



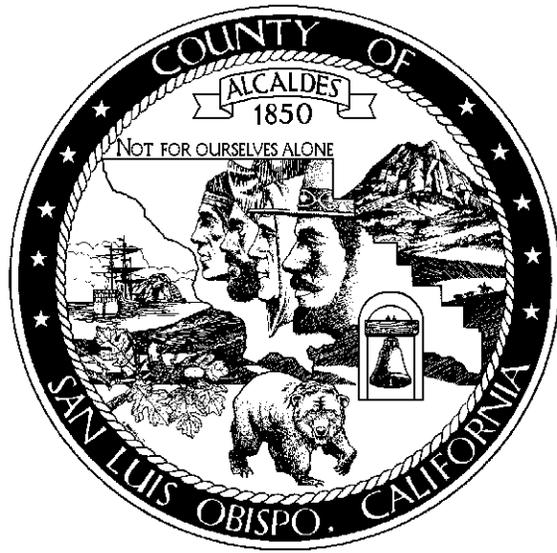
County of San Luis Obispo, California Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2009

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

Cover Photograph

Morro Bay waterfront looking across the bay from the sand spit

Photographed by Mary Munds, Auditor-Controller's office



COUNTY OF SAN LUIS OBISPO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2009

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INTRODUCTORY SECTION



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December 30, 2009

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, 2009, 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, 2009, 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, 2009, 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 the 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 270,429 residents. Approximately 44% 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 public safety and fire protection; construction and maintenance of highways, streets, and other infrastructure; health and social programs that promote the well-being of the community; and recreational activities and cultural events.

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

and quarterly reports are submitted by each department to the County Administrator and the Board on the status of their budgets.

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

Factors Affecting Financial Condition

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

Local economy: The County of San Luis Obispo, 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 9.0%, which is lower than the state (11.6%) and in line with the national average (9.5%). 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 downturn in the economy. Property tax revenue receipts were \$141.6 million, a modest 3.6% increase over the prior year. People's desire to live in the area kept the median home price at \$370,000, although this figure is dramatically down 12.0% from the previous year. Property transfer tax dropped to \$1.4 million, 26% below last year, clearly demonstrating the sluggish real estate market. Overall there were only moderate changes in other economic indicators during 08-09 FY. The forecast for 09-10 FY does not appear to be any more promising, however, the housing market and unemployment are expected to stabilize during the third and fourth quarters of 09-10 FY.

Long-term financial planning: The 09-10 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 \$467.7 million spending level which is a reduction over the \$492.7 million budget from 08-09 FY. The general fund included \$380.7 million appropriated to finance the current year's expenditures including contingencies, with \$8 million placed in general reserves, and \$12.9 million earmarked for designations. The 09-10 FY budget anticipates that the 2010-11 FY will be at least as financially difficult. Accepting this outlook, 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 09-10 FY capital budget included very few new projects and no new General Fund money. Additionally, the amount budgeted for maintenance projects was only \$48,000 (2.5%) higher than 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 1.83% during fiscal year 2008-09. At June 30, 2009, the County had \$539.1 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 permanent 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 10.08% 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 a diversified portfolio comprised of domestic equities, international equities, domestic fixed income, international fixed income, real estate, alternative investments (commodities, infrastructure, private equity), and other short-term investments. As of December 31, 2008, 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, 2008 were \$610.2 million, a \$221.9 million decrease from the prior year. As of December 31, 2008 (January 1, 2009), the date of the last actuarial evaluation, the funded

ratio for all Pension Trust's agencies was 73.5% indicating that for every dollar of benefits due approximately \$0.74 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, 2008. This was the twenty-third 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 large initial "G" and "S".

Gere W. Sibbach, CPA
Auditor-Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of San Luis Obispo
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



President

Executive Director

COUNTY OF SAN LUIS OBISPO

LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2009

Elected Officials

Board of Supervisors

District #1 *Vice-Chairperson*..... Frank Mecham
 District #2..... Bruce Gibson
 District #3 Adam Hill
 District #4..... K.H. "Katcho" Achadjian
 District #5 *Chairperson*..... James R. Patterson

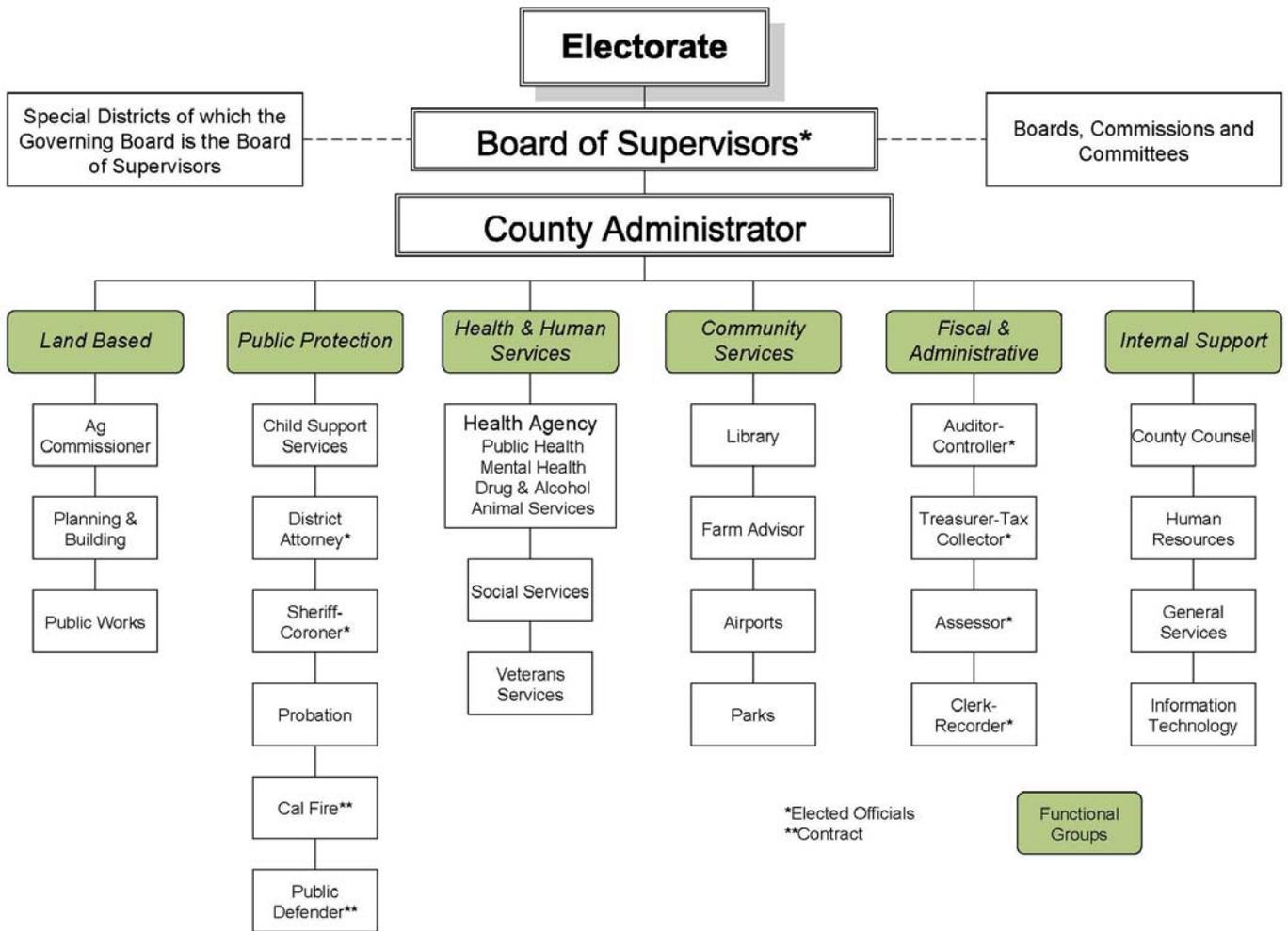
Other Elected Officials

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 James Salio
 Child Support Services Director Phil Lowe
 County Administrator Jim Grant
 County Counsel Warren Jensen
 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
 Public Health Officer Penny Borenstein
 Human Resources Director Tami Douglas-Schatz
 Library Director Brian A. Reynolds
 Public Works Director Paavo Ogren
 Social Services Director Lee Collins
 Veterans Services Officer Michael Piepenburg

County of San Luis Obispo Organizational Chart



FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of San Luis Obispo, California (County), as of and for the year ended June 30, 2009, 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 \$611,430,167 as of December 31, 2008, and total losses prior to deductions of \$180,838,350 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 County'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, 2009, 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 28, 2009 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.



Roseville, California
December 28, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS



**COUNTY OF SAN LUIS OBISPO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

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, 2009. 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 \$1,476,868 (*net assets*). Of this amount \$204,537 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors, \$41,188 is restricted for specific purposes (*restricted net assets*), and \$1,231,143 is invested in capital assets, net of related debt. (Table A)
- ❖ The County's net assets increased by \$31,436 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, 2009, the County's governmental activities reported combined ending net assets of \$1,297,414, an increase of \$24,091 in comparison with the prior year. Approximately 15% of the combined fund balances, or \$192,271 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 \$5,237 before general revenues, contributions and transfers from other funds, an increased loss of \$2,859 from the prior year. A key factor contributing to the change was a \$2,750 decline in billings to Nacimiento Water Project participants.
- ❖ At the end of the fiscal year, unreserved fund balance of the general fund was \$63,626, or 19% of total general fund expenditures.
- ❖ The County issued \$1.254 million in new debt during the year to finance various capital projects. New debt consisted of \$438 thousand in Certificates of Participation to fund a water system improvement project in CSA 23 and an \$816 thousand loan from the State for construction of water systems in unincorporated communities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 82 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 111 to 133 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 167 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 \$1,476,868.

Table A
Statement of Net Assets
June 30, 2009
(in thousands)

	June 30, 2009			June 30, 2008			2008-2009
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
Assets:							
Current assets	\$ 321,775	\$ 47,157	\$ 368,932	\$ 306,320	\$ 50,480	\$ 356,800	3.4%
Other long-term assets	128,280	80,872	209,152	137,186	161,237	298,423	(29.9%)
Capital assets	<u>1,091,507</u>	<u>355,661</u>	<u>1,447,168</u>	<u>1,070,738</u>	<u>264,732</u>	<u>1,335,470</u>	8.4%
Total assets	<u>1,541,562</u>	<u>483,690</u>	<u>2,025,252</u>	<u>1,514,244</u>	<u>476,449</u>	<u>1,990,693</u>	1.7%
Liabilities:							
Long-term liabilities	183,827	265,148	448,975	186,248	266,258	452,506	(0.8%)
Other liabilities	63,479	35,930	99,409	58,068	34,687	92,755	7.2%
Internal balances	<u>(3,158)</u>	<u>3,158</u>	-	<u>(3,395)</u>	<u>3,395</u>	-	-
Total liabilities	<u>244,148</u>	<u>304,236</u>	<u>548,384</u>	<u>247,921</u>	<u>304,340</u>	<u>545,261</u>	0.6%
Net assets:							
Invested in capital assets, net related debt	1,063,955	167,188	1,231,143	1,047,361	155,907	1,203,268	2.3%
Restricted	41,188	-	41,188	52,566	-	52,566	(21.6%)
Unrestricted	<u>192,271</u>	<u>12,266</u>	<u>204,537</u>	<u>173,396</u>	<u>16,202</u>	<u>189,598</u>	7.9%
Total net assets	<u>\$ 1,297,414</u>	<u>\$ 179,454</u>	<u>\$ 1,476,868</u>	<u>\$ 1,273,323</u>	<u>\$ 172,109</u>	<u>\$ 1,445,432</u>	2.2%

Analysis of Net Assets

Approximately 14%, or \$204,537 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, \$1,231,143 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 \$41,188, or 3%, represents resources that are subject to external restrictions on how they may be used.

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

During the current fiscal year, the County's total net assets increased by \$31,436. The majority of the increase or \$27,875 occurred in *Invested in capital assets, net related debt*. Increases totaling \$16,594 occurred in Governmental Activities. The County completed several large capital projects during FY 2008/2009. Among them were the SLO Health Campus Infrastructure and Renovations projects, the Bishop Street Parking Lot, and the Sheriff Holding Cell Expansion. Increases totaling \$11,281 occurred in Business Type Activities. The Airport completed construction of 65 T-Hangars dedicated to General Aviation and the Engineered Material Arresting System (EMAS) project to improve runway safety.

There was a decrease of \$11,378 in restricted net assets reported in connection with governmental activities. Key factors that led to the decrease were a decrease in encumbered funds, a decline in Public Facilities and Road Impact Fees, and a reduction in net assets in debt service funds.

Unrestricted net assets increased by \$14,939. This change is the result of the net effect of the use of existing designations and the establishment of new designations by actions of the Board and management.

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, 2009
(in thousands)

	June 30, 2009			June 30, 2008			2008-2009
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government	Total % Chg
Revenues:							
Program revenues:							
Charges for services	\$ 60,704	\$ 21,516	\$ 82,220	\$ 54,780	\$ 25,947	\$ 80,727	1.8%
Operating grants and contributions	181,999	1,164	183,163	176,249	1,482	177,731	3.0%
Capital grants and contributions	6,855	7,025	13,880	16,726	19,366	36,092	(160.0%)
General revenues:							
Property taxes	141,195	3,678	144,873	133,292	3,402	136,694	5.6%
Other taxes	14,389	27	14,416	15,881	25	15,906	(10.3%)
Interest and investment income	4,646	6,190	10,836	9,790	7,290	17,080	(57.6%)
Grants not restricted to specific programs	4,890	-	4,890	4,019	-	4,019	17.8%
Other revenues	-	572	572	-	267	267	53.3%
Total revenues	<u>414,678</u>	<u>40,172</u>	<u>454,850</u>	<u>410,737</u>	<u>57,779</u>	<u>468,516</u>	(3.0%)
Expenses:							
General government	41,658	-	41,658	46,971	-	46,971	(12.8%)
Public protection	136,755	-	136,755	135,987	-	135,987	0.6%
Public ways and facilities	24,713	-	24,713	24,503	-	24,503	0.8%
Health sanitation	66,542	-	66,542	66,382	-	66,382	0.2%
Public assistance	97,803	-	97,803	93,472	-	93,472	4.4%
Education	10,967	-	10,967	9,966	-	9,966	9.1%
Recreational and cultural services	7,561	-	7,561	6,024	-	6,024	20.3%
Interest on Long-term debt	5,433	-	5,433	5,771	-	5,771	(6.2%)
Airport	-	4,559	4,559	-	7,809	7,809	(71.3%)
Golf	-	3,249	3,249	-	3,033	3,033	6.6%
State water contract	-	5,661	5,661	-	5,179	5,179	8.5%
Nacimiento Water Contract	-	10,144	10,144	-	20,021	20,021	(97.4%)
Lopez dam	-	6,189	6,189	-	7,945	7,945	(28.4%)
Nonmajor special districts	-	5,133	5,133	-	5,179	5,179	(0.9%)
Total expenses	<u>391,432</u>	<u>34,935</u>	<u>426,367</u>	<u>389,076</u>	<u>49,166</u>	<u>438,242</u>	(-2.8%)
Excess before transfers	<u>23,246</u>	<u>5,237</u>	<u>28,483</u>	<u>21,661</u>	<u>8,613</u>	<u>30,274</u>	(6.3%)
Transfers	<u>845</u>	<u>(845)</u>	<u>-</u>	<u>(964)</u>	<u>964</u>	<u>-</u>	
Change in net assets	24,091	4,392	28,483	20,697	9,577	30,274	(6.3%)
Net assets at beginning 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%
Prior period adjustments	-	2,953	2,953	-	-	-	100.0%
Net assets at end of year	<u>\$ 1,297,414</u>	<u>\$ 179,454</u>	<u>\$ 1,476,868</u>	<u>\$ 1,273,323</u>	<u>\$ 172,109</u>	<u>\$ 1,445,432</u>	2.1%

Analysis of Governmental and Business-type Activities

Governmental Activities

Governmental activities increased San Luis Obispo County's net assets by \$24,091, accounting for 77% of the total growth in the net assets of the County. Factors contributing to the increase are as follows:

Total revenues from Governmental Activities posted a net increase of \$3.9 million from the prior year. Large increases in *Charges for Services* (\$5.9 million), and *Property taxes* (\$7.9 million) offset declines in *Capital Grants and Contributions* (\$9.9 million) and *Interest and Investment Income* (\$5.1 million). Key components of the increase in *Charges for Services* were increases in Camping Fees (\$1.2 million), Court Fines (\$.5 million), and Water Sales (\$1.4 million). Despite the sluggish housing market, increases in Property Taxes helped offset a decline in Capital Grants and Contributions. The County received State and Federal grants in FY 2008 that it used to fund several large infrastructure projects. Comparable funding was not received in FY 2009. The large decline in *Interest and Investment Income* was a direct result of falling interest rates and turmoil in world financial markets.

Total expenses from Governmental Activities increased by \$2 million from the prior year. This modest increase was the net result of a large decrease in *General Government* (\$5.3 million) offset by increases in *Public Assistance* (\$4.3 million), *Recreation and Cultural*, and *Education*. The significant decrease in *General Government* was the result of aggressive cost control measures which included a hiring freeze, mid-year budget reductions, early retirement incentives, and postponement of non-essential maintenance projects. Public Assistance costs rose, driven by increased labor costs and caseload growth.

Business-type Activities

Business-type Activities increased San Luis Obispo County's net assets by \$7,345, accounting for 23% of the total growth in the government's net assets. Revenues exceeded expenses by \$4.4 million in the current year. Key elements of the increase are as follows:

Total revenue decreased \$17.6 million from the preceding year. The largest decrease occurred in *Capital grants and contributions* (\$12.3 million) followed by *Charges for Services* (\$4.4 million) and *Investment Income* (\$1.1 million). The Airport experienced the most significant revenue decreases. Several large Airport capital projects were in progress in FY 2008 causing a temporary increase in grant revenue that year. Activity dropped off in FY 2009. The Airport also experienced a decline in operating revenue caused by the reduction of airline service and the resulting drop in passenger traffic. Billings to Nacimiento Water Project participants totaling \$3 million caused a spike in *Charges for Services* in FY 2008. BY FY 2009, billings to participants had fallen to \$250 thousand. Falling interest rates and a weak economy led to a decline in *Investment Income* in FY 2009.

Expenses for Business-type Activities decreased \$14.2 million. One-time reimbursement payments to Nacimiento Water Project participants totaling \$12.3 million caused a notable increase in expenses in FY 2008. That year the County used debt proceeds to reimburse project participants for funds used to cover design costs. The Airport incurred significant legal costs associated with runway expansion projects in FY 2008. These costs were inadvertently expensed in FY 2008 and appear as a prior period adjustment in the current year.

FUND FINANCIAL STATEMENT ANALYSIS

FINANCIAL ANALYSIS OF COUNTY'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$221,835, a decrease of 3%, or \$6,943 in comparison with the prior year. Approximately 62% of the combined fund balances, or \$138,577, constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of fund balance, \$83,258, is reserved for the following reasons: 1) liquidate contracts and purchase orders of the prior period (\$5,651); 2) amounts due from other funds that are long-term in nature and do not represent available spendable resources (\$9,385); 3) to pay debt service (\$11,321); 4) amounts reserved by outside agencies or legislation to pay for specific programs or specific use (\$56,460) and 5) other restricted purposes (\$441).

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 \$63,626 while total fund balance reached \$104,187. 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 \$338,358. Unreserved fund balance represents 19% of the total fund expenditures, while total fund balance represents 31% of the same amount. During the current fiscal year the fund balance of general fund increased by \$7,448.

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

- ❖ Total revenues exceeded total expenditures by \$24.3 million. General fund revenues rose \$15.7 million from the prior year while total expenditures increased \$9 million.
- ❖ The largest increases in revenue occurred in Taxes (\$9.1 million) followed by Charges for Current Services (\$3.8 million). Current Property Taxes, Property Tax in Lieu of Sales Tax, and Property Tax in Lieu of VLF contributed to the majority of the increase seen in Taxes. Increases in Charges for Current Services were attributable to revenue increases in Administrative Services, Election Services, and Public Defender Reimbursement Fees.
- ❖ The most notable changes in expenditures occurred in Public Protection, Public Assistance, and General Government. Public Protection expenditures rose \$5.1 million. Rising labor costs tied to \$3.2 million in prevailing wage increases and a 1.5% pension contribution increase contributed to the majority of the increase in Public Protection expenditures. The second highest increase (\$4.7 million) occurred in Public Assistance. The cost of providing services was driven up by a \$1.7 million prevailing wage increase, IHSS wages and benefits increases, and increased caseloads. Activity financed by Workforce Investment Act (WIA) funds also saw a sharp increase as the County geared up to handle an ever increasing need for services. Although expenditures rose in other areas, General Government experienced a \$3.2 million decrease. The key drivers for the decrease were a 2.5% mid-year budget reduction, a hiring freeze, and significant cost containment measures implemented by departments.
- ❖ Transfers out from general fund totaled \$21.7 million. Operating transfers to other funds included \$.8 million to fund building replacement, \$9.1 million to support County Roads, \$3.6 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 \$24,915. Capital outlay expenditures exceeded total revenues by \$705 thousand and transfers in exceeded transfers out by \$1.9 million. The net of these two factors resulted in a \$1.2 million increase 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. Significant current year activities of the Capital Projects Fund are discussed in the Capital Assets section under Governmental Activities.

Governmental Fund Revenues

Revenues for governmental funds combined totaled \$423,114 in the current fiscal year, which represents an increase of approximately 1.0% or \$4,017 from the prior fiscal year revenues of \$419,097.

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, 2009
(in thousands)

	2008/2009		2007/2008		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Revenues by Source:						
Taxes	\$ 154,155	36.4%	\$ 144,596	34.5%	\$ 9,559	6.6%
Licenses, Permits, Franchises	8,006	1.9%	9,117	2.2%	(1,111)	(12.2%)
Fines, Forfeits, and Penalties	6,973	1.6%	6,224	1.5%	749	12.0%
Revenues from Use of Money and Property	4,122	1.0%	8,452	2.0%	(4,330)	(51.2%)
Aid from Governmental Agencies	188,794	44.7%	196,994	47.0%	(8,200)	(4.2%)
Charges for Current Services	54,208	12.8%	50,592	12.1%	3,616	7.1%
Other Revenues	6,856	1.6%	3,122	0.7%	3,734	119.6%
Total	\$ 423,114	100%	\$ 419,097	100%	\$ 4,017	1.0%

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

- ❖ *Taxes* increased \$9.6 million or 6.6%. The majority of the increase was attributable to a \$4.6 million increase in current secured property taxes, the result of a 5.3% increase in net assessed valuations, and a \$3.1 million increase in prior year secured property taxes. The County also experienced increases in property tax in lieu of VLF and property tax in lieu of sales tax.
- ❖ *Revenues from Use of Money and Property* decreased \$4.3 million or 51.2%. The most significant factor contributing to the decrease was the decline in interest earned by the County treasury pool. The \$4.3 million drop experienced in FY 2009 was a sign of the meltdown in the financial markets. The average annual Treasury interest rate plunged from 4.16% in FY 2008 to 1.89% in FY 2009.
- ❖ *Aid from Governmental Agencies* decreased \$8.2 million or 4.2%. The most significant decreases occurred in State Aid. In FY 2009, the County realized a decrease in State Prop 1B funds for infrastructure projects (\$4.7 million), Realignment (\$1.9 million), State Prop 40 Clean Water Clean Air revenue (\$1.2 million), and Prop 172 Public Safety revenue (\$2.3 million). These decreases were partially offset by the FY 2009 receipt of \$3.2 million in Traffic Congestion Relief funds representing a one time catch up by the State for multiple years of deferred payments.

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, 2009
(in thousands)

	2008/2009		2007/2008		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Expenditures by Function:						
General Government	\$ 51,461	11.9%	\$ 51,733	12.1%	\$ (272)	(0.5%)
Public Protection	140,746	32.6%	134,058	31.1%	6,688	5.0%
Public Ways and Facilities	42,139	9.8%	44,814	10.5%	(2,675)	(6.0%)
Health and Sanitation	67,267	15.6%	66,180	15.4%	1,087	1.6%
Public Assistance	98,170	22.8%	92,682	21.6%	5,488	5.9%
Education	11,016	2.6%	9,698	2.3%	1,318	13.6%
Recreational and Cultural Services	8,654	2.0%	9,911	2.3%	(1,257)	(12.7%)
Principal payments	3,264	.8%	2,601	.6%	663	25.5%
Interest on Long-Term Debt	5,181	1.2%	5,593	1.3%	(412)	(7.4%)
Capital outlay	2,849	.7%	13,333	3.1%	(10,484)	(78.6%)
Total	\$ 430,747	100%	\$ 430,603	100%	\$ 144	.03%

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

- ❖ *Public Protection* expenditures increased by a total of \$6.7 million or 5.0%. Rising salary and benefits costs driven by 3% - 7% prevailing wage adjustments and cafeteria increases for law enforcement personnel were the key factors causing the increase. In addition, Public Protection construction activity ramped up in FY 2009. Public Works oversaw \$2.7 million of flood control improvements in the West Village area of Cambria.
- ❖ *Public Assistance* expenditures increased \$5.5 million or 5.9%. Caseloads for CalWORKS and Kin-Gap rose 8% in FY 2009. Although State and Federal revenue provide the majority of the funding for this mandated assistance, the County has a match requirement. Expenditures for In-Home Supportive Services (IHSS) ran higher than the previous year due to IHSS wage and benefits increases and costs driven by increased caseload growth.
- ❖ *Capital Outlay* expenditures decreased \$10.5 million or 78.6%. The County elected to defer capital improvements that require General Fund support in FY 2008/2009 as one of many short-term budget balancing solutions. Work continued on several previously budgeted capital projects in FY 2008/2009, but the County did not incur project costs comparable to the Paso Courthouse project with construction costs totaling \$8.2 million in FY 2007/2008.

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 2008/2009 fiscal year.

Table E
Statement of Revenues, Expenses and Results of Operations
Proprietary Funds
Fund Financial Statements
For the Year Ended June 30, 2009
(in thousands)

	Major Funds				Nonmajor Funds	Total
	Airport	Nacimiento Water Contract	State Water Project	Lopez Flood Control	Other Enterprise Funds	Total Enterprise
Operating revenues	\$ 3,734	\$ 284	\$ 5,767	\$ 5,494	\$ 6,237	\$ 21,516
Operating expenses	4,379	487	5,644	4,264	8,039	22,813
Operating income (loss)	(645)	(203)	123	1,230	(1,802)	(1,297)
Non-operating revenues (expenses), net	10	(2,722)	1,091	(609)	1,588	(642)
Net income (loss) before contributions and transfers	(635)	(2,925)	1,214	621	(214)	(1,939)
Contributions and transfers, net	6,693	-	-	-	(513)	6,180
Change in net assets	\$ 6,058	\$ (2,925)	\$ 1,214	\$ 621	\$ (727)	\$ 4,241

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 \$645 thousand and an increase in net assets of \$6.1 million. A reduction in airline service adversely impacted passenger traffic leading to a decline in revenue in FY 2008/2009. The majority of the increase in net assets is attributable to the receipt of federal revenue to finance various construction projects including runway extensions, a parking ramp, and runway safety improvements.
- ❖ *The Nacimiento Water Contract Fund* experienced an operating loss of \$203 thousand and reported a decrease in net assets of \$2.9 million. Construction continued on the \$196 million project designed to transport water 45 miles from Lake Nacimiento to San Luis Obispo. FY 2008/2009 non-operating revenue and expenses included \$5.7 million in interest revenue and \$9.7 million in interest expense.
- ❖ *The State Water Project Fund* reported operating income of \$123 thousand and an increase in net assets of \$1.2 million. The State Water Project fund provides for delivery of state water. The County sold some of its excess state water allocation to other agencies in Santa Barbara County in 2009. Non-operating revenues included \$903 thousand in property taxes and \$220 thousand in interest.
- ❖ *The Lopez Flood Control Fund* reported operating income of \$1.2 million and an increase in net assets of \$621 thousand. Lopez Flood Control maintains the Lopez Dam and is responsible for water treatment and distribution to five south county agencies. Non-operating revenue and expenses included property taxes of \$1.2 million and \$1.9 million in 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 \$27.8 million. This increase was funded in part by increases in budgeted revenues of \$15.6 million and the use of reserves and designations for the balance. Unanticipated revenues totaling \$13 million from State and Federal Aid, \$2 million from Charges for Current Services, and \$.4 million in Fines, Forfeitures, and Penalties were used to finance the budget augmentations. The largest budget augmentations occurred in the functional areas of General Government (\$9.2 million) and Public Protection (\$8.9 million). The majority of the increase in the budget for General Government is attributable to \$6.3 million in maintenance projects that were carried forward from FY 2008 to FY 2009. An additional \$1.0 million was appropriated for special projects and unreimbursed special election costs in the Clerk-Recorder's budget. The second largest increase occurred in Public Protection. Unbudgeted prevailing wage increases, overtime costs, and an increase in grant funding led to \$3.4 million in budget augmentations for the Sheriff, the District Attorney, and Probation. County Fire added \$2.2 million to its budget for planned equipment replacement and the development of emergency evacuation and operational plans. At the close of the current fiscal year, actual General Fund expenditures were 87% of budget, while General Fund revenues were realized at 96% of budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the County had \$1,447,168 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 \$111,698 or 8.4% over last year.

Table F
Capital Assets
June 30, 2009
(in thousands)

	Governmental Activities July 1, 2008	Governmental Activities June 30, 2009	Business Type Activities July 1, 2008	Business Type Activities June 30, 2009	Total Capital Assets July 1, 2008	Total Capital Assets June 30, 2009	Total Percent Change
Land	\$ 23,109	24,581	\$ 18,237	\$ 22,413	\$ 41,346	46,994	13.7%
Water Rights	-	-	35,652	37,487	35,652	37,487	5.1%
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	91,876	108,663	114,856	186,857	206,732	295,520	42.9%
Structures & Improvements	131,293	149,190	121,119	132,585	252,412	281,775	11.6%
Equipment	61,709	64,329	2,522	2,371	64,231	66,700	3.8%
Other Property Depreciable	-	340	554	554	554	894	61.4%
Infrastructure Depreciable	206,118	206,141	50	27	206,168	206,168	-
Subtotal	1,271,801	1,310,940	294,958	384,262	1,566,759	1,695,202	8.2%
Less Accumulated Depreciation	(201,063)	(219,433)	(30,226)	(28,601)	(231,289)	(248,034)	7.2%
Total	\$ 1,070,738	\$ 1,091,507	\$ 264,732	\$ 355,661	\$ 1,335,470	\$ 1,447,168	8.4%

Major additions and future commitments in capital assets – Governmental activities

The \$9 million Health Campus Renovations project was completed in fiscal year 2008/2009. Various County health related services are now being provided at the former General Hospital site. Construction neared completion on the \$11.7 million Paso Robles Courthouse project. The new facility is currently being used for north county court proceedings. Future projects include extension of the Bob Jones bicycle trail, expansion of the Juvenile Hall and Women's Jail, and construction of the Creston fire station.

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

Construction continued on the \$200 million Nacimiento Water Project. The pipeline project will transport water from Lake Nacimiento and deliver it to the communities of Paso Robles, Cayucos, Templeton, Atascadero, and San Luis Obispo. Construction is scheduled to be complete in mid to late 2010. The \$26 million Lopez Water Treatment Plant upgrade entered the final stages of completion in 2009. The upgraded facility will provide state of the art technology for the treatment of Lopez water delivered to south county agencies.

In fiscal year 2008/2009, the Airport completed construction of the \$12.2 million Engineered Material Arresting System (EMAS) designed to assist in stopping aircraft that may overrun the runway. The Airport also completed construction on a \$4.7 million T-Hangar project. The 65 T-hangars are owned by the Airport and rented out.

Work continued on several Airport capital projects. The Airport's \$1 million fuel farm facility is scheduled for completion in 2010. The fuel farm facility will generate income for the Airport. Plans to build a new parking garage and a terminal expansion project have been put on hold due to reduced demand and the uncertain availability of federal grants. In the meantime, the Airport is moving forward with \$4 million in parking area improvements.

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 \$426,383. The County's balance of the 1993 Pension Obligation Bonds is \$127,169. The Pension Obligation Bonds debt service payments are funded by County payroll benefits. Of the balance remaining, \$11,450 is backed by the full faith and credit of the County. The remainder of the County's debt consists of: \$52,653 in certificates of participation, which are repaid from a variety of revenues; \$32,284 in State loans and \$202,827 in revenue bonds which are repaid with water service revenue. Additionally, the County is liable for \$3,391 of special assessment debt in the event of default by the property owner subject to the assessment.

Table G
Outstanding Debt
June 30, 2009
(in thousands)

	Governmental Activities June 30, 2008	Governmental Activities June 30, 2009	Business Type Activities June 30, 2008	Business Type Activities June 30, 2009	Total June 30, 2008	Total June 30, 2009	Total Percent Change
Certificates of participation	\$ 33,200	\$ 31,805	\$ 20,985	\$ 20,848	\$ 54,185	\$ 52,653	(2.8%)
Pension Obligation Bonds	129,034	127,169	-	-	129,034	127,169	(1.4%)
State notes	-	-	31,824	32,284	31,824	32,284	1.4%
Revenue bonds	-	-	202,832	202,827	202,832	202,827	-
General obligation bonds	-	-	11,730	11,450	11,730	11,450	(2.4%)
	<u>\$ 162,234</u>	<u>\$ 158,974</u>	<u>\$ 267,371</u>	<u>\$ 267,409</u>	<u>\$ 429,605</u>	<u>\$ 426,383</u>	(0.8%)

The decrease over last year for the County's notes and bonds payable was \$3,222, or 0.8%. This decrease is the net of new debt issuances and scheduled debt payments. The County issued \$438 in Certificates of Participation for a water system improvement project in CSA 23 and borrowed \$816 from the State for construction of water systems in unincorporated communities.

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 \$532,357.

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

Other liabilities include compensated absences (\$24.8 million), landfill post-closure costs (\$3 million), and self-insurance (\$20 million). More detailed information about the County's long-term liabilities are presented in Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- ❖ The County was faced with unprecedented fiscal challenges in preparing the budget for the 2009/2010 fiscal year.
- ❖ Faced with a \$30 million budget gap in the General Fund, the County used a combination of one-time solutions, expenditure reductions, and Federal Stimulus funding to bridge the gap. One-time solutions included (1) reducing contingencies from 5% to 4%, (2) using reserves, (3) reducing General Fund support to Roads and Organizational Development, (3) deferring maintenance and capital projects, and (4) recording operating transfers in from other funds. \$18.5 million in expenditure reductions were made according to the Board's two highest priorities, meeting legal mandates and maintaining public safety.
- ❖ The County's unemployment rate rose to 9.0% in June 2009, lower than the state rate of 11.6% and the national rate of 9.5%.
- ❖ The major sources of revenues stimulated by the economy have shown signs of leveling off or declining.
 - For the third year in a row, local housing prices dropped. The median price of homes in San Luis Obispo County fell from \$430,000 in September 2008 to \$384,750 in September 2009. Property transfer tax revenue declined 28% in FY 2009.
 - County assessed property tax valuations increased 5.3%. The double digit increases seen in 2006 and 2007 have been replaced by more moderate gains.
 - Transit Occupancy tax collections dropped 6%. Fewer visitors are coming to the County due to the downturn in the economy.
 - Sales and Use Tax revenue decreased 8%, a direct result of a decline in consumer spending and the tightening credit market.
- ❖ The Board of Supervisors adopted the 2009-2010 budget in June 2009, with a \$41 million fund balance in the general fund, of which \$13.3 million was appropriated to finance the current year's expenditures including contingencies, \$8 million was placed in general reserves, and \$12.9 million was earmarked for designations. The total General Fund budget for 2009-2010 is \$381 million, a 1.8% decrease 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.

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



COUNTY OF SAN LUIS OBISPO
Statement of Net Assets
June 30, 2009 (in thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 266,025	\$ 44,133	\$ 310,158
Accounts receivable, net	1,287	1,392	2,679
Property taxes receivable	18,293	--	18,293
Other receivables	1,495	302	1,797
Due from other governments	33,658	1,079	34,737
Deposits with others	--	223	223
Inventories	682	--	682
Prepaid items	335	28	363
Total Current Assets	<u>321,775</u>	<u>47,157</u>	<u>368,932</u>
Noncurrent Assets:			
Restricted cash with fiscal agent	4,262	78,677	82,939
Net pension asset	122,266	--	122,266
Prepaid bond issuance costs	1,752	2,195	3,947
Capital Assets:			
Nondepreciable	890,940	248,725	1,139,665
Depreciable, net	200,567	106,936	307,503
Total Noncurrent Assets	<u>1,219,787</u>	<u>436,533</u>	<u>1,656,320</u>
Total Assets	<u>1,541,562</u>	<u>483,690</u>	<u>2,025,252</u>
LIABILITIES			
Current Liabilities:			
Salaries and benefits payable	12,518	132	12,650
Accounts payable	12,122	21,370	33,492
Trust deposits	997	--	997
Deposits from others	1,676	3,187	4,863
Unearned revenue	8,345	4,747	13,092
Accrued interest	1,727	3,950	5,677
Other current liabilities	40	--	40
Internal balances	(3,158)	3,158	--
Bonds and notes payable	3,790	2,359	6,149
Compensated absences	16,991	185	17,176
Landfill closure/postclosure costs	290	--	290
Self insurance payable	4,983	--	4,983
Total Current Liabilities	<u>60,321</u>	<u>39,088</u>	<u>99,409</u>
Long Term Liabilities:			
Bonds and notes payable	155,184	265,050	420,234
Compensated absences	7,534	98	7,632
Landfill closure/postclosure costs	2,700	--	2,700
Self insurance payable	15,036	--	15,036
OPEB liability	3,373	--	3,373
Total Long-term Liabilities	<u>183,827</u>	<u>265,148</u>	<u>448,975</u>
Total Liabilities	<u>244,148</u>	<u>304,236</u>	<u>548,384</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,063,955	167,188	1,231,143
Restricted for:			
General government	1,114	--	1,114
Public protection	4,020	--	4,020
Health and sanitation	108	--	108
Public assistance	13	--	13
Public ways and facilities	24,637	--	24,637
Recreation and culture	363	--	363
Education	4	--	4
Debt service	10,929	--	10,929
Unrestricted	<u>192,271</u>	<u>12,266</u>	<u>204,537</u>
Total Net Assets	<u>\$ 1,297,414</u>	<u>\$ 179,454</u>	<u>\$ 1,476,868</u>

COUNTY OF SAN LUIS OBISPO
Statement of Activities
For the Year Ended June 30, 2009 (in thousands)

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 41,658	\$ 17,729	\$ 751	\$ 384
Public protection	136,755	23,285	38,080	82
Public ways and facilities	24,713	4,190	10,406	5,966
Health and sanitation	66,542	6,863	49,149	--
Public assistance	97,803	2,784	83,175	--
Education	10,967	1,922	260	--
Recreation and cultural services	7,561	3,931	178	423
Interest on long-term debt	5,433	--	--	--
Total Governmental Activities	<u>391,432</u>	<u>60,704</u>	<u>181,999</u>	<u>6,855</u>
Business-Type Activities:				
Airport	4,559	3,734	144	6,750
Golf	3,249	2,879	--	--
State Water Contract	5,661	5,767	8	--
Nacimiento Water Contract	10,144	284	31	--
Lopez Dam	6,189	5,494	15	--
Other Special Districts	5,133	3,358	966	275
Total Business-Type Activities:	<u>34,935</u>	<u>21,516</u>	<u>1,164</u>	<u>7,025</u>
Total primary government	<u>\$ 426,367</u>	<u>\$ 82,220</u>	<u>\$ 183,163</u>	<u>\$ 13,880</u>
General Revenues:				
Taxes:				
Property taxes				
Sales and use taxes				
Transient occupancy taxes				
Transfer tax				
Other taxes				
Grants not restricted to specific programs				
Interest earnings not restricted to specific programs				
Other revenues				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
Net assets - beginning of year				
Prior period adjustment				
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
\$ (22,794)	\$ --	\$ (22,794)
(75,308)	--	(75,308)
(4,151)	--	(4,151)
(10,530)	--	(10,530)
(11,844)	--	(11,844)
(8,785)	--	(8,785)
(3,029)	--	(3,029)
(5,433)	--	(5,433)
<u>(141,874)</u>	<u>--</u>	<u>(141,874)</u>
--	6,069	6,069
--	(370)	(370)
--	114	114
--	(9,829)	(9,829)
--	(680)	(680)
--	(534)	(534)
<u>--</u>	<u>(5,230)</u>	<u>(5,230)</u>
<u>(141,874)</u>	<u>(5,230)</u>	<u>(147,104)</u>
141,195	3,678	144,873
6,394	--	6,394
6,137	--	6,137
1,368	--	1,368
490	27	517
4,890	--	4,890
4,646	6,190	10,836
--	572	572
845	(845)	--
<u>165,965</u>	<u>9,622</u>	<u>175,587</u>
24,091	4,392	28,483
1,273,323	172,109	1,445,432
<u>--</u>	<u>2,953</u>	<u>2,953</u>
<u>\$ 1,297,414</u>	<u>\$ 179,454</u>	<u>\$ 1,476,868</u>

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



**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**



COUNTY OF SAN LUIS OBISPO
Balance Sheet
Governmental Funds
June 30, 2009 (in thousands)

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 94,994	\$ 24,677	\$ 94,945	\$ 214,616
Accounts receivable, net	3	--	1,262	1,265
Accrued property taxes receivable	18,293	--	--	18,293
Other receivables	1,232	--	69	1,301
Due from other governments	30,545	847	2,266	33,658
Due from other funds	--	--	410	410
Inventories	106	--	--	106
Prepaid items	331	--	4	335
Advances to other funds	1,965	--	420	2,385
Restricted cash with fiscal agent	--	--	4,262	4,262
Other assets	--	--	3,790	3,790
Total Assets	<u>\$ 147,469</u>	<u>\$ 25,524</u>	<u>\$ 107,428</u>	<u>\$ 280,421</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Salaries and benefits payable	\$ 10,731	\$ --	\$ 741	\$ 11,472
Accounts payable	8,098	91	3,079	11,268
Due to other funds	--	--	410	410
Trust deposits	997	--	--	997
Deposits from others	208	--	766	974
Deferred revenue	23,208	518	4,355	28,081
Other current liabilities	40	--	3,810	3,850
Advances from other funds	--	--	1,534	1,534
Total Liabilities	<u>43,282</u>	<u>609</u>	<u>14,695</u>	<u>58,586</u>
Fund Balances:				
Reserved for:				
Encumbrances	1,876	1,667	2,108	5,651
Advances and long-term receivables	8,965	--	420	9,385
Inventories and prepaids	437	--	4	441
Debt service	--	--	11,321	11,321
Construction of roads and public facilities	--	--	24,608	24,608
Specific program or grants	29,283	--	2,569	31,852
Unreserved	63,626	23,248	--	86,874
Unreserved, reported in nonmajor				
Special revenue funds	--	--	51,703	51,703
Total Fund Balances	<u>104,187</u>	<u>24,915</u>	<u>92,733</u>	<u>221,835</u>
Total Liabilities and Fund Balances	<u>\$ 147,469</u>	<u>\$ 25,524</u>	<u>\$ 107,428</u>	<u>\$ 280,421</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, 2009 (in thousands)

Fund Balance - total governmental funds (page 39)	\$	221,835
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.		1,081,808
Accrued Property tax revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		19,736
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore not reported in the funds.		122,266
Cost of issuance on pension obligation bonds recognized as current expenditures in the governmental funds are deferred in the statement of net assets.		1,752
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.		33,431
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.		2,307
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(1,707)
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		(31,805)
Bonds and notes payable		(127,169)
Compensated absences		(22,050)
Landfill closure/postclosure costs		(2,990)
		(183,914)
Net assets of governmental activities (page 33)	\$	<u>1,297,414</u>

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

COUNTY OF SAN LUIS OBISPO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009 (in thousands)

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes	\$ 142,978	\$ --	\$ 11,177	\$ 154,155
Licenses, permits, and franchises	8,006	--	--	8,006
Fines, forfeits and penalties	4,740	1,137	1,096	6,973
Revenue from use of money and property	1,651	443	2,028	4,122
Aid from governmental agencies	161,683	423	26,688	188,794
Charges for current services	37,747	141	16,320	54,208
Other revenues	5,810	--	1,046	6,856
Total revenues	<u>362,615</u>	<u>2,144</u>	<u>58,355</u>	<u>423,114</u>
<u>Expenditures:</u>				
Current:				
General government	44,721	--	6,740	51,461
Public protection	136,319	--	4,427	140,746
Public ways and facilities	2,107	--	40,032	42,139
Health and sanitation	62,098	--	5,169	67,267
Public assistance	92,712	--	5,458	98,170
Education	401	--	10,615	11,016
Recreation and cultural services	--	--	8,654	8,654
Debt service:				
Principal payments	--	--	3,264	3,264
Interest and fiscal charges	--	--	5,181	5,181
Capital outlay	--	2,849	--	2,849
Total expenditures	<u>338,358</u>	<u>2,849</u>	<u>89,540</u>	<u>430,747</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>24,257</u>	<u>(705)</u>	<u>(31,185)</u>	<u>(7,633)</u>
<u>Other Financing Sources (Uses):</u>				
Transfers in	4,916	4,010	34,597	43,523
Transfers out	<u>(21,725)</u>	<u>(2,121)</u>	<u>(18,987)</u>	<u>(42,833)</u>
Total Other Financing Sources (Uses)	<u>(16,809)</u>	<u>1,889</u>	<u>15,610</u>	<u>690</u>
Net Change in Fund Balances	7,448	1,184	(15,575)	(6,943)
Fund Balances - Beginning	<u>96,739</u>	<u>23,731</u>	<u>108,308</u>	<u>228,778</u>
Fund Balances - Ending	<u>\$ 104,187</u>	<u>\$ 24,915</u>	<u>\$ 92,733</u>	<u>\$ 221,835</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, 2009 (in thousands)

Net Change in fund balance - total governmental funds (page 41)	\$	(6,943)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Property tax and intergovernmental revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		6,379
<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	\$ 2,220	
General government	2,946	
Public protection	4,789	
Public ways	23,156	
Health and sanitation	38	
Public assistance	159	
Education	156	
Recreation and cultural services	<u>1,356</u>	34,820
<p>In the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		(14,625)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.</p>		682
<p>Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net assets.</p>		
Debt principal payments		3,264
<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		(11)
Change in accrued interest payable		(247)
Change in landfill closure/postclosure costs		373
Amortization of bond discounts and issuance costs		(78)
Amortization of prepaid pension contributions		(2,386)
<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>2,863</u>
Change in net assets of governmental activities (page 35)	\$	<u><u>24,091</u></u>

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

COUNTY OF SAN LUIS OBISPO
Statement of Fund Net Assets
Proprietary Funds
June 30, 2009 (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
Assets							
Current Assets:							
Cash and investments	\$ 1,778	\$ 15,248	\$ 12,556	\$ 7,842	\$ 6,709	\$ 44,133	\$ 51,409
Accounts receivable, net	--	3	812	427	150	1,392	22
Other receivables	9	244	--	--	49	302	194
Due from other governments	198	--	--	742	139	1,079	--
Deposits with others	4	125	81	--	13	223	--
Inventories	--	--	--	--	--	--	576
Prepaid items	--	--	--	28	--	28	--
Total Current Assets	1,989	15,620	13,449	9,039	7,060	47,157	52,201
Noncurrent assets:							
Advances to other funds	--	--	--	--	549	549	--
Restricted cash with fiscal agent	--	78,677	--	--	--	78,677	--
Prepaid bond issuance costs	--	2,195	--	--	--	2,195	--
Capital assets:							
Nondepreciable:							
Land	18,768	--	--	2,096	1,549	22,413	--
Construction in progress	24,169	135,242	8	25,320	2,118	186,857	--
Water rights	--	--	37,487	--	--	37,487	--
Other property	--	--	--	1,968	--	1,968	--
Depreciable:							
Structures and improvements, net	41,583	--	7,760	37,609	18,411	105,363	274
Equipment, net	614	--	42	24	385	1,065	9,425
Other property, net	--	--	--	--	508	508	--
Total Noncurrent Assets	85,134	216,114	45,297	67,017	23,520	437,082	9,699
Total Assets	87,123	231,734	58,746	76,056	30,580	484,239	61,900
Liabilities:							
Current Liabilities:							
Salaries and benefits payable	63	--	--	--	69	132	1,046
Accounts payable	814	15,139	4,778	43	596	21,370	854
Interest payable	48	3,263	--	543	96	3,950	--
Self insurance payable	--	--	--	--	--	--	4,983
Deposits from others	400	--	2,623	11	153	3,187	702
Unearned revenue	--	--	1,986	2,138	623	4,747	--
Accrued vacation and sick leave - current	83	--	--	--	102	185	1,493
Notes and bond payable - current	219	--	--	1,731	409	2,359	--
Total Current Liabilities	1,627	18,402	9,387	4,466	2,048	35,930	9,078
Noncurrent Liabilities:							
OPEB liability	--	--	--	--	--	--	3,373
Self insurance payable	--	--	--	--	--	--	15,036
Advances from other funds	496	--	--	--	904	1,400	--
Notes and bonds payable	4,128	202,781	--	48,785	9,356	265,050	--
Accrued vacation and sick leave	32	--	--	--	66	98	982
Total Noncurrent Liabilities	4,656	202,781	--	48,785	10,326	266,548	19,391
Total Liabilities	6,283	221,183	9,387	53,251	12,374	302,478	28,469
Net Assets							
Invested in capital assets, net of related debt	80,787	11,138	45,297	16,501	13,465	167,188	9,699
Unrestricted	53	(587)	4,062	6,304	4,741	14,573	23,732
Total Net Assets	\$ 80,840	\$ 10,551	\$ 49,359	\$ 22,805	\$ 18,206	181,761	\$ 33,431
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(2,307)	
Net assets of business-type activities						\$ 179,454	

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, 2009 (in thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities
	Airport	Nacimiento Water Contract	State Water Project	Lopez Flood Control	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	<u>Operating Revenues:</u>						
Charges for current services	\$ 3,734	\$ 284	\$ 5,767	\$ 5,494	\$ 6,237	\$ 21,516	\$ 46,224
Total Operating Revenues	<u>3,734</u>	<u>284</u>	<u>5,767</u>	<u>5,494</u>	<u>6,237</u>	<u>21,516</u>	<u>46,224</u>
<u>Operating Expenses:</u>							
Salaries and benefits	1,341	--	--	--	1,412	2,753	21,729
Services and supplies	1,754	(140)	5,421	3,690	5,728	16,453	10,900
Other charges	28	620	1	11	49	709	--
Insurance benefit payments	--	--	--	--	--	--	5,848
Insurance premiums	--	--	--	--	--	--	3,096
Depreciation	961	--	202	502	744	2,409	1,681
Countywide cost allocation	295	7	20	61	106	489	922
Total Operating Expenses	<u>4,379</u>	<u>487</u>	<u>5,644</u>	<u>4,264</u>	<u>8,039</u>	<u>22,813</u>	<u>44,176</u>
Operating Income (Loss)	<u>(645)</u>	<u>(203)</u>	<u>123</u>	<u>1,230</u>	<u>(1,802)</u>	<u>(1,297)</u>	<u>2,048</u>
<u>Nonoperating Revenues (Expenses):</u>							
Property taxes	--	1,171	903	1,191	440	3,705	--
Interest income	18	5,693	220	133	126	6,190	817
Interest expense	(209)	(9,660)	(54)	(1,948)	(402)	(12,273)	(1)
Aid from governmental agencies	144	31	8	15	966	1,164	651
Other nonoperating revenue (expenses)	57	43	14	--	458	572	69
Total Nonoperating Revenues (Expenses)	<u>10</u>	<u>(2,722)</u>	<u>1,091</u>	<u>(609)</u>	<u>1,588</u>	<u>(642)</u>	<u>1,536</u>
Income (Loss) Before Contributions and Transfers	(635)	(2,925)	1,214	621	(214)	(1,939)	3,584
Capital contributions	6,750	--	--	--	275	7,025	--
Transfers in	--	--	--	--	266	266	--
Transfers out	(57)	--	--	--	(1,054)	(1,111)	(570)
Changes in net assets	<u>6,058</u>	<u>(2,925)</u>	<u>1,214</u>	<u>621</u>	<u>(727)</u>	<u>4,241</u>	<u>3,014</u>
Net Assets - Beginning	71,318	13,476	48,145	22,184	19,444		30,417
Prior period adjustments	<u>3,464</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(511)</u>		<u>--</u>
Net Assets - Ending	<u>\$ 80,840</u>	<u>\$ 10,551</u>	<u>\$ 49,359</u>	<u>\$ 22,805</u>	<u>\$ 18,206</u>		<u>\$ 33,431</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						<u>151</u>	
Change in net assets of business-type activities (page 35)						<u>\$ 4,392</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, 2009 (in thousands)

	Business-type Activities - Enterprise Funds						Governmental
	Nacimiento		State Water Project	Lopez Flood Control	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Airport	Water Contract					
Cash Flows from Operating Activities:							
Receipts from customers and third parties	\$ 3,759	\$ 690	\$ 6,999	\$ 5,309	\$ 6,774	\$ 23,531	\$ --
Receipts from interfund billings	--	--	--	--	--	--	46,134
Payments for goods and services	(3,191)	73	(5,182)	(3,755)	(6,185)	(18,240)	(11,448)
Payments to employees for service	(1,335)	--	--	--	(1,394)	(2,729)	(21,330)
Payments for insurance benefits	--	--	--	--	--	--	(3,111)
Payments for premiums	--	--	--	--	--	--	(3,096)
Net Cash Provided (Used) by Operating Activities	<u>(767)</u>	<u>763</u>	<u>1,817</u>	<u>1,554</u>	<u>(805)</u>	<u>2,562</u>	<u>7,149</u>
Cash Flows from Noncapital Financing Activities:							
Property tax proceeds	--	1,171	903	1,191	440	3,705	--
Grants and subsidies from other gov't agencies	144	31	8	15	966	1,164	651
Advances from other funds	(14)	--	--	--	(72)	(86)	--
Transfers from other funds	--	--	--	--	266	266	--
Transfers to other funds	(57)	--	--	--	(331)	(388)	(570)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>73</u>	<u>1,202</u>	<u>911</u>	<u>1,206</u>	<u>1,269</u>	<u>4,661</u>	<u>81</u>
Cash Flows from Capital and Related Financing Activities:							
Purchases and construction of capital assets	(8,489)	(78,777)	(1,835)	(992)	(810)	(90,903)	(1,785)
Proceeds from issuance of long-term debt	--	--	--	816	438	1,254	--
Proceeds from sale of capital assets	--	--	--	--	--	--	168
Proceeds from capital grants	7,382	--	--	--	275	7,657	--
Principal paid on capital debt	(205)	--	--	(615)	(396)	(1,216)	--
Interest paid on capital debt	(212)	(9,660)	(54)	(1,958)	(406)	(12,290)	--
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,524)</u>	<u>(88,437)</u>	<u>(1,889)</u>	<u>(2,749)</u>	<u>(899)</u>	<u>(95,498)</u>	<u>(1,617)</u>
Cash Flows from Investing Activities:							
Interest received	18	5,693	220	133	126	6,190	817
Net Cash Provided (Used) by Investing Activities	<u>18</u>	<u>5,693</u>	<u>220</u>	<u>133</u>	<u>126</u>	<u>6,190</u>	<u>817</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,200)	(80,779)	1,059	144	(309)	(82,085)	6,430
Cash and Cash Equivalents - Beginning of Year	3,978	174,704	11,497	7,698	7,018	204,895	44,979
Cash and Cash Equivalents - End of Year	<u>\$ 1,778</u>	<u>\$ 93,925</u>	<u>\$ 12,556</u>	<u>\$ 7,842</u>	<u>\$ 6,709</u>	<u>\$ 122,810</u>	<u>\$ 51,409</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating income (loss)	\$ (645)	\$ (203)	\$ 123	\$ 1,230	\$ (1,802)	\$ (1,297)	\$ 2,048
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:							
Depreciation expense	961	--	202	502	744	2,409	1,681
Change in Assets and Liabilities:							
Receivables, net	49	406	940	(881)	460	974	(90)
Prepays and other assets	--	560	--	(2)	6	564	--
Inventory	--	--	--	--	--	--	(88)
Accounts payable	(1,101)	--	227	6	(296)	(1,164)	333
Salaries and benefits payable	5	--	--	--	17	22	276
Deferred revenue	(24)	--	292	696	71	1,035	--
Accrued vacation and sick leave	1	--	--	--	1	2	123
Self-insurance liability	--	--	--	--	--	--	2,737
Other accrued liabilities	(13)	--	33	3	(6)	17	129
Total Adjustments	<u>(122)</u>	<u>966</u>	<u>1,694</u>	<u>324</u>	<u>997</u>	<u>3,859</u>	<u>5,101</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (767)</u>	<u>\$ 763</u>	<u>\$ 1,817</u>	<u>\$ 1,554</u>	<u>\$ (805)</u>	<u>\$ 2,562</u>	<u>\$ 7,149</u>
Noncash Investing, Capital, and Financing Activities:							
Contributions of capital assets to governmental fund	\$ --	\$ --	\$ --	\$ --	\$ (725)	\$ (725)	\$ --

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, 2009 (in thousands)
San Luis Obispo Pension Trust Fund
December 31, 2008 (in thousands)

	Agency Funds 6/30/2009	Investment Trust Fund 6/30/2009	San Luis Obispo County Pension Trust 12/31/2008
<u>Assets</u>			
Cash and cash equivalents	\$ 33,195	\$ 184,527	\$ 22,620
Notes receivable	--	--	2,404
Contributions receivable	--	--	820
Prepaid benefits	--	--	130
Investments pension trust:			
Bonds and notes, at fair value	--	--	149,997
International fixed income	--	--	41,022
Collateralized mortgage obligations, at fair value	--	--	22,228
Domestic equities	--	--	177,286
International equities	--	--	78,279
Real estate investment trusts, at fair value	--	--	73,424
Real estate, at fair value	--	--	41,223
Capital assets-net of accumulated depreciation	--	--	1,997
Total Assets	<u>33,195</u>	<u>184,527</u>	<u>611,430</u>
<u>Liabilities</u>			
Agency obligations	33,195	--	--
Accrued liabilities	--	--	1,143
Total Liabilities	<u>33,195</u>	<u>--</u>	<u>1,143</u>
<u>Net Assets</u>			
Assets held in trust for pool participants	--	184,527	--
Assets held in trust for pension benefits	--	--	610,287
Total Net Assets	<u>\$ --</u>	<u>\$ 184,527</u>	<u>\$ 610,287</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, 2009 (in thousands)
San Luis Obispo Pension Trust Fund
For the Year Ended December 31, 2008 (in thousands)

	Investment Trust Fund 6/30/2009	San Luis Obispo County Pension Trust 12/31/2008
<u>Additions</u>		
Contributions:		
County contributions	\$ 823,768	\$ 30,860
Member contributions	--	22,841
Total Contributions	823,768	53,701
Investment Earnings:		
Net increase (decrease) in fair value of investments	--	(239,703)
Realized gains and losses	--	(19,363)
Interest	3,398	15,351
Dividends	--	9,221
Real estate management trust income	--	1,131
Rental Real Estate:		
Real estate operating income (expense)	--	1,588
Investment expenses	--	(2,764)
Total Investment Earnings	3,398	(234,539)
Total Additions	827,166	(180,838)
<u>Deductions</u>		
Benefits:		
Monthly benefit payments	--	37,097
Termination refunds	--	2,017
Death benefits	--	197
Total benefits	--	39,311
Administrative expenses	--	1,771
Total Administrative Expenses	--	1,771
Distributions from investment pool	845,517	--
Total deductions	845,517	41,082
Change in Net Assets	(18,351)	(221,920)
Net Assets - Beginning, as restated	202,878	832,207
Net Assets - Ending	\$ 184,527	\$ 610,287

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



NOTES TO THE BASIC FINANCIAL STATEMENTS



COUNTY OF SAN LUIS OBISPO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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 Authority's 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.

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 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

- 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, 2008.
- Investment Trust Funds account for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. The County reports on 95 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 121 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 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 County has elected not to follow subsequent private-sector guidance.

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

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

D. ASSETS, LIABILITIES, AND FUND EQUITY

Deposits and Investments

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

Cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held by the County Treasurer are stated at fair value at June 30, 2009. 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 78.5 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 may be credited to the General Fund.

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

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

Interfund Transactions

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

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

Inventories and Prepaid Items

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

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

Capital Assets

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

government, as well as the component units, are depreciated using the straight-line method over the estimated useful lives.

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

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

Compensated Absences

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

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

Long-term Obligations

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

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

Fund Equity

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

E. ESTIMATES

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

DETAIL NOTES ON ALL FUNDS

2. CASH AND CASH EQUIVALENTS

Cash in Treasury

Investments made by the Treasurer are regulated by the California Government Code and by the County's Investment Policy (IP). The objectives of the policy in order of priority are safety, liquidity, and yield, while maintaining compliance with federal, state and local laws and regulations.

The San Luis Obispo County Investment Pool is rated by Fitch Ratings, one of the Nationally Recognized Statistical Rating Organizations. The County Investment Pool 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 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.

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 the Local Agency Investment Fund (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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

County Treasury has provided a fair value dollar factor of 1.003709702 in the Quarterly Report of Investments as of June 30, 2009, 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. 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 1.001364207 for its portfolio as of June 30, 2009. As of June 30, 2009, the LAIF pool includes structured notes and asset-backed securities, which total 14.71%. 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, 2009, the table represents the County's IP or where more restrictive, the Treasurer's written policies and procedures, that address interest risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
Bonds issued by the Local Agency	1 year	5%	Requires written approval of County Treasurer for each investment.
U.S. Treasury Notes	3 years	100%	N/A
U.S. Treasury Bonds	3 years	100%	N/A
U.S. Treasury Bills	Maximum issued	100%	N/A
Registered State Warrants, or Treasury Notes or Bonds of this state	Not authorized in FY 2008-09		
Registered Treasury Notes or Bonds of any of the other 49 United States	Not authorized in FY 2008-09		
Bonds, Notes, Warrants, other evidences of indebtedness of any local agency within this state	1 year	5%	No more than 10% of issuer debt and assets. Requires written approval of County Treasurer for each investment.
U.S. Government Agencies:			
Federal National Mortgage Assoc.	Not authorized in FY 2008-09		
Federal Home Loan Mortgage Corp.	Not authorized in FY 2008-09		
Federal Home Loan Bank	1 year	20%	N/A
Farm Credit Bank	1 year	20%	N/A
Bankers' Acceptances-Domestic	Not authorized beginning 10/10/08 through 6/30/09		
Bankers' Acceptances-Foreign	Not authorized beginning 10/10/08 through 6/30/09		
Commercial Paper	Not authorized beginning 10/10/08 through 6/30/09		
Collateralized Certificates of Deposit	Not authorized in FY 2008-09		
Negotiable Certificates of Deposit	Not authorized in FY 2008-09		
Tri-Party Repurchase Agreements	30 days	15% of all repos	N/A
Bi-Party Repurchase Agreements	Not authorized in FY 2008-09		
Reverse Repurchase Agreements	Not authorized in the County's IP		
Securities Lending Agreements	Not authorized in the County's IP		
Medium-Term Notes	Not authorized in FY 2008-09		
Money Market Mutual Funds	Not authorized in FY 2008-09		

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
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 2008-09		
Mortgage Pass-Through Securities	Not authorized in FY 2008-09		
Local Agency Investment Fund	N/A	15%	N/A

Interest Rate Risk

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

Custodial Credit Risk

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

Credit Risk

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

Concentration of Credit Risk

At June 30, 2009, the County did not have investments in bankers' acceptances, commercial paper, corporate bonds, medium term notes, or money market mutual funds. 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, 2009.

<u>Investment Type</u>	<u>S&P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
U.S. Treasuries	AAA	Aaa	63.73%
U.S. Government Agencies	AAA	Aaa	25.71%
Repurchase Agreement	A-1	P-1	3.00%
Local Agency Investment Fund	Unrated	Unrated	<u>7.56%</u>
Total			<u><u>100%</u></u>

GASB Statement No. 40 requires that investments in single issuers exceeding 5% of the County's pooled investments be disclosed as concentrations of credit risk. As of the year ended June 30, 2009, investments in U.S. Government Agencies included investments in Federal Farm Credit Banks (8.76%) and Federal Home Loan Banks (16.94%).

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

At June 30, 2009, 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	7/02/09-6/15/12	0.150%-4.815%	0.73	\$ 337,111	\$ 338,734	\$ 336,000
U.S. Government Agencies	7/06/09-4/20/10	0.160%-4.594%	0.40	136,307	136,631	136,400
Repurchase Agreement	7/01/09	0.09%	-	15,959	15,959	15,959
Investment in Local Agency Fund	On Demand		-	40,142	40,195	40,000
Total Investments in County Treasury			0.57	\$ 529,519	\$ 531,519	\$ 528,359
Deposits in Financial Institutions				9,380	9,380	9,380
Cash on Hand				122	122	122
Total Cash held in Treasury				539,021	541,021	537,861
Deposits in Transit				415	415	415
Outstanding Warrants				(12,295)	(12,295)	(12,295)
Total				527,141	529,141	525,981
Other Cash Deposits				739	739	739
Total cash and cash equivalents				\$ 527,880	\$ 529,880	\$ 526,720
<u>Restricted Cash with Fiscal Agent</u>				Carrying Amount	Fair Value	Par Value
U.S. Government & Federal Agencies				\$ 14,039	\$ 14,324	\$ 14,324
Guaranteed Investment Contract				63,029	63,273	63,273
Certificates of Deposit and Money Market Accounts				5,871	5,871	5,871
Total				82,939	83,468	83,468
Total restricted and unrestricted cash and cash equivalents				\$ 610,819	\$ 613,348	\$ 610,188
<u>Total Cash and Investments Summary</u>				Carrying Amount		
Total Governmental Activities				\$ 270,287		
Total Business-type Activities				122,810		
Total Fiduciary Funds				217,722		
Total Cash and Investments				\$ 610,819		

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, 2009 (in thousands):

	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Statement of Net Assets:</u>		
Net assets held for pool participants	<u>\$ 527,880</u>	<u>\$ 529,880</u>
Equity of internal pool participants	\$ 343,548	\$ 345,548
Equity of external pool participants (voluntary and involuntary)	<u>184,332</u>	<u>184,332</u>
Total Equity	<u>\$ 527,880</u>	<u>\$ 529,880</u>
<u>Statement of Changes in Net Assets:</u>		
Revenue	\$ 10,871	\$ 10,871
Investment Costs	(1,132)	(1,132)
Net Deposits	(21,821)	(21,821)
Change in fair value	<u>-</u>	<u>75</u>
Net change in pool	(12,082)	(12,007)
Net Assets at July 1, 2008	<u>539,962</u>	<u>541,887</u>
Net Assets at June 30, 2009	<u>\$ 527,880</u>	<u>\$ 529,880</u>

Restricted Cash with Fiscal Agent

Cash and investments at June 30, 2009 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	\$ 14,216
Restricted interest on lease reserves	62,852
Restricted for Contractor Retentions	5,871
Total Restricted Cash	<u>\$ 82,939</u>

Other Cash Deposits

Year-end, the carrying amount of the County's other cash deposits was \$365,973 and the combined financial institutions' balance was \$474,488. The difference of \$108,515 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 \$474,488 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	\$ 3	\$ 1,262	\$ 812	\$ 427	\$ 1,509	\$ 150	\$ 22
Allow. for Doubtful Accounts	-	-	-	-	(1,506)	-	-
Net Accounts Receivable	<u>\$ 3</u>	<u>\$ 1,262</u>	<u>\$ 812</u>	<u>\$ 427</u>	<u>\$ 3</u>	<u>\$ 150</u>	<u>\$ 22</u>

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2009, is as follows (in thousands):

	Balance July 1, 2008	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2009
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 23,109	\$ 1,472	\$ -	\$ -	\$ 24,581
Construction in progress	91,876	29,488	-	(12,701)	108,663
Infrastructure	757,696	-	-	-	757,696
Total capital assets, not being depreciated	872,681	30,960	-	(12,701)	890,940
Capital assets, being depreciated:					
Structures and improvements	131,293	622	(1)	17,276	149,190
Equipment	61,709	4,681	(2,168)	107	64,329
Infrastructure	206,118	-	-	23	206,141
Other property	-	340	-	-	340
Total capital assets, being depreciated	399,120	5,643	(2,169)	17,406	420,000
Less accumulated depreciation for:					
Structures and improvements	(46,190)	(3,880)	1	(3,893)	(53,962)
Equipment	(29,916)	(5,046)	1,926	(77)	(33,113)
Infrastructure	(124,957)	(7,377)	-	(22)	(132,356)
Other property	-	(2)	-	-	(2)
Total accumulated depreciation	(201,063)	(16,305)	1,927	(3,992)	(219,433)
Total capital assets being depreciated, net	198,057	(10,662)	(242)	13,414	200,567
Governmental activities capital assets, net	<u>\$ 1,070,738</u>	<u>\$ 20,298</u>	<u>\$ (242)</u>	<u>\$ 713</u>	<u>\$ 1,091,507</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Business-type Activities</u>	Balance July 1, 2008	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2009
Capital assets, not being depreciated:					
Land	\$ 18,237	\$ 711	\$ -	\$ 3,465	\$ 22,413
Construction in progress	114,856	85,687	-	(13,686)	186,857
Water Rights	35,652	1,835	-	-	37,487
Other Property	1,968	-	-	-	1,968
Total capital assets, not being depreciated	170,713	88,233	-	(10,221)	248,725
Capital assets, being depreciated:					
Infrastructure	50	-	-	(23)	27
Structures and improvements	121,119	2,367	-	9,099	132,585
Equipment	2,522	-	(44)	(107)	2,371
Other Property	554	-	-	-	554
Total capital assets, being depreciated	124,245	2,367	(44)	8,969	135,537
Less accumulated depreciation for:					
Infrastructure	(49)	-	-	22	(27)
Structures and improvements	(28,851)	(2,266)	-	3,895	(27,222)
Equipment	(1,283)	(140)	41	76	(1,306)
Other Property	(43)	(3)	-	-	(46)
Total accumulated depreciation	(30,226)	(2,409)	41	3,993	(28,601)
Total capital assets being depreciated, net	94,019	(42)	(3)	12,962	106,936
Business-type activities capital assets, net	\$ 264,732	\$ 88,191	\$ (3)	\$ 2,741	\$ 355,661

Depreciation expense

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

<u>Governmental Activities</u>	<u>Amount</u>
General Government	\$ 4,295
Public Protection	1,905
Public Ways and Facilities	7,383
Health and Sanitation	144
Public Assistance	221
Education	150
Recreational and Cultural Services	526
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	1,681
Total Depreciation Expense-Governmental Activities	\$ 16,305

<u>Business-type Activities</u>	<u>Amount</u>
Airport	\$ 961
State Water Project	202
Lopez Flood Control	502
Nonmajor Enterprise	744
Total Depreciation Expense-Business-type Activities	\$ 2,409

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, 2009 (in thousands):

Governmental Activities

Project	Expended to June 30, 2009	Committed Funds
Juvenile Services Center Expansion	\$ 3,075	\$ 343
Paso Robles Courthouse-New Facility	11,799	721
Sheriff Women's Jail Expansion	1,294	1,190
North County Regional Center	2,565	4,359
Cambria Flood Control Project	4,914	974
Roads Infrastructure	80,111	17,498

Business-Type Activities

Project	Expended to June 30, 2009	Committed Funds
Nacimiento Water Project	\$ 137,192	\$ 47,799
Lopez Dam Water Treatment Plant Upgrade	24,922	594
SLO Airport Facilities Infrastructure	37,704	1,724

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 \$10,787. As of June 30, 2009 they had a carrying value of \$9,617 net of accumulated depreciation of \$1,170. 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, 2009 (in thousands):

Year Ending June 30	General Fund	Airport
2010	\$ 260	\$ 190
2011	260	172
2012	260	165
2013	247	165
2014	241	165
Later Years	1,722	2,210
Total	\$ 2,990	\$ 3,067

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 \$981,115 for the fiscal year ended June 30, 2009.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2009 totaled \$2,874,387. 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, 2009 for the next five years and for each five-year period thereafter (in thousands):

Year Ending June 30	Minimum Lease Payments
2010	\$ 1,876
2011	1,522
2012	1,173
2013	1,157
2014	1,126
2015-2019	4,956
2020-2024	<u>2,166</u>
Total	<u>\$ 13,976</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	\$ 985,357 maximum	-----
Dental	None-Funded by Employees	-----

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

The estimated claims liability for the Protected Self Insurance Fund and Workers' Compensation Self Insurance Fund have been recorded at a discounted 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 2007/2008 and 2008/2009, were as follows (in thousands):

	<u>Beginning of the fiscal year liability</u>	<u>Current year claims, changes & estimates</u>	<u>Claim payments</u>	<u>Balance at fiscal year end</u>
2007-08	\$ 19,576	\$ 3,770	\$ 4,288	\$ 19,058
2008-09	\$ 19,058	\$ 7,846	\$ 6,885	\$ 20,019

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

8. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at June 30, 2009 were (in thousands):

Due to/from other county funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Impact Fees Special Revenue Fund	Roads Special Revenue Fund	\$ 155
Roads Special Revenue Fund	Public Facilities Corporation	255
		<u>\$ 410</u>

Funds due to the Roads Special Revenue Fund represent project draw downs of cash held by trustee, due from the Public Facilities Corporation Debt Service Fund. Interfund receivables in the Impact Fees Special Revenue Fund represent developer fees due from the Roads Special Revenue Fund.

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Enterprise Funds	\$ 548
	Nonmajor Governmental Funds	985
	Airport	432
		<u>1,965</u>
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	356
Nonmajor Governmental Funds	Airport	64
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	549
	Total	<u>\$ 2,934</u>

Advances from the General Fund to Nonmajor Enterprise Funds of \$548 represent internal loans issued to County Service Area 18 (\$333), County Service Area 7 (\$140) and County Service Area 23 (\$75).

Advances from the General Fund to Nonmajor Governmental Funds of \$985 represent internal loans issued to County Service Area 21 (\$511), County Service Area 9 (\$73), Flood Control Districts (\$180) and Parks Special Revenue Fund (\$221).

The Airport owes the General Fund \$432 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 of \$420 represent internal loans issued to the County Service Areas Enterprise Fund from the County Service Areas Special Districts Special Revenue Fund (\$356), and a loan issued to the Airport Enterprise Fund from the Tax Reduction Reserve Special Revenue Fund (\$64).

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.

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	\$ 21,695
	Capital Projects Fund	30
		<u>21,725</u>
Nonmajor Governmental Funds	General Fund	3,068
	Capital Projects	3,980
	Nonmajor Governmental Funds	11,682
	Nonmajor Enterprise Funds	257
		<u>18,987</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Transfer From</u>	<u>Transfer To</u>	Amount
Airport	General Fund	22
	Nonmajor Governmental Funds	<u>35</u>
		<u>57</u>
Capital Projects Fund	General Fund	1,801
	Nonmajor Governmental Funds	311
	Nonmajor Enterprise Funds	<u>9</u>
		<u>2,121</u>
Nonmajor Enterprise Funds	General Fund	14
	Nonmajor Governmental Funds	<u>315</u>
		<u>329</u>
Internal Service Funds	Nonmajor Governmental Funds	559
	General Fund	<u>11</u>
		<u>570</u>
Total Transfers		<u><u>\$ 43,789</u></u>

General Fund transfers to Nonmajor Governmental Funds included contributions to the following Special Revenue Funds: Governmental Leasing (\$1,099), Roads (\$9,096), Library (\$587), Community Development (\$330), County-wide Automation Replacement (\$307), General Government Building Replacement (\$789), Tax Reduction Reserve (\$562), Flood Control Districts (\$164), and Parks (\$3,632). It also transferred \$5,129 to the Pension Obligation Bond Debt Service Fund finance debt service payments.

Nonmajor Governmental Fund transfers include contributions of Public Facilities Fees revenue from the Public Facilities Fees Special Revenue Fund to the General Fund (\$357), Capital Projects Fund (\$476), Governmental Leasing Special Revenue Fund (\$500), Library Special Revenue Fund (\$131), and the Parks Special Revenue Fund (\$1,255) to fund capital and maintenance projects. The Parks Special Revenue Fund made transfers for debt service to the Pension Obligation Bond Debt Service Fund (\$93) and the Lopez Park Enterprise Fund (\$21). The Road Impact Fee Special Revenue Fund transferred impact Fees of \$3,757 to the Roads Fund for capital and maintenance projects and \$452 to the Governmental Leasing Special Revenue Fund for debt service. The General Government Building Replacement Special Revenue Fund transferred \$3,500 to the Capital Projects Fund and \$2,000 to the General Fund for capital projects

Other Nonmajor Governmental Fund transfers include transfers from the County-wide Automation Replacement Fund to the General Fund for system upgrades (\$574), a California Health Care Indigent Programs Special Revenue Fund transfer to the General Fund to fund medical assistance programs (\$46), County Service Area Special Revenue Fund transfers to the General Fund (\$14) and to the County Service Areas Enterprise Fund(\$236) for interest on internal loans, and transfers to the Pension Obligation Bond Debt Service Fund from the County Medical Services Program (\$22), Driving Under the Influence (\$24) and Library (\$150) Special Revenue Funds to fund debt service payments. The Public Facilities Corporation Debt Service Fund transferred bond proceeds of \$5,084 to the Roads Special Revenue fund for Vineyard Drive interchange improvements.

The Airport transferred \$22 to the General Fund for interfund loan interest, and \$35 to the Pension Obligation Bond fund for debt service.

In addition to transfers of \$1,801 to the General Fund, the Capital Projects Fund transferred \$311 to the Governmental Leasing Special Revenue fund and \$9 to the Golf Enterprise Fund.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Transfers from Nonmajor Enterprise funds included transfers from the Golf Enterprise Fund for debt service to the Pension Obligation Bond Debt Service Fund (\$33) and the Governmental Leasing Special Revenue Fund (\$17), as well as transfers from County Service Area Enterprise Fund to the General Fund (\$14) and to the County Service Areas Special Revenue Fund (\$23) for interest on internal loans. The Lopez Park Enterprise Fund transferred \$241 to the Parks Special Revenue fund related to Park's assumption of management of the Lopez Recreation Area. The related reassignment of capital assets to the Parks Special Revenue Fund resulted in a \$725 transfer-out from the Lopez Park Enterprise Fund. A corresponding transfer-in is not reflected in the Parks Special Revenue Fund since governmental funds do not report capital assets. A Governmental Activities transfer-in is reported in the government-wide statement of activities, resulting in balanced transfers.

Internal Service Fund transfers to nonmajor governmental funds represent contributions to the Pension Obligation Bond Debt Service Fund for debt service by the Public Works (\$524), Reprographics (\$6), and Garage (\$29) funds. Additionally, the Self Insurance Internal Service Fund transferred \$11 to the General Fund for Risk Management activities.

10. BONDED INDEBTEDNESS AND LONG TERM DEBT

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, (in thousands) is as follows:

<u>Governmental Activities</u>	Beginning Balance July 1, 2008	Additions	Reductions	Ending Balance June 30, 2009	Due within one year
Bonds and notes payable:					
Certificates of participation	\$ 33,319	\$ -	\$ 1,399	\$ 31,920	\$ 1,500
Unamortized discount on COP	(119)	-	(4)	(115)	-
Pension Obligation Bonds	129,034	-	1,865	127,169	2,290
Total Bonds and notes payable	162,234	-	3,260	158,974	3,790
Other liabilities:					
Compensated absences	24,391	16,565	16,431	24,525	16,991
Landfill post-closure costs	3,363	-	373	2,990	290
Self insurance	19,058	7,846	6,885	20,019	4,983
Total other liabilities	46,812	24,411	23,689	47,534	22,264
Total Governmental Activities	\$ 209,046	\$ 24,411	\$ 26,949	\$ 206,508	\$ 26,054
<u>Business-Type Activities</u>					
Bonds and notes payable:					
Certificates of participation	\$ 20,985	\$ 438	\$ 575	\$ 20,848	\$ 597
State notes	31,824	816	356	32,284	1,461
Revenue bonds	196,461	-	5	196,456	6
Unamortized premium on Revenue Bonds	6,371	-	-	6,371	-
General obligation bonds	11,730	-	280	11,450	295
Total bonds and notes payable	267,371	1,254	1,216	267,409	2,359
Other liabilities:					
Compensated absences	281	171	169	283	185
Total other liabilities	281	171	169	283	185
Total Business-Type Activities	\$ 267,652	\$ 1,425	\$ 1,385	\$ 267,692	\$ 2,544

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, \$2,475 internal service funds' compensated absences and \$20,019 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, 2009 (in thousands) is as follows:

	<u>Purpose</u>	<u>Interest Rates</u>	<u>Annual Installments</u>	<u>Amount</u>
<u>Governmental Activities</u>	1994 Refunding	4-6%	\$674 - \$726	\$ 1,349
	2002 Government Center	3-5%	\$1,484 - \$1,489	18,361
	2007 Paso Robles Courthouse	4-4.25%	\$304 - \$308	4,995
	2008 Vineyard Drive Interchange Improvements	4-4.625%	\$440-\$451	7,215
<u>Business-type Activities</u>	1994 Refunding	4-6%	\$7 - \$12	10
	2002 Dairy Creek Golf Course Refunding	3-5%	\$545 - \$550	6,770
	2000 Lopez Dam Remediation	4.0-5.375%	\$1,047 - \$1,052	13,630
	2009 County Service Area 23 Water System Improvement Project	4.375%	\$6-\$84	438
				\$ 52,768

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>
2010	\$ 1,500	\$ 1,443	\$ 597	\$ 1,034
2011	1,600	1,372	622	1,011
2012	925	1,317	647	984
2013	965	1,281	678	956
2014	1,000	1,243	709	925
2015-2019	5,720	5,495	4,091	4,070
2020-2024	7,230	3,971	5,267	2,883
2025-2029	7,670	2,047	6,247	1,331
2030-2034	2,845	930	1,990	108
2035-2039	2,465	247	-	-
Total	\$ 31,920	\$ 19,346	\$ 20,848	\$ 13,302

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Description of State Notes

In fiscal year ended June 30, 2009, the County borrowed \$816, and in prior years the County borrowed \$28,469 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 prior years the County borrowed \$5,734 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, 2009 (in thousands) is as follows:

<u>Business-type Activities</u>	<u>Interest Rates</u>	<u>Annual Installments</u>	<u>Amount</u>
1999 Santa Margarita Water System	3.41%	\$36	\$ 274
2006 Lopez Water Treatment Plant Upgrade	2.6%	\$246-493	25,436
2006 Airport Hangars	4.6124%	\$236-432	3,387
2007 Airport Hangar	4.6557%	\$86	960
2004 Lopez Recreation Area	2.5132%	\$10 - \$21	259
1998 Cayucos Water Treatment Facility	3.0315%	\$174	1,968
			<u>\$ 32,284</u>

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

<u>Fiscal year ended June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,461	\$ 930
2011	1,505	886
2012	1,549	842
2013	1,595	795
2014	1,643	748
2015-2019	8,947	2,972
2020-2024	9,713	1,556
2025-2029	5,871	309
Total	<u>\$ 32,284</u>	<u>\$ 9,038</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 (Series 2007 A) and \$38,565 (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, 2009 is as follows (in thousands):

<u>Business-type Activities</u>	<u>Interest Rates</u>	<u>Annual Installments</u>	<u>Amount</u>
Water Project	5%	\$7 - \$9	\$ 46
Lopez Dam Remediation	4.0-5.375%	\$879 - \$883	11,450
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>\$ 207,906</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
2010	\$ 301	\$ 10,380
2011	311	10,367
2012	3,281	10,291
2013	3,431	10,148
2014	3,567	10,002
2015-2019	20,475	47,387
2020-2024	26,330	41,516
2025-2029	33,995	33,810
2030-2034	41,100	24,073
2035-2039	50,910	12,491
2040-2041	24,205	1,155
Total	<u>\$ 207,906</u>	<u>\$ 211,620</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, 2009 totals \$1,359 (\$1,349 governmental and \$10 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, 2009 is \$18,361 (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, 2009 is \$6,770 (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, 2009 is \$4,995 (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, 2009 is \$7,215 (100% governmental).

On 4/30/2009 the County issued certificates of participation (COP) in the amount of \$438 to finance a water system improvement project in County Service Area 23. The COPs were issued through the U.S. Department of Agriculture with an interest rate of 4.375%. This debt will be fully paid in 2049. Debt service is provided by water sales revenues. The principal balance outstanding at June 30, 2009 is \$438 (100% business-type).

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Financing Authority

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

On 10/26/2000 the Authority issued \$28,905 in revenue bonds (2000 series A) to finance the Lopez Dam seismic remediation project. The Flood Control District borrowed \$28,905 from the Authority by issuing COP of \$15,705 and government obligation (GO) bonds of \$13,200. Debt service is provided by semi-annual lease payments made by the Flood Control District to the Authority for use of the retrofitted facilities. The principal balances outstanding at June 30, 2009 are \$13,630 (COP) and \$11,450 (GO bonds) (100% business-type).

In September 2007 the Authority issued \$157,845 (Series 2007 A) and \$38,565 (Series 2007 B) revenue bonds. The proceeds are being 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 above schedules for specific type of debt.

Description of Special Assessment Bonds

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

The County acts in an agent capacity for the assessment districts. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the County must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment principal outstanding at June 30, 2009 totals \$3,391 with interest rates from 3.5% to 6.85%.

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 \$24,810 at June 30, 2009. 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 \$532,357 with a margin of \$520,907.

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:

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

POB principal outstanding at June 30, 2009 is \$127,169 (100% governmental). Annual debt service requirements to maturity for bonds are as follows (in thousands):

Fiscal Year ending June 30	Governmental Activities	
	Principal	Interest
2010	\$ 2,290	\$ 3,834
2011	2,755	3,676
2012	3,260	3,565
2013	3,805	3,428
2014	4,390	3,264
2015-2019	28,080	17,181
2020-2024	17,829	40,886
2025-2029	17,457	57,638
2030-2033	47,303	24,118
Total	<u>\$ 127,169</u>	<u>\$ 157,590</u>

Subsequent to the end of the fiscal year, on August 18, 2009 the 2003 Series B auction rate bonds were refunded and defeased by the issuance of \$42,565 2009 Series A term bonds, interest rate 7.45% due 9/1/2019, annual interest \$3,171.

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, 2009 had an arbitrage liability of \$138.

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, 2009 are as follows (in thousands):

Governmental activities	<u>Amount</u> \$ 1,063,955
Business-type activities	<u>167,188</u>
Total	<u>\$ 1,231,143</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Included in total restricted net assets at June 30, 2009 are net assets restricted by enabling legislation of \$24,608.

Restricted net assets at June 30, 2009 for governmental activities are as follows (in thousands):

	<u>Amount</u>
RESTRICTED FOR:	
<u>General Government</u>	
Commitments for Administrative related professional services	\$ 56
Commitments for Information Technology equipment and services	24
Commitments for automation related professional services	451
Commitments for Clerk-Recorder related professional services	48
Commitments for Auditor-Controller related professional services	108
Commitments for County Counsel related professional services	123
Commitments for General Government related Capital Projects	80
Claims, contracts and other restrictions	224
<u>Public Protection</u>	
Commitments for flood control related engineering services	1,619
Commitments for Planning related professional services	613
Commitments for Waste Management related professional services	45
Commitments for fire protection equipment	453
Commitments for Public Protection related Capital Projects	1,244
Claims, contracts and other restrictions	46
<u>Education</u>	
Commitments for Education related Capital Projects	4
<u>Health and Sanitation</u>	
Commitments for Mental Health contract services	20
Commitments for Mental Health equipment	55
Commitments for Public Health related professional services	32
Commitments for Health and Sanitation related Capital Projects	1
<u>Public Assistance</u>	
Claims, contracts and other restrictions	13
<u>Public Ways and Facilities</u>	
Claims, contracts and other restrictions	29
Road maintenance and construction	9,081
Public facilities fees restricted for public facilities	15,527
<u>Recreation and Culture</u>	
Commitments for Recreation related Capital Projects	338
Claims, contracts and other restrictions	25
<u>Debt Service</u>	
	<u>10,929</u>
Total Restricted Net Assets	<u>\$ 41,188</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2009 are as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ 192,271
Business-type activities	<u>12,266</u>
Total	<u>\$ 204,537</u>

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, 2009 (in thousands):

<u>Reserved Fund Balance</u>	<u>General</u>	<u>Capital</u>	<u>Nonmajor</u>	
<u>Reserved for:</u>	<u>Fund</u>	<u>Projects</u>	<u>Gov'tl Funds</u>	<u>Total</u>
Encumbrances	\$ 1,876	\$ 1,667	\$ 2,108	\$ 5,651
Public Facility Fees	-	-	15,527	15,527
Impact Fees	-	-	9,081	9,081
Advances to Other Funds	1,965	-	420	2,385
Long term receivable	7,000	-	-	7,000
Inventories	106	-	-	106
Prepaid Items	331	-	4	335
Debt Service	-	-	11,321	11,321
Programs/Grants	<u>29,283</u>	<u>-</u>	<u>2,569</u>	<u>31,852</u>
Total Reserved	<u>\$ 40,561</u>	<u>\$ 1,667</u>	<u>\$ 41,030</u>	<u>\$ 83,258</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Unreserved Fund Balance</u>	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Gov'tl Funds</u>	<u>Total</u>
<u>Unreserved, Designated for:</u>				
Los Osos Landfill Monitoring	\$ -	\$ 454	\$ -	\$ 454
Facilities Planning	-	10,981	-	10,981
Government Building	-	-	4,774	4,774
Accounting Systems & Automation	-	-	5,631	5,631
Tax Reduction Reserve	-	-	5,547	5,547
Post-employment Health	2,000	-	-	2,000
Road Projects	-	-	1,353	1,353
Parks Projects	-	-	5	5
Driving Under the Influence Programs	-	-	170	170
Library Programs	-	-	1,485	1,485
County Medical Services Program	-	-	39	39
Fish and Game Projects	-	-	75	75
General Reserve	8,000	-	1,316	9,316
Fire Equipment Replacement	1,184	-	-	1,184
Internal Financing	4,476	-	-	4,476
Willow Road Interchange	5,201	-	-	5,201
County-wide Training	-	-	1,650	1,650
Total Designated	20,861	11,435	22,045	54,341
Unreserved, Undesignated	42,765	11,813	29,658	84,236
Total Unreserved	<u>\$ 63,626</u>	<u>\$ 23,248</u>	<u>\$ 51,703</u>	<u>\$ 138,577</u>

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

12. LAPSING ENCUMBRANCES

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

The following is a summary of lapsing encumbrances at June 30, 2009 to be reappropriated during the next fiscal year (in thousands):

<u>Function</u>	<u>Total Encumbrances</u>
General Government	\$ 739
Health & Sanitation	497
Public Protection	676
Public Assistance	1,260
Public Ways and Facilities	5,448
Education	56
Recreation	26
Total Lapsing Encumbrances	<u>\$ 8,702</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 \$31,719,500 over the next 26 years. The estimated amounts vary by year. For example, the principal amount due in 2009 is \$694,900 while \$1,958,000 is due in 2035. In 1992 the County entered Water Supply Contracts, of like terms, with various sub-contractors which presently provide resources to cover approximately 85% of the capital costs.

14. CONTINGENT LIABILITIES

The County is subject to various lawsuits, inverse condemnation cases, personnel actions, disputes over tax assessments, and other actions incidental to the ordinary course of County operations. In the opinion of the County Counsel, the total potential claims against the County not covered by insurance resulting from litigation would not materially affect the financial statements of the County at June 30, 2009.

15. DEFERRED REVENUE

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

Governmental funds:

	General Fund	Capital Projects	Nonmajor Gov'tl Funds
Road impact fees	\$ -	\$ -	\$ 4,019
Governmental aid advanced for capital projects	-	518	66
Roads developer contributions	-	-	90
Parks Endowment	-	-	59
Other deferred revenues	3,472	-	121
Total Unearned	<u>3,472</u>	<u>518</u>	<u>4,355</u>
Teeter Tax Revenues	14,786	-	-
Accrued revenues collected after availability period	4,950	-	-
Total Unavailable	<u>19,736</u>	<u>-</u>	<u>-</u>
Total Deferred Revenue	<u>\$ 23,208</u>	<u>\$ 518</u>	<u>\$ 4,355</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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	\$ 4,429	\$ 448
Surplus sales, publications & rebates	17	-
Nuisance abatement	25	-
Returned check fees and card fees	23	2
Microfilm	2	-
Seminar, conferences and workshop fees	77	-
Contributions non-governmental	15	130
Grants non-governmental	236	-
HUD related non-program revenue	-	63
Other settlements	-	1
Other miscellaneous revenues	986	402
Total Governmental Funds	\$ 5,810	\$ 1,046

Business-type funds:

	Airport	Nacimiento Water Contract	State Water Project	Nonmajor Enterprise Funds	Internal Service Funds
Other reimbursements	\$ 29	\$ 3	\$ -	\$ 452	\$ 64
Returned check fees and card fees	12	-	-	-	-
Misc. non-operating sources	16	40	14	6	5
Total Governmental Funds	\$ 57	\$ 43	\$ 14	\$ 458	\$ 69

17. DEFINED BENEFIT PENSION PLAN

Plan Description

The County of San Luis Obispo contributes to the San Luis Obispo County Employees Retirement Plan ("the Plan"), which is an independent single-employer, contributory defined benefit pension 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. The Plan exists, operates and is constituted under the authority of Section 53215 of Section 17 of Article XVI of the California Constitution and the Government Code Article 1.5 (Pension Trusts), of Chapter 2 (Officers and Employees), of Part 1 (Powers and Duties Common to Cities, Counties and Other Agencies), of Division 2 (Cities, Counties and Other Agencies), of Title 5 (Local Agencies) of the California Government Code.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Participation in the Plan is mandatory for all permanent employees. The San Luis Obispo County Pension Trust ("the Trust") and the Plan are both administered by the San Luis Obispo County Pension Trust Board of Trustees. 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 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 reported 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 Plan uses the calendar year for financial reporting purposes.

The County's contributions to the Plan are recognized when due pursuant to the terms of the Plan document which makes such contributions 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, 2008, 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 2007 and 2008 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 equities, corporate notes, bonds, collateralized mortgage obligations, 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 established 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 27.

In 2003 the County issued a Pension Obligation Bond. The Entry Age Normal cost method permitted the selection of either a 30-year or 40-year amortization period for such bonds. The Board of Trustees chose a closed amortization period of 30-years. As a result of the issuance of the Pension Obligation Bond by the County, the scheduled increases in required contributions previously adopted by the Board of Trustees were rescinded and, based upon the 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 2007 and 2008 as negotiations for changes to the Retirement Allowance formula were concluded and implemented.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Total contributions and appropriations to the Plan in 2008 amounted to \$53,700,739. Of this total, \$30,860,282 were regular County appropriations. Employee contributions amounted to \$22,687,820. The Employee contributions include Employee Additional Voluntary Contributions of \$152,637 and County Additional for Employee Contributions of \$30. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation report as of December 31, 2008.

Annual Pension Cost and Net Pension Asset

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, 2009, (based on an actuarial valuation report as of December 31, 2008) were as follows (in thousands):

	<u>Amount</u>
Annual Required Contribution (ARC)	\$ 34,934
Interest on beginning net pension asset	(9,661)
Adjustment to the ARC	<u>7,973</u>
Annual Pension Cost (APC)	33,246
County contributions made	<u>30,860</u>
Increase (decrease) in net pension asset	(2,386)
Net pension asset / (obligation), beginning of year	<u>124,652</u>
Net pension asset / (obligation), end of year	\$ <u>122,266</u>

The annual pension cost and net pension asset was based on an actuarial valuation report as of December 31, 2008. The actuarial values of assets were determined on a market related blend basis, with each years' gains and losses smoothed over a five year period.

The actuarial assumptions included (a) 7.75% investment rate of return (b) projected salary increases of 1.0% to 4.0% with a sliding scale based upon age and service, (c) a Cost of Living Adjustment assumption of 3%, and (d) an inflation assumption of 3.75% (Real rate of return assumption 7.75%-3.75%=4.00%). The Entry Age Normal cost method identified and separately amortized the unfunded actuarial accrued liabilities using the level percentage of projected payroll. The Pension Trust adopted a thirty-year closed amortization period as of January 1, 2004, with 25 years remaining.

The net assets held in trust for pension benefits are allocated among various reserves. For the year ended December 31, 2008, 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)

Year Ended	Annual Pension		Percentage of APC	Net Pension
<u>December 31</u>	<u>Cost (APC)</u>	<u>Contribution</u>	<u>Contributed</u>	<u>Asset</u>
2006	\$18,327*	\$19,178	105%	\$132,036
2007	\$31,398*	\$24,014	76%	\$124,652
2008	\$33,246	\$30,860	93%	\$122,266

* APC restated

The Schedule of Funding progress included as Required Supplementary Information following the Notes to the Financial Statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

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, 2009 is \$2,989,723. Of this \$811,932 is the Net Present Value Corrective Action Cost and \$2,177,791 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 \$454,445 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 might 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 contributes depend on bargaining unit, and for calendar year 2009 ranged from \$101 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 2009, the County's annual Other Post Employment Benefits (OPEB) cost of \$2,369 was equal to the ARC of \$2,301 plus interest on the beginning Net OPEB Obligation (NOO) of \$68. 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 NOO was comprised of the following components: the beginning NOO balance of \$1,597, plus the ARC of \$2,301, plus interest on the beginning balance of the NOO of \$68, less an adjustment to the ARC to offset, approximately, the amount included in the Annual Required Contribution (ARC) for the amortization of past contribution deficiencies of \$0, less contributions (representing retiree premiums paid) of \$593. The NOO increased \$1,776 resulting in an ending NOO balance of \$3,373.

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 and accumulate funds for future liabilities. During 2009, the County contributed \$2,604 into the OPEB fund, and \$593 was paid for retiree health coverage. Net Assets of the OPEB fund at June 30, 2009 were \$1,313. 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 2009 and the preceding year (based on the County's December 31, 2007 actuarial valuation) are as follows:

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Fiscal Year Ended	Annual OPEB Cost	Contributions	Percent of OPEB Cost Contributed	Net OPEB Obligation (NOO)
2008	\$2,301	\$704	31%	\$1,597
2009	\$2,369	\$593	25%	\$3,373

Funded Status and Funding Progress: The funded status of the OPEB plan as of June 30, 2009 (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>\$28,517</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.

The Schedule of Funding progress included as Required Supplementary Information following the Notes to the Financial Statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

20. PRIOR PERIOD ADJUSTMENTS

A prior period adjustment was recorded in the Airport Enterprise Fund to capitalize a land purchase expensed in the prior year, increasing beginning net assets by \$3,464. The Transit Enterprise Fund reported a prior period adjustment to defer unearned Transportation Development Act funding recorded as revenue in prior years, decreasing beginning net assets by \$511.

REQUIRED SUPPLEMENTARY INFORMATION



REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of 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, 2009 (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)
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%
2008	\$845,666	\$1,150,214	\$304,548	73.5%	\$168,677	180.6%

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

**OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2009 (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, 2009 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 143,605	\$ 143,605	\$ 142,978	\$ (627)
Licenses, permits, and franchises	10,069	10,069	8,006	(2,063)
Fines, forfeits, and penalties	3,705	4,099	4,740	641
Use of money and property	1,760	1,760	1,651	(109)
Aid from other governmental agencies	163,206	176,291	161,683	(14,608)
Charges for services	37,075	39,029	37,747	(1,282)
Other revenue	2,235	2,366	5,810	3,444
Total Revenues	<u>361,655</u>	<u>377,219</u>	<u>362,615</u>	<u>(14,604)</u>
Expenditures:				
Current:				
General government	47,486	56,656	44,721	11,935
Public protection	136,389	145,320	136,319	9,001
Public Ways and facilities	2,890	3,085	2,107	978
Health and sanitation	65,785	69,278	62,098	7,180
Public assistance	92,533	99,276	92,712	6,564
Education	459	459	401	58
Contingencies	18,199	14,443	--	14,443
Total Expenditures	<u>363,741</u>	<u>388,517</u>	<u>338,358</u>	<u>50,159</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,086)</u>	<u>(11,298)</u>	<u>24,257</u>	<u>35,555</u>
Other Financing Sources (Uses):				
Transfers in	4,957	5,165	4,916	(249)
Transfers (out)	<u>(17,284)</u>	<u>(20,344)</u>	<u>(21,725)</u>	<u>(1,381)</u>
Total Other Financing Sources (Uses)	<u>(12,327)</u>	<u>(15,179)</u>	<u>(16,809)</u>	<u>(1,630)</u>
Net change in fund balances	(14,413)	(26,477)	7,448	33,925
Fund balances, beginning	<u>75,878</u>	<u>75,878</u>	<u>75,878</u>	<u>--</u>
Fund balances, ending	<u>\$ 61,465</u>	<u>\$ 49,401</u>	<u>\$ 83,326</u>	<u>\$ 33,925</u>

COUNTY OF SAN LUIS OBISPO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2009

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, 2009, 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.

OTHER SUPPLEMENTARY INFORMATION



**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**



NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS:

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

San Luis Obispo County 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 persons convicted of driving under the influence (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, 2009 (in thousands)

	<u>Debt Service Funds</u>	<u>Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 7,847	\$ 87,098	\$ 94,945
Accounts receivable	--	1,262	1,262
Other receivables	16	53	69
Due from other governments	--	2,266	2,266
Due from other funds	--	410	410
Prepaid expenses	--	4	4
Advances to other funds	--	420	420
Restricted cash with fiscal agent	4,262	--	4,262
Other assets	3,790	--	3,790
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 15,915</u>	<u>\$ 91,513</u>	<u>\$ 107,428</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Salaries and benefits payable	\$ --	\$ 741	\$ 741
Accounts payable	--	3,079	3,079
Due to other funds	255	155	410
Deposits from others	--	766	766
Deferred revenue	--	4,355	4,355
Other current liabilities	3,790	20	3,810
Advances from other funds	549	985	1,534
Total Liabilities	<u>4,594</u>	<u>10,101</u>	<u>14,695</u>
Fund Balances:			
Reserved	11,321	29,709	41,030
Unreserved, reported in nonmajor			
Special revenue funds	<u>--</u>	<u>51,703</u>	<u>51,703</u>
Total Fund Balances	<u>11,321</u>	<u>81,412</u>	<u>92,733</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 15,915</u>	<u>\$ 91,513</u>	<u>\$ 107,428</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, 2009 (in thousands)

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Taxes	\$ --	\$ 11,177	\$ 11,177
Fines, forfeits and penalties	--	1,096	1,096
Use of money and property	220	1,808	2,028
Aid from other governmental agencies	--	26,688	26,688
Charges for current services	2,901	13,419	16,320
Other revenues	388	658	1,046
Total revenues	<u>3,509</u>	<u>54,846</u>	<u>58,355</u>
<u>Expenditures:</u>			
Current:			
General government	--	6,740	6,740
Public protection	--	4,427	4,427
Public ways and facilities	--	40,032	40,032
Health and sanitation	--	5,169	5,169
Public assistance	--	5,458	5,458
Education	--	10,615	10,615
Recreation and cultural services	--	8,654	8,654
Debt service:			
Principal payments	3,264	--	3,264
Interest and fiscal charges	5,181	--	5,181
Total expenditures	<u>8,445</u>	<u>81,095</u>	<u>89,540</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,936)</u>	<u>(26,249)</u>	<u>(31,185)</u>
<u>Other financing sources (uses):</u>			
Transfers in	6,044	28,553	34,597
Transfers out	(5,084)	(13,903)	(18,987)
Total other financing sources and (uses)	<u>960</u>	<u>14,650</u>	<u>15,610</u>
Net changes in fund balances	(3,976)	(11,599)	(15,575)
Fund balances - beginning	<u>15,297</u>	<u>93,011</u>	<u>108,308</u>
Fund balances - ending	<u>\$ 11,321</u>	<u>\$ 81,412</u>	<u>\$ 92,733</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2009 (in thousands)

	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Total Nonmajor Debt Service Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 216	\$ 7,631	\$ 7,847
Other receivables	16	--	16
Restricted cash with fiscal agent	4,255	7	4,262
Other assets	1,500	2,290	3,790
Total Assets	\$ 5,987	\$ 9,928	\$ 15,915
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Other current liabilities	\$ 1,500	\$ 2,290	\$ 3,790
Due to other funds	255	--	255
Advances from other funds	549	--	549
Interest payable	--	--	--
Total Liabilities	2,304	2,290	4,594
Fund Balances:			
Reserved for debt service	3,683	7,638	11,321
Total Fund Balances	3,683	7,638	11,321
Total Liabilities and Fund Balances	\$ 5,987	\$ 9,928	\$ 15,915

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, 2009 (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	\$ 123	\$ 97	\$ 220
Charges for current services	2,901	--	2,901
Other revenues	--	388	388
Total revenues	<u>3,024</u>	<u>485</u>	<u>3,509</u>
<u>Expenditures:</u>			
Debt service:			
Principal payments	1,399	1,865	3,264
Interest and fiscal charges	1,121	4,060	5,181
Total expenditures	<u>2,520</u>	<u>5,925</u>	<u>8,445</u>
Excess (deficiency) of revenues over (under) expenditures	<u>504</u>	<u>(5,440)</u>	<u>(4,936)</u>
<u>Other financing sources (uses):</u>			
Transfers in	--	6,044	6,044
Transfers out	(5,084)	--	(5,084)
Total other financing sources and (uses)	<u>(5,084)</u>	<u>6,044</u>	<u>960</u>
Net changes in fund balances	(4,580)	604	(3,976)
Fund balances - beginning	<u>8,263</u>	<u>7,034</u>	<u>15,297</u>
Fund balances - ending	<u>\$ 3,683</u>	<u>\$ 7,638</u>	<u>\$ 11,321</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009 (in thousands)

	<u>CA Health. Indigent Prog</u>	<u>Community Development</u>	<u>CMSP</u>	<u>County-Wide Autom Rplc</u>	<u>Emergency Med Services</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 1,072	\$ 249	\$ 2,290	\$ 8,180	\$ 471
Accounts receivable	--	--	--	--	--
Other receivables	15	--	--	--	(15)
Due from other governments	--	10	111	--	199
Due from other funds	--	--	--	--	--
Prepaid expenses	--	--	--	--	--
Advances to other funds	--	--	--	--	--
	<u>1,087</u>	<u>259</u>	<u>2,401</u>	<u>8,180</u>	<u>655</u>
Total Assets	<u>\$ 1,087</u>	<u>\$ 259</u>	<u>\$ 2,401</u>	<u>\$ 8,180</u>	<u>\$ 655</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	169	92	25	96	216
Salaries and benefits payable	--	--	38	--	--
Due to other funds	--	--	--	--	--
Deposits from others	--	5	--	--	--
Other current liabilities	--	--	--	--	--
Deferred revenue	--	--	--	--	--
Advances from other funds	--	--	--	--	--
Total Liabilities	<u>169</u>	<u>97</u>	<u>63</u>	<u>96</u>	<u>216</u>
Fund Balances:					
Reserved for:					
Encumbrances	--	--	--	451	--
Advances	--	--	--	--	--
Prepays	--	--	--	--	--
Construction of roads and public facilities	--	--	--	--	--
Specific program or grants	--	162	--	--	--
Unreserved	<u>918</u>	<u>--</u>	<u>2,338</u>	<u>7,633</u>	<u>439</u>
Total Fund Balances	<u>918</u>	<u>162</u>	<u>2,338</u>	<u>8,084</u>	<u>439</u>
Total Liabilities and Fund Balances	<u>\$ 1,087</u>	<u>\$ 259</u>	<u>\$ 2,401</u>	<u>\$ 8,180</u>	<u>\$ 655</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2009 (in thousands)

	<u>Driving Under the Influence Pgms</u>	<u>Fish and Game</u>	<u>General Govt Bldg Rplcmnt</u>	<u>Road Impact Fees</u>	<u>Library</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 642	\$ 158	\$ 4,774	\$ 12,945	\$ 3,872
Accounts receivable	--	--	--	--	--
Other receivables	--	--	--	--	--
Due from other governments	--	--	--	--	--
Due from other funds	--	--	--	155	--
Prepaid expenses	2	--	--	--	2
Advances to other funds	--	--	--	--	--
	<u>644</u>	<u>158</u>	<u>4,774</u>	<u>13,100</u>	<u>3,874</u>
Total Assets	<u>\$ 644</u>	<u>\$ 158</u>	<u>\$ 4,774</u>	<u>\$ 13,100</u>	<u>\$ 3,874</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	12	6	--	--	13
Salaries and benefits payable	50	--	--	--	359
Due to other funds	--	--	--	--	--
Deposits from others	--	--	--	--	--
Other current liabilities	--	--	--	--	--
Deferred revenue	--	--	--	4,019	--
Advances from other funds	--	--	--	--	--
Total Liabilities	<u>62</u>	<u>6</u>	<u>--</u>	<u>4,019</u>	<u>372</u>
Fund Balances:					
Reserved for:					
Encumbrances	--	--	--	--	--
Advances	--	--	--	--	--
Prepays	2	--	--	--	2
Construction of roads and public facilities	--	--	--	9,081	--
Specific program or grants	--	--	--	--	--
Unreserved	<u>580</u>	<u>152</u>	<u>4,774</u>	<u>--</u>	<u>3,500</u>
Total Fund Balances	<u>582</u>	<u>152</u>	<u>4,774</u>	<u>9,081</u>	<u>3,502</u>
Total Liabilities and Fund Balances	<u>\$ 644</u>	<u>\$ 158</u>	<u>\$ 4,774</u>	<u>\$ 13,100</u>	<u>\$ 3,874</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2009 (in thousands)

	<u>Organizational Effectiveness</u>	<u>Parks</u>	<u>Public Facilities Fees</u>	<u>Roads</u>	<u>Tax Reduction Reserve</u>
ASSETS					
Cash and cash equivalents	\$ 2,448	\$ 3,322	\$ 15,550	\$ 8,149	\$ 14,733
Accounts receivable	--	--	--	1,262	--
Other receivables	--	31	--	22	--
Due from other governments	--	17	--	984	--
Due from other funds	--	--	--	255	--
Prepaid expenses	--	--	--	--	--
Advances to other funds	--	--	--	--	64
	<u>2,448</u>	<u>3,370</u>	<u>15,550</u>	<u>10,672</u>	<u>14,797</u>
Total Assets	<u>\$ 2,448</u>	<u>\$ 3,370</u>	<u>\$ 15,550</u>	<u>\$ 10,672</u>	<u>\$ 14,797</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	2	128	--	1,859	--
Salaries and benefits payable	--	294	--	--	--
Due to other funds	--	--	--	155	--
Deposits from others	--	93	23	645	--
Other current liabilities	--	--	--	20	--
Deferred revenue	--	59	--	156	--
Advances from other funds	--	221	--	--	--
Total Liabilities	<u>2</u>	<u>795</u>	<u>23</u>	<u>2,835</u>	<u>--</u>
Fund Balances:					
Reserved for:					
Encumbrances	9	25	--	4	--
Advances	--	--	--	--	64
Prepays	--	--	--	--	--
Construction of roads and public facilities	--	--	15,527	--	--
Specific program or grants	--	1,960	--	447	--
Unreserved	2,437	590	--	7,386	14,733
	<u>2,446</u>	<u>2,575</u>	<u>15,527</u>	<u>7,837</u>	<u>14,797</u>
Total Fund Balances	<u>2,446</u>	<u>2,575</u>	<u>15,527</u>	<u>7,837</u>	<u>14,797</u>
Total Liabilities and Fund Balances	<u>\$ 2,448</u>	<u>\$ 3,370</u>	<u>\$ 15,550</u>	<u>\$ 10,672</u>	<u>\$ 14,797</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2009 (in thousands)

	Wildlife Grazing	Gov't Leasing	Special Districts	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and cash equivalents	\$ 5	\$ --	\$ 8,238	\$ 87,098
Accounts receivable	--	--	--	1,262
Other receivables	--	--	--	53
Due from other governments	--	--	945	2,266
Due from other funds	--	--	--	410
Prepaid expenses	--	--	--	4
Advances to other funds	--	--	356	420
	<u>5</u>	<u>--</u>	<u>9,539</u>	<u>91,513</u>
Total Assets	<u>\$ 5</u>	<u>\$ --</u>	<u>\$ 9,539</u>	<u>\$ 91,513</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	--	--	461	3,079
Salaries and benefits payable	--	--	--	741
Due to other funds	--	--	--	155
Deposits from others	--	--	--	766
Other current liabilities	--	--	--	20
Deferred revenue	--	--	121	4,355
Advances from other funds	--	--	764	985
Total Liabilities	<u>--</u>	<u>--</u>	<u>1,346</u>	<u>10,101</u>
Fund Balances:				
Reserved for:				
Encumbrances	--	--	1,619	2,108
Advances	--	--	356	420
Prepays	--	--	--	4
Construction of roads and public facilities	--	--	--	24,608
Specific program or grants	--	--	--	2,569
Unreserved	5	--	6,218	51,703
	<u>5</u>	<u>--</u>	<u>8,193</u>	<u>81,412</u>
Total Fund Balances	<u>5</u>	<u>--</u>	<u>8,193</u>	<u>81,412</u>
Total Liabilities and Fund Balances	<u>\$ 5</u>	<u>\$ --</u>	<u>\$ 9,539</u>	<u>\$ 91,513</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2009 (in thousands)

	CA Health. Indigent Prog	Community Development	CMSP	County-Wide Autom Rplc	Emergency Med Services
Revenues:					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Fines, forfeits and penalties	--	--	--	--	1,022
Use of money and property	12	2	40	192	6
Aid from other governmental agencies	--	4,916	3,125	--	--
Charges for current services	1,050	--	114	316	--
Other revenues	--	63	--	--	--
Total revenues	<u>1,062</u>	<u>4,981</u>	<u>3,279</u>	<u>508</u>	<u>1,028</u>
Expenditures:					
Current:					
General government	--	--	--	3,545	--
Public protection	--	--	--	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	5,169	--	--	--
Public assistance	1,200	--	2,982	--	1,276
Education	--	--	--	--	--
Recreation and cultural services	--	--	--	--	--
Total expenditures	<u>1,200</u>	<u>5,169</u>	<u>2,982</u>	<u>3,545</u>	<u>1,276</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(138)</u>	<u>(188)</u>	<u>297</u>	<u>(3,037)</u>	<u>(248)</u>
Other financing sources (uses):					
Transfers in	--	330	--	307	--
Transfers out	(46)	--	(22)	(574)	--
Total other financing sources (uses)	<u>(46)</u>	<u>330</u>	<u>(22)</u>	<u>(267)</u>	<u>--</u>
Net changes in fund balances	(184)	142	275	(3,304)	(248)
Fund Balances - beginning	<u>1,102</u>	<u>20</u>	<u>2,063</u>	<u>11,388</u>	<u>687</u>
Fund Balances - ending	<u>\$ 918</u>	<u>\$ 162</u>	<u>\$ 2,338</u>	<u>\$ 8,084</u>	<u>\$ 439</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended June 30, 2009 (in thousands)

	Driving Under the Influence Pgms	Fish and Game	General Govt Bldg Rplcmnt	Road Impact Fees	Library
Revenues:					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ 7,065
Fines, forfeits and penalties	40	34	--	--	--
Use of money and property	10	--	159	316	62
Aid from other governmental agencies	--	--	--	--	248
Charges for current services	1,562	--	--	1,359	211
Other revenues	--	--	--	--	147
Total revenues	<u>1,612</u>	<u>34</u>	<u>159</u>	<u>1,675</u>	<u>7,733</u>
Expenditures:					
Current:					
General government	--	--	--	--	--
Public protection	--	9	--	--	--
Public ways and facilities	--	--	--	100	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Education	1,565	--	--	--	9,050
Recreation and cultural services	--	--	--	--	--
Total expenditures	<u>1,565</u>	<u>9</u>	<u>--</u>	<u>100</u>	<u>9,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47</u>	<u>25</u>	<u>159</u>	<u>1,575</u>	<u>(1,317)</u>
Other financing sources (uses):					
Transfers in	--	--	789	--	718
Transfers out	(25)	--	(5,500)	(4,209)	(150)
Total other financing sources (uses)	<u>(25)</u>	<u>--</u>	<u>(4,711)</u>	<u>(4,209)</u>	<u>568</u>
Net changes in fund balances	22	25	(4,552)	(2,634)	(749)
Fund Balances - beginning	<u>560</u>	<u>127</u>	<u>9,326</u>	<u>11,715</u>	<u>4,251</u>
Fund Balances - ending	<u>\$ 582</u>	<u>\$ 152</u>	<u>\$ 4,774</u>	<u>\$ 9,081</u>	<u>\$ 3,502</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended June 30, 2009 (in thousands)

	Organizational Effectiveness	Parks	Public Facilities Fees	Roads	Tax Reduction Reserve
<u>Revenues:</u>					
Taxes	\$ --	\$ --	\$ --	\$ 1,492	\$ --
Fines, forfeits and penalties	--	--	--	--	--
Use of money and property	49	85	311	112	270
Aid from other governmental agencies	--	178	--	16,348	--
Charges for current services	--	4,147	1,387	1,418	--
Other revenues	--	(12)	--	453	--
Total revenues	<u>49</u>	<u>4,398</u>	<u>1,698</u>	<u>19,823</u>	<u>270</u>
<u>Expenditures:</u>					
Current:					
General government	270	--	--	--	--
Public protection	--	--	--	--	--
Public ways and facilities	--	--	--	39,841	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Education	--	--	--	--	--
Recreation and cultural services	--	8,654	--	--	--
Total expenditures	<u>270</u>	<u>8,654</u>	<u>--</u>	<u>39,841</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(221)</u>	<u>(4,256)</u>	<u>1,698</u>	<u>(20,018)</u>	<u>270</u>
<u>Other financing sources (uses):</u>					
Transfers in	--	5,128	--	17,967	562
Transfers out	--	(404)	(2,719)	(4)	--
Total other financing sources (uses)	<u>--</u>	<u>4,724</u>	<u>(2,719)</u>	<u>17,963</u>	<u>562</u>
Net changes in fund balances	(221)	468	(1,021)	(2,055)	832
Fund Balances - beginning	<u>2,667</u>	<u>2,107</u>	<u>16,548</u>	<u>9,892</u>	<u>13,965</u>
Fund Balances - ending	<u>\$ 2,446</u>	<u>\$ 2,575</u>	<u>\$ 15,527</u>	<u>\$ 7,837</u>	<u>\$ 14,797</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended June 30, 2009 (in thousands)

	Wildlife Grazing	Govt'l Leasing	Special Districts	Total Nonmajor Special Revenue Funds
Revenues:				
Taxes	\$ --	\$ 500	\$ 2,120	\$ 11,177
Fines, forfeits and penalties	--	--	--	1,096
Use of money and property	--	46	136	1,808
Aid from other governmental agencies	4	--	1,869	26,688
Charges for current services	--	--	1,855	13,419
Other revenues	--	--	7	658
Total revenues	<u>4</u>	<u>546</u>	<u>5,987</u>	<u>54,846</u>
Expenditures:				
Current:				
General government	--	2,925	--	6,740
Public protection	9	--	4,409	4,427
Public ways and facilities	--	--	91	40,032
Health and sanitation	--	--	--	5,169
Public assistance	--	--	--	5,458
Education	--	--	--	10,615
Recreation and cultural services	--	--	--	8,654
Total expenditures	<u>9</u>	<u>2,925</u>	<u>4,500</u>	<u>81,095</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5)</u>	<u>(2,379)</u>	<u>1,487</u>	<u>(26,249)</u>
Other financing sources (uses):				
Transfers in	--	2,379	373	28,553
Transfers out	--	--	(250)	(13,903)
Total other financing sources (uses)	<u>--</u>	<u>2,379</u>	<u>123</u>	<u>14,650</u>
Net changes in fund balances	(5)	--	1,610	(11,599)
Fund Balances - beginning	<u>10</u>	<u>--</u>	<u>6,583</u>	<u>93,011</u>
Fund Balances - ending	<u>\$ 5</u>	<u>\$ --</u>	<u>\$ 8,193</u>	<u>\$ 81,412</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds - Special Districts
June 30, 2009 (in thousands)

	Flood Control Districts	Lighting Districts	County Service Areas	Total Special Revenue Special District Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,116	\$ 440	\$ 1,682	\$ 8,238
Due from other governments	945	--	--	945
Advances to other funds	--	--	356	356
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 7,061</u></u>	<u><u>\$ 440</u></u>	<u><u>\$ 2,038</u></u>	<u><u>\$ 9,539</u></u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 461	\$ --	\$ --	\$ 461
Deferred revenue	121	--	--	121
Advances from other funds	180	--	584	764
Total Liabilities	<u>762</u>	<u>--</u>	<u>584</u>	<u>1,346</u>
Fund Balances:				
Reserved for:				
Encumbrances	1,619	--	--	1,619
Advances	--	--	356	356
Unreserved	4,680	440	1,098	6,218
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>6,299</u>	<u>440</u>	<u>1,454</u>	<u>8,193</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u><u>\$ 7,061</u></u>	<u><u>\$ 440</u></u>	<u><u>\$ 2,038</u></u>	<u><u>\$ 9,539</u></u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds - Special Districts
For the Year Ended June 30, 2009 (in thousands)

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>Revenues:</u>				
Taxes	\$ 1,594	\$ 33	\$ 493	\$ 2,120
Use of money and property	94	8	34	136
Aid from other governmental agencies	1,866	--	3	1,869
Charges for current services	1,848	2	5	1,855
Other revenue	7	--	--	7
Total revenues	<u>5,409</u>	<u>43</u>	<u>535</u>	<u>5,987</u>
<u>Expenditures:</u>				
Current:				
Public protection	4,390	19	--	4,409
Public ways and facilities	--	--	91	91
Total expenditures	<u>4,390</u>	<u>19</u>	<u>91</u>	<u>4,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,019</u>	<u>24</u>	<u>444</u>	<u>1,487</u>
<u>Other financing sources (uses):</u>				
Transfers in	350	--	23	373
Transfers out	--	--	(250)	(250)
Total other financing sources (uses)	<u>350</u>	<u>--</u>	<u>(227)</u>	<u>123</u>
Net changes in fund balances	1,369	24	217	1,610
Fund Balances - beginning	<u>4,930</u>	<u>416</u>	<u>1,237</u>	<u>6,583</u>
Fund Balances - ending	<u>\$ 6,299</u>	<u>\$ 440</u>	<u>\$ 1,454</u>	<u>\$ 8,193</u>

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



COUNTY OF SAN LUIS OBISPO
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeits, and penalties	\$ --	\$ 294	\$ 1,137	\$ 843
Revenue from use of money and property	--	--	443	443
Aid from other governmental agencies	--	2,446	423	(2,023)
Charges for services	--	631	141	(490)
Total Revenues	<u>--</u>	<u>3,371</u>	<u>2,144</u>	<u>(1,227)</u>
Expenditures:				
Capital Outlay	<u>3,638</u>	<u>21,904</u>	<u>2,849</u>	<u>19,055</u>
Total Expenditures	<u>3,638</u>	<u>21,904</u>	<u>2,849</u>	<u>19,055</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,638)</u>	<u>(18,533)</u>	<u>(705)</u>	<u>17,828</u>
Other Financing Sources (Uses):				
Transfers in	3,549	10,558	4,010	(6,548)
Transfers out	<u>(1,801)</u>	<u>(1,848)</u>	<u>(2,121)</u>	<u>(273)</u>
Total Other Financing Sources (Uses)	<u>1,748</u>	<u>8,710</u>	<u>1,889</u>	<u>(6,821)</u>
Net change in fund balances	(1,890)	(9,823)	1,184	11,007
Fund balances, beginning	<u>23,731</u>	<u>23,731</u>	<u>23,731</u>	<u>--</u>
Fund balances, ending	<u>\$ 21,841</u>	<u>\$ 13,908</u>	<u>\$ 24,915</u>	<u>\$ 11,007</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from use of money and property	\$ --	\$ --	\$ 123	\$ 123
Charges for current services	--	--	2,901	2,901
Total Revenues	<u>--</u>	<u>--</u>	<u>3,024</u>	<u>3,024</u>
Expenditures:				
Debt Service:				
Principal	--	--	1,399	(1,399)
Interest and fiscal charges	--	--	1,121	(1,121)
Total Expenditures	<u>--</u>	<u>--</u>	<u>2,520</u>	<u>(2,520)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>--</u>	<u>504</u>	<u>504</u>
Other Financing Sources (Uses):				
Transfers out	--	--	(5,084)	(5,084)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(5,084)</u>	<u>(5,084)</u>
Net change in fund balances	<u>--</u>	<u>--</u>	<u>(4,580)</u>	<u>(4,580)</u>
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>8,263</u>	<u>8,263</u>
Fund balances, ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,683</u>	<u>\$ 3,683</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from use of money and property	\$ 120	\$ 120	\$ 97	\$ (23)
Other revenue	6,253	6,253	388	(5,865)
Total Revenues	<u>6,373</u>	<u>6,373</u>	<u>485</u>	<u>(5,888)</u>
Expenditures:				
Debt Service:				
Principal payments	1,865	1,865	1,865	--
Interest and fiscal charges	4,113	4,113	4,060	53
Total Expenditures	<u>5,978</u>	<u>5,978</u>	<u>5,925</u>	<u>53</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>395</u>	<u>395</u>	<u>(5,440)</u>	<u>(5,835)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	6,044	6,044
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>6,044</u>	<u>6,044</u>
Net change in fund balances	395	395	604	209
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>7,034</u>	<u>7,034</u>
Fund balances, ending	<u>\$ 395</u>	<u>\$ 395</u>	<u>\$ 7,638</u>	<u>\$ 7,243</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 33	\$ 33	\$ 12	\$ (21)
Aid from other governmental agencies	183	--	--	--
Charges for services	993	993	1,050	57
Total Revenues	<u>1,209</u>	<u>1,026</u>	<u>1,062</u>	<u>36</u>
Expenditures:				
Current:				
Public assistance				
Services and supplies	436	1,005	490	515
Other charges	649	1,063	710	353
Total Expenditures	<u>1,085</u>	<u>2,068</u>	<u>1,200</u>	<u>868</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>124</u>	<u>(1,042)</u>	<u>(138)</u>	<u>904</u>
Other Financing Sources (Uses):				
Transfers out	<u>(123)</u>	<u>(59)</u>	<u>(46)</u>	<u>13</u>
Total Other Financing Sources (Uses)	<u>(123)</u>	<u>(59)</u>	<u>(46)</u>	<u>13</u>
Net change in fund balances	1	(1,101)	(184)	917
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>1,102</u>	<u>1,102</u>
Fund balances, ending	<u>\$ 1</u>	<u>\$ (1,101)</u>	<u>\$ 918</u>	<u>\$ 2,019</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ --	\$ --	\$ 2	\$ 2
Aid from other governmental agencies	4,904	11,760	4,916	(6,844)
Other revenue	<u>--</u>	<u>--</u>	<u>63</u>	<u>63</u>
Total Revenues	<u>4,904</u>	<u>11,760</u>	<u>4,981</u>	<u>(6,779)</u>
Expenditures:				
Current:				
Health and sanitation				
Services and supplies	663	892	670	222
Other charges	<u>4,581</u>	<u>11,207</u>	<u>4,499</u>	<u>6,708</u>
Total Expenditures	<u>5,244</u>	<u>12,099</u>	<u>5,169</u>	<u>6,930</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(340)</u>	<u>(339)</u>	<u>(188)</u>	<u>151</u>
Other Financing Sources (Uses):				
Transfers in	<u>330</u>	<u>330</u>	<u>330</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>330</u>	<u>330</u>	<u>330</u>	<u>--</u>
Net change in fund balances	(10)	(9)	142	151
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>20</u>	<u>20</u>
Fund balances, ending	<u>\$ (10)</u>	<u>\$ (9)</u>	<u>\$ 162</u>	<u>\$ 171</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 40	\$ 40	\$ 40	\$ --
Aid from governmental agencies	3,091	3,091	3,125	34
Charges for current services	<u>98</u>	<u>98</u>	<u>114</u>	<u>16</u>
Total Revenues	<u>3,229</u>	<u>3,229</u>	<u>3,279</u>	<u>50</u>
Expenditures:				
Current:				
Public assistance				
Salaries wages benefits	926	843	822	21
Services and supplies	2,303	4,410	2,160	2,250
Capital outlay	<u>6,100</u>	<u>6,100</u>	<u>--</u>	<u>6,100</u>
Total Expenditures	<u>9,329</u>	<u>11,353</u>	<u>2,982</u>	<u>8,371</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,100)</u>	<u>(8,124)</u>	<u>297</u>	<u>8,421</u>
Other Financing Sources (Uses):				
Transfers out	<u>--</u>	<u>--</u>	<u>(22)</u>	<u>(22)</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(22)</u>	<u>(22)</u>
Net change in fund balances	(6,100)	(8,124)	275	8,399
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>2,063</u>	<u>2,063</u>
Fund balances, ending	<u>\$ (6,100)</u>	<u>\$ (8,124)</u>	<u>\$ 2,338</u>	<u>\$ 10,462</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ --	\$ --	\$ 192	\$ 192
Charges for current services	--	715	316	(399)
Total Revenues	<u>--</u>	<u>715</u>	<u>508</u>	<u>(207)</u>
Expenditures:				
Current:				
General government				
Services and supplies	415	2,335	2,692	(357)
Capital outlay	676	3,340	853	2,487
Total Expenditures	<u>1,091</u>	<u>5,675</u>	<u>3,545</u>	<u>2,130</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,091)</u>	<u>(4,960)</u>	<u>(3,037)</u>	<u>1,923</u>
Other Financing Sources (Uses):				
Transfers in	307	307	307	--
Transfers out	(830)	(830)	(574)	256
Total Other Financing Sources (Uses)	<u>(523)</u>	<u>(523)</u>	<u>(267)</u>	<u>256</u>
Net change in fund balances	(1,614)	(5,483)	(3,304)	2,179
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>11,388</u>	<u>11,388</u>
Fund balances, ending	<u>\$ (1,614)</u>	<u>\$ (5,483)</u>	<u>\$ 8,084</u>	<u>\$ 13,567</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeits, and penalties	\$ 972	\$ 972	\$ 1,022	\$ 50
Use of money and property	13	13	6	(7)
Total Revenues	<u>985</u>	<u>985</u>	<u>1,028</u>	<u>43</u>
Expenditures:				
Current:				
Public assistance				
Services and supplies	483	756	742	14
Other charges	502	748	534	214
Total Expenditures	<u>985</u>	<u>1,504</u>	<u>1,276</u>	<u>228</u>
Net change in fund balances	--	(519)	(248)	271
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>687</u>	<u>687</u>
Fund balances, ending	<u>\$ --</u>	<u>\$ (519)</u>	<u>\$ 439</u>	<u>\$ 958</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeits, and penalties	\$ 37	\$ 37	\$ 40	\$ 3
Use of money and property	10	10	10	--
Charges for current services	<u>1,454</u>	<u>1,454</u>	<u>1,562</u>	<u>108</u>
Total Revenues	<u>1,501</u>	<u>1,501</u>	<u>1,612</u>	<u>111</u>
Expenditures:				
Current:				
Education				
Salaries wages benefits	1,012	1,092	1,068	24
Service and supplies	498	524	491	33
Capital outlay	6	6	6	--
Contingencies	<u>166</u>	<u>59</u>	<u>--</u>	<u>59</u>
Total Expenditures	<u>1,682</u>	<u>1,681</u>	<u>1,565</u>	<u>116</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(181)</u>	<u>(180)</u>	<u>47</u>	<u>(5)</u>
Other Financing Sources (Uses):				
Transfers out	<u>--</u>	<u>--</u>	<u>(25)</u>	<u>(25)</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(25)</u>	<u>(25)</u>
Net change in fund balances	(181)	(180)	22	202
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>560</u>	<u>560</u>
Fund balances, ending	<u>\$ (181)</u>	<u>\$ (180)</u>	<u>\$ 582</u>	<u>\$ 762</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeits, and penalties	\$ 10	\$ 10	\$ 34	\$ 24
Total Revenues	<u>10</u>	<u>10</u>	<u>34</u>	<u>24</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	23	23	9	14
Total Expenditures	<u>23</u>	<u>23</u>	<u>9</u>	<u>14</u>
Net change in fund balances	(13)	(13)	25	38
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>127</u>	<u>127</u>
Fund balances, ending	<u><u>\$ (13)</u></u>	<u><u>\$ (13)</u></u>	<u><u>\$ 152</u></u>	<u><u>\$ 165</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ --	\$ --	\$ 159	\$ 159
Total Revenues	<u>--</u>	<u>--</u>	<u>159</u>	<u>159</u>
Other Financing Sources (Uses):				
Transfers in	789	789	789	--
Transfers out	<u>(2,000)</u>	<u>(5,500)</u>	<u>(5,500)</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(1,211)</u>	<u>(4,711)</u>	<u>(4,711)</u>	<u>--</u>
Net change in fund balances	(1,211)	(4,711)	(4,552)	159
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>9,326</u>	<u>9,326</u>
Fund balances, ending	<u><u>\$ (1,211)</u></u>	<u><u>\$ (4,711)</u></u>	<u><u>\$ 4,774</u></u>	<u><u>\$ 9,485</u></u>

COUNTY OF SAN LUIS OBISPO
Road Impact Fees Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2009 (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>
Revenues:				
Use of money and property	\$ 400	\$ 400	\$ 316	\$ (84)
Charges for current services	<u>2,713</u>	<u>2,713</u>	<u>1,359</u>	<u>(1,354)</u>
Total Revenues	<u>3,113</u>	<u>3,113</u>	<u>1,675</u>	<u>(1,438)</u>
Expenditures:				
Current:				
Public ways and facilities				
Other charges	<u>--</u>	<u>--</u>	<u>100</u>	<u>(100)</u>
Total Expenditures	<u>--</u>	<u>--</u>	<u>100</u>	<u>(100)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,113</u>	<u>3,113</u>	<u>1,575</u>	<u>(1,538)</u>
Other Financing Sources (Uses):				
Transfers out	<u>(10,298)</u>	<u>(15,328)</u>	<u>(4,209)</u>	<u>11,119</u>
Total Other Financing Sources (Uses)	<u>(10,298)</u>	<u>(15,328)</u>	<u>(4,209)</u>	<u>11,119</u>
Net change in fund balances	(7,185)	(12,215)	(2,634)	9,581
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>11,715</u>	<u>11,715</u>
Fund balances, ending	<u><u>\$ (7,185)</u></u>	<u><u>\$ (12,215)</u></u>	<u><u>\$ 9,081</u></u>	<u><u>\$ 21,296</u></u>

COUNTY OF SAN LUIS OBISPO
Library Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2009 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 6,979	\$ 6,979	\$ 7,065	\$ 86
Use of money and property	130	130	62	(68)
Aid from other governmental agencies	245	245	248	3
Charges for services	219	219	211	(8)
Other revenue	20	517	147	(370)
Total Revenues	<u>7,593</u>	<u>8,090</u>	<u>7,733</u>	<u>(357)</u>
Expenditures:				
Current:				
Education				
Salaries and benefits	5,716	6,067	5,917	150
Services and supplies	2,996	3,467	2,936	531
Other charges	27	1,171	47	1,124
Capital outlay	--	150	150	--
Contingencies	185	--	--	--
Total Expenditures	<u>8,924</u>	<u>10,855</u>	<u>9,050</u>	<u>1,805</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,331)</u>	<u>(2,765)</u>	<u>(1,317)</u>	<u>1,448</u>
Other Financing Sources (Uses):				
Transfers in	587	718	718	--
Transfers out	--	--	(150)	(150)
Total Other Financing Sources (Uses)	<u>587</u>	<u>718</u>	<u>568</u>	<u>(150)</u>
Net change in fund balances	(744)	(2,047)	(749)	1,298
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>4,251</u>	<u>4,251</u>
Fund balances, ending	<u>\$ (744)</u>	<u>\$ (2,047)</u>	<u>\$ 3,502</u>	<u>\$ 5,549</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 100	\$ 100	\$ 49	\$ (51)
Total Revenues	<u>100</u>	<u>100</u>	<u>49</u>	<u>(51)</u>
Expenditures:				
Current:				
General government				
Salaries and benefits	144	144	11	133
Services and supplies	398	407	259	148
Contingencies	30	30	--	30
Total Expenditures	<u>572</u>	<u>581</u>	<u>270</u>	<u>311</u>
Net change in fund balances	(472)	(481)	(221)	260
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>2,667</u>	<u>2,667</u>
Fund balances, ending	<u>\$ (472)</u>	<u>\$ (481)</u>	<u>\$ 2,446</u>	<u>\$ 2,927</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeits, and penalties	\$ 2	\$ 2	\$ --	\$ (2)
Use of money and property	59	59	85	26
Aid from other governmental agencies	--	--	178	178
Charges for services	4,344	4,544	4,147	(397)
Other revenue	6	6	(12)	(18)
Total Revenues	<u>4,411</u>	<u>4,611</u>	<u>4,398</u>	<u>(213)</u>
Expenditures:				
Current:				
Recreational and cultural services				
Salaries wages benefits	4,466	4,466	4,244	222
Services and supplies	3,532	3,725	3,041	684
Other charges	5	70	36	34
Capital outlay	28	1,364	1,333	31
Contingencies	409	409	--	409
Total Expenditures	<u>8,440</u>	<u>10,034</u>	<u>8,654</u>	<u>1,380</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,029)</u>	<u>(5,423)</u>	<u>(4,256)</u>	<u>1,167</u>
Other Financing Sources (Uses):				
Transfers in	3,752	5,028	5,128	100
Transfers out	(120)	(378)	(404)	(26)
Total Other Financing Sources (Uses)	<u>3,632</u>	<u>4,650</u>	<u>4,724</u>	<u>74</u>
Net change in fund balances	(397)	(773)	468	1,241
Fund balances, beginning	--	--	2,107	2,107
Fund balances, ending	<u>\$ (397)</u>	<u>\$ (773)</u>	<u>\$ 2,575</u>	<u>\$ 3,348</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ --	\$ --	\$ 311	\$ 311
Charges for current services	<u>2,338</u>	<u>2,338</u>	<u>1,387</u>	<u>(951)</u>
Total Revenues	<u>2,338</u>	<u>2,338</u>	<u>1,698</u>	<u>(640)</u>
Other Financing Sources (Uses):				
Transfers out	<u>(4,049)</u>	<u>(9,111)</u>	<u>(2,719)</u>	<u>6,392</u>
Total Other Financing Sources (Uses)	<u>(4,049)</u>	<u>(9,111)</u>	<u>(2,719)</u>	<u>6,392</u>
Net change in fund balances	(1,711)	(6,773)	(1,021)	5,752
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>16,548</u>	<u>16,548</u>
Fund balances, ending	<u><u>\$(1,711)</u></u>	<u><u>\$(6,773)</u></u>	<u><u>\$ 15,527</u></u>	<u><u>\$ 22,300</u></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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,440	\$ 1,440	\$ 1,492	\$ 52
Use of money and property	150	150	112	(38)
Aid from other governmental agencies	13,566	28,797	16,348	(12,449)
Charges for services	328	859	1,418	559
Other revenue	6	609	453	(156)
Total Revenues	<u>15,490</u>	<u>31,855</u>	<u>19,823</u>	<u>(12,032)</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	16,013	16,251	39,346	(23,095)
Other charges	460	765	495	270
Capital outlay	19,570	51,537	--	51,537
Total Expenditures	<u>36,043</u>	<u>68,553</u>	<u>39,841</u>	<u>28,712</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(20,553)</u>	<u>(36,698)</u>	<u>(20,018)</u>	<u>16,680</u>
Other Financing Sources (Uses):				
Transfers in	19,944	28,773	17,967	(10,806)
Transfers out	--	--	(4)	(4)
Total Other Financing Sources (Uses)	<u>19,944</u>	<u>28,773</u>	<u>17,963</u>	<u>(10,810)</u>
Net change in fund balances	(609)	(7,925)	(2,055)	5,870
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>9,892</u>	<u>9,892</u>
Fund balances, ending	<u>\$ (609)</u>	<u>\$ (7,925)</u>	<u>\$ 7,837</u>	<u>\$ 15,762</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ --	\$ --	\$ 270	\$ 270
Total Revenues	<u>--</u>	<u>--</u>	<u>270</u>	<u>270</u>
Other Financing Sources (Uses):				
Transfers in	<u>--</u>	<u>562</u>	<u>562</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>562</u>	<u>562</u>	<u>--</u>
Net change in fund balances	<u>--</u>	<u>--</u>	<u>832</u>	<u>270</u>
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>13,965</u>	<u>13,965</u>
Fund balances, ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 14,797</u>	<u>\$ 14,235</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Aid from governmental agencies	\$ 5	\$ 5	\$ 4	\$ (1)
Total Revenues	<u>5</u>	<u>5</u>	<u>4</u>	<u>(1)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	<u>10</u>	<u>10</u>	<u>9</u>	<u>1</u>
Total Expenditures	<u>10</u>	<u>10</u>	<u>9</u>	<u>1</u>
Net change in fund balances	(5)	(5)	(5)	--
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>10</u>	<u>10</u>
Fund balances, ending	<u><u>\$ (5)</u></u>	<u><u>\$ (5)</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ 10</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 500	\$ 500	\$ 500	\$ --
Fines, forfeits, and penalties	310	310	--	(310)
Use of money and property	--	48	46	(2)
Total Revenues	<u>810</u>	<u>858</u>	<u>546</u>	<u>(312)</u>
Expenditures:				
Current:				
General government				
Other charges	2,880	2,929	2,925	4
Total Expenditures	<u>2,880</u>	<u>2,929</u>	<u>2,925</u>	<u>4</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,070)</u>	<u>(2,071)</u>	<u>(2,379)</u>	<u>(308)</u>
Other Financing Sources (Uses):				
Transfers in	941	941	2,379	1,438
Total Other Financing Sources (Uses)	<u>941</u>	<u>941</u>	<u>2,379</u>	<u>1,438</u>
Net change in fund balances	(1,129)	(1,130)	--	1,130
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances, ending	<u>\$ (1,129)</u>	<u>\$ (1,130)</u>	<u>\$ --</u>	<u>\$ 1,130</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,520	\$ 1,520	\$ 1,594	\$ 74
Use of money and property	105	105	94	(11)
Aid from other governmental agencies	2,974	3,156	1,866	(1,290)
Charges for services	472	705	1,848	1,143
Other revenue	2	2	7	5
Total Revenues	<u>5,073</u>	<u>5,488</u>	<u>5,409</u>	<u>(79)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	2,351	3,334	4,390	(1,056)
Capital outlay	3,022	3,834	--	3,834
Total Expenditures	<u>5,373</u>	<u>7,168</u>	<u>4,390</u>	<u>2,778</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(300)</u>	<u>(1,680)</u>	<u>1,019</u>	<u>2,699</u>
Other Financing Sources (Uses):				
Transfers in	4	395	350	(45)
Transfers out	(28)	(255)	--	255
Total Other Financing Sources (Uses)	<u>(24)</u>	<u>140</u>	<u>350</u>	<u>210</u>
Net change in fund balances	(324)	(1,540)	1,369	2,909
Fund balances, beginning	--	--	4,930	4,930
Fund balances, ending	<u>\$ (324)</u>	<u>\$ (1,540)</u>	<u>\$ 6,299</u>	<u>\$ 7,839</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 35	\$ 35	\$ 33	\$ (2)
Use of money and property	13	13	8	(5)
Charges for services	--	--	2	2
Total Revenues	<u>48</u>	<u>48</u>	<u>43</u>	<u>(5)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	<u>38</u>	<u>38</u>	<u>19</u>	<u>19</u>
Total Expenditures	<u>38</u>	<u>38</u>	<u>19</u>	<u>19</u>
Net change in fund balances	10	10	24	14
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>416</u>	<u>416</u>
Fund balances, ending	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 440</u>	<u>\$ 430</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, 2009 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 500	\$ 500	\$ 493	\$ (7)
Use of money and property	47	47	34	(13)
Aid from other governmental agencies	3	3	3	--
Charges for services	<u>22</u>	<u>22</u>	<u>5</u>	<u>(17)</u>
Total Revenues	<u>572</u>	<u>572</u>	<u>535</u>	<u>(37)</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	101	103	91	12
Capital outlay	<u>32</u>	<u>32</u>	<u>--</u>	<u>32</u>
Total Expenditures	<u>133</u>	<u>135</u>	<u>91</u>	<u>44</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>439</u>	<u>437</u>	<u>444</u>	<u>7</u>
Other Financing Sources (Uses):				
Transfers in	846	846	23	(823)
Transfers out	<u>(490)</u>	<u>(490)</u>	<u>(250)</u>	<u>240</u>
Total Other Financing Sources (Uses)	<u>356</u>	<u>356</u>	<u>(227)</u>	<u>(583)</u>
Net change in fund balances	795	793	217	(576)
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>1,237</u>	<u>1,237</u>
Fund balances, ending	<u>\$ 795</u>	<u>\$ 793</u>	<u>\$ 1,454</u>	<u>\$ 661</u>



**COMBINING FINANCIAL STATEMENTS
NONMAJOR ENTERPRISE FUNDS**



NONMAJOR ENTERPRISE FUNDS

ENTERPRISE FUNDS:

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

Transit District

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

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, 2009 (in thousands)

	Transit	General Flood Control Zone	Golf	Lopez Park	County Service Areas	Total
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 678	\$ 951	\$ 1,479	\$ 22	\$ 3,579	\$ 6,709
Accounts receivable, net	--	--	--	--	150	150
Other receivables	--	--	49	--	--	49
Due from other governments	--	--	--	--	139	139
Deposits with Others	--	--	--	--	13	13
Total Current Assets	678	951	1,528	22	3,881	7,060
Noncurrent assets:						
Advances to other funds	--	--	549	--	--	549
Capital Assets						
Nondepreciable:						
Land	84	--	1,333	--	132	1,549
Construction in progress	--	--	61	--	2,057	2,118
Depreciable:						
Structures & improvements, net	63	--	10,897	--	7,451	18,411
Equipment, net	--	--	249	--	136	385
Other property, net	--	--	--	--	508	508
Total Noncurrent Assets	147	--	13,089	--	10,284	23,520
Total Assets	825	951	14,617	22	14,165	30,580
LIABILITIES						
Current Liabilities:						
Accounts payable	204	4	320	--	68	596
Salaries and benefits payable	--	--	69	--	--	69
Deposits from others	--	--	6	--	147	153
Accrued interest	--	--	80	--	16	96
Deferred revenue	511	--	--	--	112	623
Accrued vacation and sick leave - current	--	--	102	--	--	102
Notes and bonds payable - current	--	--	240	15	154	409
Total Current Liabilities	715	4	817	15	497	2,048
Noncurrent Liabilities:						
Advances from other funds	--	--	--	--	904	904
Accrued vacation and sick leave - noncurrent	--	--	66	--	--	66
Notes and bonds payable - noncurrent	--	--	6,540	244	2,572	9,356
Total Noncurrent Liabilities	--	--	6,606	244	3,476	10,326
Total Liabilities	715	4	7,423	259	3,973	12,374
NET ASSETS						
Invested in capital assets, net of related debt	147	--	5,760	--	7,558	13,465
Unrestricted	(37)	947	1,434	(237)	2,634	4,741
Total Net Assets	\$ 110	\$ 947	\$ 7,194	\$ (237)	\$ 10,192	\$ 18,206

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, 2009 (in thousands)

	Transit	General Flood Control Zone	Golf	Lopez Park	County Service Areas	Total
Operating Revenues:						
Charges for current services	\$ 63	\$ 637	\$ 2,879	\$ --	\$ 2,658	\$ 6,237
Total operating revenues	<u>63</u>	<u>637</u>	<u>2,879</u>	<u>--</u>	<u>2,658</u>	<u>6,237</u>
Operating expenses:						
Salaries and benefits	--	--	1,412	--	--	1,412
Services and supplies	946	700	1,101	--	2,981	5,728
Other charges	25	1	--	--	23	49
Depreciation	6	--	385	--	353	744
Countywide cost allocation	10	11	48	--	37	106
Total operating expenses	<u>987</u>	<u>712</u>	<u>2,946</u>	<u>--</u>	<u>3,394</u>	<u>8,039</u>
Operating income (loss)	<u>(924)</u>	<u>(75)</u>	<u>(67)</u>	<u>--</u>	<u>(736)</u>	<u>(1,802)</u>
Nonoperating revenues (expenses):						
Property taxes	--	--	--	--	440	440
Interest income	9	19	28	--	70	126
Interest expense	--	--	(323)	(5)	(74)	(402)
Aid from governmental agencies	962	--	--	--	4	966
Other nonoperating revenue (expense)	--	14	444	--	--	458
Total nonoperating revenues (expenses)	<u>971</u>	<u>33</u>	<u>149</u>	<u>(5)</u>	<u>440</u>	<u>1,588</u>
Income (loss) before contributions and transfers	47	(42)	82	(5)	(296)	(214)
Capital contributions	--	--	--	--	275	275
Transfers in	--	--	9	21	236	266
Transfers out	--	--	(51)	(966)	(37)	(1,054)
Change in net assets	47	(42)	40	(950)	178	(727)
Net assets - beginning	574	989	7,154	713	10,014	19,444
Prior period adjustment	<u>(511)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(511)</u>
Net assets - ending	<u>\$ 110</u>	<u>\$ 947</u>	<u>\$ 7,194</u>	<u>\$ (237)</u>	<u>\$ 10,192</u>	<u>\$ 18,206</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009 (in thousands)

	Transit	General Flood Control Zone	Golf	Lopez Park
Cash Flows from Operating Activities:				
Receipts from customers	\$ 63	\$ 637	\$ 3,332	\$ 21
Payments to employees for service	--	--	(1,394)	--
Payments for goods and services	(1,055)	(717)	(1,372)	(17)
Net Cash Provided (Used) by Operating Activities	<u>(992)</u>	<u>(80)</u>	<u>566</u>	<u>4</u>
Cash Flows from Noncapital Financing Activities:				
Property tax proceeds	--	--	--	--
Grants and subsidies from other gov't agencies	962	--	--	--
Advances from other funds	--	--	--	--
Transfers from other funds	--	--	9	21
Transfers to other funds	--	--	(51)	(243)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>962</u>	<u>--</u>	<u>(42)</u>	<u>(222)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases and construction of capital assets	--	--	(9)	--
Proceeds from issuance of long-term debt	--	--	--	--
Proceeds from capital grants	--	--	--	--
Principal paid on capital debt	--	--	(240)	(14)
Interest paid on capital debt	--	--	(326)	(5)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>(575)</u>	<u>(19)</u>
Cash Flows from Investing Activities:				
Interest received	9	19	28	--
Net Cash Provided (Used) by Investing Activities	<u>9</u>	<u>19</u>	<u>28</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(21)	(61)	(23)	(237)
Cash and Cash Equivalents - Beginning of Year	699	1,012	1,502	259
Cash and Cash Equivalents - End of Year	<u>\$ 678</u>	<u>\$ 951</u>	<u>\$ 1,479</u>	<u>\$ 22</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (924)	\$ (75)	\$ (67)	\$ --
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation expense	6	--	385	--
Change in Assets and Liabilities:				
Receivables, net	--	--	447	21
Deposits from others	--	--	6	--
Accounts payable	(74)	(5)	(223)	(17)
Salaries and benefits payable	--	--	17	--
Deferred revenue	--	--	--	--
Accrued vacation and sick leave	--	--	1	--
Other accrued liabilities	--	--	--	--
Total Adjustments	<u>(68)</u>	<u>(5)</u>	<u>633</u>	<u>4</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (992)</u>	<u>\$ (80)</u>	<u>\$ 566</u>	<u>\$ 4</u>
Noncash Investing, Capital, and Financing Activities:				
Contributions of capital assets to governmental fund	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (725)</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009 (in thousands)

	County <u>Service Areas</u>	<u>Total</u>
Cash Flows from Operating Activities:		
Receipts from customers	\$ 2,721	\$ 6,774
Payments to employees	--	(1,394)
Payments for goods and services	(3,024)	(6,185)
Net Cash Provided (Used) by Operating Activities	<u>(303)</u>	<u>(805)</u>
Cash Flows from Noncapital Financing Activities:		
Property tax proceeds	440	440
Grants and subsidies from other gov't agencies	4	966
Advances from other funds	(72)	(72)
Transfers from other funds	236	266
Transfers to other funds	(37)	(331)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>571</u>	<u>1,269</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases and construction of capital assets	(801)	(810)
Proceeds from issuance of long-term debt	438	438
Proceeds from capital grants	275	275
Principal paid on capital debt	(142)	(396)
Interest paid on capital debt	(75)	(406)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(305)</u>	<u>(899)</u>
Cash Flows from Investing Activities:		
Interest received	70	126
Net Cash Provided (Used) by Investing Activities	<u>70</u>	<u>126</u>
Net Increase (Decrease) in Cash and Cash Equivalents	33	(309)
Cash and Cash Equivalents - Beginning of Year	<u>3,546</u>	<u>7,018</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,579</u>	<u>\$ 6,709</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	<u>\$ (736)</u>	<u>\$ (1,802)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation expense	353	744
Change in Assets and Liabilities:		
Receivables, net	(8)	460
Deposits from others	--	6
Accounts payable	23	(296)
Salaries and benefits payable	--	17
Deferred revenue	71	71
Accrued vacation and sick leave	--	1
Other accrued liabilities	(6)	(6)
Total Adjustments	<u>433</u>	<u>997</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (303)</u>	<u>\$ (805)</u>
Noncash Investing, Capital, and Financing Activities:		
Contributions of capital assets to governmental fund	<u>\$ --</u>	<u>\$ (725)</u>



INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS:

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

Reprographics

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

Garage

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

Public Works

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

Insurance Funds

Account 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, 2009 (in thousands)

	Reprographics	Garage	Public Works	Combined Insurance (5 funds)	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 174	\$ 4,114	\$ 10,858	\$ 36,263	\$ 51,409
Accounts receivable	4	--	18	--	22
Other receivables	--	--	--	194	194
Inventory	6	43	527	--	576
Total Current Assets	<u>184</u>	<u>4,157</u>	<u>11,403</u>	<u>36,457</u>	<u>52,201</u>
Noncurrent assets:					
Capital Assets:					
Structures & improvements, net	--	197	77	--	274
Equipment, net	80	2,922	6,423	--	9,425
Total Noncurrent Assets	<u>80</u>	<u>3,119</u>	<u>6,500</u>	<u>--</u>	<u>9,699</u>
Total Assets	<u>264</u>	<u>7,276</u>	<u>17,903</u>	<u>36,457</u>	<u>61,900</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	16	159	190	489	854
Salaries and benefits payable	11	57	978	--	1,046
Self insurance liability	--	--	--	4,983	4,983
Deposits from others	--	--	702	--	702
Accrued vacation and sick leave - current	15	68	1,410	--	1,493
Total Current Liabilities	<u>42</u>	<u>284</u>	<u>3,280</u>	<u>5,472</u>	<u>9,078</u>
Noncurrent Liabilities:					
OPEB liability	--	--	--	3,373	3,373
Self insurance liability	--	--	--	15,036	15,036
Accrued vacation and sick leave	11	--	971	--	982
Total Noncurrent Liabilities	<u>11</u>	<u>--</u>	<u>971</u>	<u>18,409</u>	<u>19,391</u>
Total Liabilities	<u>53</u>	<u>284</u>	<u>4,251</u>	<u>23,881</u>	<u>28,469</u>
NET ASSETS					
Invested in capital assets	80	3,119	6,500	--	9,699
Unrestricted	131	3,873	7,152	12,576	23,732
Total Net Assets	<u>\$ 211</u>	<u>\$ 6,992</u>	<u>\$ 13,652</u>	<u>\$ 12,576</u>	<u>\$ 33,431</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, 2009 (in thousands)

	Reprographics	Garage	Public Works	Combined Insurance (5 funds)	Total
<u>Operating Revenues:</u>					
Charges for current services	\$ 561	\$ 3,947	\$ 29,689	\$ 12,027	\$ 46,224
Total Operating Revenues	<u>561</u>	<u>3,947</u>	<u>29,689</u>	<u>12,027</u>	<u>46,224</u>
<u>Operating Expenses:</u>					
Salaries and benefits	232	1,122	20,375	--	21,729
Services and supplies	287	1,996	5,710	2,907	10,900
Insurance benefit payments	--	--	--	5,848	5,848
Insurance premiums	--	--	--	3,096	3,096
Depreciation	8	1,012	661	--	1,681
Countywide cost allocation	48	158	73	643	922
Total Operating Expenses	<u>575</u>	<u>4,288</u>	<u>26,819</u>	<u>12,494</u>	<u>44,176</u>
Operating Income (Loss)	<u>(14)</u>	<u>(341)</u>	<u>2,870</u>	<u>(467)</u>	<u>2,048</u>
<u>Nonoperating Revenues (Expenses):</u>					
Interest income	3	70	131	613	817
Interest expense	--	--	(1)	--	(1)
Aid from governmental agencies	--	--	--	651	651
Other revenue (expense)	1	7	61	--	69
Total Nonoperating Revenues (Expenses)	<u>4</u>	<u>77</u>	<u>191</u>	<u>1,264</u>	<u>1,536</u>
Income (Loss) Before Transfers	(10)	(264)	3,061	797	3,584
Transfers out	<u>(6)</u>	<u>(29)</u>	<u>(524)</u>	<u>(11)</u>	<u>(570)</u>
Change in Net Assets	(16)	(293)	2,537	786	3,014
Net assets - beginning	<u>227</u>	<u>7,285</u>	<u>11,115</u>	<u>11,790</u>	<u>30,417</u>
Net assets - ending	<u>\$ 211</u>	<u>\$ 6,992</u>	<u>\$ 13,652</u>	<u>\$ 12,576</u>	<u>\$ 33,431</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009 (in thousands)

	Reprographics	Garage	Public Works	Combined Insurance (5 funds)	Total
Cash Flows from Operating Activities:					
Receipts from interfund billings	\$ 557	\$ 3,988	\$ 29,756	\$ 11,833	\$ 46,134
Payments for goods and services	(336)	(2,183)	(5,797)	(3,132)	(11,448)
Payments to employees for service	(229)	(1,138)	(19,963)	--	(21,330)
Payments for insurance benefits	--	--	--	(3,111)	(3,111)
Payments for premiums	--	--	--	(3,096)	(3,096)
Net Cash Provided (Used) by Operating Activities	<u>(8)</u>	<u>667</u>	<u>3,996</u>	<u>2,494</u>	<u>7,149</u>
Cash Flows from Noncapital Financing Activities:					
Grants and subsidies from other gov't agencies	--	--	--	651	651
Transfers to other funds	(6)	(29)	(524)	(11)	(570)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(6)</u>	<u>(29)</u>	<u>(524)</u>	<u>640</u>	<u>81</u>
Cash Flows from Capital and Related Financing Activities:					
Purchases and construction of capital assets	--	(415)	(1,370)	--	(1,785)
Proceeds from sale of capital assets	--	36	132	--	168
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>(379)</u>	<u>(1,238)</u>	<u>--</u>	<u>(1,617)</u>
Cash Flows from Investing Activities:					
Interest received	3	70	131	613	817
Net Cash Provided (Used) by Investing Activities	<u>3</u>	<u>70</u>	<u>131</u>	<u>613</u>	<u>817</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(11)	329	2,365	3,747	6,430
Cash and Cash Equivalents - Beginning of Year	<u>185</u>	<u>3,785</u>	<u>8,493</u>	<u>32,516</u>	<u>44,979</u>
Cash and Cash Equivalents - End of Year	<u>\$ 174</u>	<u>\$ 4,114</u>	<u>\$ 10,858</u>	<u>\$ 36,263</u>	<u>\$ 51,409</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (14)	\$ (341)	\$ 2,870	\$ (467)	\$ 2,048
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation expense	8	1,012	661	--	1,681
Change in Assets and Liabilities:					
Receivables, net	(4)	41	67	(194)	(90)
Inventory	(4)	7	(91)	--	(88)
Accounts payable	3	(36)	(52)	418	333
Salaries and benefits payable	3	14	259	--	276
Accrued vacation and sick leave	--	(30)	153	--	123
Self-insurance liability	--	--	--	2,737	2,737
Other accrued liabilities	--	--	129	--	129
Total Adjustments	<u>6</u>	<u>1,008</u>	<u>1,126</u>	<u>2,961</u>	<u>5,101</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (8)</u>	<u>\$ 667</u>	<u>\$ 3,996</u>	<u>\$ 2,494</u>	<u>\$ 7,149</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Net Assets
Internal Service Funds - Insurance
June 30, 2009 (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>
<u>ASSETS</u>						
Current Assets:						
Cash and cash equivalents	\$ 24,710	\$ 5,628	\$ 986	\$ 253	\$ 4,686	\$ 36,263
Other receivables	13	181	--	--	--	194
Total Current Assets	<u>24,723</u>	<u>5,809</u>	<u>986</u>	<u>253</u>	<u>4,686</u>	<u>36,457</u>
<u>LIABILITIES</u>						
Current Liabilities:						
Accounts payable	434	55	--	--	--	489
Self insurance payable	3,209	1,521	--	253	--	4,983
Total Current Liabilities	<u>3,643</u>	<u>1,576</u>	<u>--</u>	<u>253</u>	<u>--</u>	<u>5,472</u>
Noncurrent Liabilities:						
OPEB liability	--	--	--	--	3,373	3,373
Self insurance liability	11,525	2,526	985	--	--	15,036
Total Noncurrent Liabilities	<u>11,525</u>	<u>2,526</u>	<u>985</u>	<u>--</u>	<u>3,373</u>	<u>18,409</u>
Total Liabilities	<u>15,168</u>	<u>4,102</u>	<u>985</u>	<u>253</u>	<u>3,373</u>	<u>23,881</u>
Net Assets						
Unrestricted	<u>9,555</u>	<u>1,707</u>	<u>1</u>	<u>--</u>	<u>1,313</u>	<u>12,576</u>
Total Net Assets	<u>\$ 9,555</u>	<u>\$ 1,707</u>	<u>\$ 1</u>	<u>\$ --</u>	<u>\$ 1,313</u>	<u>\$ 12,576</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, 2009 (in thousands)

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
<u>Operating Revenues:</u>						
Charges for current services	\$ 3,639	\$ 3,621	\$ 425	\$ 1,738	\$ 2,604	\$ 12,027
Total Operating Revenues	<u>3,639</u>	<u>3,621</u>	<u>425</u>	<u>1,738</u>	<u>2,604</u>	<u>12,027</u>
<u>Operating Expenses:</u>						
Services and supplies	1,412	1,338	10	147	--	2,907
Insurance benefit payments	1,632	417	431	1,592	1,776	5,848
Insurance premiums	886	1,617	--	--	593	3,096
Countywide cost allocation	414	226	--	3	--	643
Total Operating Expenses	<u>4,344</u>	<u>3,598</u>	<u>441</u>	<u>1,742</u>	<u>2,369</u>	<u>12,494</u>
Operating Income (Loss)	<u>(705)</u>	<u>23</u>	<u>(16)</u>	<u>(4)</u>	<u>235</u>	<u>(467)</u>
<u>Nonoperating Revenues (Expenses):</u>						
Interest income	454	87	16	4	52	613
Aid from governmental agencies	--	--	--	--	651	651
Total Nonoperating Revenues (Expenses)	<u>454</u>	<u>87</u>	<u>16</u>	<u>4</u>	<u>703</u>	<u>1,264</u>
Income (loss) before transfers	(251)	110	--	--	938	797
Transfers out	--	(11)	--	--	--	(11)
Change in Net Assets	(251)	99	--	--	938	786
Net assets - beginning	<u>9,806</u>	<u>1,608</u>	<u>1</u>	<u>--</u>	<u>375</u>	<u>11,790</u>
Net assets - ending	<u>\$ 9,555</u>	<u>\$ 1,707</u>	<u>\$ 1</u>	<u>\$ --</u>	<u>\$ 1,313</u>	<u>\$ 12,576</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Internal Service Funds - Insurance
For the Year Ended June 30, 2009 (in thousands)

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
Cash Flows from Operating Activities:						
Receipts from interfund billings	\$ 3,626	\$ 3,440	\$ 425	\$ 1,738	\$ 2,604	\$ 11,833
Payments for goods and services	(1,421)	(1,518)	(10)	(183)	--	(3,132)
Payments for insurance benefits	(1,617)	214	(204)	(1,504)	--	(3,111)
Payments for premiums	(886)	(1,617)	--	--	(593)	(3,096)
Net Cash Provided (Used) by Operating Activities	(298)	519	211	51	2,011	2,494
Cash Flows from Noncapital Financing Activities:						
Grants and subsidies from other gov't agencies	--	--	--	--	651	651
Transfers to other funds	--	(11)	--	--	--	(11)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	--	(11)	--	--	651	640
Cash Flows from Investing Activities:						
Interest received	454	87	16	4	52	613
Net Cash Provided (Used) by Investing Activities	454	87	16	4	52	613
Net Increase (Decrease) in Cash and Cash Equivalents	156	595	227	55	2,714	3,747
Cash and Cash Equivalents - Beginning of Year	24,554	5,033	759	198	1,972	32,516
Cash and Cash Equivalents - End of Year	<u>\$ 24,710</u>	<u>\$ 5,628</u>	<u>\$ 986</u>	<u>\$ 253</u>	<u>\$ 4,686</u>	<u>\$ 36,263</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ (705)	\$ 23	\$ (16)	\$ (4)	\$ 235	\$ (467)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Change in Assets and Liabilities:						
Accounts receivable	(13)	(181)	--	--	--	(194)
Accounts payable	405	46	--	(33)	--	418
Self-insurance liability	15	631	227	88	1,776	2,737
Total Adjustments	407	496	227	55	1,776	2,961
Net Cash Provided (Used) by Operating Activities:	\$ (298)	\$ 519	\$ 211	\$ 51	\$ 2,011	\$ 2,494



**COMBINING FINANCIAL STATEMENTS
FIDUCIARY FUNDS**



FIDUCIARY FUNDS

AGENCY FUNDS:

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

1915 Act

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

Clearing Funds

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

Other Funds

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

INVESTMENT TRUST FUNDS

These funds are used by the County to account for the assets of legally separate entities who deposit cash with the County Treasurer. These include school and community college districts, other special districts governed by local boards, regional boards and authorities, courts and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. The County combines Investment Trust Funds into four reporting types because of their similar nature: School Districts (41 funds), Special Districts (32 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, 2009 (in thousands)

	<u>Clearing Funds (73 Funds)</u>	<u>1915 Act Service Funds (17 Funds)</u>	<u>Other Agency Funds (31 Funds)</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,716	\$ 2,517	\$ 28,962	\$ 33,195
Total Assets	<u>1,716</u>	<u>2,517</u>	<u>28,962</u>	<u>33,195</u>
<u>LIABILITIES</u>				
Assets held as agency for others	<u>1,716</u>	<u>2,517</u>	<u>28,962</u>	<u>33,195</u>
Total Liabilities	<u>\$ 1,716</u>	<u>\$ 2,517</u>	<u>\$ 28,962</u>	<u>\$ 33,195</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2009 (in thousands)

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2009</u>
<u>Clearing and Revolving Funds (73 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 1,433	\$ 936,663	\$ 936,380	\$ 1,716
Total Assets	<u>1,433</u>	<u>936,663</u>	<u>936,380</u>	<u>1,716</u>
Liabilities:				
Assets held as agency for others	<u>1,433</u>	<u>936,663</u>	<u>936,380</u>	<u>1,716</u>
Total Liabilities	<u>\$ 1,433</u>	<u>\$ 936,663</u>	<u>\$ 936,380</u>	<u>\$ 1,716</u>
 <u>1915 Act Service Funds (17 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 2,495	\$ 556	\$ 534	\$ 2,517
Total Assets	<u>2,495</u>	<u>556</u>	<u>534</u>	<u>2,517</u>
Liabilities:				
Assets held as agency for others	<u>2,495</u>	<u>556</u>	<u>534</u>	<u>2,517</u>
Total Liabilities	<u>\$ 2,495</u>	<u>\$ 556</u>	<u>\$ 534</u>	<u>\$ 2,517</u>
 <u>Other Agency Funds (31 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 25,195	\$ 175,525	\$ 171,758	\$ 28,962
Total Assets	<u>25,195</u>	<u>175,525</u>	<u>171,758</u>	<u>28,962</u>
Liabilities:				
Assets held as agency for others	<u>25,195</u>	<u>175,525</u>	<u>171,758</u>	<u>28,962</u>
Total Liabilities	<u>\$ 25,195</u>	<u>\$ 175,525</u>	<u>\$ 171,758</u>	<u>\$ 28,962</u>
 <u>Total All Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 29,123	\$ 1,112,744	\$ 1,108,672	\$ 33,195
Total Assets	<u>29,123</u>	<u>1,112,744</u>	<u>1,108,672</u>	<u>33,195</u>
Liabilities:				
Assets held as agency for others	<u>29,123</u>	<u>1,112,744</u>	<u>1,108,672</u>	<u>33,195</u>
Total Liabilities	<u>\$ 29,123</u>	<u>\$ 1,112,744</u>	<u>\$ 1,108,672</u>	<u>\$ 33,195</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Fiduciary Net Assets
Investment Trust Funds
June 30, 2009 (in thousands)

	<u>School Districts (41 Funds)</u>	<u>Special Districts (32 Funds)</u>	<u>Courts (6 Funds)</u>	<u>Other Local Boards (16 Funds)</u>	<u>Total</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 156,302	\$ 10,723	\$ 2,069	\$ 15,433	\$ 184,527
Total Assets	<u>156,302</u>	<u>10,723</u>	<u>2,069</u>	<u>15,433</u>	<u>184,527</u>
<u>NET ASSETS</u>					
Assets held in trust for pool participants	156,302	10,723	2,069	15,433	184,527
Total Net Assets	<u>\$ 156,302</u>	<u>\$ 10,723</u>	<u>\$ 2,069</u>	<u>\$ 15,433</u>	<u>\$ 184,527</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
For the Year Ended June 30, 2009 (in thousands)

	School Districts (41 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (16 Funds)	Total
<u>Additions</u>					
Contributions to pooled investments	\$ 761,311	\$ 7,987	\$ 23,191	\$ 31,279	\$ 823,768
Interest	2,955	198	1	244	3,398
Total Additions	<u>764,266</u>	<u>8,185</u>	<u>23,192</u>	<u>31,523</u>	<u>827,166</u>
<u>Deductions</u>					
Distributions from investment pool	<u>780,883</u>	<u>8,158</u>	<u>22,565</u>	<u>33,911</u>	<u>845,517</u>
Total Deductions	<u>780,883</u>	<u>8,158</u>	<u>22,565</u>	<u>33,911</u>	<u>845,517</u>
Change in Net Assets	(16,617)	27	627	(2,388)	(18,351)
Net Assets - Beginning	<u>172,919</u>	<u>10,696</u>	<u>1,442</u>	<u>17,821</u>	<u>202,878</u>
Net Assets - Ending	<u>\$ 156,302</u>	<u>\$ 10,723</u>	<u>\$ 2,069</u>	<u>\$ 15,433</u>	<u>\$ 184,527</u>



**GENERAL FUND
DETAIL BUDGETARY COMPARISON SCHEDULES**



COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2009

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>General Government - Expenditures</u>				
<u>Legislative and Administrative</u>				
Administrative Office:				
Salaries wages benefits	\$ 1,834	\$ 1,986	\$ 1,880	\$ 106
Services and supplies	274	316	259	57
Expenditure transfers and reimbursements	(63)	(90)	(92)	2
Total	<u>2,045</u>	<u>2,212</u>	<u>2,047</u>	<u>165</u>
Board of Supervisors:				
Salaries wages benefits	1,418	1,475	1,435	40
Services and supplies	291	271	250	21
Expenditure transfers and reimbursements	(35)	(35)	(38)	3
Total	<u>1,674</u>	<u>1,711</u>	<u>1,647</u>	<u>64</u>
Clerk/Recorder:				
Salaries wages benefits	1,952	1,969	1,901	68
Services and supplies	953	1,651	1,130	521
Capital outlay	6	242	218	24
Total	<u>2,911</u>	<u>3,862</u>	<u>3,249</u>	<u>613</u>
Total Legislative and Administrative	<u>6,630</u>	<u>7,785</u>	<u>6,943</u>	<u>842</u>
<u>Finance</u>				
Assessor:				
Salaries wages benefits	7,797	7,840	7,611	229
Services and supplies	834	1,091	841	250
Expenditure transfers and reimbursements	--	--	(2)	2
Total	<u>8,631</u>	<u>8,931</u>	<u>8,450</u>	<u>481</u>
Auditor-Controller:				
Salaries wages benefits	4,553	4,572	4,398	174
Services and supplies	337	693	707	(14)
Capital outlay	780	840	194	646
Expenditure transfers and reimbursements	(3)	(3)	(26)	23
Total	<u>5,667</u>	<u>6,102</u>	<u>5,273</u>	<u>829</u>
Treasurer-Tax Collector-Public Administrator:				
Salaries wages benefits	2,729	2,764	2,653	111
Services and supplies	318	311	284	27
Capital outlay	--	7	6	1
Expenditure transfers and reimbursements	--	--	(4)	4
Total	<u>3,047</u>	<u>3,082</u>	<u>2,939</u>	<u>143</u>
Total Finance	<u>17,345</u>	<u>18,115</u>	<u>16,662</u>	<u>1,453</u>
<u>Counsel</u>				
County Counsel:				
Salaries wages benefits	3,590	3,590	3,110	480
Services and supplies	302	486	299	187
Total Counsel	<u>3,892</u>	<u>4,076</u>	<u>3,409</u>	<u>667</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, 2009

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
General Government - Expenditures (continued)				
<u>Personnel</u>				
Personnel:				
Salaries wages benefits	\$ 1,844	\$ 1,850	\$ 1,805	\$ 45
Services and supplies	293	287	234	53
Total Personnel	<u>2,137</u>	<u>2,137</u>	<u>2,039</u>	<u>98</u>
<u>Property Management</u>				
General Services:				
Salaries wages benefits	8,976	8,915	8,155	760
Services and supplies	4,560	4,639	4,081	558
Other charges	106	106	101	5
Capital outlay	11	77	38	39
Expenditure transfers and reimbursement	(2,296)	(2,296)	(1,881)	(415)
Total	<u>11,357</u>	<u>11,441</u>	<u>10,494</u>	<u>947</u>
Maintenance Projects:				
Services and supplies	2,256	8,765	2,693	6,072
Expenditure transfers and reimbursement	--	(297)	(207)	(90)
Total	<u>2,256</u>	<u>8,468</u>	<u>2,486</u>	<u>5,982</u>
Total Property Management	<u>13,613</u>	<u>19,909</u>	<u>12,980</u>	<u>6,929</u>
<u>Other General</u>				
Information Technology:				
Salaries wages benefits	10,275	10,349	9,904	445
Services and supplies	3,998	4,107	3,482	625
Capital outlay	58	200	19	181
Expenditure transfers and reimbursement	(2,348)	(2,348)	(2,457)	109
Total	<u>11,983</u>	<u>12,308</u>	<u>10,948</u>	<u>1,360</u>
Risk Management:				
Salaries wages benefits	613	624	607	17
Services and supplies	1,069	1,241	1,088	153
Expenditure transfers and reimbursement	(105)	(105)	(105)	--
Total	<u>1,577</u>	<u>1,760</u>	<u>1,590</u>	<u>170</u>
Non-Department Financing Uses:				
Salaries wages benefits	329	314	--	314
Services and supplies	75	216	141	75
Other charges	--	78	55	23
Expenditure transfers and reimbursement	(12,256)	(12,256)	(12,207)	(49)
Total	<u>(11,852)</u>	<u>(11,648)</u>	<u>(12,011)</u>	<u>363</u>
Contributions to Other Agencies:				
Services and supplies	2,161	2,214	2,161	53
Total	<u>2,161</u>	<u>2,214</u>	<u>2,161</u>	<u>53</u>
Total Other General	<u>3,869</u>	<u>4,634</u>	<u>2,688</u>	<u>1,946</u>
Total General Government	<u>47,486</u>	<u>56,656</u>	<u>44,721</u>	<u>11,935</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, 2009

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Public Protection - Expenditures</u>				
<u>Judicial</u>				
Court Operations Fund:				
Other charges	\$ 1,805	\$ 2,071	\$ 2,063	\$ 8
Total	<u>1,805</u>	<u>2,071</u>	<u>2,063</u>	<u>8</u>
District Attorney:				
Salaries wages benefits	11,691	12,373	12,061	312
Services and supplies	1,318	1,128	1,128	--
Capital outlay	28	26	26	--
Expenditure transfers and reimbursement	(421)	(437)	(437)	--
Total	<u>12,616</u>	<u>13,090</u>	<u>12,778</u>	<u>312</u>
Family Support:				
Salaries wages benefits	3,601	3,631	3,537	94
Services and supplies	1,231	1,200	1,073	127
Total	<u>4,832</u>	<u>4,831</u>	<u>4,610</u>	<u>221</u>
Grand Jury:				
Salaries wages benefits	35	38	38	--
Services and supplies	95	102	102	--
Total	<u>130</u>	<u>140</u>	<u>140</u>	<u>--</u>
Public Defender:				
Services and supplies	5,284	5,311	5,000	311
Total	<u>5,284</u>	<u>5,311</u>	<u>5,000</u>	<u>311</u>
Total Judicial	<u>24,667</u>	<u>25,443</u>	<u>24,591</u>	<u>852</u>
<u>Police Protection</u>				
Sheriff-Coroner:				
Salaries wages benefits	46,973	47,713	46,875	838
Services and supplies	7,597	8,567	8,314	253
Capital outlay	--	927	410	517
Expenditure transfers and reimbursement	(99)	(131)	(131)	--
Total Police Protection	<u>54,471</u>	<u>57,076</u>	<u>55,468</u>	<u>1,608</u>
<u>Detention and Correction</u>				
Probation Department:				
Salaries wages benefits	14,247	14,972	14,604	368
Services and supplies	3,723	3,284	3,275	9
Other charges	3	--	--	--
Capital outlay	5	--	--	--
Expenditure transfers and reimbursement	(154)	(161)	(161)	--
Total Detention and Correction	<u>17,824</u>	<u>18,095</u>	<u>17,718</u>	<u>377</u>
<u>Fire Protection</u>				
County Fire:				
Services and supplies	14,832	15,155	13,545	1,610
Capital outlay	454	2,324	1,607	717
Total Fire Protection	<u>15,286</u>	<u>17,479</u>	<u>15,152</u>	<u>2,327</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, 2009

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Public Protection - Expenditures</u> (continued)				
<u>Protective Inspection</u>				
Agricultural Commissioner:				
Salaries wages benefits	\$ 4,573	\$ 4,726	\$ 4,593	\$ 133
Services and supplies	720	720	685	35
Other charges	--	74	74	--
Capital outlay	8	8	6	2
Expenditure transfers and reimbursement	--	--	(1)	1
Total Protective Inspection	5,301	5,528	5,357	171
<u>Other Protection</u>				
Animal Services:				
Salaries wages benefits	1,648	1,628	1,519	109
Services and supplies	733	767	767	--
Capital outlay	--	8	8	--
Total	2,381	2,403	2,294	109
Emergency Services:				
Salaries wages benefits	712	712	685	27
Services and supplies	336	616	184	432
Other charges	--	214	6	208
Total	1,048	1,542	875	667
Planning Department:				
Salaries wages benefits	11,556	11,555	10,702	853
Services and supplies	1,831	3,827	2,030	1,797
Other charges	--	225	214	11
Capital outlay	8	8	--	8
Expenditure transfers and reimbursement	--	--	(4)	4
Total	13,395	15,615	12,942	2,673
Victim/Witness Assistance:				
Salaries wages benefits	1,109	1,164	1,135	29
Services and supplies	156	129	129	--
Total	1,265	1,293	1,264	29
Waste Management:				
Services and supplies	751	846	658	188
Total	751	846	658	188
Total Other Protection	18,840	21,699	18,033	3,666
Total Public Protection	136,389	145,320	136,319	9,001
<u>Public Ways and Facilities - Expenditures</u>				
<u>Public Work:</u>				
Services and supplies	2,890	3,085	2,107	978
Total	2,890	3,085	2,107	978
Total Public Ways and facilities	2,890	3,085	2,107	978

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2009

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Health and Sanitation - Expenditures</u>				
<u>Health</u>				
Drug & Alcohol Services:				
Salaries wages benefits	\$ 4,211	\$ 4,152	\$ 3,904	\$ 248
Services and supplies	1,888	1,970	1,858	112
Other charges	737	663	460	203
Expenditure transfers and reimbursement	(688)	(565)	(679)	114
Total	<u>6,148</u>	<u>6,220</u>	<u>5,543</u>	<u>677</u>
Public Health:				
Salaries wages benefits	17,563	17,498	15,639	1,859
Services and supplies	6,699	6,993	6,496	497
Other charges	624	659	303	356
Capital outlay	--	23	--	23
Expenditure transfers and reimbursement	(1,299)	(1,299)	(904)	(395)
Total	<u>23,587</u>	<u>23,874</u>	<u>21,534</u>	<u>2,340</u>
Mental Health:				
Salaries wages benefits	15,761	15,443	14,797	646
Services and supplies	14,872	15,406	14,905	501
Other charges	--	--	--	--
Capital outlay	35	38	38	--
Expenditure transfers and reimbursement	(816)	(820)	(841)	21
Total	<u>29,852</u>	<u>30,067</u>	<u>28,899</u>	<u>1,168</u>
Mental Health Services Act:				
Salaries wages benefits	3,216	3,462	2,806	656
Services and supplies	2,982	5,655	3,385	2,270
Other charges	--	--	(69)	69
Total	<u>6,198</u>	<u>9,117</u>	<u>6,122</u>	<u>2,995</u>
Total Health	<u>65,785</u>	<u>69,278</u>	<u>62,098</u>	<u>7,180</u>
Total Health and Sanitation	<u>65,785</u>	<u>69,278</u>	<u>62,098</u>	<u>7,180</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, 2009

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Public Assistance - Expenditures</u>				
<u>Administration</u>				
Department of Social Services:				
Salaries wages benefits	\$ 35,883	\$ 36,103	\$ 34,123	\$ 1,980
Services and supplies	15,064	16,721	15,651	1,070
Other charges	4,747	8,034	6,227	1,807
Capital outlay	187	159	159	--
Expenditure transfers and reimbursement	(101)	(101)	(92)	(9)
Total Administration	<u>55,780</u>	<u>60,916</u>	<u>56,068</u>	<u>4,848</u>
<u>Aid Programs</u>				
Aid Foster Care Non-Fed:				
Other charges	<u>16,895</u>	<u>16,895</u>	<u>15,604</u>	<u>1,291</u>
Total	<u>16,895</u>	<u>16,895</u>	<u>15,604</u>	<u>1,291</u>
Calworks Assistance:				
Other charges	<u>11,666</u>	<u>12,841</u>	<u>12,766</u>	<u>75</u>
Total	<u>11,666</u>	<u>12,841</u>	<u>12,766</u>	<u>75</u>
Total Aid Programs	<u>28,561</u>	<u>29,736</u>	<u>28,370</u>	<u>1,366</u>
<u>Medical Services</u>				
Medical Assistance Program:				
Salaries wages benefits	146	146	146	--
Services and supplies	<u>4,890</u>	<u>5,047</u>	<u>5,047</u>	<u>--</u>
Total Medical Services	<u>5,036</u>	<u>5,193</u>	<u>5,193</u>	<u>--</u>
<u>General Relief</u>				
General Relief:				
Other charges	922	1,132	1,094	38
Total General Relief	<u>922</u>	<u>1,132</u>	<u>1,094</u>	<u>38</u>
<u>Veterans Service</u>				
Veterans Service:				
Salaries wages benefits	375	389	379	10
Services and supplies	<u>36</u>	<u>39</u>	<u>35</u>	<u>4</u>
Total Veterans Service	<u>411</u>	<u>428</u>	<u>414</u>	<u>14</u>
<u>Other Assistance</u>				
Law Enforcement Med Care:				
Salaries wages benefits	1,577	1,651	1,610	41
Services and supplies	1,040	1,014	741	273
Expenditure transfers and reimbursement	<u>(794)</u>	<u>(794)</u>	<u>(778)</u>	<u>(16)</u>
Total	<u>1,823</u>	<u>1,871</u>	<u>1,573</u>	<u>298</u>
Total Other Assistance	<u>1,823</u>	<u>1,871</u>	<u>1,573</u>	<u>298</u>
Total Public Assistance	<u>92,533</u>	<u>99,276</u>	<u>92,712</u>	<u>6,564</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, 2009

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Education - Expenditures</u>				
<u>Agricultural Education</u>				
Farm Advisor:				
Salaries wages benefits	\$ 339	\$ 339	\$ 308	\$ 31
Services and supplies	120	120	93	27
Total Agricultural Education	<u>459</u>	<u>459</u>	<u>401</u>	<u>58</u>
Total Education	<u>459</u>	<u>459</u>	<u>401</u>	<u>58</u>
Total General Fund - Expenditures (Before Contingencies)	<u>345,542</u>	<u>374,074</u>	<u>338,358</u>	<u>35,716</u>
<u>Contingencies</u>				
<u>Appropriation for Contingencies</u>				
Contingencies - General Fund:				
Appropriation for contingency	18,199	14,443	--	14,443
Total	<u>18,199</u>	<u>14,443</u>	<u>--</u>	<u>14,443</u>
Total Appropriation for Contingency	<u>18,199</u>	<u>14,443</u>	<u>--</u>	<u>14,443</u>
Total Contingency	<u>18,199</u>	<u>14,443</u>	<u>--</u>	<u>14,443</u>
Total General Fund Expenditures	<u>\$ 363,741</u>	<u>\$ 388,517</u>	<u>\$ 338,358</u>	<u>\$ 50,159</u>



STATISTICAL SECTION



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.

	<u>Page</u>
Financial Trends Information	
These schedules contain trend information that may assist the reader in assessing the County's current financial performance by placing it in historical perspective	173
Revenue Capacity Information	
These schedules contain information that may assist the reader in assessing the viability of the County's two most significant local revenue sources; property taxes and sales taxes	178
Debt Capacity Information	
These schedules present information that may assist the reader in analyzing the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.....	182
Demographic & Economic Information	
These schedules offer economic and demographic indicators that are commonly used for financial analysis and that can enhance a reader's understanding of the County's present and ongoing financial status	184
Operating Information	
These schedules contain service and infrastructure indicators about how the information in the County's financial statements relates to the services the County provides and the activities it performs.....	187

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					
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Governmental Activities						
Invested in Capital Assets, net of related debt	\$ 956,773	\$ 981,543	\$ 996,381	\$ 1,012,458	\$ 1,047,361	\$ 1,063,955
Restricted	66,474	48,141	40,178	50,061	52,566	41,188
Unrestricted	109,032	130,632	169,766	190,107	173,396	192,271
Total governmental activities net assets	\$ 1,132,279	\$ 1,160,316	\$ 1,206,325	\$ 1,252,626	\$ 1,273,323	\$ 1,297,414
Business-type activities						
Invested in Capital Assets, net of related debt	\$ 109,785	\$ 114,785	\$ 122,534	\$ 146,021	\$ 155,907	\$ 167,188
Restricted	-	-	-	-	-	-
Unrestricted	17,146	12,867	19,178	16,511	16,202	12,266
Total business net assets	\$ 126,931	\$ 127,652	\$ 141,712	\$ 162,532	\$ 172,109	\$ 179,454
Total Primary Government						
Invested in Capital Assets, net of related debt	\$ 1,066,558	\$ 1,096,328	\$ 1,118,915	\$ 1,158,479	\$ 1,203,268	\$ 1,231,143
Restricted	66,474	48,141	40,178	50,061	52,566	41,188
Unrestricted	126,178	143,499	188,944	206,618	189,598	204,537
Total primary government net assets	\$ 1,259,210	\$ 1,287,968	\$ 1,348,037	\$ 1,415,158	\$ 1,445,432	\$ 1,476,868

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					
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Expenses						
Governmental Activities						
General government	\$ 34,862	\$ 29,565	\$ 38,852	\$ 50,819	\$ 46,971	\$ 41,658
Public protection	104,594	106,402	109,910	120,165	135,987	136,755
Public ways and facilities	23,147	23,647	24,617	22,256	24,503	24,713
Health and sanitation	50,240	52,540	53,475	55,173	66,382	66,542
Public assistance	82,461	83,209	84,134	84,045	93,472	97,803
Education	7,969	7,459	7,688	8,626	9,966	10,967
Recreation and cultural services	5,762	4,238	3,882	6,106	6,024	7,561
Interest on long term debt	4,379	4,173	6,231	5,163	5,771	5,433
Total Governmental Activities Expenses	313,414	311,233	328,789	352,353	389,076	391,432
Business-type Activities Expenses						
Airport	3,116	3,628	3,703	4,021	7,809	4,559
Golf	3,132	2,905	2,867	3,301	3,033	3,249
Hospital	17,987	2,149	-	-	-	-
State water contract	5,045	5,451	5,102	4,792	5,179	5,661
Lopez dam	3,449	3,928	5,237	5,807	7,945	6,189
Non-major Special Districts	6,598	6,138	4,958	5,419	25,200	15,277
Total Business-type Activities Expenses	39,327	24,199	21,867	23,340	49,166	34,935
Total Primary Government Expenses	\$ 352,741	\$ 335,432	\$ 350,656	\$ 375,693	\$ 438,242	\$ 426,367
Program Revenues						
Governmental Activities						
Charges for services						
General government	\$ 25,112	\$ 29,911	\$ 22,293	\$ 18,743	\$ 13,299	\$ 17,729
Public protection	7,012	7,642	11,776	21,061	20,380	23,285
Public ways and facilities	6,767	6,607	9,730	7,236	7,580	4,190
Health and sanitation	6,766	8,555	8,831	6,505	6,583	6,863
Public assistance	2,279	2,680	2,438	2,798	2,864	2,784
Education	1,515	1,853	1,460	1,759	1,891	1,922
Recreation and cultural services	2,598	1,110	1,370	1,246	2,183	3,931
Operating Grants and Contributions	151,194	151,703	165,837	171,587	176,249	181,999
Capital Grants and Contributions	7,764	5,997	7,266	8,269	16,726	6,855
Total Governmental Activities	211,007	216,058	231,001	239,204	247,755	249,558
Business-type Activities						
Charges for services						
Airport	4,846	4,206	3,864	3,919	4,585	3,734
Golf	2,928	2,719	2,895	3,016	3,058	2,879
Hospital	6,993	-	-	-	-	-
State Water Project	5,084	5,506	5,098	4,458	5,309	5,767
Nacimiento Water Project	-	-	-	6,893	3,018	284
Lopez Dam	3,006	3,027	4,717	5,987	6,453	5,494
Other Special Districts	4,479	4,334	8,732	3,487	3,524	3,358
Operating Grants and Contributions	1,316	1,081	1,722	1,012	1,482	1,164
Capital Grants and Contributions	1,126	3,188	3,792	9,509	19,366	7,025
Total Business-type Activities Revenues	29,778	24,061	30,820	38,281	46,795	29,705
Total Primary Government Revenues	\$ 240,785	\$ 240,119	\$ 261,821	\$ 277,485	\$ 294,550	\$ 279,263
Net (Expense)/Revenues						
Governmental Activities	\$ (102,407)	\$ (95,175)	\$ (97,788)	\$ (113,149)	\$ (141,321)	\$ (141,874)
Business-Type Activities	(9,549)	(138)	8,953	14,941	(2,371)	(5,230)
Total Primary Government net expense	\$ (111,956)	\$ (95,313)	\$ (88,835)	\$ (98,208)	\$ (143,692)	\$ (147,104)

Source: Statement of Activities

(continued)

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

	Fiscal Year					
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
General Revenue and Other Changes in Net Assets						
Governmental Activities						
Property taxes	\$ 75,559	\$ 98,025	\$ 114,076	\$ 128,867	\$ 133,292	\$ 141,195
Other taxes	15,422	14,333	15,823	15,798	15,881	14,389
Interest and investment income	3,221	4,420	7,176	11,025	9,790	4,646
Unrestricted grants	15,681	4,609	9,559	4,079	4,019	4,890
Other revenues	83	331	-	-	-	-
Transfers	(10,214)	1,494	(1,884)	(319)	(964)	845
Total Governmental Actives	99,752	123,212	144,750	159,450	162,018	165,965
Business-type Activities						
Property taxes	3,073	1,765	2,051	3,359	3,402	3,678
Other taxes	-	-	-	-	-	27
Interest and investment income	318	406	1,085	1,897	7,290	6,190
Other revenues	151	182	86	304	292	572
Transfers	10,214	(1,494)	1,884	319	964	(845)
Total Business-type Activities	13,756	859	5,106	5,879	11,948	9,622
Total Primary Government	\$ 113,508	\$ 124,071	\$ 149,856	\$ 165,329	\$ 173,966	\$ 175,587
Change in Net Assets						
Governmental Activities	\$ (2,655)	\$ 28,037	\$ 46,962	\$ 46,301	\$ 20,697	\$ 24,091
Business-Type Activities	4,207	721	14,059	20,820	9,577	4,392
Total Primary Government	\$ 1,552	\$ 28,758	\$ 61,021	\$ 67,121	\$ 30,274	\$ 28,483

Source: Statement of Activities

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

	Fiscal Year									
	<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>	<u>2009</u>
General Fund										
Reserved	\$ 12,590	\$ 15,447	\$ 18,761	\$ 21,772	\$ 19,194	\$ 18,255	\$ 5,246	\$ 2,538	\$ 31,853	\$ 40,561
Unreserved	34,555	37,306	68,187	70,147	59,105	76,200	99,343	102,030	64,886	63,626
Total General Fund	<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>	<u>\$ 104,187</u>
All Other Governmental Funds										
Reserved	\$ 10,028	\$ 13,549	\$ 50,932	\$ 64,454	\$ 73,309	\$ 41,727	\$ 9,039	\$ 30,278	\$ 50,422	\$ 42,697
Unreserved, reported in:										
Special Revenue Funds	26,490	32,316	38,589	38,779	32,263	42,828	80,293	70,630	60,384	51,703
Capital Project Funds	11,765	26,059	15,439	17,117	13,793	19,877	27,245	31,638	21,233	23,248
Debt Service Funds	218	268	-	-	-	-	-	-	-	-
Total all other Governmental Funds	<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>	<u>\$ 117,648</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)

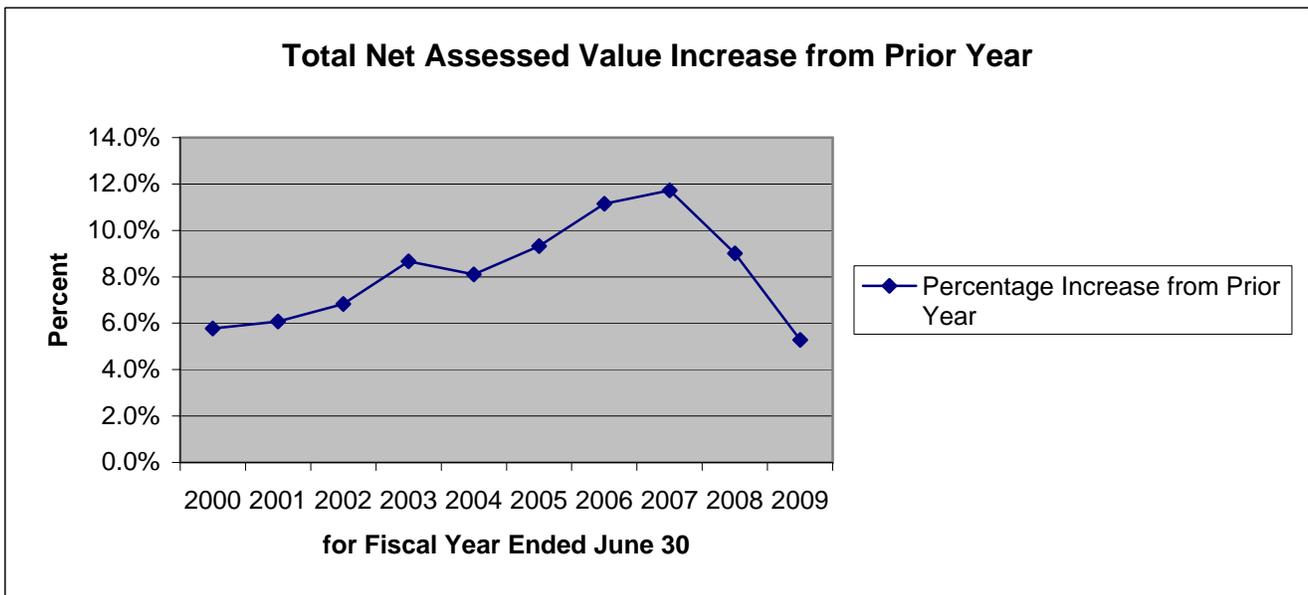
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	
Revenues											
Taxes	\$ 69,266	\$ 85,851	\$ 85,472	\$ 83,404	\$ 90,553	\$112,565	\$128,586	\$141,934	\$144,596	\$154,155	
Licenses, permits, and franchises	6,606	7,592	7,849	8,700	8,674	13,637	10,744	9,404	9,117	8,006	
Fines, forfeits, and penalties	4,611	4,684	7,861	5,988	7,901	6,105	3,544	6,262	6,224	6,973	
Revenues from use of money and property	6,231	7,600	10,439	4,839	2,973	4,063	6,637	9,789	8,452	4,122	
Aid from governmental agencies	133,430	147,535	164,435	164,625	172,425	160,452	182,750	184,142	196,994	188,794	
Charges for current services	21,372	24,584	46,664	48,957	54,300	54,769	55,547	55,083	50,592	54,208	
Other revenues	16,988	16,742	10,162	4,319	4,608	4,712	7,146	6,750	3,122	6,856	
Total revenues	<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>	<u>423,114</u>	
Expenditures											
Current:											
General government	33,082	33,347	42,765	39,896	49,491	49,074	53,691	55,375	51,733	51,461	
Public protection	74,332	80,691	89,119	95,815	101,203	107,355	116,791	126,043	134,058	140,746	
Public ways and facilities	15,858	17,941	20,836	20,741	29,718	24,096	25,749	38,981	44,814	42,139	
Health and sanitation	29,637	33,852	43,071	47,822	49,542	52,894	55,464	57,590	66,180	67,267	
Public assistance	63,541	67,611	77,350	77,449	81,616	82,673	87,020	87,182	92,682	98,170	
Education	6,500	6,775	7,285	6,972	7,606	7,802	7,891	8,755	9,698	11,016	
Recreational and cultural services	5,195	6,255	4,800	4,853	5,645	5,092	4,159	8,005	9,911	8,654	
Debt service:											
Principal payments	580	615	4,735	1,305	1,815	1,895	4,970	6,560	2,601	3,264	
Interest and fiscal charges	1,053	1,082	3,121	2,959	5,105	6,226	5,774	6,401	5,593	5,181	
Debt Issuance Costs	-	-	-	-	2,173	-	-	-	-	-	
Capital outlay	6,263	6,320	7,919	15,147	14,490	18,673	9,551	10,241	13,333	2,849	
Total expenditures	<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>	<u>430,747</u>	
Excess (deficiency) of revenues over expenditures	<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>(7,633)</u>	
	2000	2001	2002	2003	2004	2005	2006	2007	#	2008	2009
Other Financing Sources											
Issuance of long term debt	-	-	-	-	-	-	-	-	-	-	-
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	8,144	12,268	21,970	36,960	29,420	19,792	31,910	42,996	42,324	43,523	
Transfers out	(14,152)	(18,912)	(30,493)	(46,454)	(39,248)	(19,093)	(33,525)	(42,817)	(42,751)	(42,833)	
Total other financing sources and uses	<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>	<u>690</u>	
Net change in fund balances	\$ 16,455	\$ 33,455	\$ 23,358	\$ 20,361	\$ (14,604)	\$ 1,222	\$ 22,279	\$ 13,500	\$ (4,727)	\$ (6,943)	
Debt Service as a percentage of non capital expenditures	0.76%	0.70%	2.75%	1.47%	2.88%	2.55%	3.12%	3.50%	2.13%	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
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)	25,285,975	8.7%	1.0023
2004	27,134,968	859,295	(658,326)	27,335,938	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
2009	42,348,044	1,132,435	(891,949)	42,588,530	5.3%	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>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>	<u>2009</u>
County Direct Rates										
General	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
State Water Project	0.00350	0.00230	0.00230	0.00230	0.00230	0.00223	0.00222	0.00221	0.00220	0.00220
Total Direct Rate	1.00350	1.00230	1.00230	1.00230	1.00230	1.00223	1.00222	1.00221	1.00220	1.00220
Cities, Schools, and Special Districts Combined Rates										
Arroyo Grande	0.0168	0.0467	0.0365	0.0329	0.0403	0.0593	0.0423	0.0392	0.0422	0.0464
Atascadero	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975
Grover Beach	0.0168	0.0467	0.0365	0.0329	0.0273	0.0463	0.0313	0.0295	0.0333	0.0382
Morro Bay	0.0097	0.0086	0.0083	0.0081	0.0082	0.0081	0.0231	0.0231	0.0492	0.0492
Paso Robles	0.3575	0.3575	0.3575	0.1775	0.1775	0.1775	0.1082	0.0952	0.0997	0.0948
Pismo Beach	0.0168	0.0467	0.0365	0.0329	0.0273	0.0463	0.0335	0.0295	0.0333	0.0382
San Luis Obispo	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 2009			Fiscal Year 2000		
		Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
Pacific Gas & Electric Co.	Utility	2,404,690	1	5.65%	\$ 3,055,025	1	14.88%
TOSCO Corp	Oil and Construction	146,709	2	0.34%	174,695	3	0.85%
AT&T California	Communications	84,563	3	0.20%	103,207	5	-
CSHV Mustang Village LLC	Apartments	73,522	4	0.17%			-
Beringer Wine Estates Company	Winery	66,017	5	0.16%	33,707	8	0.16%
Plains Exploration & Prod Co	Petroleum & Gas	60,220	6	0.14%			-
Martin Hotel Mgmt Co LLC	Hotel	59,976	7	0.14%			-
Southern California Gas Co	Utility	59,229	8	0.14%	49,598	6	0.24%
Twin Cities Com. Hospital	Health Care	55,970	9	0.13%			-
Charter Communications	Communications	47,542	10	0.11%	25,675	10	-
Duke Energy-Morro Bay	Utility	-	-	-	178,450	2	0.87%
Pacific Bell	Utility	-	-	-	148,398	4	0.72%
Sierra Vista Hospital	Health Care	-	-	-	37,282	7	0.18%
Chevron USA	Utility	-	-	-	26,874	9	0.13%
			-	-			0.00%
Total		<u>\$ 3,058,438</u>		<u>7.18%</u>	<u>\$ 3,832,911</u>		<u>18.04%</u>
Total County Assessed Value \$ 42,588,530					\$ 20,535,126		

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		
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%
2009	416,262	400,120	96.12%	16,142	3.88%

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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Actives									
Certificates of Participation	\$10,976	\$6,486	\$27,601	\$26,487	\$25,323	\$23,107	\$27,125	\$33,319	\$31,920
Less deferred amounts:									
For issuance discounts:	-	-	-	-	-	-	-	(119)	(115)
Pension Obligation Bonds	-	-	-	137,194	137,194	135,199	130,504	129,034	127,169
Business Type									
Certificates of Participation	24,224	23,989	23,539	23,068	22,577	22,069	21,535	20,985	20,848
Pension Obligation Bonds									
State Note	3,228	3,117	3,003	3,211	3,077	15,126	26,144	31,824	32,283
Revenue Bonds	1,778	984	705	71	66	61	56	196,461	196,456
Add deferred amounts:									
For issuance premiums:	-	-	-	-	-	-	-	6,371	6,371
General Obligation Bonds	13,200	13,200	12,980	12,750	12,510	12,260	12,000	11,730	11,450
Total Outstanding Debt	\$53,406	\$47,776	\$67,828	\$202,781	\$200,747	\$207,822	\$217,364	\$429,605	\$426,382
Percentage of Personal Income	0.74%	0.64%	0.88%	2.48%	2.30%	N/A	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%	1.00%
Per Capita	\$211.84	\$188.39	\$264.64	\$785.36	\$769.95	\$789.47	\$ 820.55	\$ 1,595.05	\$ 1,576.69

Note:

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

Source: Notes to the Financial Statements, Note 10

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assessed Value of Property (a) (b)	\$ 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	\$ 42,588,529
Debt Limit, 1.25% of Assessed Value	256,689	272,284	290,868	316,075	341,699	373,576	415,204	463,878	505,663	532,357
<u>Amount of Debt Applicable to Limit</u>										
General Obligation Bonds ©	-	13,200	13,200	12,980	12,750	12,510	12,260	12,000	11,730	11,450
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	11,450
Legal Debt Margin	<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>	<u>\$ 520,907</u>
Total Debt Applicable as a Percentage of the Debt Limit	0.00%	4.85%	4.54%	4.11%	3.73%	3.35%	2.95%	2.59%	2.32%	2.15%

Source:

- (a) Property Assessed Value BOE report (years 2000-2008)
- (b) Countywide Assessed Values & Exemptions 2008-2009 (year 2009)
- (c) Table G of Management's Discussion and Analysis

Assessed value calculation (in thousands)

Locally Assessed-Secured

San Luis Obispo Countywide	\$39,714,009,074
Pipeline Right-of-Way (Unitary)	5,981,573
Aircraft	70,448,843
Total Local Assessed	39,790,439,490

State Assessed

Local Utility	61,873,663
Unitary	2,736,216,830
Total State Assessed	2,798,090,493

Combined Assessed Values

Sub-Total Combined Assessed Values	42,518,081,140
Aircraft	70,448,843
Total Combined Assessed Values	<u>\$42,588,529,983</u>

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

Calendar Year	Population (1,a,c)	Personal Income		Median Age (4,c)	School Enrollment (3,b,e)	Unemployment Rate (2,a)
		<i>(in thousands)</i> (2)	Per Capita Income (2,a,d)			
2000	245,200	6,801,020	27,437*	35.43	44,528	3.3
2001	252,100	7,210,136	28,666*	34.00	45,141	3.0
2002	253,600	7,428,824	29,365*	33.09	45,665	2.9
2003	256,300	7,693,662*	30,248*	39.10	45,578	3.5
2004	258,200	8,334,258 *	32,524*	38.20	45,539	3.4
2005	260,727	8,727,001*	33,855*	39.40	45,268	4.2
2006	263,242	9,488,605	36,544	39.20	44,537	4.1
2007	264,900	9,977,057	38,144	37.30	44,610	4.6
2008	269,337	N/A	N/A	N/A	44,441	5.7
2009	270,429	N/A	N/A	N/A	44,874	9.0

Sources:

1. State Department of Finance
2. Employment Development Department, Research Division, Los Angeles
3. San Luis Obispo County Schools & Cuesta College
4. 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	2009			2000		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
California Polytechnic State University, SLO	2,693	1	1.91%	3,000	1	2.42%
County of San Luis Obispo	2,570	2	1.82%	2,521	2	2.03%
Atascadero State Hospital	2,200	3	1.56%	1,823	4	1.47%
California Men's Colony	2,000	4	1.42%	1,650	5	1.33%
Pacific Gas and Electric Company	1,719	5	1.22%	1,878	3	1.51%
Cal Poly Foundation	1,641	6	1.16%			-
Cuesta College	1,559	7	1.10%			-
Tenet Healthcare	1,100	8	0.78%			
Lucia Mar Unified School District	1,080	9	0.76%	1,001	6	0.81%
San Luis Coastal Unified School District	873	10	0.62%	930	7	0.75%
Sierra Vista Regional Medical Center				755	8	0.61%
Atascadero Unified School District				650	9	0.52%
Mid-State Bank				518	10	0.42%
			Total Employment Labor Force			141,200
						124,000

Source:

2009 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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government	464.25	480.75	478.25	465.25	481.25	480.25	479.75	482.00	495.50	485.25
Public Protection	793.00	813.50	830.50	857.00	862.50	850.50	856.00	885.25	891.75	879.50
Public Ways and Facilities	178.50	182.50	182.50	191.50	194.50	184.00	185.00	185.25	191.25	199.25
Health and Sanitation	501.75	528.25	549.75	531.00	507.25	419.25	413.25	394.50	423.75	421.00
Public Assistance	417.00	426.50	441.50	464.50	464.50	439.00	438.75	443.75	453.25	437.25
Education	66.50	67.00	67.50	73.00	74.00	73.00	74.00	84.00	87.50	87.50
Recreation and Cultural Services	52.00	54.00	54.00	53.00	55.50	56.50	55.00	59.00	58.00	58.00
Total	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	2,567.75

Source: County Budget Report

Notes:

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

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

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

Function / Department	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Recreation and Cultural Services										
Parks										
<i>Day Use Passes</i>	85,876	79,718	72,971	71,874	64,679	53,906	62,951	66,899	65,895	47,156
<i>Annual Passes</i>	1,819	1,902	1,948	1,822	1,478	1,436	1,496	1,416	1,598	3,547
<i>Daily Boat Launches</i>	32,287	30,564	36,854	28,951	26,552	21,085	22,481	19,737	14,085	16,864
<i>Annual Boat Passes</i>	954	999	986	960	842	795	804	793	847	752
Public Protection										
Planning and Building										
<i>Total Permits Issued</i>	3,196	3,266	3,331	3,618	3,856	3,747	3,548	2,897	2,634	2,261
<i>Number of New Affordable Housing</i>	n/a	67	54	0	141	267	184	63	218	105
Sheriff										
<i>Jail bookings (a)</i>	12,638	13,108	13,741	14,182	15,016	14,240	14,927	18,718	18,321	14,158
<i>Average daily population (a)</i>	365	352	386	433	460	506	534	553	567	540
Health and Sanitation										
Mental Health										
<i>Total number of patient days in State Hospitals</i>	n/a	0	182	410	571	986	522	447	603	365
Public Health										
<i>No. of Children enrolled in the Health Families Pgm</i>	n/a	2,786	3,378	3,833	3,824	4,331	4,436	4,752	5,098	5,450
Public Assistance										
Social Services										
<i>Rate per 1,000 children entering out-of-home care for the first time (State Rate is 2.8)</i>	n/a	1.8	3.1	3.8	3.3	2.9	3.8	2.9	n/a	n/a
Education										
Library										
<i>Annual number of items circulated per capita</i>	n/a	7.0	7.6	7.2	7.1	5.8	6.0	7.0	7.5	9.2
<i>Annual Expenditure per capita for total Library budget</i>	n/a	\$ 21.87	\$ 23.11	\$ 24.30	\$ 24.03	\$ 27.37	\$ 28.34	\$ 31.07	\$ 33.75	\$ 38.43
Public Ways and Facilities										
Roads										
<i>Pavement Condition Rating for all county roads (70 = "good")</i>	70	68	65	64	64	58	70	69	65	62
Airport										
Airport										
<i>Takeoffs and Landings (a)</i>	120,650	114,732	113,292	119,613	115,066	101,849	n/a	92,096	96,172	95,419
<i>Passenger Enplanements</i>	156,866	161,293	148,347	152,607	154,726	173,370	182,177	177,176	182,285	132,748

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

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

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Recreation and Cultural Services										
County golf courses	3	3	3	3	3	3	3	3	3	3
Park acreage	11,861	11,886	11,946	11,946	11,946	12,026	12,056	12,056	13,402	13,422
Public Protection										
Correction facility capacities (a)	689	689	689	689	689	693	693	684	693	693
Public Ways and Facilities										
Miles of county roads	1,300	1,305	1,302	1,312	1,315	1,317	1,321	1,321	1,334	1,336
Airport										
Number of runways	2	2	2	2	2	2	2	2	2	2

Note:

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

Source: County management