services and supplies	245	589	304	285
Total	945	1,310	1,005	305
Planning Department:				
Salaries wages benefits	10,491	10,491	10,134	357
Services and supplies	2,361	4,308	2,158	2,150
Other charges	6	155	11	144
Expenditure transfers and reimbursement	--	--	(3)	3
Total	12,858	14,954	12,300	2,654
Victim/Witness Assistance:				
Salaries wages benefits	1,063	1,083	1,055	28
Services and supplies	151	160	155	5
Expenditure transfers and reimbursement	--	(13)	(13)	--
Total	1,214	1,230	1,197	33
Waste Management:				
Services and supplies	723	809	624	185
Total	723	809	624	185
Total Other Protection	18,024	20,732	17,366	3,366
<b>Total Public Protection</b>	130,538	139,390	131,225	8,165
<b><u>Public Ways and Facilities - Expenditures</u></b>				
<b><u>Public Work:</u></b>				
Services and supplies	3,091	3,481	2,337	1,144
Total	3,091	3,481	2,337	1,144
<b>Total Public Ways and facilities</b>	3,091	3,481	2,337	1,144

continued

**COUNTY OF SAN LUIS OBISPO**  
**General Fund**  
**Detail Schedule of Expenditures**  
**Budget to Actual Comparison (in thousands)**  
**For the Year Ended June 30, 2008**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<b><u>Health and Sanitation - Expenditures</u></b>				
<b><u>Health</u></b>				
Drug & Alcohol Services:				
Salaries wages benefits	\$ 4,143	\$ 4,250	\$ 4,008	\$ 242
Services and supplies	1,736	2,265	2,229	36
Other charges	737	737	737	--
Expenditure transfers and reimbursement	(855)	(855)	(849)	(6)
Total	<u>5,761</u>	<u>6,397</u>	<u>6,125</u>	<u>272</u>
Public Health:				
Salaries wages benefits	16,469	16,412	15,104	1,308
Services and supplies	6,149	6,327	5,931	396
Other charges	632	905	816	89
Capital Outlay	5	89	67	22
Expenditure transfers and reimbursement	(1,101)	(1,101)	(1,142)	41
Total	<u>22,154</u>	<u>22,632</u>	<u>20,776</u>	<u>1,856</u>
Clinic Lab:				
Services and supplies	--	--	(1)	1
Total	<u>--</u>	<u>--</u>	<u>(1)</u>	<u>1</u>
Mental Health:				
Salaries wages benefits	15,264	15,264	14,171	1,093
Services and supplies	14,839	15,600	14,207	1,393
Other charges	--	--	--	--
Capital Outlay	8	44	6	38
Expenditure transfers and reimbursement	(798)	(798)	(887)	89
Total	<u>29,313</u>	<u>30,110</u>	<u>27,497</u>	<u>2,613</u>
Mental Health Services Act:				
Salaries wages benefits	1,700	2,240	1,418	822
Services and supplies	2,278	4,417	3,374	1,043
Other charges	--	--	(142)	142
Total	<u>3,978</u>	<u>6,657</u>	<u>4,650</u>	<u>2,007</u>
SART:				
Salaries wages benefits	216	195	191	4
Services and supplies	119	195	194	1
Capital outlay	--	6	6	--
Expenditure transfers and reimbursement	(4)	(4)	(2)	(2)
Total	<u>331</u>	<u>392</u>	<u>389</u>	<u>3</u>
Total Health	<u>61,537</u>	<u>66,188</u>	<u>59,436</u>	<u>6,752</u>
<b>Total Health and Sanitation</b>	<u>61,537</u>	<u>66,188</u>	<u>59,436</u>	<u>6,752</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, 2008**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<b><u>Public Assistance - Expenditures</u></b>				
<b><u>Administration</u></b>				
Department of Social Services:				
Salaries wages benefits	\$ 33,315	\$ 33,165	\$ 32,033	\$ 1,132
Services and supplies	15,852	15,585	15,249	336
Other charges	4,422	5,362	5,163	199
Capital Outlay	82	54	46	8
Expenditure transfers and reimbursement	(100)	(100)	(101)	1
Total Administration	<u>53,571</u>	<u>54,066</u>	<u>52,390</u>	<u>1,676</u>
<b><u>Aid Programs</u></b>				
Aid Foster Care Non-Fed:				
Other charges	<u>15,715</u>	<u>15,875</u>	<u>15,516</u>	<u>359</u>
Total	<u>15,715</u>	<u>15,875</u>	<u>15,516</u>	<u>359</u>
Calworks Assistance:				
Other charges	<u>12,163</u>	<u>12,163</u>	<u>11,715</u>	<u>448</u>
Total	<u>12,163</u>	<u>12,163</u>	<u>11,715</u>	<u>448</u>
Total Aid Programs	<u>27,878</u>	<u>28,038</u>	<u>27,231</u>	<u>807</u>
<b><u>Medical Services</u></b>				
Medical Assistance Program:				
Salaries wages benefits	242	242	242	--
Services and supplies	<u>5,446</u>	<u>5,729</u>	<u>5,227</u>	<u>502</u>
Total Medical Services	<u>5,688</u>	<u>5,971</u>	<u>5,469</u>	<u>502</u>
<b><u>General Relief</u></b>				
General Relief:				
Other charges	<u>718</u>	<u>888</u>	<u>886</u>	<u>2</u>
Total General Relief	<u>718</u>	<u>888</u>	<u>886</u>	<u>2</u>
<b><u>Veterans Service</u></b>				
Veterans Service:				
Salaries wages benefits	349	354	343	11
Services and supplies	<u>39</u>	<u>36</u>	<u>35</u>	<u>1</u>
Total Veterans Service	<u>388</u>	<u>390</u>	<u>378</u>	<u>12</u>
<b><u>Other Assistance</u></b>				
Law Enforcement Med Care:				
Salaries wages benefits	1,548	1,600	1,553	47
Services and supplies	1,135	1,083	794	289
Expenditure transfers and reimbursement	<u>(794)</u>	<u>(794)</u>	<u>(691)</u>	<u>(103)</u>
Total	<u>1,889</u>	<u>1,889</u>	<u>1,656</u>	<u>233</u>
Total Other Assistance	<u>1,889</u>	<u>1,889</u>	<u>1,656</u>	<u>233</u>
<b>Total Public Assistance</b>	<u>90,132</u>	<u>91,242</u>	<u>88,010</u>	<u>3,232</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, 2008**

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<b><u>Education - Expenditures</u></b>				
<b><u>Agricultural Education</u></b>				
Farm Advisor:				
Salaries wages benefits	\$ 311	\$ 309	\$ 270	\$ 39
Services and supplies	120	122	110	12
Other charges	30	30	30	--
Total Agricultural Education	<u>461</u>	<u>461</u>	<u>410</u>	<u>51</u>
<b>Total Education</b>	<u>461</u>	<u>461</u>	<u>410</u>	<u>51</u>
<b>Total General Fund - Expenditures</b> (Before Contingencies)	<u>333,689</u>	<u>359,074</u>	<u>329,317</u>	<u>29,757</u>
<b><u>Contingencies</u></b>				
<b><u>Appropriation for Contingencies</u></b>				
Contingencies - General Fund:				
Appropriation for contingency	16,536	7,384	--	7,384
Total	<u>16,536</u>	<u>7,384</u>	<u>--</u>	<u>7,384</u>
Total Appropriation for Contingency	<u>16,536</u>	<u>7,384</u>	<u>--</u>	<u>7,384</u>
<b>Total Contingency</b>	<u>16,536</u>	<u>7,384</u>	<u>--</u>	<u>7,384</u>
<b>Total General Fund Expenditures</b>	<u>\$ 350,225</u>	<u>\$ 366,458</u>	<u>\$ 329,317</u>	<u>\$ 37,141</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 .....	190
<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.....	192

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					
	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
<b>Governmental Activities</b>						
Invested in Capital Assets, net of related debt	\$ 951,989	\$ 956,773	\$ 981,543	\$ 996,381	\$ 1,012,458	\$ 1,047,361
Restricted	66,890	66,474	48,141	40,178	50,061	52,566
Unrestricted	116,055	109,032	130,632	169,766	190,107	173,396
<b>Total governmental activities net assets</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>\$ 1,273,323</b>
<b>Business-type activities</b>						
Invested in Capital Assets, net of related debt	\$ 101,138	\$ 109,785	\$ 114,785	\$ 122,534	\$ 146,021	\$ 155,907
Unrestricted	21,586	17,146	12,867	19,178	16,511	16,202
<b>Total business net assets</b>	<b>\$ 122,724</b>	<b>\$ 126,931</b>	<b>\$ 127,652</b>	<b>\$ 141,712</b>	<b>\$ 162,532</b>	<b>\$ 172,109</b>
<b>Total Primary Government</b>						
Invested in Capital Assets, net of related debt	\$ 1,053,127	\$ 1,066,558	\$ 1,096,328	\$ 1,118,915	\$ 1,158,479	\$ 1,203,268
Restricted	66,890	66,474	48,141	40,178	50,061	52,566
Unrestricted	137,641	126,178	143,499	188,944	206,618	189,598
<b>Total primary government net assets</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>	<b>\$ 1,445,432</b>

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

Source: Statement of Net Assets

**COUNTY OF SAN LUIS OBISPO**  
**Changes in Net Assets**  
**(in thousands)**  
**(UNAUDITED)**

	Fiscal Year					
	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
<b>Expenses</b>						
<b>Governmental Activities</b>						
General government	\$ 31,990	\$ 34,862	\$ 29,565	\$ 38,852	\$ 50,819	\$ 46,971
Public protection	98,816	104,594	106,402	109,910	120,165	135,987
Public ways and facilities	23,328	23,147	23,647	24,617	22,256	24,503
Health Sanitation	48,961	50,240	52,540	53,475	55,173	66,382
Public Assistance	78,524	82,461	83,209	84,134	84,045	93,472
Education	7,323	7,969	7,459	7,688	8,626	9,966
Recreation and Cultural Services	5,003	5,762	4,238	3,882	6,106	6,024
Interest on Long Term debt	2,797	4,379	4,173	6,231	5,163	5,771
<b>Total Governmental Activities Expenses</b>	<b>296,742</b>	<b>313,414</b>	<b>311,233</b>	<b>328,789</b>	<b>352,353</b>	<b>389,076</b>
<b>Business-type Activities Expenses</b>						
Airport	3,046	3,116	3,628	3,703	4,021	7,809
Golf	1,613	3,132	2,905	2,867	3,301	3,033
Hospital	28,170	17,987	2,149	-	-	-
Nacimiento water contract	-	-	-	-	559	20,021
State water contract	5,384	5,045	5,451	5,102	4,792	5,179
Lopez dam	2,274	3,449	3,928	5,237	5,807	7,945
Non-major Special Districts	5,751	6,598	6,138	4,958	4,860	5,179
<b>Total Business-type Activities Expenses</b>	<b>46,238</b>	<b>39,327</b>	<b>24,199</b>	<b>21,867</b>	<b>23,340</b>	<b>49,166</b>
<b>Total Primary Government Expenses</b>	<b>\$ 342,980</b>	<b>\$ 352,741</b>	<b>\$ 335,432</b>	<b>\$ 350,656</b>	<b>\$ 375,693</b>	<b>\$ 438,242</b>
<b>Program Revenues</b>						
<b>Governmental Activities</b>						
<b>Charges for services</b>						
General Government	\$ 23,236	\$ 25,112	\$ 29,911	\$ 22,293	\$ 18,743	\$ 13,299
Public Protection	7,139	7,012	7,642	11,776	21,061	20,380
Public ways and facilities	6,179	6,767	6,607	9,730	7,236	7,580
Health and sanitation	8,754	6,766	8,555	8,831	6,505	6,583
Public assistance	2,455	2,279	2,680	2,438	2,798	2,864
Education	1,567	1,515	1,853	1,460	1,759	1,891
Recreation and cultural services	3,189	2,598	1,110	1,370	1,246	2,183
Operating Grants and Contributions	141,716	151,194	151,703	165,837	171,587	176,249
Capital Grants and Contributions	3,109	7,764	5,997	7,266	8,269	16,726
<b>Total Governmental Activities</b>	<b>197,344</b>	<b>211,007</b>	<b>216,058</b>	<b>231,001</b>	<b>239,204</b>	<b>247,755</b>
<b>Business-type Activities</b>						
<b>Charges for services</b>						
Airport	2,913	4,846	4,206	3,864	3,919	4,585
Golf	2,823	2,928	2,719	2,895	3,016	3,058
Hospital	15,824	6,993	-	-	-	-
State Water Project	5,845	5,084	5,506	5,098	4,458	5,309
Nacimiento Water Project	-	-	-	-	6,893	3,018
Lopez Dam	2,668	3,006	3,027	4,717	5,987	6,453
Other Special Districts	4,270	4,479	4,334	8,732	3,487	3,524
Operating Grants and Contributions	947	1,316	1,081	1,722	1,012	1,482
Capital Grants and Contributions	2,493	1,126	3,188	3,792	9,509	19,366
<b>Total Business-type Activities Revenues</b>	<b>37,783</b>	<b>29,778</b>	<b>24,061</b>	<b>30,820</b>	<b>38,281</b>	<b>46,795</b>
<b>Total Primary Government Revenues</b>	<b>\$ 235,127</b>	<b>\$ 240,785</b>	<b>\$ 240,119</b>	<b>\$ 261,821</b>	<b>\$ 277,485</b>	<b>\$ 294,550</b>
<b>Net (Expense)/Revenues</b>						
Governmental Activities	\$ (99,398)	\$ (102,407)	\$ (95,175)	\$ (97,788)	\$ (113,149)	\$ (141,321)
Business-Type Activities	(8,455)	(9,549)	(138)	8,953	14,941	(2,371)
<b>Total Primary Government net expense</b>	<b>\$ (107,853)</b>	<b>\$ (111,956)</b>	<b>\$ (95,313)</b>	<b>\$ (88,835)</b>	<b>\$ (98,208)</b>	<b>\$ (143,692)</b>

Source: Statement of Activities

(continued)

**COUNTY OF SAN LUIS OBISPO**  
**Changes in Net Assets**  
**(in thousands)**  
**(UNAUDITED)**

	Fiscal Year					
	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
<b>General Revenue and Other Changes in Net Assets</b>						
Governmental Activities						
Property Taxes	\$ 70,002	\$ 75,559	\$ 98,025	\$ 114,076	\$ 128,867	\$ 133,292
Other Taxes	12,739	15,422	14,333	15,823	15,798	15,881
Interest and investment income	5,026	3,221	4,420	7,176	11,025	9,790
Unrestricted Grants	19,839	15,681	4,609	9,559	4,079	4,019
Other revenues	-	83	331	-	-	-
Transfers	(7,718)	(10,214)	1,494	(1,884)	(319)	(964)
Total Governmental Actives	<u>99,888</u>	<u>99,752</u>	<u>123,212</u>	<u>144,750</u>	<u>159,450</u>	<u>162,018</u>
Business-type Activities						
Property Taxes	2,823	3,073	1,765	2,051	3,359	3,402
Interest and investment income	872	318	406	1,085	1,897	7,290
Other revenues	20	151	182	86	304	292
Transfers	7,718	10,214	(1,494)	1,884	319	964
Total Business-type Activities	<u>11,433</u>	<u>13,756</u>	<u>859</u>	<u>5,106</u>	<u>5,879</u>	<u>11,948</u>
Total Primary Government	<u>\$ 111,321</u>	<u>\$ 113,508</u>	<u>\$ 124,071</u>	<u>\$ 149,856</u>	<u>\$ 165,329</u>	<u>\$ 173,966</u>
<b>Change in Net Assets</b>						
Governmental Activities	\$ 490	\$ (2,655)	\$ 28,037	\$ 46,962	\$ 46,301	\$ 20,697
Business-Type Activities	<u>2,978</u>	<u>4,207</u>	<u>721</u>	<u>14,059</u>	<u>20,820</u>	<u>9,577</u>
Total Primary Government	<u>\$ 3,468</u>	<u>\$ 1,552</u>	<u>\$ 28,758</u>	<u>\$ 61,021</u>	<u>\$ 67,121</u>	<u>\$ 30,274</u>

Source: Statement of Activities

**COUNTY OF SAN LUIS OBISPO**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(UNAUDITED)**  
**(in thousands)**

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 16,996	\$ 12,590	\$ 15,447	\$ 18,761	\$ 21,772	\$ 19,194	\$ 18,255	\$ 5,246	\$ 2,538	\$ 31,853
Unreserved	25,375	34,555	37,306	68,187	70,147	59,105	76,200	99,343	102,030	64,886
Total General Fund	<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>	<u>\$ 96,739</u>
All Other Governmental Funds										
Reserved	\$ 9,415	\$ 10,028	\$ 13,549	\$ 50,932	\$ 64,454	\$ 73,309	\$ 41,727	\$ 9,039	\$ 30,278	\$ 50,422
Unreserved, reported in:										
Special Revenue Funds	18,819	26,490	32,316	38,589	38,779	32,263	42,828	80,293	70,630	60,384
Capital Project Funds	10,563	11,765	26,059	15,439	17,117	13,793	19,877	27,245	31,638	21,233
Debt Service Funds	207	218	268	-	-	-	-	-	-	-
Total all other Governmental Funds	<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>	<u>\$ 132,039</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)**

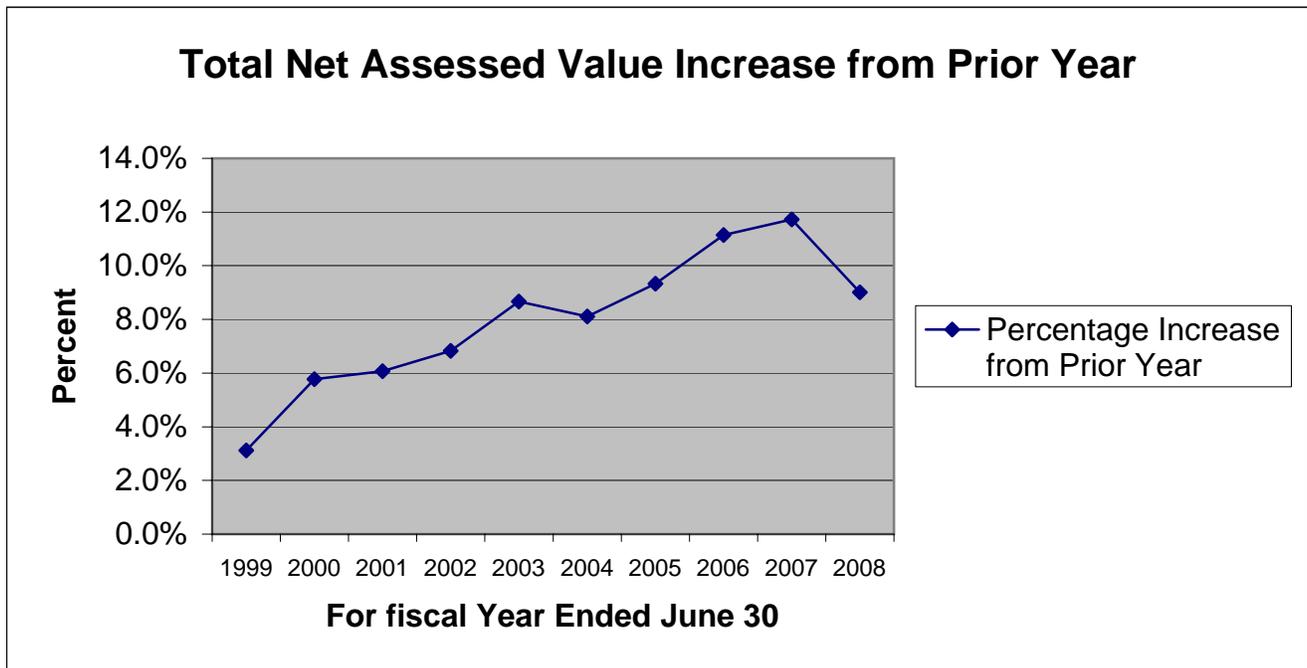
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>										
Taxes	\$ 65,576	\$ 69,266	\$ 85,851	\$ 85,472	\$ 83,404	\$ 90,553	\$ 112,565	\$ 128,586	\$ 141,934	\$ 144,596
Licenses, permits, and franchises	4,913	6,606	7,592	7,849	8,700	8,674	13,637	10,744	9,404	9,117
Fines, forfeits, and penalties	4,974	4,611	4,684	7,861	5,988	7,901	6,105	3,544	6,262	6,224
Revenues from use of money and property	5,802	6,231	7,600	10,439	4,839	2,973	4,063	6,637	9,789	8,452
Aid from governmental agencies	119,295	133,430	147,535	164,435	164,625	172,425	160,452	182,750	184,142	196,994
Charges for current services	21,249	21,372	24,584	46,664	48,957	54,300	54,769	55,547	55,083	50,592
Other revenues	11,958	16,988	16,742	10,162	4,319	4,608	4,712	7,146	6,750	3,122
Total revenues	<u>233,767</u>	<u>258,504</u>	<u>294,588</u>	<u>332,882</u>	<u>320,832</u>	<u>341,434</u>	<u>356,303</u>	<u>394,954</u>	<u>413,364</u>	<u>419,097</u>
<b>Expenditures</b>										
Current:										
General government	32,354	33,082	33,347	42,765	39,896	49,491	49,074	53,691	55,375	51,733
Public protection	72,970	74,332	80,691	89,119	95,815	101,203	107,355	116,791	126,043	134,058
Public ways and facilities	13,819	15,858	17,941	20,836	20,741	29,718	24,096	25,749	38,981	44,814
Health and sanitation	26,884	29,637	33,852	43,071	47,822	49,542	52,894	55,464	57,590	66,180
Public assistance	62,303	63,541	67,611	77,350	77,449	81,616	82,673	87,020	87,182	92,682
Education	6,033	6,500	6,775	7,285	6,972	7,606	7,802	7,891	8,755	9,698
Recreational and cultural services	5,343	5,195	6,255	4,800	4,853	5,645	5,092	4,159	8,005	9,911
Debt service:										
Principal payments	555	580	615	4,735	1,305	1,815	1,895	4,970	6,560	2,601
Interest and fiscal charges	1,403	1,053	1,082	3,121	2,959	5,105	6,226	5,774	6,401	5,593
Debt Issuance Costs	-	-	-	-	-	2,173	-	-	-	-
Capital outlay	2,916	6,263	6,320	7,919	15,147	14,490	18,673	9,551	10,241	13,333
Total expenditures	<u>224,580</u>	<u>236,041</u>	<u>254,489</u>	<u>301,001</u>	<u>312,959</u>	<u>348,404</u>	<u>355,780</u>	<u>371,060</u>	<u>405,133</u>	<u>430,603</u>
Excess (deficiency) of revenues over expenditures	<u>9,187</u>	<u>22,463</u>	<u>40,099</u>	<u>31,881</u>	<u>7,873</u>	<u>(6,970)</u>	<u>523</u>	<u>23,894</u>	<u>8,231</u>	<u>(11,506)</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>	<u>2008</u>
<b>Other Financing Sources</b>										
Proceeds of long term debt	-	-	-	-	21,982	137,194	-	-	5,090	7,325
Payment to San Luis Pension Trust	-	-	-	-	-	(135,000)	-	-	-	-
Discount on certificates of participation issued	-	-	-	-	-	-	-	-	-	(119)
Transfers in	8,067	8,144	12,268	21,970	36,960	29,420	19,792	31,910	42,996	42,324
Transfers out	(12,419)	(14,152)	(18,912)	(30,493)	(46,454)	(39,248)	(19,093)	(33,525)	(42,817)	(42,751)
Total other financing sources and uses	<u>(4,352)</u>	<u>(6,008)</u>	<u>(6,644)</u>	<u>(8,523)</u>	<u>12,488</u>	<u>(7,634)</u>	<u>699</u>	<u>(1,615)</u>	<u>5,269</u>	<u>6,779</u>
Net change in fund balances	\$ 4,835	\$ 16,455	\$ 33,455	\$ 23,358	\$ 20,361	\$ (14,604)	\$ 1,222	\$ 22,279	\$ 13,500	\$ (4,727)
Debt Service as a percentage of non capital expenditures	0.90%	0.76%	0.70%	2.75%	1.47%	2.88%	2.55%	3.12%	3.50%	2.13%

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
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	25,044,192	874,639	(632,857)	25,285,974	8.7%	1.0023
2004	27,134,968	859,295	(658,326)	27,335,937	8.1%	1.0023
2005	29,677,821	836,182	(627,898)	29,886,105	9.3%	1.0023
2006	32,984,334	933,185	(701,193)	33,216,326	11.1%	1.0022
2007	36,890,449	1,000,873	(781,070)	37,110,252	11.7%	1.0022
2008	40,252,987	1,035,443	(835,356)	40,453,074	9.0%	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)**

	<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>	<u>2008</u>
<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	0.00470	0.00350	0.00230	0.00230	0.00230	0.00230	0.00223	0.00222	0.00221	0.00220
Total Direct Rate	1.00470	1.00350	1.00230	1.00230	1.00230	1.00230	1.00223	1.00222	1.00221	1.00220
<b>Cities, Schools, and Special Districts Combined Rates</b>										
Arroyo Grande	0.0224	0.0168	0.0467	0.0365	0.0329	0.0403	0.0593	0.0423	0.0392	0.0422
Atascadero	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975
Grover Beach	0.0224	0.0168	0.0467	0.0365	0.0329	0.0273	0.0463	0.0313	0.0295	0.0333
Morro Bay	0.1075	0.0097	0.0086	0.0083	0.0081	0.0082	0.0081	0.0231	0.0231	0.0492
Paso Robles	0.3575	0.3575	0.3575	0.3575	0.1775	0.1775	0.1775	0.1082	0.0952	0.0997
Pismo Beach	0.0224	0.0168	0.0467	0.0365	0.0329	0.0273	0.0463	0.0335	0.0295	0.0333
San Luis Obispo	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 2008			Fiscal Year 1999		
		Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed
Pacific Gas & Electric Co.	Utility	\$ 2,264,071	1	5.60%	\$ 3,287,745	1	16.93%
TOSCO Corp	Oil and Construction	145,904	2	0.36%	173,967	2	0.90%
AIMCO Mustang Village LLC	Apartments	72,225	3	0.18%	-	-	-
AT&T California	Communications	69,865	4	0.17%	27,884	7	-
Beringer Wine Estates Company	Agrilculture	64,450	5	0.16%	45,453	5	0.23%
Martin Hotel Management LLC	Hotel	58,928	6	0.15%	-	-	-
Southern California Gas Co	Utility	52,984	7	0.13%	-	-	-
LSP Morro Bay, LLC	Utility	52,700	8	0.13%	50,936	4	0.26%
Centex Homes	Developer	52,478	9	0.13%	-	-	-
Twin Cities Com. Hospital	Health Care	52,370	10	0.13%	-	-	-
Pacific Bell	Utility	-	-	-	152,146	3	0.78%
Wings West	Transportation	-	-	-	23,728	10	0.12%
AMI Sierra Vista Hospital	Health Care	-	-	-	36,272	6	0.19%
Vons Companies Inc	Grocery Store	-	-	-	26,160	8	0.13%
Hearst Corp.	Real Estate	-	-	-	24,908	9	0.13%
<b>Total</b>		<b>\$ 2,885,975</b>		<b>7.13%</b>	<b>\$ 3,849,199</b>		<b>19.68%</b>
Total County Assessed Value		\$ 40,453,074			\$ 19,414,771		

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		
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%
2008	394,779	380,943	96.50%	13,836	3.50%

Note:

Amounts do not include Tax collections for Bonds or Special Assessments

Source: County Property Tax Booklet

**COUNTY OF SAN LUIS OBISPO**  
**Ratios of General Bonded Debt Outstanding**  
**Last 10 Fiscal Years (as available)**  
**(in thousands)**  
**(UNAUDITED)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Governmental Actives</b>								
Certificates of Participation	\$10,976	\$6,486	\$27,601	\$26,487	\$25,323	\$23,107	\$27,125	\$33,319
Less deferred amounts:								
For issuance discounts								(119)
Pension Obligation Bonds	-	-	-	137,194	137,194	135,199	130,504	129,034
<b>Business Type</b>								
Certificates of Participation	24,224	23,989	23,539	23,068	22,577	22,069	21,535	20,985
Pension Obligation Bonds								
State Note	3,228	3,117	3,003	3,211	3,077	15,126	26,144	31,824
Revenue Bonds	1,778	984	705	71	66	61	56	196,461
Add deferred amounts:								
For issuance premiums								6,371
General Obligation Bonds	<u>13,200</u>	<u>13,200</u>	<u>12,980</u>	<u>12,750</u>	<u>12,510</u>	<u>12,260</u>	<u>12,000</u>	<u>11,730</u>
<b>Total Outstanding Debt</b>	<u><u>\$53,406</u></u>	<u><u>\$47,776</u></u>	<u><u>\$67,828</u></u>	<u><u>\$202,781</u></u>	<u><u>\$200,747</u></u>	<u><u>\$207,822</u></u>	<u><u>\$217,364</u></u>	<u><u>\$429,605</u></u>
Percentage of Personal Income	0.74%	0.64%	0.88%	2.48%	17.09%	N/A	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%	1.06%
Per Capita	\$211.84	\$188.39	\$264.64	\$785.36	\$769.95	\$789.47	\$ 820.55	\$ 1,595.05

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 Discussion & Analysis

**COUNTY OF SAN LUIS OBISPO**  
**Legal Debt Margin Information**  
**Last 10 Fiscal Years**  
**(in thousands)**  
**(UNAUDITED)**

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Assessed Value of Property (a) (b)	\$ 19,414,771	\$ 20,535,126	\$ 21,782,683	\$ 23,269,466	\$ 25,285,975	\$ 27,335,938	\$ 29,886,105	\$ 33,216,326	\$ 37,110,252	\$ 40,453,074
Debt Limit, 1.25% of Assessed Value	242,685	256,689	272,284	290,868	316,075	341,699	373,576	415,204	463,878	505,663
<b><i>Amount of Debt Applicable to Limit</i></b>										
General Obligation Bonds (c)	-	-	13,200	13,200	12,980	12,750	12,510	12,260	12,000	11,730
Less: Resources Restricted to Paying Principal	-	-	-	-	-	-	-	-	-	-
Total Debt Applicable	-	-	13,200	13,200	12,980	12,750	12,510	12,260	12,000	11,730
Legal Debt Margin	<u>\$ 242,685</u>	<u>\$ 256,689</u>	<u>\$ 259,084</u>	<u>\$ 277,668</u>	<u>\$ 303,095</u>	<u>\$ 328,949</u>	<u>\$ 361,066</u>	<u>\$ 402,944</u>	<u>\$ 451,878</u>	<u>\$ 493,933</u>
Total Debt Applicable as a Percentage of the Debt Limit	0.00%	0.00%	4.85%	4.54%	4.11%	3.73%	3.35%	2.95%	2.59%	2.32%

Source:

(a) Property Assessed Value BOE report (years 1999-2007)

(b) Countywide Assessed Values & Exemptions 2007-2008 (year 2008)

(c) Table G of Management's Discussion and Analysis

**Assessed value calculation (in thousands)**

**Locally Assessed-Secured**

San Luis Obispo Countywide	\$37,747,777
Pipeline Right-of-Way (Unitary)	6,446
Aircraft	58,135
Total Local Assessed	37,812,358

**State Assessed**

Local Utility	69,769
Unitary	2,570,948
Total State Assessed	2,640,717

**Combined Assessed Values**

Sub-Total Combined Assessed Values	40,394,940
Aircraft	58,135
Total Combined Assessed Values	<u><u>\$40,453,075</u></u>

**COUNTY OF SAN LUIS OBISPO**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**  
**(UNAUDITED)**

Calendar Year	Population (1,a,c)	Personal Income	Per Capita Income (2,a,d)	Median Age (5,c)	School Enrollment (3,b,e)	Unemployment
		<i>(in thousands)</i> (2)				Rate (4,a)
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
2008	269,337	N/A	N/A	N/A	44,441	5.7

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	2008			1999		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
California Polytechnic State University, SLO	4,617	1	3.34%	2,200	2	1.96%
County of San Luis Obispo	2,598	2	1.88%	2,489	1	2.22%
Atascadero State Hospital	2,166	3	1.57%	1,758	3	1.57%
California Men's Colony	1,875	4	1.36%	1,607	4	1.43%
Pacific Gas and Electric Company	1,800	5	1.30%	1,525	5	1.36%
Cal Poly Foundation	1,568	6	1.13%	-	-	-
Cuesta College	1,116	8	0.81%	-	-	-
Lucia Mar Unified School District	1,276	7	0.92%	1,300	6	1.16%
San Luis Coastal Unified School District	821	9	0.59%	890	7	0.79%
Paso Robles Public Schools	821	10	0.59%	800	8	0.71%
Sierra Vista Regional Medical Center	-	-	-	770	9	0.69%
Atascadero Unified School District	-	-	-	689	10	0.62%
Total Employment Labor Force			138,200			112,000

Source:

2008 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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government	431.75	464.25	480.75	478.25	465.25	481.25	480.25	479.75	482.00	495.50
Public Protection	766.00	793.00	813.50	830.50	857.00	862.50	850.50	856.00	885.25	891.75
Public Ways and Facilities	195.50	178.50	182.50	182.50	191.50	194.50	184.00	185.00	185.25	191.25
Health and Sanitation	485.75	501.75	528.25	549.75	531.00	507.25	419.25	413.25	394.50	423.75
Public Assistance	369.50	417.00	426.50	441.50	464.50	464.50	439.00	438.75	443.75	453.25
Education	85.25	66.50	67.00	67.50	73.00	74.00	73.00	74.00	84.00	87.50
Recreation and Cultural Services	51.00	52.00	54.00	54.00	53.00	55.50	56.50	55.00	59.00	58.00
Total	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	2,601.00

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General Government</b>										
<b>Parks</b>										
<i>Day Use Passes</i>	87,532	85,876	79,718	72,971	71,874	64,679	53,906	62,951	66,899	65,895
<i>Annual Passes</i>	1,865	1,819	1,902	1,948	1,822	1,478	1,436	1,496	1,416	1,598
<i>Daily Boat Launches</i>	32,707	32,287	30,564	36,854	28,951	26,552	21,085	22,481	19,737	14,085
<i>Annual Boat Passes</i>	1,014	954	999	986	960	842	795	804	793	847
<b>Public Protection</b>										
<b>Planning and Building</b>										
<i>Total Permits Issued</i>	3,035	3,196	3,266	3,331	3,618	3,856	3,747	3,548	2,897	2,634
<i>Number of New Affordable Housing</i>	n/a	n/a	67	54	0	141	267	184	63	218
<b>Sheriff</b>										
<i>Jail bookings (a)</i>	12,039	12,638	13,108	13,741	14,182	15,016	14,240	14,927	18,718	18,321
<i>Average daily population (a)</i>	373	365	352	386	433	460	506	534	553	567
<b>Health Sanitation</b>										
<b>Mental Health</b>										
<i>Total number of patient days in State Hospitals</i>	n/a	n/a	0	182	410	571	986	522	447	730
<b>Public Health</b>										
<i>No. of Children enrolled in the Health Families Pgm</i>	n/a	n/a	2,786	3,378	3,833	3,824	4,331	4,436	4,752	4,850
<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	1.8	3.1	3.8	3.3	2.9	3.8	3.8	n/a
<b>Education</b>										
<b>Library</b>										
<i>Annual number of items circulated per capita</i>	n/a	n/a	7.0	7.6	7.2	7.1	5.8	6.0	7.0	7.5
<i>Annual Expenditure per capita for total Library budget</i>	n/a	n/a	\$ 21.87	\$ 23.11	\$ 24.30	\$ 24.03	\$ 27.37	\$ 28.34	\$ 31.07	\$ 33.75
<b>Public Ways and facilities</b>										
<b>Roads</b>										
<i>Pavement Condition Rating for all county roads (70 = "good")</i>	74	70	68	65	64	64	58	70	69	65
<b>Airport</b>										
<b>Airport</b>										
<i>Takeoffs and Landings (a)</i>	130,468	120,650	114,732	113,292	119,613	115,066	101,849	n/a	92,096	96,172
<i>Passenger Enplanements</i>	146,195	156,866	161,293	148,347	152,607	154,726	173,370	182,177	177,176	182,285

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)**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>General Government</b>										
County golf courses	3	3	3	3	3	3	3	3	3	3
Park acreage	11,861	11,861	11,886	11,946	11,946	11,946	12,026	12,056	12,056	13,402
<b>Public Protection</b>										
Correction facility capacities (a)	689	689	689	689	689	689	693	693	684	693
<b>Recreation and Cultural Services</b>										
Miles of county roads	1,293	1,300	1,305	1,302	1,312	1,315	1,317	1,321	1,321	1,334
<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 Governme  
(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