

**County of San Luis Obispo, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2010**

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



COUNTY OF SAN LUIS OBISPO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010
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INTRODUCTORY SECTION



County of San Luis Obispo

Office of the Auditor-Controller

1055 Monterey Street Room D220
San Luis Obispo, California 93408
(805) 781-5040 FAX (805) 781-1220



GERE W. SIBBACH, CPA

JAMES P. ERB, CPA, *Assistant*
LYDIA CORR, CPA, *Deputy*
JAMES HAMILTON, CPA, *Deputy*
Email: auditor@co.slo.ca.us

December 30, 2010

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, 2010, 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, 2010, 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, 2010, 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 273,231 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 sections 29000 and 30200, provides the general provisions and requirements for preparing and approving the County budget. All County departments are required to submit budget requests to the County 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 the 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 division (e.g., Sheriff). During the year, department heads may make transfers of appropriations within a division 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 10.3%, which is lower than the state (12.4%) but slightly higher than the national average (9.6%). The State of California has a major presence in this area with a correctional facility, state mental hospital, CalTrans, and state university, making it the largest employer in the County. The reduction of the State workforce has had an impact on the County's unemployment rate.

The major discretionary revenue indicators clearly illustrate a lingering slowdown in the local economy. Property tax revenue receipts were \$136.3 million, a slight decrease of 3.7% over the prior year. People's desire to live in the area kept the median home price at \$361,250, although this figure is down 2.4% from the previous year. Property transfer tax increased approximately 5% compared to last year demonstrating a possible slow recovery of the real estate market. Overall there were only moderate changes in other economic indicators during 09-10 FY. The forecast for 10-11 FY does not appear to be any more promising; however, the housing market may see some small growth during the 10-11 FY, and unemployment is expected to stabilize.

Long-term financial planning: The 10-11 FY budget was developed to address major changes in the overall financial status of the County. The down turn in the housing market has 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 10-11 -budget authorized a \$444.3 million spending level which is a reduction from the \$467.7 million budget from 09-10 FY. The general fund included \$379.1 million appropriated to finance the current year's expenditures including contingencies, with \$8 million placed in general reserves, and \$12.8 million earmarked for designations. The 10-11 FY budget anticipates that the 2011-12 FY will be at least as financially difficult. Accepting this outlook, hiring limits are still in place so only positions that are critical to public health or safety or essential for key operations will be filled. In addition, the County is implementing a Tier II retirement plan for employees hired after January 1, 2011. The Tier II plan will reduce future employee retirement benefits and limit the County's future pension obligation. The actual terms of the Tier II plan and start dates will vary by employee bargaining unit.

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 10-11 FY capital budget included four new projects and added non-general fund appropriations of 1.1 million.

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 9.01% to 23.98% 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, 2009, 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 Actuarial Value of Assets held in trust as of December 31, 2009 was \$937.3, a \$ 61.7 million increase from the prior year. As of December 31, 2009, the date of the last actuarial evaluation, the funded ratio for all Pension Trust's agencies was 77.1% indicating that for every dollar of benefits due approximately \$0.77 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, 2009. This was the twenty-fourth 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,



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, 2009

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.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emmer".

Executive Director

COUNTY OF SAN LUIS OBISPO

LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2010

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

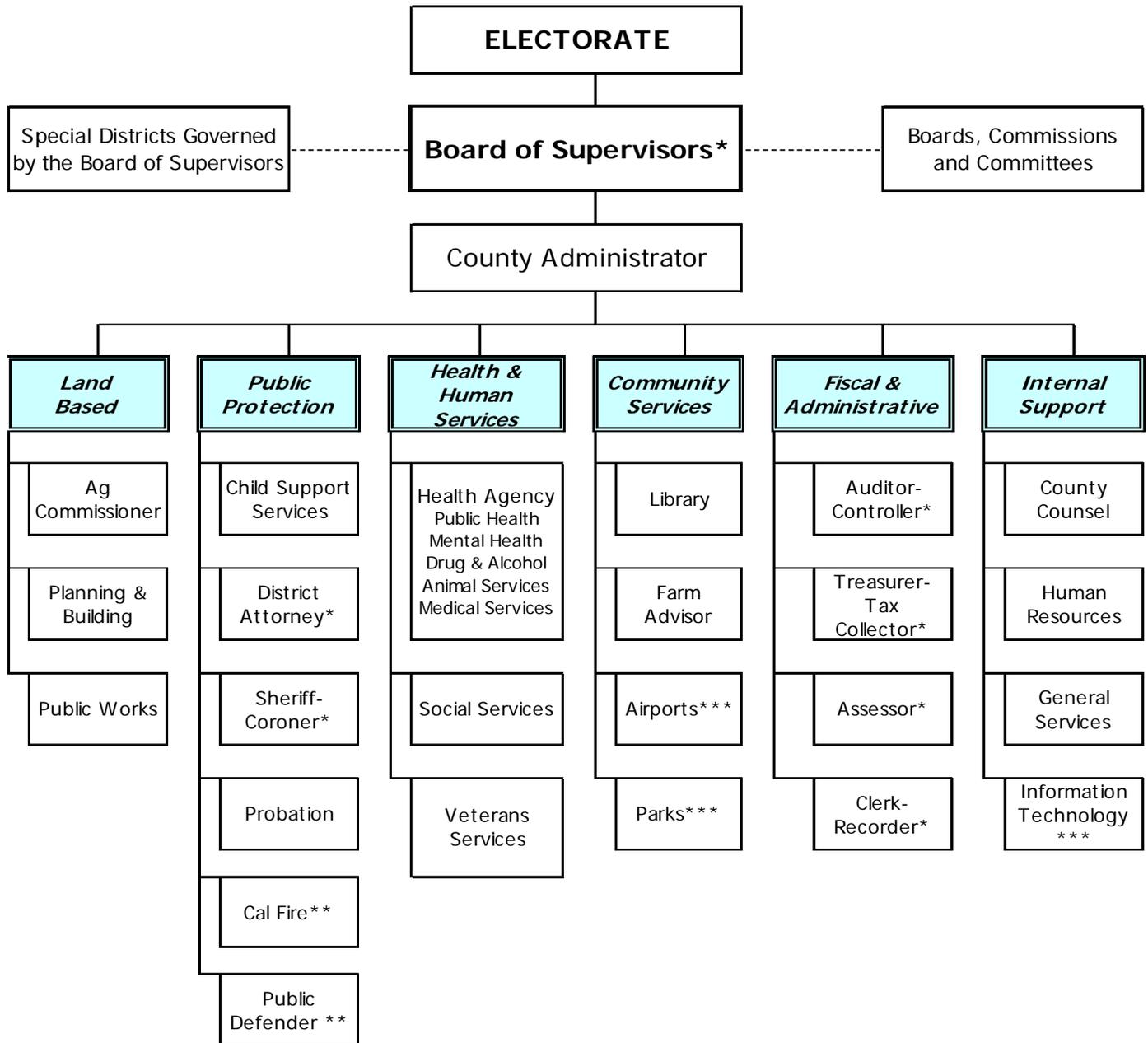
Other Elected Officials

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
Behavioral Health Administrator Karen Baylor
General Services Agency Director Janette Pell
Farm Advisor Richard Enfield
Health Agency Director Jeff Hamm
Human Resources Director Tami Douglas-Schatz
Library Director Brian A. Reynolds
Public Health Officer Penny Borenstein
Public Works Director Paavo Ogren
Social Services Director Lee Collins

County of San Luis Obispo Organizational Chart



- * Elected Official
- ** Contract
- *** Part of the General Services Agency



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, 2010, 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 \$823,821,577 as of December 31, 2009, and total additions prior to deductions of \$200,079,600 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included in the San Luis Obispo County 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 and the report of other auditors provide 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, 2010, 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 the required supplementary 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 21, 2010 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Gallina LLP

Roseville, California
December 21, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS



**COUNTY OF SAN LUIS OBISPO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

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, 2010. 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 \$1,493,759 (*net assets*). Of this amount \$224,903 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors, \$36,385 is restricted for specific purposes (*restricted net assets*), and \$1,232,471 is invested in capital assets, net of related debt. (Table A)
- ❖ The County's net assets increased by \$16,891 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, 2010 the County's governmental activities reported combined ending net assets of \$1,315,015, an increase of \$17,601 in comparison with the prior year. Approximately 16% of the combined fund balances, or \$206,786 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 \$7,220 before general revenues, contributions and transfers from other funds, an increased loss of \$1,990 from the prior year. A key factor contributing to the change was a \$3,960 drop in interest earned on Nacimiento Water Project funds, the result of a declining cash balance and falling interest rates.
- ❖ At the end of the fiscal year, unreserved fund balance of the general fund was \$66,559, or 20% of total general fund expenditures.
- ❖ The County issued \$914 thousand in new debt during the year to finance various capital projects. New debt consisted of \$405 in Certificates of Participation to fund a water system improvement project in CSA 23 and a \$509 loan from the State for construction of water systems in unincorporated communities. In addition, on August 18, 2009 the County issued \$42,565 in fixed rate Pension Obligation bonds to refinance the 2003 Series B auction rate securities.

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 funds to demonstrate compliance with the budget and can be located in the required supplementary section of the report. Individual budgetary data for each of the 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 eight 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 84 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 87 to 90 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 97 to 110 of this report.

Budgetary comparison schedules - Budgetary comparison schedules for major funds (other than the General Fund which is presented with the individual General Fund statements). The budgetary comparison schedules for the Capital Projects, Pension Obligation Bond, Public Financing Corporation and non-major Special Revenue funds can be found on pages 113 to 135 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 163 to 169 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 \$1,493,759.

Table A
Statement of Net Assets
June 30, 2010
(in thousands)

	June 30, 2010			June 30, 2009			2009-2010
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
Assets:							
Current assets	\$ 328,500	\$ 55,925	\$ 384,425	\$ 321,775	\$ 47,157	\$ 368,932	4.2%
Other long-term assets	133,300	36,239	169,539	128,280	80,872	209,152	(18.9%)
Capital assets	1,098,174	393,390	1,491,564	1,091,507	355,661	1,447,168	3.1%
Total assets	<u>1,559,974</u>	<u>485,554</u>	<u>2,045,528</u>	<u>1,541,562</u>	<u>483,690</u>	<u>2,025,252</u>	1.0%
Liabilities:							
Long-term liabilities	178,488	265,347	443,835	183,827	265,148	448,975	(1.1%)
Other liabilities	70,263	37,671	107,934	63,479	35,930	99,409	8.6%
Internal balances	(3,792)	3,792	-	(3,158)	3,158	-	-
Total liabilities	<u>244,959</u>	<u>306,810</u>	<u>551,769</u>	<u>244,148</u>	<u>304,236</u>	<u>548,384</u>	0.6%
Net assets:							
Invested in capital assets, net related debt	1,071,844	160,627	1,232,471	1,063,955	167,188	1,231,143	0.1
Restricted	36,385	-	36,385	41,188	-	41,188	(11.7%)
Unrestricted	206,786	18,117	224,903	192,271	12,266	204,537	10.0%
Total net assets	<u>\$ 1,315,015</u>	<u>\$ 178,744</u>	<u>\$ 1,493,759</u>	<u>\$ 1,297,414</u>	<u>\$ 179,454</u>	<u>\$ 1,476,868</u>	1.1%

Analysis of Net Assets

Approximately 15%, or \$224,903 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, \$1,232,471 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 \$36,385, or 2%, 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. Net assets for governmental activities increased \$17,601 and net assets for business activities decreased \$710 resulting in an overall increase of \$16,891 in the County's total net assets.

Invested in capital assets, net related debt for business type activities decreased \$6.6 million. Construction costs associated with the Nacimiento Water Project and Airport capital projects drove the \$39 increase in Construction in Progress. This increase combined with the use of \$44 in cash with fiscal agent for the Nacimiento Water Project led to the net decrease for business type activities.

Invested in capital assets, net related debt for governmental activities increased \$7.9 million. The majority of the increase is associated with construction in progress for several large infrastructure projects. The net increase consists of capital acquisitions less retirements and accumulated depreciation, and the retirement of related long-term debt.

There was a decrease of \$4,803 in restricted net assets reported in connection with governmental activities. Key factors that led to the decrease were a decrease in encumbered funds and a decline in ending fund balance in the Public Facilities Fees and Road Impact Fees funds, the result of a slowdown in the local construction industry.

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, 2010
(in thousands)

	June 30, 2010			June 30, 2009			2009-2010 Total % Chg
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government	
Revenues:							
Program revenues:							
Charges for services	\$ 51,261	\$ 22,671	\$ 73,932	\$ 60,704	\$ 21,516	\$ 82,220	(10.1%)
Operating grants and contributions	190,835	1,412	192,247	181,999	1,164	183,163	5.0%
Capital grants and contributions	10,881	4,649	15,530	6,855	7,025	13,880	11.9%
General revenues:							
Property taxes	132,723	3,654	136,377	141,195	3,678	144,873	(5.9%)
Other taxes	13,358	28	13,386	14,389	27	14,416	(7.1%)
Interest and investment income	1,690	1,900	3,590	4,646	6,190	10,836	(66.9%)
Grants not restricted to specific programs	3,972	-	3,972	4,890	-	4,890	(18.8%)
Other revenues	-	363	363	-	572	572	(36.5%)
Total revenues	<u>404,720</u>	<u>34,677</u>	<u>439,397</u>	<u>414,678</u>	<u>40,172</u>	<u>454,850</u>	(3.4%)
Expenses:							
General government	36,561	-	36,561	41,658	-	41,658	(12.2%)
Public protection	134,768	-	134,768	136,755	-	136,755	(1.5%)
Public ways and facilities	24,927	-	24,927	24,713	-	24,713	0.9%
Health sanitation	68,199	-	68,199	66,542	-	66,542	2.5%
Public assistance	96,645	-	96,645	97,803	-	97,803	(1.2%)
Education	10,390	-	10,390	10,967	-	10,967	(5.3%)
Recreational and cultural services	8,708	-	8,708	7,561	-	7,561	15.2%
Interest on Long-term debt	6,356	-	6,356	5,433	-	5,433	17.0%
Airport	-	5,204	5,204	-	4,559	4,559	14.1%
Golf	-	2,974	2,974	-	3,249	3,249	(8.5%)
State water contract	-	5,630	5,630	-	5,661	5,661	(0.5%)
Nacimiento Water Contract	-	10,613	10,613	-	10,144	10,144	4.6%
Lopez dam	-	5,813	5,813	-	6,189	6,189	(6.1%)
General Flood Control	-	831	831	-	712	712	16.7%
Transit	-	1,143	1,143	-	987	987	15.8%
Community Service Agencies	-	3,744	3,744	-	3,434	3,434	9.0%
Total expenses	<u>386,554</u>	<u>35,952</u>	<u>422,506</u>	<u>391,432</u>	<u>34,935</u>	<u>426,367</u>	(0.9%)
Excess/(deficiency) before transfers	<u>18,166</u>	<u>(1,275)</u>	<u>16,891</u>	<u>23,246</u>	<u>5,237</u>	<u>28,483</u>	(40.7%)
Transfers	<u>(565)</u>	<u>565</u>	<u>-</u>	<u>845</u>	<u>(845)</u>	<u>-</u>	
Change in net assets	17,601	(710)	16,891	24,091	4,392	28,483	(40.7%)
Net assets at beginning 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>	2.2%
Prior period adjustments	-	-	-	-	2,953	2,953	(100.0%)
Net assets at end of year	<u>\$ 1,315,015</u>	<u>\$ 178,744</u>	<u>\$ 1,493,759</u>	<u>\$ 1,297,414</u>	<u>\$ 179,454</u>	<u>\$ 1,476,868</u>	1.1%

Analysis of Governmental and Business-type Activities

Governmental Activities

Governmental activities increased San Luis Obispo County's net assets by \$17,601, accounting for 104% 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 decrease of \$10 million from the prior year. Increases in *Operating Grants and Contributions* (\$8.8 million) and *Capital Grants and Contributions* (\$4 million) helped to offset declines in all other categories. Operating grants for governmental activities increased mostly as a result of program activity tied to funding provided by the Mental Health Services Act. A surge in construction activity related to several large infrastructure projects resulted in a corresponding increase in *Capital grants*. Significant decreases in revenue occurred in *Charges for services* (\$9.4 million), *Property taxes* (\$8.5 million), and *Investment income* (\$3 million). The soft housing market, downturn in the economy and slowdown in local construction activity were the key factors driving revenue down from levels realized in the prior year.

Total expenses from Governmental Activities decreased \$4.9 million from the prior year. This net decrease was the result of a large decrease in *General government* (\$5.1 million) offset by increases in *Health & sanitation*, *Recreation and cultural* and *Interest on long-term debt*. The significant decrease in *General government* was the result of aggressive cost control measures which included continuation of a hiring freeze, reduction of General Fund support by 5-10% for non-public safety departments, and postponement of as many capital and maintenance projects as possible.

Business-type Activities

Business-type Activities decreased San Luis Obispo County's net assets by \$710, accounting for 4% of the total change in the government's net assets. Expenses exceeded revenues by \$1,275 in the current year. Key elements of the decrease are as follows:

Total revenue decreased \$5.5 million from the preceding year. While *Charges for services* increased \$1.1 million in the Lopez Flood Control and State Water Project, decreases occurred in *Investment income* (\$4.3 million) and *Capital grants and contributions* (\$2.4 million). The Nacimiento Water Project's cash balance dropped during the year as cash was disbursed to pay for construction activity. This lower cash balance combined with declining interest rates resulted in a \$4 million decline in investment income. The Airport received significantly less in capital grants used to fund construction projects. Reimbursements from the FAA declined in the current year as a result of scaling back previously started projects and putting large projects on hold until the economy improves and adequate funding can be identified.

Expenses for Business-type Activities showed a slight increase of \$1.0 million over the prior year. Operating expenses remained relatively flat with the exception of depreciation. The Airport saw an increase of \$.96 million that resulted from the addition of several large capital improvements including a runway extension, the realignment of Aero Drive, and new infrastructure for the Fuel Farm.

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 \$231,717, an increase of 4.4%, or \$9,882 in comparison with the prior year. Approximately 62% of the combined fund balances, or \$142,931, constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of fund balance, \$88,786, is reserved for the following reasons: 1) liquidate contracts and purchase orders of the prior period (\$5,127); 2) amounts due from other funds that are long-term in nature and do not represent available spendable resources (\$11,853); 3) to pay debt service (\$10,665); 4) amounts reserved by outside agencies or legislation to pay for specific programs or specific use (\$60,775) and 5) other restricted purposes (\$366).

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 \$66,559 while total fund balance reached \$116,102. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures of \$329,843. Unreserved fund balance represents 20% of the total fund expenditures, while total fund balance represents 35% of the same amount. During the current fiscal year the fund balance of general fund increased by \$11,915.

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

- ❖ Total revenues exceeded total expenditures by \$32.4 million. General fund revenues ended the year with a slight decrease of \$.37 million over the prior year. Total expenditures decreased \$8.5 million.
- ❖ Decreases in several revenue classes were offset by a \$7.6 million upturn in Aid from governmental agencies resulting in very little net change over the previous year. The increase in Government Aid was partially attributable to the timing of the revenue collections. \$3.9 million was receivable at the end of the previous year, but was not collected until after the County's 120 day availability period so it was deferred in the prior year and recognized in the current year. Revenue in all of the other categories declined from the previous year. The largest decreases in revenue occurred in categories that reflected the effect of the economic downturn on the housing market and construction industry. Charges for current services and Licenses, permits, and franchises experienced declines of \$3.5 million and \$1.1 million respectively.
- ❖ Total expenditures in General Fund declined \$8.5 million from the prior year. FY 2009/10 marked the third year in the County's multi-year budget balancing plan. A key component to bridging the gap was reducing expenditures. This was done by eliminating positions through retirement and attrition, implementing budget reductions ranging from 5-10% in non-public safety departments, deferring new maintenance projects, and freezing compensation increases for management employees.
- ❖ Transfers out from general fund totaled \$22.2 million. Operating transfers to other funds included \$2.2 million to fund building replacement, \$7.8 million to support County Roads, \$3.8 million to fund Parks, \$1 million for debt service, and \$1.6 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 had a total fund balance of \$22,900. Capital outlay expenditures exceeded total revenues by \$1.1 million and transfers out exceeded transfers in by \$.9 million. The net of these two factors resulted in a \$2 decline in fund balance for the current year. Funding for specific projects comes from use of designations, public facilities fees, issuance of long-term debt, and aid from other government agencies. The general fund was not used as a financing source for new capital projects in the current year. 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 \$420,732 in the current fiscal year, which represents a decrease of approximately 0.5% or \$5,382 from the prior fiscal year revenues of \$423,114.

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, 2010
(in thousands)

	2009/2010		2008/2009		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Revenues by Source:						
Taxes	\$ 153,910	36.6%	\$ 154,155	36.4%	\$ (245)	(0.2%)
Licenses, Permits, Franchises	6,906	1.6%	8,006	1.9%	(1,100)	(13.7%)
Fines, Forfeits, and Penalties	6,078	1.4%	6,973	1.6%	(895)	(12.8%)
Revenues from Use of Money and Property	1,644	0.4%	4,122	1.0%	(2,478)	(60.1%)
Aid from Governmental Agencies	199,771	47.5%	188,794	44.7%	10,977	5.8%
Charges for Current Services	47,065	11.2%	54,208	12.8%	(7,143)	(13.2%)
Other Revenues	5,358	1.3%	6,856	1.6%	(1,498)	(21.8%)
Total	\$ 420,732	100%	\$ 423,114	100%	\$ (2,382)	(0.6%)

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

- ❖ *Revenues from Use of Money and Property* decreased \$2.5 million or 60.1%. Interest earned by the County treasury pool was down \$2.4 million from the prior year. Interest rates continued to spiral downward leading to an average annual Treasury interest rate low of .65% for the current year.
- ❖ *Aid from Governmental Agencies* increased \$11 or 5.8%. Overall State Aid increased \$4 and Federal Aid increased \$6.4 million. The most significant increases in State Aid occurred in Prop 1b funds for infrastructure projects (\$7) and Mental Health Services Act revenue (\$5.1 million). These increases were partially offset by declines in Public Assistance (\$4), Realignment (\$1.6 million), Public Safety (\$1.2 million), and Williamson Act funding (\$1). Increases in Federal Aid from ARRA (\$3.6 million) were used to fund several Energy Efficiency and Conservation Block program projects.
- ❖ *Charges for Current Services* declined \$7.1 million or 13.2%. The largest factor contributing to the decline was changing the classification of Tobacco Settlement revenue from *Charges for Current Services* to *Other Revenue*. This change contributed to \$3 of the decline in the current year. Water Sales for Resale declined \$1 in the current year since the County's contract with the Central Coast Water Authority expired at the end of the prior year. In addition, the County experienced declines in revenue from Billings to Courts, Election Services, and Fire Suppression Reimbursement.

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, 2010
(in thousands)

	2009/2010		2008/2009		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Expenditures by Function:						
General Government	\$ 45,162	11.0%	\$ 51,461	11.9%	\$ (6,299)	(12.2%)
Public Protection	136,857	33.4%	140,746	32.6%	(3,889)	(2.8%)
Public Ways and Facilities	31,093	7.5%	42,139	9.8%	(11,046)	(26.2%)
Health and Sanitation	68,442	16.6%	67,267	15.6%	1,175	1.7%
Public Assistance	96,248	23.3%	98,170	22.8%	(1,922)	(2.0%)
Education	13,020	3.2%	11,016	2.6%	2,004	18.2%
Recreational and Cultural Services	8,313	2.0%	8,654	2.0%	(341)	(3.9%)
Principal payments	3,790	.9%	3,264	.8%	526	16.1%
Interest on Long-Term Debt	5,954	1.5%	5,181	1.2%	773	(14.9%)
Issuance costs	550	.1%	-	-	550	-%
Capital outlay	1,965	.5%	2,849	.7%	(884)	(31.0%)
Total	\$ 411,394	100%	\$ 430,747	100%	\$ (19,353)	(4.5%)

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

- ❖ *General Government Expenditures* decreased \$6.3 million or 12%. Departments reined in expenditures in response to a 5% cut in General Fund support. Budget reductions combined with a hiring freeze and use of Voluntary Time Off pushed expenditures down from the previous year. Spending for maintenance projects and Countywide Automation projects decreased \$.9 million and \$2.7 million respectively. No new maintenance or large automation projects were budgeted in the current year. Instead, efforts were directed at completing previously budgeted projects carried over from the prior year.
- ❖ *Public Ways and Facilities* expenditures decreased \$11 or 26%. A decline in State revenue forced County Roads to reduce its FY 2010 budget for capital projects by 20%. State Highway Users Tax, Transportation Development Act funds, and Prop 42 revenue, major sources of funding for infrastructure projects, declined sharply in the current year.
- ❖ *Education expenditures* increased \$2 or 18%. The County partnered with a local community group to purchase land with an unfinished structure that will be used as the future site of the Cambria library. The \$2.8 million capital asset purchase was financed through contributions from the community and use of public facility fees. Faced with budgetary constraints, the Library was forced to balance its budget by reducing hours of operation and eliminating positions. These cuts resulted in \$.63 million in savings over the prior year.

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 2009/2010 fiscal year.

Table E
Statement of Revenues, Expenses and Results of Operations
Proprietary Funds
Fund Financial Statements
For the Year Ended June 30, 2010
(in thousands)

	Major Funds				Nonmajor Funds	Total
	Airport	Nacimiento Water Contract	State Water Project	Lopez Flood Control	Other Enterprise Funds	Total Enterprise
Operating revenues	\$ 3,541	\$ 355	\$ 6,513	\$ 6,164	\$ 6,098	\$ 22,671
Operating expenses	4,970	752	5,575	3,839	8,249	23,385
Operating income (loss)	(1,429)	(397)	938	2,325	(2,151)	(714)
Non-operating revenues (expenses), net	332	(6,878)	940	(637)	1,261	(4,982)
Net income (loss) before contributions and transfers	(1,097)	(7,275)	1,878	1,688	(890)	(5,696)
Contributions and transfers, net	4,301	-	-	-	913	5,214
Change in net assets	\$ 3,204	\$ (7,275)	\$ 1,878	\$ 1,688	\$ 23	\$ (482)

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 \$1.4 million and an increase in net assets of \$3.2 million. A 6% decline in enplanements contributed to the 4% decline in operating revenue. The majority of the increase in net assets is attributable to the receipt of federal aid to finance various capital projects including a parking ramp, the realignment of Aero Drive, and Eastside access road improvements.
- ❖ The *Nacimiento Water Contract Fund* experienced an operating loss of \$.397 million and reported a decrease in net assets of \$7.3 million. Construction neared completion on the \$200 pipeline project designed to transport water 45 miles from Lake Nacimiento to San Luis Obispo. Water delivery to 5 local agencies is expected to begin by January 2011. Current year non-operating revenue and expenses included \$1.7 million in interest income and \$9.8 million in interest expense.
- ❖ The *State Water Project Fund* reported operating income of \$.938 million and an increase in net assets of \$1.9 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 2010. Non-operating revenues included \$.876 million in property taxes and \$74 thousand in interest.
- ❖ The *Lopez Flood Control Fund* reported operating income of \$2.3 million and an increase in net assets of \$1.7 million. 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 \$21 million. This increase was funded in part by increases in budgeted revenues of \$13.9 million and the use of reserves and designations for the balance. Unanticipated revenues totaling \$9.9 million from State and Federal Aid, \$1.5 million from Charges for Current Services, \$1.7 million in Other Revenue and \$.7 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 (\$9.1 million) and Public Assistance (\$4.7 million). The majority of the increase in the budget for General Government is attributable to \$7 million in maintenance projects that were carried forward from FY 2009 to FY 2010. An additional \$1.0 million was appropriated for a major system upgrade and unreimbursed special election costs. The second largest increase occurred in Public Assistance. Funding provided by the American Recovery and Reinvestment Act for Workforce Investment Act programs was carried over to the current fiscal year. At the close of the current fiscal year, actual General Fund expenditures were 86% of budget, while General Fund revenues were realized at 97% of budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the County had \$1,491,564 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 \$44,396 or 3.1% over last year.

Table F
Capital Assets
June 30, 2010
(in thousands)

	Governmental Activities July 1, 2009	Governmental Activities June 30, 2010	Business Type Activities July 1, 2009	Business Type Activities June 30, 2010	Total Capital Assets July 1, 2009	Total Capital Assets June 30, 2010	Total Percent Change
Land	\$ 24,581	\$ 789,677	\$ 22,413	\$ 24,098	\$ 46,994	\$ 813,775	1631.7%
Water Rights	-	-	37,487	39,191	37,487	39,191	4.5%
Other Property Non Depreciable	-	-	1,968	1,968	1,968	1,968	-
Infrastructure Non Depreciable	757,696	-	-	-	757,696	-	-100%
Construction-in-progress	108,663	60,788	186,857	208,318	295,520	269,106	-8.9%
Structures & Improvements	149,190	166,376	132,585	148,564	281,775	314,940	11.8%
Equipment	64,329	64,809	2,371	2,373	66,700	67,182	.7%
Other Property Depreciable	340	340	554	554	894	894	-
Infrastructure Depreciable	<u>206,141</u>	<u>249,648</u>	<u>27</u>	<u>268</u>	<u>206,168</u>	<u>249,916</u>	21.2%
Subtotal	1,310,940	1,331,638	384,262	425,334	1,695,202	1,756,972	3.6%
Less Accumulated Depreciation	<u>(219,433)</u>	<u>(233,464)</u>	<u>(28,601)</u>	<u>(31,944)</u>	<u>(248,034)</u>	<u>(265,408)</u>	7%
Total	\$ <u>1,091,507</u>	\$ <u>1,098,174</u>	\$ <u>355,661</u>	\$ <u>393,390</u>	\$ <u>1,447,168</u>	\$ <u>1,491,564</u>	3.1%

Major additions and future commitments in capital assets – Governmental activities

The Paso Robles Courthouse Facility (\$11.8 million) and North County Regional Center (\$2.6 million) were completed in fiscal year 2009/10. The new court facility will provide North County residents access to increased Superior Court services. The North County Regional Center consists of a new Sheriff's Substation and an office for the Agricultural Commissioner. County Roads completed several large infrastructure projects including the Vineyard Drive Interchange Project and the Leffingwell Creek Bridge. Non-depreciable infrastructure costs of

\$757,696 were reclassified to Land in the current fiscal year. This balance represents the non-depreciable component of County roads and includes land, road base, and easements. Future projects include new library buildings for Cambria and Atascadero, a Women's Jail, and the Creston Fire Station. These projects are contingent on the availability of additional funding sources including community donations and State grant funds.

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

The \$26 Lopez Water Treatment Plant upgrade was substantially complete in FY 2010. The upgraded facility uses state of the art technology to treat water delivered to south county agencies. The \$200 Nacimiento Water Project entered the final stages of completion in the current year. Water delivery to the communities of Paso Robles, Cayucos, Templeton, Atascadero, and San Luis Obispo will begin in early 2011.

In fiscal year 2009/10, the Airport completed a \$15 project to extend the north end of the main runway at SLO Airport, a \$2.1 million project to realign Aero Road, and a \$.8 million fuel farm infrastructure project. Work continued on a new parking ramp designed to accommodate large planes and parking lot improvements that included additional lighting and pay kiosks. Major projects for the future expansion of the Airport have been placed on hold until target enplanement thresholds are reached.

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 \$422,804. The County's balance of the 1993 Pension Obligation Bonds (POB) is \$82,879. During fiscal year 2009-10, the County issued the 2009 POB Series A term bonds in the amount of \$42,565 to refund and defease the 1993 POB Series B auction Rate bonds. The Pension Obligation Bonds debt service payments are funded by County payroll benefits. Of the balance remaining, \$11,155 is backed by the full faith and credit of the County. The remainder of the County's debt consists of: \$50,966 in certificates of participation, which are repaid from a variety of revenues; \$32,418 in State loans and \$202,821 in revenue bonds which are repaid with water service revenue. Additionally, the County is liable for \$3,159 of special assessment debt in the event of default by the property owner subject to the assessment.

Table G
Outstanding Debt
June 30, 2010
(in thousands)

	Governmental Activities June 30, 2009	Governmental Activities June 30, 2010	Business Type Activities June 30, 2009	Business Type Activities June 30, 2010	Total June 30, 2009	Total June 30, 2010	Total Percent Change
Certificates of participation	\$ 31,805	\$ 30,309	\$ 20,848	\$ 20,657	\$ 52,653	\$ 50,966	(3.3%)
Pension Obligation Bonds	127,169	125,444	-	-	127,169	125,444	(1.4%)
State notes	-	-	32,284	32,418	32,284	32,418	.4%
Revenue bonds	-	-	202,827	202,821	202,827	202,821	-
General obligation bonds	-	-	11,450	11,155	11,450	11,155	(2.6%)
	<u>\$ 158,974</u>	<u>\$ 155,753</u>	<u>\$ 267,409</u>	<u>\$ 267,051</u>	<u>\$ 426,383</u>	<u>\$ 422,804</u>	(0.8%)

The decrease over last year for the County's notes and bonds payable was \$3,579, or 0.8%. This decrease is the net of new debt issuances and scheduled debt payments. The County issued \$405 in Certificates of Participation for a water system improvement project in CSA 23 and borrowed \$509 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 \$530,245.

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 (\$2.5 million), and self-insurance (\$22.6 million). More detailed information about the County's long-term liabilities are presented in Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- ❖ For the third straight year, the County was forced to tackle budgeting challenges created by flattening or decreasing revenues. The sharp economic downturn has negatively impacted the County's finances. Fiscal year 2011 represents year 3 of a 5 year budget balancing plan. Each year of the plan involves less reliance on short-term solutions and a growing reliance on expenditure reductions to achieve structural balance.
- ❖ Faced with a \$17 million budget gap in the General Fund's Status Quo budget, the County used a combination of one-time solutions and expenditure reductions to bridge the gap. One-time solutions totaled \$4.4 million and included (1) using \$2 million in reserves (2) eliminating funding for maintenance projects, and (3) reducing General Fund contributions to the Automation Replacement Fund and the Building Replacement Fund by \$1.4 million. The remaining \$12.6 million came from reducing ongoing expenditures. Expenditure reductions were made in accordance with the priorities provided by the Board of Supervisors: meeting legal mandates, paying debt service, and maintaining public safety.
- ❖ The County's unemployment rate rose to 10.0% in June 2010 lower than the state rate of 12.3% and slightly above the national rate of 9.5%.
- ❖ Leading economic indicators continued to decline.
 - For the fourth year in a row, local housing prices dropped. The median price of homes in San Luis Obispo County fell from \$400,000 in August 2009 to \$380,000 in August 2010; however, property transfer tax revenue increased 5% in FY 2010.
 - County assessed property tax valuations decreased .4%.
 - Transit Occupancy tax collections dropped 9%. Fewer visitors are coming to the County due to the downturn in the economy.
 - Sales and Use Tax revenue decreased 11%, a direct result of a decline in consumer spending and the tightening credit market.
- ❖ The Board of Supervisors adopted the 2010-2011 budget in June 2010, with a \$39.7 million fund balance in the general fund, of which \$12 million was appropriated to finance the current year's expenditures including contingencies, \$8 million was placed in general reserves, and \$12.8 million was earmarked for designations. The total General Fund budget for 2010-2011 is \$379 million, a .4% 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, 2010 (in thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 275,507	\$ 53,247	\$ 328,754
Accounts receivable, net	25	832	857
Property taxes receivable	15,477	--	15,477
Other receivables	1,321	72	1,393
Due from other governments	35,246	1,471	36,717
Deposits with others	--	242	242
Inventories	618	--	618
Prepaid items	278	28	306
Loans receivable	28	33	61
Total Current Assets	<u>328,500</u>	<u>55,925</u>	<u>384,425</u>
Noncurrent Assets:			
Restricted cash with fiscal agent	4,078	34,044	38,122
Net pension asset	125,155	--	125,155
Prepaid bond issuance costs	2,174	2,195	4,369
OPEB asset	1,893	--	1,893
Capital Assets:			
Nondepreciable	850,465	273,575	1,124,040
Depreciable, net	247,709	119,815	367,524
Total Noncurrent Assets	<u>1,231,474</u>	<u>429,629</u>	<u>1,661,103</u>
Total Assets	<u>1,559,974</u>	<u>485,554</u>	<u>2,045,528</u>
LIABILITIES			
Current Liabilities:			
Salaries and benefits payable	12,003	137	12,140
Accounts payable	11,878	19,374	31,252
Trust deposits	531	--	531
Deposits from others	1,345	5,339	6,684
Unearned revenue	9,506	6,910	16,416
Accrued interest	1,978	3,933	5,911
Other current liabilities	6,040	--	6,040
Internal balances	(3,792)	3,792	--
Bonds and notes payable	4,355	1,821	6,176
Compensated absences	17,460	157	17,617
Landfill closure/postclosure costs	267	--	267
Self insurance payable	4,900	--	4,900
Total Current Liabilities	<u>66,471</u>	<u>41,463</u>	<u>107,934</u>
Long Term Liabilities:			
Bonds and notes payable	151,398	265,230	416,628
Compensated absences	7,079	117	7,196
Landfill closure/postclosure costs	2,292	--	2,292
Self insurance payable	17,719	--	17,719
Total Long-term Liabilities	<u>178,488</u>	<u>265,347</u>	<u>443,835</u>
Total Liabilities	<u>244,959</u>	<u>306,810</u>	<u>551,769</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,071,844	160,627	1,232,471
Restricted for:			
General government	584	--	584
Public protection	3,662	--	3,662
Health and sanitation	61	--	61
Public ways and facilities	20,674	--	20,674
Recreation and culture	739	--	739
Debt service	10,665	--	10,665
Unrestricted	<u>206,786</u>	<u>18,117</u>	<u>224,903</u>
Total Net Assets	<u>\$ 1,315,015</u>	<u>\$ 178,744</u>	<u>\$ 1,493,759</u>

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

COUNTY OF SAN LUIS OBISPO
Statement of Activities
For the Year Ended June 30, 2010 (in thousands)

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 36,561	\$ 12,878	\$ 377	\$ 449
Public protection	134,768	21,072	40,034	--
Public ways and facilities	24,927	3,234	10,679	10,259
Health and sanitation	68,199	7,026	57,784	--
Public assistance	96,645	925	81,525	--
Education	10,390	2,304	259	--
Recreation and cultural services	8,708	3,822	177	173
Interest on long-term debt	6,356	--	--	--
Total Governmental Activities	386,554	51,261	190,835	10,881
Business-Type Activities:				
Airport	5,204	3,541	182	4,310
Golf	2,974	2,653	--	--
State Water Contract	5,630	6,513	8	--
Nacimiento Water Contract	10,613	355	31	--
Lopez Dam	5,813	6,164	15	--
General Flood Control	831	661	--	--
Transit	1,143	--	1,172	--
County Service Areas	3,744	2,784	4	339
Total Business-Type Activities:	35,952	22,671	1,412	4,649
Total primary government	\$ 422,506	\$ 73,932	\$ 192,247	\$ 15,530
General Revenues:				
Taxes:				
Property taxes				
Sales and use taxes				
Transient occupancy taxes				
Transfer tax				
Other taxes				
Grants not restricted to specific programs				
Interest earnings not restricted to specific programs				
Other revenues				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
Net assets - beginning of year				
Net assets - end of year				

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

Net (Expense) Revenue and
Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (22,857)	\$ --	\$ (22,857)
(73,662)	--	(73,662)
(755)	--	(755)
(3,389)	--	(3,389)
(14,195)	--	(14,195)
(7,827)	--	(7,827)
(4,536)	--	(4,536)
(6,356)	--	(6,356)
<u>(133,577)</u>	<u>--</u>	<u>(133,577)</u>
--	2,829	2,829
--	(321)	(321)
--	891	891
--	(10,227)	(10,227)
--	366	366
--	(170)	(170)
--	29	29
--	(617)	(617)
<u>--</u>	<u>(7,220)</u>	<u>(7,220)</u>
<u>(133,577)</u>	<u>(7,220)</u>	<u>(140,797)</u>
132,723	3,654	136,377
5,673	--	5,673
5,582	--	5,582
1,438	--	1,438
665	28	693
3,972	--	3,972
1,690	1,900	3,590
--	363	363
(565)	565	--
<u>151,178</u>	<u>6,510</u>	<u>157,688</u>
17,601	(710)	16,891
<u>1,297,414</u>	<u>179,454</u>	<u>1,476,868</u>
<u>\$ 1,315,015</u>	<u>\$ 178,744</u>	<u>\$ 1,493,759</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, 2010 (in thousands)

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 111,940	\$ 23,395	\$ 94,865	\$ 230,200
Accounts receivable, net	3	--	--	3
Accrued property taxes receivable	15,477	--	--	15,477
Other receivables	1,298	--	23	1,321
Due from other governments	31,223	412	3,609	35,244
Inventories	88	--	--	88
Prepaid items	276	--	2	278
Loans receivable	--	--	28	28
Advances to other funds	1,603	--	2,800	4,403
Restricted cash with fiscal agent	--	--	4,078	4,078
Other assets	--	--	4,355	4,355
Total Assets	<u>\$ 161,908</u>	<u>\$ 23,807</u>	<u>\$ 109,760</u>	<u>\$ 295,475</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Salaries and benefits payable	\$ 10,319	\$ --	\$ 610	\$ 10,929
Accounts payable	9,017	190	1,358	10,565
Trust deposits	531	--	--	531
Deposits from others	188	--	673	861
Unearned revenue	2,271	713	6,522	9,506
Deferred revenue	17,440	4	380	17,824
Other current liabilities	6,040	--	4,356	10,396
Advances from other funds	--	--	3,146	3,146
Total Liabilities	<u>45,806</u>	<u>907</u>	<u>17,045</u>	<u>63,758</u>
Fund Balances:				
Reserved for:				
Encumbrances	2,122	2,041	964	5,127
Advances and long-term receivables	9,053	--	2,800	11,853
Inventories and prepaids	364	--	2	366
Debt service	--	--	10,665	10,665
Construction of roads and public facilities	--	--	20,593	20,593
Specific program or grants	38,004	--	2,178	40,182
Unreserved	66,559	20,859	--	87,418
Unreserved, reported in nonmajor Special Revenue funds	--	--	55,513	55,513
Total Fund Balances	<u>116,102</u>	<u>22,900</u>	<u>92,715</u>	<u>231,717</u>
Total Liabilities and Fund Balances	<u>\$ 161,908</u>	<u>\$ 23,807</u>	<u>\$ 109,760</u>	<u>\$ 295,475</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, 2010 (in thousands)

Fund Balance - total governmental funds (page 39)	\$	231,717
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.		1,088,910
Accrued Property tax revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		17,824
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore not reported in the funds.		125,155
The other post employment benefit (OPEB) asset is not available to pay for current-period expenditures and, therefore, is deferred in the funds.		1,893
Cost of issuance on pension obligation bonds recognized as current expenditures in the governmental funds are deferred in the statement of net assets.		2,174
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.		27,315
Adjustments 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.		2,535
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(1,977)
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		(30,309)
Bonds and notes payable		(125,444)
Compensated absences		(22,219)
Landfill closure/postclosure costs		(2,559)
		(250,511)
Net assets of governmental activities (page 33)	\$	<u>1,315,015</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, 2010 (in thousands)

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes	\$ 142,927	\$ --	\$ 10,983	\$ 153,910
Licenses, permits, and franchises	6,906	--	--	6,906
Fines, forfeits and penalties	4,467	473	1,138	6,078
Revenue from use of money and property	741	158	745	1,644
Aid from governmental agencies	169,296	173	30,302	199,771
Charges for current services	34,216	68	12,781	47,065
Other revenues	3,690	--	1,668	5,358
Total revenues	<u>362,243</u>	<u>872</u>	<u>57,617</u>	<u>420,732</u>
<u>Expenditures:</u>				
Current:				
General government	41,174	--	3,988	45,162
Public protection	133,476	--	3,381	136,857
Public ways and facilities	2,102	--	28,991	31,093
Health and sanitation	62,251	--	6,191	68,442
Public assistance	90,445	--	5,803	96,248
Education	395	--	12,625	13,020
Recreation and cultural services	--	--	8,313	8,313
Debt service:				
Principal payments	--	--	3,790	3,790
Interest and fiscal charges	--	--	5,954	5,954
Issuance costs	--	--	550	550
Capital outlay	--	1,965	--	1,965
Total expenditures	<u>329,843</u>	<u>1,965</u>	<u>79,586</u>	<u>411,394</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>32,400</u>	<u>(1,093)</u>	<u>(21,969)</u>	<u>9,338</u>
<u>Other Financing Sources (Uses):</u>				
Refunding bonds issued	--	--	42,565	42,565
Payment to refunded escrow agent	--	--	(42,000)	(42,000)
Transfers in	1,747	645	30,652	33,044
Transfers out	(22,232)	(1,567)	(9,266)	(33,065)
Total Other Financing Sources (Uses)	<u>(20,485)</u>	<u>(922)</u>	<u>21,951</u>	<u>544</u>
Net Change in Fund Balances	11,915	(2,015)	(18)	9,882
Fund Balances - Beginning	<u>104,187</u>	<u>24,915</u>	<u>92,733</u>	<u>221,835</u>
Fund Balances - Ending	<u>\$ 116,102</u>	<u>\$ 22,900</u>	<u>\$ 92,715</u>	<u>\$ 231,717</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, 2010 (in thousands)

Net Change in fund balance - total governmental funds (page 41)	\$	9,882
Amounts reported for governmental activities in the statement of activities are different because:		
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.		(1,912)
Governmental funds report capital outlay as expenditures. These expenditures have no effect on net assets.		
Capital outlay expenditures that have no effect on net assets are reported in the following functional categories:		
Capital outlay	\$ 1,317	
General government	1,414	
Public protection	3,154	
Public ways	13,620	
Health and sanitation	100	
Public assistance	117	
Education	2,806	
Recreation and cultural services	<u>19</u>	22,547
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.		(15,215)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(230)
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.		
Refunding debt issued		(42,565)
Payment to refunded escrow agent		42,000
Debt principal payments		3,790
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:		
Change in compensated absences		(169)
Change in accrued interest payable		(270)
Change in landfill closure/postclosure costs		431
Change in OPEB		1,893
Amortization of bond discounts and issuance costs		418
Amortization of prepaid pension contributions		2,889
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.		<u>(5,888)</u>
Change in net assets of governmental activities (page 35)	\$	<u><u>17,601</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, 2010 (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	\$ 2,100	\$ 22,963	\$ 12,295	\$ 10,012	\$ 5,877	\$ 53,247	\$ 45,307
Accounts receivable, net	--	--	693	--	139	832	22
Other receivables	--	72	--	--	--	72	--
Due from other governments	886	--	--	471	114	1,471	2
Deposits with others	--	148	81	--	13	242	--
Inventories	--	--	--	--	--	--	530
Prepaid items	--	--	--	28	--	28	--
Loans receivable	--	--	--	--	33	33	--
Total Current Assets	2,986	23,183	13,069	10,511	6,176	55,925	45,861
Noncurrent assets:							
Advances to other funds	--	--	--	--	793	793	--
Restricted cash with fiscal agent	--	34,044	--	--	--	34,044	--
Prepaid bond issuance costs	--	2,195	--	--	--	2,195	--
Capital assets:							
Nondepreciable:							
Land	20,453	--	--	2,096	1,549	24,098	--
Construction in progress	10,992	168,228	9	26,080	3,009	208,318	--
Water rights	--	--	39,191	--	--	39,191	--
Other property	--	--	--	1,968	--	1,968	--
Depreciable:							
Infrastructure, net	241	--	--	--	--	241	--
Structures and improvements, net	55,587	--	7,568	37,113	17,851	118,119	222
Equipment, net	544	--	28	20	357	949	9,042
Other property, net	--	--	--	--	506	506	--
Total Noncurrent Assets	87,817	204,467	46,796	67,277	24,065	430,422	9,264
Total Assets	90,803	227,650	59,865	77,788	30,241	486,347	55,125
Liabilities:							
Current Liabilities:							
Salaries and benefits payable	69	--	--	--	68	137	1,074
Accounts payable	980	13,671	4,200	25	498	19,374	1,313
Interest payable	46	3,263	--	531	93	3,933	--
Self insurance payable	--	--	--	--	--	--	4,900
Deposits from others	107	2,423	2,640	13	156	5,339	484
Unearned revenue	42	2,236	1,788	2,345	499	6,910	--
Accrued vacation and sick leave - current	84	--	--	--	73	157	1,594
Notes and bond payable - current	229	--	--	1,168	424	1,821	--
Total Current Liabilities	1,557	21,593	8,628	4,082	1,811	37,671	9,365
Noncurrent Liabilities:							
Self insurance payable	--	--	--	--	--	--	17,719
Advances from other funds	1,255	--	--	--	795	2,050	--
Notes and bonds payable	3,898	202,781	--	49,213	9,338	265,230	--
Accrued vacation and sick leave	49	--	--	--	68	117	726
Total Noncurrent Liabilities	5,202	202,781	--	49,213	10,201	267,397	18,445
Total Liabilities	6,759	224,374	8,628	53,295	12,012	305,068	27,810
Net Assets							
Invested in capital assets, net of related debt	83,690	(509)	46,796	16,896	13,754	160,627	9,264
Unrestricted	354	3,785	4,441	7,597	4,475	20,652	18,051
Total Net Assets	\$ 84,044	\$ 3,276	\$ 51,237	\$ 24,493	\$ 18,229	181,279	\$ 27,315
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(2,535)	
Net assets of business-type activities						\$ 178,744	

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, 2010 (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
	Operating Revenues:						
Charges for current services	\$ 3,541	\$ 355	\$ 6,513	\$ 6,164	\$ 6,098	\$ 22,671	\$ 40,413
Total Operating Revenues	<u>3,541</u>	<u>355</u>	<u>6,513</u>	<u>6,164</u>	<u>6,098</u>	<u>22,671</u>	<u>40,413</u>
Operating Expenses:							
Salaries and benefits	1,310	--	--	--	1,332	2,642	21,136
Services and supplies	1,362	660	5,328	3,266	5,966	16,582	11,580
Other charges	--	78	7	4	30	119	--
Insurance benefit payments	--	--	--	--	--	--	6,041
Insurance premiums	--	--	--	--	--	--	2,628
Depreciation	1,921	--	200	501	743	3,365	1,627
Countywide cost allocation	377	14	40	68	178	677	812
Total Operating Expenses	<u>4,970</u>	<u>752</u>	<u>5,575</u>	<u>3,839</u>	<u>8,249</u>	<u>23,385</u>	<u>43,824</u>
Operating Income (Loss)	<u>(1,429)</u>	<u>(397)</u>	<u>938</u>	<u>2,325</u>	<u>(2,151)</u>	<u>(714)</u>	<u>(3,411)</u>
Nonoperating Revenues (Expenses):							
Property taxes	2	1,143	876	1,222	439	3,682	--
Interest income	5	1,733	74	48	40	1,900	314
Interest expense	(199)	(9,790)	(17)	(1,929)	(404)	(12,339)	--
Aid from governmental agencies	182	31	8	15	1,176	1,412	319
Other nonoperating revenue (expenses)	342	5	(1)	7	10	363	157
Total Nonoperating Revenues (Expenses)	<u>332</u>	<u>(6,878)</u>	<u>940</u>	<u>(637)</u>	<u>1,261</u>	<u>(4,982)</u>	<u>790</u>
Income (Loss) Before Contributions and Transfers	(1,097)	(7,275)	1,878	1,688	(890)	(5,696)	(2,621)
Capital contributions	4,310	--	--	--	339	4,649	--
Transfers in	25	--	--	--	642	667	--
Transfers out	(34)	--	--	--	(68)	(102)	(544)
Changes in net assets before special item	3,204	(7,275)	1,878	1,688	23	(482)	(3,165)
Special item	--	--	--	--	--	--	(2,951)
Net Assets - Beginning	<u>80,840</u>	<u>10,551</u>	<u>49,359</u>	<u>22,805</u>	<u>18,206</u>		<u>33,431</u>
Net Assets - Ending	<u>\$ 84,044</u>	<u>\$ 3,276</u>	<u>\$ 51,237</u>	<u>\$ 24,493</u>	<u>\$ 18,229</u>		<u>\$ 27,315</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						<u>(228)</u>	
Change in net assets of business-type activities (page 35)						<u>\$ (710)</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, 2010 (in thousands)

	Business-type Activities - Enterprise Funds						Governmental
		Nacimiento	State Water	Lopez	Nonmajor	Total	Internal
	Airport	Water Contract	Project	Flood Control	Enterprise Funds	Enterprise Funds	Service Funds
Cash Flows from Operating Activities:							
Receipts from customers and third parties	\$ 3,934	\$ 2,771	\$ 6,439	\$ 7,076	\$ 6,175	\$ 26,395	\$ --
Receipts from interfund billings	--	--	--	--	--	--	40,723
Payments for goods and services	(2,017)	1,648	(5,936)	(3,354)	(6,267)	(15,926)	(12,429)
Payments to employees for service	(1,286)	--	--	--	(1,360)	(2,646)	(21,263)
Payments for insurance benefits	--	--	--	--	--	--	(3,441)
Payments for premiums	--	--	--	--	--	--	(2,628)
Net Cash Provided (Used) by Operating Activities	<u>631</u>	<u>4,419</u>	<u>503</u>	<u>3,722</u>	<u>(1,452)</u>	<u>7,823</u>	<u>962</u>
Cash Flows from Noncapital Financing Activities:							
Property tax proceeds	2	1,143	876	1,222	439	3,682	--
Grants and subsidies from other gov't agencies	182	31	8	15	1,034	1,270	319
Payment to irrevocable OPEB trust	--	--	--	--	--	--	(6,000)
Advances from other funds	759	--	--	--	--	759	--
Advances to other funds	--	--	--	--	(353)	(353)	--
Transfers from other funds	25	--	--	--	642	667	--
Transfers to other funds	(34)	--	--	--	(68)	(102)	(544)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>934</u>	<u>1,174</u>	<u>884</u>	<u>1,237</u>	<u>1,694</u>	<u>5,923</u>	<u>(6,225)</u>
Cash Flows from Capital and Related Financing Activities:							
Purchases and construction of capital assets	(4,449)	(34,454)	(1,705)	(761)	(1,043)	(42,412)	(1,298)
Proceeds from issuance of long-term debt	--	--	--	510	405	915	--
Proceeds from sale of capital assets	--	--	--	--	--	--	145
Proceeds from capital grants	3,622	--	--	--	339	3,961	--
Principal paid on capital debt	(220)	--	--	(645)	(408)	(1,273)	--
Interest paid on capital debt	(201)	(9,790)	(17)	(1,941)	(407)	(12,356)	--
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,248)</u>	<u>(44,244)</u>	<u>(1,722)</u>	<u>(2,837)</u>	<u>(1,114)</u>	<u>(51,165)</u>	<u>(1,153)</u>
Cash Flows from Investing Activities:							
Interest received	5	1,733	74	48	40	1,900	314
Net Cash Provided (Used) by Investing Activities	<u>5</u>	<u>1,733</u>	<u>74</u>	<u>48</u>	<u>40</u>	<u>1,900</u>	<u>314</u>
Net Increase (Decrease) in Cash and Cash Equivalents	322	(36,918)	(261)	2,170	(832)	(35,519)	(6,102)
Cash and Cash Equivalents - Beginning 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>
Cash and Cash Equivalents - End of Year	<u>\$ 2,100</u>	<u>\$ 57,007</u>	<u>\$ 12,295</u>	<u>\$ 10,012</u>	<u>\$ 5,877</u>	<u>\$ 87,291</u>	<u>\$ 45,307</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating income (loss)	<u>\$ (1,429)</u>	<u>\$ (397)</u>	<u>\$ 938</u>	<u>\$ 2,325</u>	<u>\$ (2,151)</u>	<u>\$ (714)</u>	<u>\$ (3,411)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:							
Depreciation expense	1,921	--	200	501	743	3,365	1,627
Change in Assets and Liabilities:							
Receivables, net	351	180	124	705	58	1,418	310
Prepays and other assets	--	(23)	--	--	2	(21)	--
Inventory	--	--	--	--	--	--	46
Accounts payable	15	--	(578)	(18)	(94)	(675)	135
Salaries and benefits payable	6	--	--	--	(1)	5	28
Deferred revenue	42	2,236	(198)	207	17	2,304	--
Accrued vacation and sick leave	18	--	--	--	(27)	(9)	(155)
Self-insurance liability	--	--	--	--	--	--	2,600
Other accrued liabilities	(293)	2,423	17	2	1	2,150	(218)
Total Adjustments	<u>2,060</u>	<u>4,816</u>	<u>(435)</u>	<u>1,397</u>	<u>699</u>	<u>8,537</u>	<u>4,373</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 631</u>	<u>\$ 4,419</u>	<u>\$ 503</u>	<u>\$ 3,722</u>	<u>\$ (1,452)</u>	<u>\$ 7,823</u>	<u>\$ 962</u>

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

COUNTY OF SAN LUIS OBISPO
Statement of Fiduciary Net Assets
Agency and Investment Trust Funds
June 30, 2010 (in thousands)
San Luis Obispo Pension Trust Fund
December 31, 2009 (in thousands)

	Agency Funds 6/30/2010	Investment Trust Fund 6/30/2010	San Luis Obispo County Pension Trust 12/31/2009
<u>Assets</u>			
Cash and cash equivalents	\$ 39,966	\$ 199,063	\$ 67,332
Notes receivable	--	--	2,371
Contributions receivable	--	--	25,595
Prepaid benefits	--	--	172
Investments pension trust:			
Bonds and notes, at fair value	--	--	293,138
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	--	--	1,752
Total Assets	<u>39,966</u>	<u>199,063</u>	<u>823,822</u>
<u>Liabilities</u>			
Agency obligations	39,966	--	--
Accrued liabilities	--	--	58,833
Total Liabilities	<u>39,966</u>	<u>--</u>	<u>58,833</u>
<u>Net Assets</u>			
Assets held in trust for pool participants	--	199,063	--
Assets held in trust for pension benefits	--	--	764,989
Total Net Assets	<u>\$ --</u>	<u>\$ 199,063</u>	<u>\$ 764,989</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, 2010 (in thousands)
San Luis Obispo Pension Trust Fund
For the Year Ended December 31, 2009 (in thousands)

	Investment Trust Fund 6/30/2010	San Luis Obispo County Pension Trust 12/31/2009
<u>Additions</u>		
Contributions:		
County contributions	\$ 819,526	\$ 31,427
Member contributions	--	24,171
Total Contributions	<u>819,526</u>	<u>55,598</u>
Investment Earnings:		
Net increase (decrease) in fair value of investments	--	147,670
Realized gains and losses	--	(23,933)
Interest	1,172	12,049
Dividends	--	9,835
Real estate management trust income	--	(44)
Rental Real Estate:		
Real estate operating income (expense)	--	1,456
Investment expenses	--	(2,551)
Total Investment Earnings	<u>1,172</u>	<u>144,482</u>
Total Additions	<u>820,698</u>	<u>200,080</u>
<u>Deductions</u>		
Benefits:		
Monthly benefit payments	--	42,028
Termination refunds	--	1,575
Death benefits	--	45
Total benefits	<u>--</u>	<u>43,648</u>
Administrative expenses	--	1,730
Total Administrative Expenses	<u>--</u>	<u>1,730</u>
Distributions from investment pool	<u>806,162</u>	<u>--</u>
Total deductions	<u>806,162</u>	<u>45,378</u>
Change in Net Assets	14,536	154,702
Net Assets - Beginning	<u>184,527</u>	<u>610,287</u>
Net Assets - Ending	<u>\$ 199,063</u>	<u>\$ 764,989</u>

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



NOTES TO THE BASIC FINANCIAL STATEMENTS



COUNTY OF SAN LUIS OBISPO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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, which have substantively the same governing bodies as the primary government or for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Each of the following entities' governing bodies are substantively the same as the governing body of the County, are fiscally accountable to the County, and have a significant relationship with the County, and therefore are included in its government-wide, governmental fund and proprietary fund financial statements:

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

Flood Control and Water Conservation Districts – Flood control and water conservation districts have been established for the purpose of providing specific flood and conservation services to distinct geographical areas within the county. These services include weather and hydrological data collections services, 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.

Separate financial statements or additional financial information for each of the component units may be obtained from the Auditor-Controller at 1055 Monterey, Room D220, San Luis Obispo, CA 93408.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Internal activities and indirect expenses are consolidated in the statement of activities. Examples of expenses that have been eliminated include the allocation of indirect costs under the County-wide Cost Allocation Plan and internal payments for services provided between departments.

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

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

Fund Financial Statements

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

The County reports the following Major Governmental Funds:

- The General Fund is the County's primary operating fund. The General Fund is used to account for all revenues and expenditures necessary to carry out the basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, public ways and facilities, health and sanitation, public assistance, education, and recreational and cultural services.
- The Capital Projects Fund is used to account for the financial resources restricted for the acquisition or construction of specific projects, or items other than those financed by proprietary funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The County reports the following Major Proprietary Funds:

- The Airport Fund accounts for the maintenance, operations, and development of the County owned commercial service airports in San Luis Obispo and Oceano.
- The Nacimiento Water Contract Fund accounts for the activities and delivery of water associated with the Nacimiento water supply reservoir and the contract with Monterey County.
- The State Water Contract Fund accounts for revenues, expenses and net assets relating to the countywide taxpayers' obligations associated with the State Water Project, which provides for the delivery of state water into the County.
- The Lopez Dam Flood Control Fund accounts for the maintenance, water treatment and water distribution services of the Lopez Dam Flood Control Zone 3, which provides water to south San Luis Obispo County and the activities of the Lopez Dam Seismic Remediation Project.
- Additionally, the County reports on Internal Service Funds. Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost-reimbursement basis. Internal Service Funds account for the activities of equipment maintenance services, centralized printing services, and self-insurance programs such as workers' compensation, long-term disability, employee benefits, and personal injury and property damage.

The County reports the following Fiduciary Funds:

- The 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, 2009.
- The Investment Trust Funds account for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. The County reports on 94 different Investment Trust Funds.
- The Agency Funds account for the resources held by the County in a custodial capacity on behalf of other agencies. The County reports on 126 different Agency Funds. These include accounts for temporary holding of funds for the tax assessment areas created under the 1915 Improvement Act, temporary clearing funds, and other temporary holding funds not classified in other agency categories.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized as expenditures only to the extent that payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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, 2010. The fair value of pooled investments is determined annually and is based on current market prices.

The County pool is not registered with the Securities and Exchange Commission as an investment company and does not issue separate investment reports. The County has not provided or obtained any legally binding guarantees to support the value of the shares. Participants may withdraw up to the amortized cost of their respective shares as displayed on the combined balance sheet. The share of the Treasurer's pool related to involuntary participants is 79.5 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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 the taxes are levied.

Beginning in fiscal year 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 County General Fund internally financed the delinquent payment to all Teeter Plan participants by borrowing \$6,000,000 from the County Treasury (as provided in Revenue and Taxation Code 4705). The principal and interest (0.59%) on the borrowing will be repaid June 24, 2011.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

Compensated Absences

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

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

Long-term Obligations

In the Government-wide financial statements, and 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 and preservation of capital, liquidity sufficient to meet scheduled cashflow needs, and then yield, subject to safety and liquidity, while maintaining compliance with federal, state, and local laws and regulations.

The San Luis Obispo County Investment Pool is rated by Fitch Ratings, one of the Nationally Recognized Statistical Rating Organizations. Fitch has consistently rated the County Pool with their highest rating since FY 1994/95. The County Pool's "AAA" rating reflects the credit quality and diversification of the underlying assets in the portfolio, and appropriate management and operational capabilities. The County Pool's "V1" volatility rating reflects low market risk and strong capacity to return stable principal value to participants, as well as to meet anticipated cash flow requirements, even in an adverse interest rate environment. Effective February 10, 2010, Fitch eliminated the V1+ rating from its Fund Volatility Rating scale and revised its highest rating to V1. On March 18, 2010, the County Pool's volatility rating was revised from "V1+" to "V1," to reflect the new highest rating.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Governmental Accounting Standards Board (GASB) Statement No. 31 requires governmental external investment pools to report certain investments at fair value in the financial statements and report the change in the fair value of investments in the year in which the change occurred. In compliance with these requirements, the fair value of the County's combined pool is determined annually and is based on current market prices received from the securities custodian, and State Local Agency Investment Fund (LAIF), except for instruments which are carried at amortized cost plus accrued interest. The County Treasury has provided a fair value dollar factor of 1.003149599995 in the Quarterly Report of Investments as of June 30, 2010, which can be used for financial reporting by the pool participants. The fair value of the investments is the pool participant's amount invested balance multiplied by the fair value dollar factor.

The County's combined pool has invested in LAIF. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Market valuation is conducted quarterly. LAIF provided a fair value dollar factor of 1.001643776 for its portfolio as of June 30, 2010. The fair value of the investments in LAIF is the pool participant's amount invested balance multiplied by the fair value dollar factor. As of June 30, 2010, 5.42% of the LAIF pool includes structured notes and asset-backed securities. 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. In addition, the County's combined pool is further restricted by both the County IP and the Treasurer's written policies and procedures to reduce exposure to investment risks. As of June 30, 2010, 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
Cash Management Bills	Maximum issued	100%	N/A
Registered State Warrants	1 year	10%	Authorized by County Treasurer beginning 7/14/09
Treasury Notes or Bonds of this state	Not authorized in FY 2009-10		
Registered Treasury Notes or Bonds of any of the other 49 United States	Not authorized in FY 2009-10		
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 2009-10		
Federal Home Loan Mortgage Corp.	Not authorized in FY 2009-10		
Federal Home Loan Bank	1 year	20%	N/A
Farm Credit Bank	1 year	20%	N/A
Bankers' Acceptances-Domestic	Not authorized in FY 2009-10		
Bankers' Acceptances-Foreign	Not authorized in FY 2009-10		
Commercial Paper	Not authorized in FY 2009-10		
Collateralized Certificates of Deposit	Not authorized in FY 2009-10		
Negotiable Certificates of Deposit	Not authorized in FY 2009-10		

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Tri-Party Repurchase Agreements	30 days	15% of all repos	N/A
Bi-Party Repurchase Agreements	Not authorized in FY 2009-10		
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 2009-10		
Money Market Mutual Funds	Not authorized in FY 2009-10		
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 2009-10		
Mortgage Pass-Through Securities	Not authorized in FY 2009-10		
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 minimizes this type of credit risk by pre-qualifying the custodial financial institution, and requiring the custodian to hold securities in the County Treasurer's name.

Credit Risk

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

Concentration of Credit Risk

At June 30, 2010, 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, 2010.

Investment Type	S&P	Moody's	% of Portfolio
U.S. Treasuries	AAA	Aaa	51.59%
U.S. Government Agencies	AAA	Aaa	33.41%
Teeter Note	AA-	Not Rated	1.05%
Repurchase Agreement	A-1	P-1	6.91%
Local Agency Investment Fund	Not Rated	Not Rated	7.04%
Total			<u>100%</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, 2010, investments in U.S. Government Agencies included Federal Farm Credit Banks (16.28%) and Federal Home Loan Banks (17.13%). The Tri-Party Repurchase Agreement is an investment in Merrill Lynch FlexiCash, and is 6.91% of the County's Investment Pool.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

At June 30, 2010, 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	7/01/10-6/15/13	0.115%-2.306%	0.93	\$ 292,478	\$ 294,160	\$ 292,000
U.S. Government Agencies	7/09/10-6/07/11	0.230%-0.510%	0.47	190,435	190,505	190,427
Teeter Note	6/24/11	0.59%	0.98	6,001	6,001	6,036
Repurchase Agreement	7/01/10	0.07%	-	39,379	39,379	39,379
Investment in Local Agency Fund	On Demand		-	<u>40,052</u>	<u>40,118</u>	<u>40,000</u>
Total Investments in County Treasury			0.65	\$ 568,345	\$ 570,163	\$ 567,842
Deposits in Financial Institutions				7,262	7,262	7,262
Cash on Hand				<u>186</u>	<u>186</u>	<u>186</u>
Total Cash held in Treasury				575,793	577,611	575,290
Deposits in Transit				776	776	776
Outstanding Warrants				<u>(9,905)</u>	<u>(9,905)</u>	<u>(9,905)</u>
Total				566,664	568,482	566,161
Other Cash Deposits				<u>1,119</u>	<u>1,119</u>	<u>1,119</u>
Total cash and cash equivalents				\$ <u>567,783</u>	\$ <u>569,601</u>	\$ <u>567,280</u>
<u>Restricted Cash with Fiscal Agent</u>				Carrying Amount	Fair Value	Par Value
U.S. Government & Federal Agencies				\$ 14,358	\$ 14,651	\$ 14,358
Guaranteed Investment Contract				18,757	18,829	18,757
Certificates of Deposit and Money Market Accounts				<u>5,007</u>	<u>5,007</u>	<u>5,007</u>
Total				<u>38,122</u>	<u>38,487</u>	<u>38,122</u>
Total restricted and unrestricted cash and cash equivalents				\$ <u>605,905</u>	\$ <u>608,088</u>	\$ <u>605,402</u>
<u>Total Cash and Investments Summary</u>				Carrying Amount		
Total Governmental Activities				\$ 279,585		
Total Business-type Activities				87,291		
Total Fiduciary Funds				<u>239,029</u>		
Total Cash and Investments				\$ <u>605,905</u>		

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, 2010 (in thousands):

	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Statement of Net Assets:</u>		
Net assets held for pool participants	<u>\$ 567,783</u>	<u>\$ 569,601</u>
Equity of internal pool participants	\$ 368,904	\$ 370,722
Equity of external pool participants (voluntary and involuntary)	<u>198,879</u>	<u>198,879</u>
Total Equity	<u>\$ 567,783</u>	<u>\$ 569,601</u>
<u>Statement of Changes in Net Assets:</u>		
Revenue	\$ 4,604	\$ 4,608
Investment Costs	(1,150)	(1,150)
Net Deposits	36,449	36,449
Change in fair value	<u>-</u>	<u>(186)</u>
Net change in pool	39,903	39,721
Net Assets at July 1, 2009	<u>527,880</u>	<u>529,880</u>
Net Assets at June 30, 2010	<u>\$ 567,873</u>	<u>\$ 569,601</u>

Restricted Cash with Fiscal Agent

Cash and investments at June 30, 2010 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	\$ 14,726
Restricted interest on lease reserves	18,389
Restricted for Contractor Retentions	<u>5,007</u>
Total Restricted Cash	<u>\$ 38,122</u>

Cash Deposits outside of the Treasury Pool

At fiscal year end, the carrying amount of the County's other cash deposits was \$807,292 and the combined financial institutions' balance was \$842,781. The difference of \$35,489 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 \$842,781 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	State Water Project	Nacimiento Water Contract	Nonmajor Enterprise Funds	Internal Service Funds
Accounts Receivable	\$ 3	\$ 693	\$ 1,506	\$ 139	\$ 22
Allowance for Doubtful Accounts	-	-	(1,506)	-	-
Net Accounts Receivable	\$ 3	\$ 693	\$ -	\$ 139	\$ 22

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2010, is as follows (in thousands):

<u>Governmental Activities</u>	Balance July 1, 2009	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2010
Capital assets, not being depreciated:					
Land	\$ 24,581	\$ 101	\$ -	\$ 764,995	\$ 789,677
Construction in progress	108,663	16,457	-	(64,332)	60,788
Infrastructure	757,696	-	-	(757,696)	-
Total capital assets, not being depreciated	890,940	16,558	-	(57,033)	850,465
Capital assets, being depreciated:					
Structures and improvements	149,190	3,541	(17)	13,662	166,376
Equipment	64,329	3,548	(3,158)	90	64,809
Infrastructure	206,141	226	-	43,281	249,648
Other property	340	-	-	-	340
Total capital assets, being depreciated	420,000	7,315	(3,175)	57,033	481,173
Less accumulated depreciation for:					
Structures and improvements	(53,962)	(4,252)	17	-	(58,197)
Equipment	(33,113)	(4,941)	2,794	-	(35,260)
Infrastructure	(132,356)	(7,646)	-	-	(140,002)
Other property	(2)	(3)	-	-	(5)
Total accumulated depreciation	(219,433)	(16,842)	2,811	-	(233,464)
Total capital assets being depreciated, net	200,567	(9,527)	(364)	57,033	247,709
Governmental activities capital assets, net	\$ 1,091,507	\$ 7,031	\$ (364)	\$ -	\$ 1,098,174

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Business-type Activities</u>	Balance July 1, 2009	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2010
Capital assets, not being depreciated:					
Land	\$ 22,413	\$ 63	\$ -	\$ 1,622	\$ 24,098
Construction in progress	186,857	39,219	-	(17,758)	208,318
Water Rights	37,487	1,704	-	-	39,191
Other Property	1,968	-	-	-	1,968
Total capital assets, not being depreciated	248,725	40,986	-	(16,136)	273,575
Capital assets, being depreciated:					
Infrastructure	27	-	-	241	268
Structures and improvements	132,585	84	-	15,895	148,564
Equipment	2,371	27	(25)	-	2,373
Other Property	554	-	-	-	554
Total capital assets, being depreciated	135,537	111	(25)	16,136	151,759
Less accumulated depreciation for:					
Infrastructure	(27)	-	-	-	(27)
Structures and improvements	(27,222)	(3,223)	-	-	(30,445)
Equipment	(1,306)	(140)	22	-	(1,424)
Other Property	(46)	(2)	-	-	(48)
Total accumulated depreciation	(28,601)	(3,365)	22	-	(31,944)
Total capital assets being depreciated, net	106,936	(3,254)	(3)	16,136	119,815
Business-type activities capital assets, net	\$ 355,661	\$ 37,732	\$ (3)	\$ -	\$ 393,390

Depreciation expense

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

<u>Governmental Activities</u>	<u>Amount</u>
General Government	\$ 4,269
Public Protection	2,168
Public Ways and Facilities	7,655
Health and Sanitation	154
Public Assistance	234
Education	190
Recreational and Cultural Services	545
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	1,627
Total Depreciation Expense-Governmental Activities	\$ 16,842

<u>Business-type Activities</u>	<u>Amount</u>
Airport	\$ 1,921
State Water Project	200
Lopez Flood Control	501
Nonmajor Enterprise	743
Total Depreciation Expense-Business-type Activities	\$ 3,365

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, 2010 (in thousands):

Governmental Activities

Project	Expended to June 30, 2010	Committed Funds
Juvenile Services Center Expansion	\$ 3,135	\$ 625
Sheriff Women's Jail Expansion	1,311	1,170
Cambria Flood Control Project	6,099	13
Roads Infrastructure	75,197	21,959

Business-Type Activities

Project	Expended to June 30, 2010	Committed Funds
Nacimiento Water Project	\$ 166,642	\$ 2,858
Lopez Dam Water Treatment Plant Upgrade	25,450	-
SLO Airport Facilities Infrastructure	13,114	1,982

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, 2010 they had a carrying value of \$9,295 net of accumulated depreciation of \$1,492. 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, 2010 (in thousands):

Year Ending June 30	General Fund	Airport
2011	\$ 253	\$ 172
2012	253	172
2013	240	172
2014	233	172
2015	147	170
Later Years	1,645	2,485
Total	<u>\$ 2,771</u>	<u>\$ 3,343</u>

Minimum future rentals do not include contingent rentals, which are received as stipulated in the lease contracts. These contingent rental payments are based on the monthly revenues of the concessionaire operating on the premises. Contingent rentals amounted to \$796,135 for the fiscal year ended June 30, 2010.

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, 2010 totaled \$3,094,945. 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, 2010 for the next five years and for each five-year period thereafter (in thousands):

Year Ending June 30	Minimum Lease Payments
2011	\$ 1,562
2012	1,394
2013	1,216
2014	1,169
2015	1,086
2016-2020	4,127
2021-2025	1,599
2026-2030	18
Total	<u>\$ 12,171</u>

7. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has self-insurance programs for liability, workers' compensation, unemployment insurance and dental coverage. There were no 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	Statutory
Unemployment	\$ 972,214 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%. Non-incremental claim adjustment expenses have been included as part of the liability for claims and judgments.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 2008/2009 and 2009/2010, were as follows (in thousands):

	Beginning of the fiscal year liability	Current year claims, changes & estimates	Claim payments	Balance at fiscal year end
2008-09	\$ 19,058	\$ 7,846	\$ 6,885	\$ 20,019
2009-10	\$ 20,019	\$ 6,818	\$ 4,218	\$ 22,619

8. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at June 30, 2010 were (in thousands):

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Enterprise Funds	\$ 445
	Nonmajor Governmental Funds	725
	Airport	433
		1,603
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,628
Nonmajor Governmental Funds	Airport	822
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	793
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	350
	Total	\$ 5,196

Advances from the General Fund to Nonmajor Enterprise Funds of \$445 represent internal loans issued to County Service Area 18 (\$325) and County Service Area 7 (\$120).

Advances from the General Fund to Nonmajor Governmental Funds of \$725 represent internal loans issued to County Service Area 21 (\$403), County Service Area 9 (\$59), Flood Control Districts (\$87) and Parks Special Revenue Fund (\$176).

The Airport owes the General Fund \$433 for an internal loan for the purchase of land. The loan is payable in annual installments. The final payment is due in March 2011.

Advances from Nonmajor Governmental Funds of \$2,800 represent internal loans issued to the County Service Areas Enterprise Fund from the County Service Areas Special Districts Special Revenue Fund (\$350), a loan issued to the Library Fund by the General Government Building Replacement Fund (\$1,628), a loan issued to the Airport Enterprise Fund from the Tax Reduction Reserve Special Revenue Fund (\$822).

Advances from Nonmajor Enterprise Funds to Nonmajor Governmental Funds of \$793 represents reserve funds of the Golf Enterprise fund held by the Public Financing Corporation Debt Service Fund (\$549) and the obligation of the Parks Special Revenue Fund to the Lopez Park Enterprise fund for future debt service (\$244).

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

9. TRANSFERS

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

<u>Transfer From</u>	<u>Transfer To</u>	Amount
General Fund	Nonmajor Governmental Funds	\$ 22,207
	Airport	<u>25</u>
		<u>22,232</u>
Nonmajor Governmental Funds	General Fund	1,743
	Capital Projects Fund	645
	Nonmajor Governmental Funds	6,244
	Nonmajor Enterprise Funds	<u>634</u>
		<u>9,266</u>
Airport	Nonmajor Governmental Funds	<u>34</u>
Capital Projects Fund	Nonmajor Governmental Funds	1,559
	Nonmajor Enterprise Funds	<u>8</u>
		<u>1,567</u>
Nonmajor Enterprise Funds	General Fund	4
	Nonmajor Governmental Funds	<u>64</u>
		<u>68</u>
Internal Service Funds	Nonmajor Governmental Funds	<u>544</u>
Total Transfers		<u>\$ 33,711</u>

General Fund transfers to Nonmajor Governmental Funds included contributions to the following Special Revenue Funds: Governmental Leasing (\$1,051), Roads (\$7,768), Library (\$557), Community Development (\$314), County-wide Automation Replacement (\$1,628), General Government Building Replacement (\$2,217), and Parks (\$3,800). It also transferred \$4,871 to the Pension Obligation Bond Debt Service Fund to finance debt service payments and \$25 to the Airport to provide grant matching funds.

Nonmajor Governmental Fund transfers include contributions of Public Facilities Fees revenue from the Public Facilities Fees Special Revenue Fund to the General Fund (\$6), Capital Projects Fund (\$532), Governmental Leasing Special Revenue Fund (\$500), Library Special Revenue Fund (\$372), and the Parks Special Revenue Fund (\$500) to fund capital and maintenance projects. The Parks Special Revenue Fund made transfers to the General Fund to fund maintenance projects (\$25), to the Pension Obligation Bond Debt Service Fund (\$88) and the Lopez Park Enterprise Fund (\$265) for debt service, and transferred fees recognized in prior years to the Capital Projects Fund (\$36), General Fund (\$248), and Roads Fund (\$143). The Roads fund transferred various fees recognized in a prior year to General Fund (\$348). The Road Impact Fee Special Revenue Fund transferred impact Fees of \$3,959 to the Roads Fund for capital and maintenance projects and \$449 to the Governmental Leasing Special Revenue Fund for debt service. The General Government Building Replacement Special Revenue Fund transferred \$76 to the Capital Projects Fund to fund capital projects.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Other Nonmajor Governmental Fund transfers include transfers from the County-wide Automation Replacement Fund to the General Fund for system upgrades (\$112), a transfer from the Tax Reductions Reserve Special Revenue fund to the General Fund (\$1,000), County Service Area Special Revenue Fund transfers to the General Fund (\$4) and to the County Service Areas Enterprise Fund (\$369) for interest on internal loans, and transfers to the Pension Obligation Bond Debt Service Fund from the County Medical Services Program (\$23), Driving Under the Influence (\$24) and Library (\$139) Special Revenue Funds to fund debt service payments. The Public Facilities Corporation Debt Service Fund transferred bond proceeds of \$49 to the Roads Special Revenue fund for Vineyard Drive interchange improvements.

The Airport Enterprise fund transferred \$34 to the Pension Obligation Bond fund for debt service.

The Capital Projects Fund transferred \$8 to the Golf Enterprise Fund and transferred \$1,559 to the Governmental Leasing Special Revenue Fund upon completion of the Paso Robles courthouse to fund related future debt service payments.

Transfers from Nonmajor Enterprise funds included transfers from the Golf Enterprise Fund for debt service to the Pension Obligation Bond Debt Service Fund (\$31) and the Governmental Leasing Special Revenue Fund (\$11), as well as transfers from County Service Area Enterprise Fund to the General Fund (\$4) and to the County Service Areas Special Revenue Fund (\$22) for interest on internal loans

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 (\$508), Reprographics (\$6), and Garage (\$30) funds.

10. BONDED INDEBTEDNESS AND LONG TERM DEBT

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010 (in thousands) is as follows:

<u>Governmental Activities</u>	<u>Beginning Balance July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2010</u>	<u>Due within one year</u>
Bonds and notes payable:					
Certificates of participation	\$ 31,920	\$ -	\$ 1,500	\$ 30,420	\$ 1,600
Unamortized discount on COP	(115)	-	(4)	(111)	-
Pension Obligation Bonds	127,169	42,565	44,290	125,444	2,755
Total Bonds and notes payable	<u>158,974</u>	<u>42,565</u>	<u>45,786</u>	<u>155,753</u>	<u>4,355</u>
Other liabilities:					
Compensated absences	24,525	16,848	16,834	24,539	17,460
Landfill post-closure costs	2,990	-	431	2,559	267
Self insurance	20,019	6,818	4,218	22,619	4,900
Total other liabilities	<u>47,534</u>	<u>23,666</u>	<u>21,483</u>	<u>49,717</u>	<u>22,627</u>
Total Governmental Activities	<u>\$ 206,508</u>	<u>\$ 66,231</u>	<u>\$ 67,269</u>	<u>\$ 205,470</u>	<u>\$ 26,982</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Business-type Activities</u>	Beginning Balance July 1, 2009	Additions	Reductions	Ending Balance June 30, 2010	Due within one year
Bonds and notes payable:					
Certificates of participation	\$ 20,848	\$ 405	\$ 596	\$ 20,657	\$ 622
State notes	32,284	509	375	32,418	888
Revenue bonds	196,456	-	6	196,450	6
Unamortized premium on Revenue Bonds	6,371	-	-	6,371	-
General obligation bonds	11,450	-	295	11,155	305
Total bonds and notes payable	267,409	914	1,272	267,051	1,821
Other liabilities:					
Compensated absences	283	136	145	274	157
Total other liabilities	283	136	145	274	157
Total Business-Type Activities	\$ 267,692	\$ 1,050	\$ 1,417	\$ 267,325	\$ 1,978

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, \$2,320 internal service funds' compensated absences and \$22,619 self-insurance liability are 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, 2010 (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	\$ 705
	2002 Government Center	3-5%	\$1,484 - \$1,489	17,730
	2007 Paso Robles Courthouse	4-4.25%	\$304 - \$308	4,900
	2008 Vineyard Drive Interchange Improvements	4-4.625%	\$440-\$451	7,085
	Total Governmental Activities			\$ 30,420
<u>Business-type Activities</u>	2002 Dairy Creek Golf Course Refunding	3-5%	\$545 - \$550	6,540
	2000 Lopez Dam Remediation	4.0-5.375%	\$1,047 - \$1,052	13,280
	2009 County Service Area 23 Water System Improvement Project	4.375%	\$6-\$84	837
	Total Business-type Activities			\$ 20,657

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Fiscal year ended June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 1,600	\$ 1,372	\$ 622	\$ 1,029
2012	925	1,317	647	1,002
2013	965	1,281	678	974
2014	1,000	1,243	709	943
2015	1,040	1,201	740	910
2016-2020	5,990	5,222	4,300	3,950
2021-2025	7,590	3,617	5,548	2,692
2026-2030	6,520	1,708	6,066	1,095
2031-2035	2,975	800	1,232	76
2036-2040	<u>1,815</u>	<u>142</u>	<u>115</u>	<u>6</u>
Total	<u>\$ 30,420</u>	<u>\$ 17,903</u>	<u>\$ 20,657</u>	<u>\$ 12,677</u>

Description of State Notes

In fiscal year ended June 30, 2010, the County borrowed \$509, and in prior years the County borrowed \$29,285 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, 2010 (in thousands) is as follows:

Business-type Activities	Interest Rates	Annual Installments	Amount
1999 Santa Margarita Water System	3.41%	\$36	\$ 248
2006 Lopez Water Treatment Plant Upgrade	2.6%	\$246-493	25,946
2006 Airport Hangars	4.6124%	\$236-432	3,209
2007 Airport Hangar	4.6557%	\$86	918
2004 Lopez Recreation Area	2.5132%	\$10 - \$21	244
1998 Cayucos Water Treatment Facility	3.0315%	\$174	<u>1,853</u>
			<u>\$ 32,418</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

<u>Business-type Activities</u>		
<u>Fiscal year ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 888	\$ 598
2012	1,422	900
2013	1,465	857
2014	1,509	813
2015	1,555	767
2016-2020	8,436	3,102
2021-2025	8,626	1,771
2026-2030	7,692	668
2031-2035	825	11
Total	<u>\$ 32,418</u>	<u>\$ 9,487</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, 2010 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	\$ 40
Lopez Dam Remediation	4.0-5.375%	\$879 - \$883	11,155
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>\$ 207,605</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
2011	\$ 311	\$ 10,367
2012	3,281	10,291
2013	3,431	10,148
2014	3,567	10,002
2015	3,727	9,849
2016-2020	21,483	46,367
2021-2025	27,715	40,129
2026-2030	35,785	32,018
2031-2035	42,360	21,936
2036-2040	53,560	9,842
2041	12,385	291
Total	<u>\$ 207,605</u>	<u>\$ 201,240</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, 2010 totals \$705 (100% governmental).

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, 2010 is \$17,730 (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, 2010 is \$6,540 (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, 2010 is \$4,900 (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, 2010 is \$7,085 (100% governmental).

On 4/30/2009 the County issued certificates of participation (COP) to finance a water system improvement project in County Service Area 23. The COPs were issued through the US Department of Agriculture with an interest rate of 4.375%. The certificates are issued as the expenditures are made by CSA 23. During the

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

year ended 6/30/2010, certificates were issued in the amount of \$405, and in prior years, \$438. This debt will be fully paid in 2049. Debt service is provided by water sales revenues. The principal balance outstanding at June 30, 2010 is \$837 (100% business-type).

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

Financing Authority

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

On 10/26/2000 the Authority issued \$28,905 in revenue bonds (2000 series A) to finance the Lopez Dam seismic remediation project. The Flood Control District borrowed \$28,905 from the Authority by issuing COP of \$15,705 and government obligation (GO) bonds of \$13,200. Debt service is provided by semi-annual lease payments made by the Flood Control District to the Authority for use of the retrofitted facilities. The principal balances outstanding at June 30, 2010 are \$13,280 (COP) and \$11,155 (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, 2010 totals \$3,159 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 \$24,813 at June 30, 2010. 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 \$530,245 with a margin of \$519,090.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

\$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 consisted of the following types of bonds:

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

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.

POB principal outstanding at June 30, 2010 is \$125,444 (100% governmental). Annual debt service requirements to maturity for bonds are as follows (in thousands):

Fiscal Year ending June 30	Governmental Activities	
	Principal	Interest
2011	\$ 2,755	\$ 4,747
2012	3,260	4,636
2013	3,805	4,499
2014	4,390	4,335
2015	5,030	4,140
2016-2020	69,216	24,862
2021-2025	17,744	33,495
2026-2030	17,403	50,871
2031	1,841	6,699
Total	\$ 125,444	\$ 138,284

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, 2010 had an arbitrage liability of \$752.

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, 2010 are as follows (in thousands):

Governmental activities	Amount
	\$ 1,071,844
Business-type activities	160,627
Total	<u>\$ 1,232,471</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, 2010 are net assets restricted by enabling legislation of \$20,593.

Restricted net assets at June 30, 2010 for governmental activities are as follows (in thousands):

	<u>Amount</u>
RESTRICTED FOR:	
<u>General Government</u>	
Commitments for Administrative related professional services	\$ 25
Commitments for Information Technology equipment and services	58
Commitments for General Services software and services	16
Commitments for Human Resources related professional services	72
Commitments for Auditor-Controller related professional services	83
Commitments for County Counsel related professional services	149
Commitments for General Government related Capital Projects	8
Claims, contracts and other restrictions	<u>173</u>
	<u>584</u>
<u>Public Protection</u>	
Commitments for flood control related engineering services	673
Commitments for Planning related professional services	506
Commitments for Waste Management related professional services	55
Commitments for fire protection equipment	899
Commitments for Public Protection related Capital Projects	1,509
Claims, contracts and other restrictions	<u>20</u>
	<u>3,662</u>
<u>Health and Sanitation</u>	
Commitments for Mental Health related professional services	10
Commitments for Public Health software and services	22
Commitments for Health and Sanitation related Capital Projects	<u>29</u>
	<u>61</u>
<u>Public Ways and Facilities</u>	
Commitments for Public Works related professional services	81
Road maintenance and construction	5,729
Public facilities fees restricted for public facilities	<u>14,864</u>
	<u>20,674</u>
<u>Recreation and Culture</u>	
Commitments for Recreation related Capital Projects	495
Commitments for Recreation related sewer project	175
Claims, contracts and other restrictions	<u>69</u>
	<u>739</u>
<u>Debt Service</u>	
	<u>10,665</u>
Total Restricted Net Assets	<u>\$ 36,385</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, 2010 are as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ 206,786
Business-type activities	<u>18,117</u>
Total	<u>\$ 224,903</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, 2010 (in thousands):

<u>Reserved Fund Balance</u> <u>Reserved for:</u>	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Gov'tl Funds</u>	<u>Total</u>
Encumbrances	\$ 2,122	\$ 2,041	\$ 964	\$ 5,127
Public Facility Fees	-	-	14,864	14,864
Impact Fees	-	-	5,729	5,729
Advances to Other Funds	1,603	-	2,800	4,403
Long term receivable	7,450	-	-	7,450
Inventories	88	-	-	88
Prepaid Items	276	-	2	278
Debt Service	-	-	10,665	10,665
Programs/Grants	<u>38,004</u>	<u>-</u>	<u>2,178</u>	<u>40,182</u>
Total Reserved	<u>\$ 49,543</u>	<u>\$ 2,041</u>	<u>\$ 37,202</u>	<u>\$ 88,786</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	-	11,102	-	11,102
Government Building	-	-	4,308	4,308
Accounting Systems & Automation	-	-	7,375	7,375
Tax Reduction Reserve	-	-	4,640	4,640
Post-employment Health	2,000	-	-	2,000
Road Projects	-	-	1,000	1,000
Parks Projects	-	-	60	60
Driving Under the Influence Programs	-	-	273	273
Library Programs	-	-	1,315	1,315
County Medical Services Program	-	-	88	88
Fish and Game Projects	-	-	92	92
General Reserve	8,000	-	982	8,982
Fire Equipment Replacement	708	-	-	708
Internal Financing	4,860	-	-	4,860
Willow Road Interchange	5,201	-	-	5,201
County-wide Training	-	-	1,407	1,407
Total Designated	20,769	11,556	21,540	53,865
Unreserved, Undesignated	45,790	9,303	33,973	89,066
Total Unreserved	<u>\$ 66,559</u>	<u>\$ 20,859</u>	<u>\$ 55,513</u>	<u>\$ 142,931</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, 2010 to be reappropriated during the next fiscal year (in thousands):

<u>Function</u>	<u>Total Encumbrances</u>
General Government	\$ 1,328
Health & Sanitation	1,630
Public Protection	515
Public Assistance	802
Public Ways and Facilities	6,654
Education	40
Recreation	16
Total Lapsing Encumbrances	<u>\$ 10,985</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 \$30,896,911 over the next 25 years. The estimated amounts vary by year. For example, the principal amount due in 2010 is \$722,393 while \$1,951,402 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, 2010.

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 at June 30, 2010 (in thousands):

Governmental funds:

	General Fund	Capital Projects	Nonmajor Gov'tl Funds
Road impact fees	\$ -	\$ -	\$ 5,585
Governmental aid advanced for capital projects	-	713	54
Roads developer contributions	-	-	762
Other deferred revenues	<u>2,271</u>	<u>-</u>	<u>121</u>
Total Unearned	<u>2,271</u>	<u>713</u>	<u>6,522</u>
Teeter Tax Revenues	11,908	-	-
Accrued revenues collected after availability period	<u>5,532</u>	<u>4</u>	<u>380</u>
Total Unavailable	<u>17,440</u>	<u>4</u>	<u>380</u>
Total Deferred Revenue	<u>\$ 19,711</u>	<u>\$ 717</u>	<u>\$ 6,902</u>

16. OTHER REVENUES

Other revenues are generally one-time payments or items not related to program activities. Broad categories of other revenues are as follows at June 30, 2010 (in thousands):

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Governmental funds:

	General Fund	Nonmajor Gov't Funds
Reimbursements	\$ 1,187	\$ 23
Surplus sales, publications & rebates	23	-
Nuisance abatement	22	-
Returned check fees and card fees	12	1
Microfilm	6	-
Seminar, conferences and workshop fees	93	-
Contributions non-governmental	70	432
Grants non-governmental	228	
HUD related non-program revenue	-	9
Tobacco settlement	1,774	725
Other miscellaneous revenues	275	478
Total Governmental Funds	\$ 3,690	\$ 1,668

Business-type funds:

	Airport	Nacimiento Water Contract	State Water Project	Nonmajor Enterprise Funds	Internal Service Funds
Other reimbursements	\$ -	\$ 5	\$ -	\$ -	\$ 59
Returned check fees and card fees	29	-	-	-	-
Surplus sales and rebates	-		1		3
Misc. non-operating sources	313		2	18	227
Total Business-type Funds	\$ 342	\$ 5	\$ 3	\$ 18	\$ 289

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, alternative investments, equities, futures, real estate investment funds, equity real estate holdings, and other short-term cash 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 the financial statements in accordance with Statement No. 25 of the Governmental Accounting Standards Board (GASB).

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

Concentrations - As of December 31, 2009, the Plan held no investments of a single issuer comprising 5% or more of net assets.

Funding Policy - The Pension Trust Board of Trustees establishes and may amend the funding policy. Participants were required to contribute to the Plan for the 2009 calendar year at rates ranging from 8.80% to 23.63% of includable compensation as defined in the Plan document, depending upon the collective bargaining agreement under which the participant is covered. Such contributions, together with the County's appropriations, are currently invested in corporate notes, bonds, collateralized mortgage obligations, alternative investments, equities, futures, real estate investment funds, equity real estate holdings, and other short-term cash 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. There were no legal or contractual maximum contribution rates in effect during 2009. 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 2009 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 2009 amounted to \$55,597,758. Of this total, \$31,427,297 were regular County appropriations. Employee contributions amounted to \$24,170,461. The Employee contributions include Employee Additional Voluntary Contributions of \$131,877. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation report as of December 31, 2009.

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, 2010, (based on an actuarial valuation report as of December 31, 2009) were as follows (in thousands):

	<u>Amount</u>
Annual Required Contribution (ARC)	\$ 30,957
Interest on beginning net pension asset	(9,476)
Adjustment to the ARC	<u>7,057</u>
Annual Pension Cost (APC)	28,538
Employer contributions made	<u>31,427</u>
Increase (decrease) in net pension asset	2,889
Net pension asset / (obligation), beginning of year	<u>122,266</u>
Net pension asset / (obligation), end of year	<u>\$ 125,155</u>

The annual pension cost and net pension asset were based on an actuarial valuation report as of December 31, 2009. 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 for all years except 2008. The loss in 2008 was smoothed over a ten year period.

The net assets held in trust for pension benefits are allocated among various reserves. For the year ended December 31, 2009, 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

Year Ended	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Asset
<u>December 31</u>				
2007	\$31,398	\$24,014	76%	\$124,652
2008	\$33,246	\$30,860	93%	\$122,266
2009	\$28,538	\$31,427	110%	\$125,155

Funded Status

The Plan's funded status based upon the most recent actuarial valuation performed by Gabriel, Roeder Smith and Company dated December 31, 2009 is as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Unfunded AAL (UAAL) Funding Excess	Funded Ratio	Annual Covered Payroll	(Funding Excess) UAAL as a Percentage of Covered Payroll
Dec. 31	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c
2009	\$937,279	\$1,216,153	\$278,874	77.1%	\$160,444	173.8%

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Disclosure of Information about Actuarial Methods and Assumptions

The Schedule of Funding Progress included as Required Supplementary Information immediately 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.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of cost sharing between the employers and plan members to that point. The projection of benefits for financial reporting does not explicitly incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the employer and the future plan members to that point in time.

Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

Latest Actuarial Valuation Methods and Assumptions

Contributions were made in accordance with actuarially determined requirements. A variety of significant actuarial assumptions are used to determine the contributions required. These assumptions are summarized below:

Valuation Date:	December 31, 2009 (January 1, 2010)
Actuarial Cost Method	Entry Age Normal
Amortization Method	30 years declining, Closed Method
Remaining Amortization Period	30 years
Asset Valuation Method	Market Related Blend, Five-year smoothing for all years except 2008, which was smoothed over 10 years
Actuarial Assumptions:	
Investment Rate of Return	7.75% effective annual interest rate
Inflation Rate Assumption	3.75% per year
Base Annual Rate of Compensation Increase	5.5% (including inflation)
Payroll Growth Rate	4.25% per year
Cost-of-Living Adjustments	3.00% (Plan Limit)

The Pension Trust adopted a thirty-year closed amortization period as of January 1, 2004. Effective January 1, 2009 the Board of Trustees reset the remaining amortization period from 25 years to 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.

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 fourteen 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, 2010 is \$2,559,060. Of this \$553,702 is the Net Present Value Corrective Action Cost and \$2,005,358 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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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: The County administers a single-employer defined postemployment benefit (OPEB) plan. 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.

In April 2010 the County established an irrevocable trust with the California Employer's Retiree Benefit Trust (CERBT) to prefund the future cost of retiree health insurance benefits. The CERBT's administrator, CalPERS, issues a publicly available financial report consisting of financial statements and required supplementary information for the CERBT in aggregate. The report may be obtained by writing to CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811.

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 not expressed intent to change providers. The amounts the County actually contributes depend on bargaining unit and for calendar year 2010 ranged from \$105 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: The County's annual Other Post Employment Benefits (OPEB) cost is equal to the (a) annual required contribution (ARC) plus (b) one year's interest on the beginning balance of the net OPEB obligation plus/minus (c) any adjustment to the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over thirty years. The ARC of \$1,837 for the fiscal year ended June 30, 2010 includes the normal cost for current active employees of \$653 and a component for amortization of the total unfunded actuarial accrued liability (UAAL) of \$1,184. The following table shows the components of the Net OPEB Asset as of June 30, 2010:

Annual required contribution (ARC)	\$1,837
Interest on prior year net OPEB obligation	261
Adjustment to ARC	-
Annual OPEB Cost	<u>2,098</u>
Contributions made	<u>(7,364)</u>
Increase (decrease) in net OPEB obligation	(5,266)
Net OPEB obligation (asset) – beginning of year	<u>3,373</u>
Net OPEB obligation (asset) – end of year	<u>(\$1,893)</u>

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 to accumulate funds for future liabilities. In April 2010 the County established an irrevocable trust with the California Employer's Retiree Benefit Trust (CERBT) to fund its retiree healthcare benefits. The initial contribution into the CERBT account was \$6.3 million, made from the current year County contributions to the OPEB fund and accumulated OPEB fund assets.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the Net OPEB Obligation (Asset) for the fiscal year ended 2010 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions	Percent of OPEB Cost Contributed	Net OPEB Obligation (Asset)
2008	\$2,301	\$704	31%	\$1,597
2009	\$2,369	\$593	25%	\$3,373
2010	\$2,098	\$7,364	351%	(\$1,893)

Funded Status and Funding Progress The funded status of the OPEB plan as of June 30, 2010 (based on the County's December 31, 2009 actuarial valuation) is as follows:

Actuarially accrued liability	\$19,718
Actuarial value of plan assets	<u>(6,324)</u>
Unfunded actuarially accrued liability	<u>\$13,394</u>
Funded ratio (actuarial value of plan assets/AAL)	32.1%
Covered payroll (active plan members)	\$154,282
UAAL as a percentage of covered payroll	8.89%

The above actuarial value of plan assets represents \$6 million transferred to CalPERS on June 25, 2010 plus an accrued payment of \$324 remitted to CalPERS in August 2010.

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, 2009 actuarial valuation the Entry Age Normal, Level Percent of Pay actuarial cost method was used. The actuarial assumptions included a 7.75% investment rate of return, an inflation rate of 3.75% per year, and assumed future medical inflation of 5% graded down to 4% beginning 2013. 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. SPECIAL ITEM

In June 2010 the County remitted \$6 million and accrued \$324 payable to the California Employer's Retiree Benefit Trust (CERBT) to settle its net OPEB obligation of \$3,373 at the beginning of the fiscal year and to prefund its future OPEB liabilities with excess funding. The contributions to CERBT were made by the OPEB internal service fund with current year contributions received from County departments and accumulated fund net assets, resulting in a special item of \$2,951 reported in the OPEB fund. In the government-wide financial statements, the excess OPEB funding was capitalized and resulted in a net OPEB asset of \$1,893 under the governmental activities column.

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, 2010 (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)
2007	\$829,764	\$1,057,124	\$227,360	78.5%	\$162,436	140.0%
2008	\$875,602*	\$1,150,214	\$274,612*	76.1%	\$168,677	162.8%
2009	\$937,279	\$1,216,153	\$278,874	77.1%	\$160,444	173.8%

*Amount restated

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, 2010 (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%
2009	\$6,324	\$19,718	\$13,394	32.1%	\$154,282	8.9%

Source: Gabriel Roeder Smith & Company "San Luis Obispo County Retiree Health Care Plan Actuarial Valuation Report". The 2009 actuarial value of assets represent fiscal year 2009/10 CERBT contributions of \$6.3 million.

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, 2010 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 138,417	\$ 138,417	\$ 142,927	\$ 4,510
Licenses, permits, and franchises	7,707	7,716	6,906	(810)
Fines, forfeits, and penalties	3,530	4,215	4,467	252
Use of money and property	1,093	1,093	741	(352)
Aid from other governmental agencies	169,890	179,769	169,296	(10,473)
Charges for services	30,681	32,226	34,216	1,990
Other revenue	8,611	10,343	3,690	(6,653)
Total Revenues	<u>359,929</u>	<u>373,779</u>	<u>362,243</u>	<u>(11,536)</u>
Expenditures:				
Current:				
General government	42,512	51,651	41,174	10,477
Public protection	139,218	141,319	133,476	7,843
Public ways and facilities	3,047	5,315	2,102	3,213
Health and sanitation	66,720	70,510	62,251	8,259
Public assistance	96,073	100,815	90,445	10,370
Education	435	435	395	40
Contingencies	15,132	13,837	--	13,837
Total Expenditures	<u>363,137</u>	<u>383,882</u>	<u>329,843</u>	<u>54,039</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,208)</u>	<u>(10,103)</u>	<u>32,400</u>	<u>42,503</u>
Other Financing Sources (Uses):				
Transfers in	1,000	1,319	1,747	428
Transfers (out)	<u>(17,597)</u>	<u>(17,842)</u>	<u>(22,232)</u>	<u>(4,390)</u>
Total Other Financing Sources (Uses)	<u>(16,597)</u>	<u>(16,523)</u>	<u>(20,485)</u>	<u>(3,962)</u>
Net change in fund balances	(19,805)	(26,626)	11,915	38,541
Fund balances, beginning	<u>104,187</u>	<u>104,187</u>	<u>104,187</u>	<u>--</u>
Fund balances, ending	<u>\$ 84,382</u>	<u>\$ 77,561</u>	<u>\$ 116,102</u>	<u>\$ 38,541</u>

COUNTY OF SAN LUIS OBISPO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010

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, 2010, 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, 2010 (in thousands)

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 7,120	\$ 87,745	\$ 94,865
Other receivables	16	7	23
Due from other governments	--	3,609	3,609
Prepaid expenses	--	2	2
Loans receivable	--	28	28
Advances to other funds	--	2,800	2,800
Restricted cash with fiscal agent	4,078	--	4,078
Other assets	4,355	--	4,355
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 15,569</u>	<u>\$ 94,191</u>	<u>\$ 109,760</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Salaries and benefits payable	\$ --	\$ 610	\$ 610
Accounts payable	--	1,358	1,358
Deposits from others	--	673	673
Unearned revenue	--	6,522	6,522
Deferred revenue	--	380	380
Other current liabilities	4,355	1	4,356
Advances from other funds	549	2,597	3,146
Total Liabilities	<u>4,904</u>	<u>12,141</u>	<u>17,045</u>
Fund Balances:			
Reserved	10,665	26,537	37,202
Unreserved, reported in nonmajor			
Special revenue funds	--	55,513	55,513
Total Fund Balances	<u>10,665</u>	<u>82,050</u>	<u>92,715</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 15,569</u>	<u>\$ 94,191</u>	<u>\$ 109,760</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, 2010 (in thousands)

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Taxes	\$ --	\$ 10,983	\$ 10,983
Fines, forfeits and penalties	--	1,138	1,138
Use of money and property	158	587	745
Aid from other governmental agencies	--	30,302	30,302
Charges for current services	2,784	9,997	12,781
Other revenues	428	1,240	1,668
Total revenues	<u>3,370</u>	<u>54,247</u>	<u>57,617</u>
<u>Expenditures:</u>			
Current:			
General government	--	3,988	3,988
Public protection	--	3,381	3,381
Public ways and facilities	--	28,991	28,991
Health and sanitation	--	6,191	6,191
Public assistance	--	5,803	5,803
Education	--	12,625	12,625
Recreation and cultural services	--	8,313	8,313
Debt service:			
Principal payments	3,790	--	3,790
Interest and fiscal charges	5,954	--	5,954
Issuance costs	550	--	550
Total expenditures	<u>10,294</u>	<u>69,292</u>	<u>79,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,924)</u>	<u>(15,045)</u>	<u>(21,969)</u>
<u>Other financing sources (uses):</u>			
Refunding bonds issued	42,565	--	42,565
Payment to refunded escrow agent	(42,000)	--	(42,000)
Transfers in	5,752	24,900	30,652
Transfers out	(49)	(9,217)	(9,266)
Total other financing sources and (uses)	<u>6,268</u>	<u>15,683</u>	<u>21,951</u>
Net changes in fund balances	(656)	638	(18)
Fund balances - beginning	<u>11,321</u>	<u>81,412</u>	<u>92,733</u>
Fund balances - ending	<u>\$ 10,665</u>	<u>\$ 82,050</u>	<u>\$ 92,715</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2010 (in thousands)

	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Total Nonmajor Debt Service Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 105	\$ 7,015	\$ 7,120
Other receivables	16	--	16
Restricted cash with fiscal agent	3,979	99	4,078
Other assets	1,600	2,755	4,355
Total Assets	\$ 5,700	\$ 9,869	\$ 15,569
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Other current liabilities	\$ 1,600	\$ 2,755	\$ 4,355
Advances from other funds	549	--	549
Total Liabilities	2,149	2,755	4,904
Fund Balances:			
Reserved for debt service	3,551	7,114	10,665
Total Fund Balances	3,551	7,114	10,665
Total Liabilities and Fund Balances	\$ 5,700	\$ 9,869	\$ 15,569

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, 2010 (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	\$ 127	\$ 31	\$ 158
Charges for current services	2,784	--	2,784
Other revenues	--	428	428
Total revenues	<u>2,911</u>	<u>459</u>	<u>3,370</u>
<u>Expenditures:</u>			
Debt service:			
Principal payments	1,500	2,290	3,790
Interest and fiscal charges	1,494	4,460	5,954
Issuance costs	--	550	550
Total expenditures	<u>2,994</u>	<u>7,300</u>	<u>10,294</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(83)</u>	<u>(6,841)</u>	<u>(6,924)</u>
<u>Other financing sources (uses):</u>			
Refunding bonds issued	--	42,565	42,565
Payment to refunded escrow agent	--	(42,000)	(42,000)
Transfers in	--	5,752	5,752
Transfers out	(49)	--	(49)
Total other financing sources and (uses)	<u>(49)</u>	<u>6,317</u>	<u>6,268</u>
Net changes in fund balances	(132)	(524)	(656)
Fund balances - beginning	<u>3,683</u>	<u>7,638</u>	<u>11,321</u>
Fund balances - ending	<u>\$ 3,551</u>	<u>\$ 7,114</u>	<u>\$ 10,665</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010 (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>
ASSETS					
Cash and cash equivalents	\$ 893	\$ 449	\$ 997	\$ 9,121	\$ 369
Other receivables	--	--	--	--	--
Due from other governments	--	--	66	--	220
Prepaid expenses	--	--	--	--	--
Loans receivable	--	--	--	--	--
Advances to other funds	--	--	--	--	--
	<u>893</u>	<u>449</u>	<u>1,063</u>	<u>9,121</u>	<u>589</u>
Total Assets	<u>\$ 893</u>	<u>\$ 449</u>	<u>\$ 1,063</u>	<u>\$ 9,121</u>	<u>\$ 589</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	154	389	3	2	103
Salaries and benefits payable	--	--	48	--	--
Deposits from others	--	13	--	--	--
Other current liabilities	--	--	--	--	--
Unearned revenue	--	--	--	--	--
Deferred revenue	--	--	--	--	--
Advances from other funds	--	--	--	--	--
Total Liabilities	<u>154</u>	<u>402</u>	<u>51</u>	<u>2</u>	<u>103</u>
Fund Balances:					
Reserved for:					
Encumbrances	--	--	--	17	--
Advances	--	--	--	--	--
Prepays	--	--	--	--	--
Construction of roads and public facilities	--	--	--	--	--
Specific program or grants	--	46	--	--	--
Unreserved	739	1	1,012	9,102	486
	<u>739</u>	<u>47</u>	<u>1,012</u>	<u>9,119</u>	<u>486</u>
Total Fund Balances	<u>739</u>	<u>47</u>	<u>1,012</u>	<u>9,119</u>	<u>486</u>
Total Liabilities and Fund Balances	<u>\$ 893</u>	<u>\$ 449</u>	<u>\$ 1,063</u>	<u>\$ 9,121</u>	<u>\$ 589</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2010 (in thousands)

	Driving Under the Influence Pgms	Fish and Game	General Govt Bldg Rplcmnt	Road Impact Fees	Library
ASSETS					
Cash and cash equivalents	\$ 644	\$ 173	\$ 5,317	\$ 11,314	\$ 3,067
Other receivables	--	--	7	--	--
Due from other governments	--	--	--	--	--
Prepaid expenses	2	--	--	--	--
Loans receivable	--	--	--	--	--
Advances to other funds	--	--	1,628	--	--
	<u>646</u>	<u>173</u>	<u>6,952</u>	<u>11,314</u>	<u>3,067</u>
Total Assets	<u>\$ 646</u>	<u>\$ 173</u>	<u>\$ 6,952</u>	<u>\$ 11,314</u>	<u>\$ 3,067</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	6	5	--	--	27
Salaries and benefits payable	49	--	--	--	278
Deposits from others	--	--	--	--	--
Other current liabilities	--	--	--	--	--
Unearned revenue	--	--	--	5,585	--
Deferred revenue	--	--	--	--	--
Advances from other funds	--	--	--	--	1,628
Total Liabilities	<u>55</u>	<u>5</u>	<u>--</u>	<u>5,585</u>	<u>1,933</u>
Fund Balances:					
Reserved for:					
Encumbrances	--	--	--	--	--
Advances	--	--	1,628	--	--
Prepays	2	--	--	--	--
Construction of roads and public facilities	--	--	--	5,729	--
Specific program or grants	--	--	--	--	--
Unreserved	<u>589</u>	<u>168</u>	<u>5,317</u>	<u>--</u>	<u>1,134</u>
Total Fund Balances	<u>591</u>	<u>168</u>	<u>6,945</u>	<u>5,729</u>	<u>1,134</u>
Total Liabilities and Fund Balances	<u>\$ 646</u>	<u>\$ 173</u>	<u>\$ 6,945</u>	<u>\$ 11,314</u>	<u>\$ 3,067</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2010 (in thousands)

	Organizational Effectiveness	Parks	Public Facilities Fees	Roads	Tax Reduction Reserve
ASSETS					
Cash and cash equivalents	\$ 2,109	\$ 2,871	\$ 14,864	\$ 11,875	\$ 13,067
Other receivables	--	--	--	--	--
Due from other governments	--	--	--	3,323	--
Prepaid expenses	--	--	--	--	--
Loans receivable	--	--	--	--	--
Advances to other funds	--	--	--	--	822
Total Assets	<u>\$ 2,109</u>	<u>\$ 2,871</u>	<u>\$ 14,864</u>	<u>\$ 15,198</u>	<u>\$ 13,889</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	1	92	--	367	--
Salaries and benefits payable	--	235	--	--	--
Deposits from others	--	157	--	503	--
Other current liabilities	--	--	--	1	--
Unearned revenue	--	--	--	816	--
Deferred revenue	--	--	--	380	--
Advances from other funds	--	420	--	--	--
Total Liabilities	<u>1</u>	<u>904</u>	<u>--</u>	<u>2,067</u>	<u>--</u>
Fund Balances:					
Reserved for:					
Encumbrances	30	244	--	--	--
Advances	--	--	--	--	822
Prepays	--	--	--	--	--
Construction of roads and public facilities	--	--	14,864	--	--
Specific program or grants	--	1,492	--	640	--
Unreserved	2,085	231	--	12,491	13,067
Total Fund Balances	<u>2,115</u>	<u>1,967</u>	<u>14,864</u>	<u>13,131</u>	<u>13,889</u>
Total Liabilities and Fund Balances	<u>\$ 2,116</u>	<u>\$ 2,871</u>	<u>\$ 14,864</u>	<u>\$ 15,198</u>	<u>\$ 13,889</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2010 (in thousands)

	Wildlife Grazing	Govt'l Leasing	Special Districts	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and cash equivalents	\$ 5	\$ 1,707	\$ 8,903	\$ 87,745
Other receivables	--	--	--	7
Due from other governments	--	--	--	3,609
Prepaid expenses	--	--	--	2
Loans receivable	--	--	28	28
Advances to other funds	--	--	350	2,800
	<u>5</u>	<u>1,707</u>	<u>9,281</u>	<u>94,191</u>
Total Assets	<u>\$ 5</u>	<u>\$ 1,707</u>	<u>\$ 9,281</u>	<u>\$ 94,191</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	--	117	92	1,358
Salaries and benefits payable	--	--	--	610
Deposits from others	--	--	--	673
Other current liabilities	--	--	--	1
Unearned revenue	--	--	121	6,522
Deferred revenue	--	--	--	380
Advances from other funds	--	--	549	2,597
Total Liabilities	<u>--</u>	<u>117</u>	<u>762</u>	<u>12,141</u>
Fund Balances:				
Reserved for:				
Encumbrances	--	--	673	964
Advances	--	--	350	2,800
Prepays	--	--	--	2
Construction of roads and public facilities	--	--	--	20,593
Specific program or grants	--	--	--	2,178
Unreserved	5	1,590	7,496	55,513
	<u>5</u>	<u>1,590</u>	<u>8,519</u>	<u>82,050</u>
Total Fund Balances	<u>5</u>	<u>1,590</u>	<u>8,519</u>	<u>82,050</u>
Total Liabilities and Fund Balances	<u>\$ 5</u>	<u>\$ 1,707</u>	<u>\$ 9,281</u>	<u>\$ 94,191</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, 2010 (in thousands)

	CA Health. Indigent Prog	Community Development	CMSP	County-Wide Autom Rplc	Emergency Med Services
<u>Revenues:</u>					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Fines, forfeits and penalties	--	--	--	--	796
Use of money and property	3	1	11	55	1
Aid from other governmental agencies	--	5,736	2,715	--	--
Charges for current services	50	--	67	305	--
Other revenues	725	25	--	--	--
Total revenues	<u>778</u>	<u>5,762</u>	<u>2,793</u>	<u>360</u>	<u>797</u>
<u>Expenditures:</u>					
Current:					
General government	--	--	--	841	--
Public protection	--	--	--	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	6,191	--	--	--
Public assistance	957	--	4,096	--	750
Education	--	--	--	--	--
Recreation and cultural services	--	--	--	--	--
Total expenditures	<u>957</u>	<u>6,191</u>	<u>4,096</u>	<u>841</u>	<u>750</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(179)</u>	<u>(429)</u>	<u>(1,303)</u>	<u>(481)</u>	<u>47</u>
<u>Other financing sources (uses):</u>					
Transfers in	--	314	--	1,628	--
Transfers out	--	--	(23)	(112)	--
Total other financing sources (uses)	<u>--</u>	<u>314</u>	<u>(23)</u>	<u>1,516</u>	<u>--</u>
Net changes in fund balances	(179)	(115)	(1,326)	1,035	47
Fund Balances - beginning	<u>918</u>	<u>162</u>	<u>2,338</u>	<u>8,084</u>	<u>439</u>
Fund Balances - ending	<u>\$ 739</u>	<u>\$ 47</u>	<u>\$ 1,012</u>	<u>\$ 9,119</u>	<u>\$ 486</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, 2010 (in thousands)

	Driving Under the Influence Pgms	Fish and Game	General Govt Bldg Rplcmnt	Road Impact Fees	Library
<u>Revenues:</u>					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ 6,919
Fines, forfeits and penalties	--	29	--	--	--
Use of money and property	4	--	30	85	15
Aid from other governmental agencies	--	--	--	--	255
Charges for current services	1,563	--	--	970	313
Other revenues	--	--	--	--	431
Total revenues	<u>1,567</u>	<u>29</u>	<u>30</u>	<u>1,055</u>	<u>7,933</u>
<u>Expenditures:</u>					
Current:					
General government	--	--	--	--	--
Public protection	--	13	--	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Education	1,534	--	--	--	11,091
Recreation and cultural services	--	--	--	--	--
Total expenditures	<u>1,534</u>	<u>13</u>	<u>--</u>	<u>--</u>	<u>11,091</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33</u>	<u>16</u>	<u>30</u>	<u>1,055</u>	<u>(3,158)</u>
<u>Other financing sources (uses):</u>					
Transfers in	--	--	2,217	--	929
Transfers out	(24)	--	(76)	(4,407)	(139)
Total other financing sources (uses)	<u>(24)</u>	<u>--</u>	<u>2,141</u>	<u>(4,407)</u>	<u>790</u>
Net changes in fund balances	9	16	2,171	(3,352)	(2,368)
Fund Balances - beginning	<u>582</u>	<u>152</u>	<u>4,774</u>	<u>9,081</u>	<u>3,502</u>
Fund Balances - ending	<u>\$ 591</u>	<u>\$ 168</u>	<u>\$ 6,945</u>	<u>\$ 5,729</u>	<u>\$ 1,134</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, 2010 (in thousands)

	Organizational Effectiveness	Parks	Public Facilities Fees	Roads	Tax Reduction Reserve
Revenues:					
Taxes	\$ --	\$ --	\$ --	\$ 1,469	\$ --
Fines, forfeits and penalties	--	--	--	--	--
Use of money and property	15	78	100	34	92
Aid from other governmental agencies	--	173	--	20,554	--
Charges for current services	--	3,917	1,147	512	--
Other revenues	--	41	--	13	--
Total revenues	<u>15</u>	<u>4,209</u>	<u>1,247</u>	<u>22,582</u>	<u>92</u>
Expenditures:					
Current:					
General government	346	--	--	--	--
Public protection	--	--	--	--	--
Public ways and facilities	--	--	--	28,859	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Education	--	--	--	--	--
Recreation and cultural services	--	8,313	--	--	--
Total expenditures	<u>346</u>	<u>8,313</u>	<u>--</u>	<u>28,859</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(331)</u>	<u>(4,104)</u>	<u>1,247</u>	<u>(6,277)</u>	<u>92</u>
Other financing sources (uses):					
Transfers in	--	4,301	--	11,919	--
Transfers out	--	(805)	(1,910)	(348)	(1,000)
Total other financing sources (uses)	<u>--</u>	<u>3,496</u>	<u>(1,910)</u>	<u>11,571</u>	<u>(1,000)</u>
Net changes in fund balances	(331)	(608)	(663)	5,294	(908)
Fund Balances - beginning	<u>2,446</u>	<u>2,575</u>	<u>15,527</u>	<u>7,837</u>	<u>14,797</u>
Fund Balances - ending	<u>\$ 2,115</u>	<u>\$ 1,967</u>	<u>\$ 14,864</u>	<u>\$ 13,131</u>	<u>\$ 13,889</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, 2010 (in thousands)

	Wildlife Grazing	Govt'l Leasing	Special Districts	Total Nonmajor Special Revenue Funds
Revenues:				
Taxes	\$ --	\$ 500	\$ 2,095	\$ 10,983
Fines, forfeits and penalties	--	313	--	1,138
Use of money and property	--	8	55	587
Aid from other governmental agencies	3	--	866	30,302
Charges for current services	--	--	1,153	9,997
Other revenues	--	--	5	1,240
Total revenues	<u>3</u>	<u>821</u>	<u>4,174</u>	<u>54,247</u>
Expenditures:				
Current:				
General government	--	2,801	--	3,988
Public protection	3	--	3,365	3,381
Public ways and facilities	--	--	132	28,991
Health and sanitation	--	--	--	6,191
Public assistance	--	--	--	5,803
Education	--	--	--	12,625
Recreation and cultural services	--	--	--	8,313
Total expenditures	<u>3</u>	<u>2,801</u>	<u>3,497</u>	<u>69,292</u>
Excess (deficiency) of revenues over (under) expenditures	<u>--</u>	<u>(1,980)</u>	<u>677</u>	<u>(15,045)</u>
Other financing sources (uses):				
Transfers in	--	3,570	22	24,900
Transfers out	--	--	(373)	(9,217)
Total other financing sources (uses)	<u>--</u>	<u>3,570</u>	<u>(351)</u>	<u>15,683</u>
Net changes in fund balances	--	1,590	326	638
Fund Balances - beginning	<u>5</u>	<u>--</u>	<u>8,193</u>	<u>81,412</u>
Fund Balances - ending	<u>\$ 5</u>	<u>\$ 1,590</u>	<u>\$ 8,519</u>	<u>\$ 82,050</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds - Special Districts
June 30, 2010 (in thousands)

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,869	\$ 455	\$ 1,579	\$ 8,903
Loans receivable	--	3	25	28
Advances to other funds	--	--	350	350
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 6,869</u>	<u>\$ 458</u>	<u>\$ 1,954</u>	<u>\$ 9,281</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 92	\$ --	\$ --	\$ 92
Deferred revenue	121	--	--	121
Advances from other funds	86	--	463	549
Total Liabilities	<u>299</u>	<u>--</u>	<u>463</u>	<u>762</u>
Fund Balances:				
Reserved for:				
Encumbrances	673	--	--	673
Advances	--	--	350	350
Unreserved	5,897	458	1,141	7,496
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>6,570</u>	<u>458</u>	<u>1,491</u>	<u>8,519</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 6,869</u>	<u>\$ 458</u>	<u>\$ 1,954</u>	<u>\$ 9,281</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, 2010 (in thousands)

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>Revenues:</u>				
Taxes	\$ 1,564	\$ 31	\$ 500	\$ 2,095
Use of money and property	39	4	12	55
Aid from other governmental agencies	863	--	3	866
Charges for current services	1,146	2	5	1,153
Other revenue	5	--	--	5
Total revenues	<u>3,617</u>	<u>37</u>	<u>520</u>	<u>4,174</u>
<u>Expenditures:</u>				
Current:				
Public protection	3,346	19	--	3,365
Public ways and facilities	--	--	132	132
Total expenditures	<u>3,346</u>	<u>19</u>	<u>132</u>	<u>3,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>271</u>	<u>18</u>	<u>388</u>	<u>677</u>
<u>Other financing sources (uses):</u>				
Transfers in	--	--	22	22
Transfers out	--	--	(373)	(373)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>(351)</u>	<u>(351)</u>
Net changes in fund balances	271	18	37	326
Fund Balances - beginning	<u>6,299</u>	<u>440</u>	<u>1,454</u>	<u>8,193</u>
Fund Balances - ending	<u>\$ 6,570</u>	<u>\$ 458</u>	<u>\$ 1,491</u>	<u>\$ 8,519</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, 2010 (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	\$ --	\$ 181	\$ 473	\$ 292
Revenue from use of money and property	--	--	158	158
Aid from other governmental agencies	--	2,286	173	(2,113)
Charges for services	--	1,133	68	(1,065)
Total Revenues	<u>--</u>	<u>3,600</u>	<u>872</u>	<u>(2,728)</u>
Expenditures:				
Capital Outlay	<u>1,015</u>	<u>20,275</u>	<u>1,965</u>	<u>18,310</u>
Total Expenditures	<u>1,015</u>	<u>20,275</u>	<u>1,965</u>	<u>18,310</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,015)</u>	<u>(16,675)</u>	<u>(1,093)</u>	<u>15,582</u>
Other Financing Sources (Uses):				
Transfers in	1,015	7,083	645	(6,438)
Transfers out	--	(39)	(1,567)	(1,528)
Total Other Financing Sources (Uses)	<u>1,015</u>	<u>7,044</u>	<u>(922)</u>	<u>(7,966)</u>
Net change in fund balances	--	(9,631)	(2,015)	7,616
Fund balances, beginning	<u>24,915</u>	<u>24,915</u>	<u>24,915</u>	<u>--</u>
Fund balances, ending	<u>\$ 24,915</u>	<u>\$ 15,284</u>	<u>\$ 22,900</u>	<u>\$ 7,616</u>

COUNTY OF SAN LUIS OBISPO
Public Facilities Corporation
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2010 (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	\$ --	\$ --	\$ 127	\$ 127
Charges for current services	--	--	2,784	2,784
Total Revenues	<u>--</u>	<u>--</u>	<u>2,911</u>	<u>2,911</u>
Expenditures:				
Debt Service:				
Principal	--	--	1,500	(1,500)
Interest and fiscal charges	--	--	1,494	(1,494)
Total Expenditures	<u>--</u>	<u>--</u>	<u>2,994</u>	<u>(2,994)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>--</u>	<u>(83)</u>	<u>(83)</u>
Other Financing Sources (Uses):				
Transfers out	--	--	(49)	(49)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(49)</u>	<u>(49)</u>
Net change in fund balances	<u>--</u>	<u>--</u>	<u>(132)</u>	<u>(132)</u>
Fund balances, beginning	<u>3,683</u>	<u>3,683</u>	<u>3,683</u>	<u>--</u>
Fund balances, ending	<u>\$ 3,683</u>	<u>\$ 3,683</u>	<u>\$ 3,551</u>	<u>\$ (132)</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, 2010 (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	\$ 100	\$ 40	\$ 31	\$ (9)
Other revenue	6,572	6,100	428	(5,672)
Total Revenues	<u>6,672</u>	<u>6,140</u>	<u>459</u>	<u>(5,681)</u>
Expenditures:				
Debt Service:				
Principal payments	2,290	44,290	2,290	42,000
Interest and fiscal charges	3,872	5,094	5,010	84
Total Expenditures	<u>6,162</u>	<u>49,384</u>	<u>7,300</u>	<u>42,084</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>510</u>	<u>(43,244)</u>	<u>(6,841)</u>	<u>36,403</u>
Other Financing Sources (Uses):				
Refunding debt issued	--	42,565	42,565	--
Payment to refunded escrow agent	--	--	(42,000)	(42,000)
Transfers in	--	--	5,752	5,752
Total Other Financing Sources (Uses)	<u>--</u>	<u>42,565</u>	<u>6,317</u>	<u>(36,248)</u>
Net change in fund balances	510	(679)	(524)	155
Fund balances, beginning	<u>7,638</u>	<u>7,638</u>	<u>7,638</u>	<u>--</u>
Fund balances, ending	<u>\$ 8,148</u>	<u>\$ 6,959</u>	<u>\$ 7,114</u>	<u>\$ 155</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, 2010 (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	\$ 18	\$ 18	\$ 3	\$ (15)
Charges for services	225	44	50	6
Other revenue	225	44	725	681
Total Revenues	<u>468</u>	<u>106</u>	<u>778</u>	<u>672</u>
Expenditures:				
Current:				
Public assistance				
Services and supplies	442	728	604	124
Other charges	649	1,063	353	710
Total Expenditures	<u>1,091</u>	<u>1,791</u>	<u>957</u>	<u>834</u>
Net change in fund balances	(623)	(1,685)	(179)	1,506
Fund balances, beginning	<u>918</u>	<u>918</u>	<u>918</u>	<u>--</u>
Fund balances, ending	<u>\$ 295</u>	<u>\$ (767)</u>	<u>\$ 739</u>	<u>\$ 1,506</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, 2010 (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	\$ --	\$ --	\$ 1	\$ 1
Aid from other governmental agencies	4,474	12,014	5,736	(6,278)
Other revenue	<u>--</u>	<u>--</u>	<u>25</u>	<u>25</u>
Total Revenues	<u>4,474</u>	<u>12,014</u>	<u>5,762</u>	<u>(6,252)</u>
Expenditures:				
Current:				
Health and sanitation				
Services and supplies	679	1,368	621	747
Other charges	4,108	11,046	5,570	5,476
Contingencies	<u>2</u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>4,789</u>	<u>12,414</u>	<u>6,191</u>	<u>6,223</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(315)</u>	<u>(400)</u>	<u>(429)</u>	<u>(29)</u>
Other Financing Sources (Uses):				
Transfers in	<u>314</u>	<u>314</u>	<u>314</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>314</u>	<u>314</u>	<u>314</u>	<u>--</u>
Net change in fund balances	(1)	(86)	(115)	(29)
Fund balances, beginning	<u>162</u>	<u>162</u>	<u>162</u>	<u>--</u>
Fund balances, ending	<u>\$ 161</u>	<u>\$ 76</u>	<u>\$ 47</u>	<u>\$ (29)</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, 2010 (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	\$ 43	\$ 43	\$ 11	\$ (32)
Aid from governmental agencies	2,742	2,742	2,715	(27)
Charges for current services	<u>101</u>	<u>101</u>	<u>67</u>	<u>(34)</u>
Total Revenues	<u>2,886</u>	<u>2,886</u>	<u>2,793</u>	<u>(93)</u>
Expenditures:				
Current:				
Public assistance				
Salaries wages benefits	922	922	890	32
Services and supplies	1,964	4,214	3,206	1,008
Capital outlay	<u>--</u>	<u>6,100</u>	<u>--</u>	<u>6,100</u>
Total Expenditures	<u>2,886</u>	<u>11,236</u>	<u>4,096</u>	<u>7,140</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>(8,350)</u>	<u>(1,303)</u>	<u>7,047</u>
Other Financing Sources (Uses):				
Transfers out	<u>--</u>	<u>--</u>	<u>(23)</u>	<u>(23)</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(23)</u>	<u>(23)</u>
Net change in fund balances	--	(8,350)	(1,326)	7,024
Fund balances, beginning	<u>2,338</u>	<u>2,338</u>	<u>2,338</u>	<u>--</u>
Fund balances, ending	<u>\$ 2,338</u>	<u>\$ (6,012)</u>	<u>\$ 1,012</u>	<u>\$ 7,024</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, 2010 (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	\$ --	\$ --	\$ 55	\$ 55
Charges for current services	--	1,286	305	(981)
Total Revenues	<u>--</u>	<u>1,286</u>	<u>360</u>	<u>(926)</u>
Expenditures:				
Current:				
General government				
Services and supplies	24	689	785	(96)
Capital outlay	308	2,669	56	2,613
Total Expenditures	<u>332</u>	<u>3,358</u>	<u>841</u>	<u>2,517</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(332)</u>	<u>(2,072)</u>	<u>(481)</u>	<u>1,591</u>
Other Financing Sources (Uses):				
Transfers in	1,583	1,628	1,628	--
Transfers out	--	(256)	(112)	144
Total Other Financing Sources (Uses)	<u>1,583</u>	<u>1,372</u>	<u>1,516</u>	<u>144</u>
Net change in fund balances	1,251	(700)	1,035	1,735
Fund balances, beginning	<u>8,084</u>	<u>8,084</u>	<u>8,084</u>	<u>--</u>
Fund balances, ending	<u><u>\$ 9,335</u></u>	<u><u>\$ 7,384</u></u>	<u><u>\$ 9,119</u></u>	<u><u>\$ 1,735</u></u>

COUNTY OF SAN LUIS OBISPO
Emergency Medical Services Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2010 (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	\$ 1,045	\$ 1,045	\$ 796	\$ (249)
Use of money and property	8	8	1	(7)
Total Revenues	<u>1,053</u>	<u>1,053</u>	<u>797</u>	<u>(256)</u>
Expenditures:				
Current:				
Public assistance				
Services and supplies	1,079	1,094	536	558
Other charges	--	214	214	--
Total Expenditures	<u>1,079</u>	<u>1,308</u>	<u>750</u>	<u>558</u>
Net change in fund balances	(26)	(255)	47	302
Fund balances, beginning	<u>439</u>	<u>439</u>	<u>439</u>	<u>--</u>
Fund balances, ending	<u>\$ 413</u>	<u>\$ 184</u>	<u>\$ 486</u>	<u>\$ 302</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, 2010 (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	\$ 10	\$ 10	\$ 4	\$ (6)
Charges for current services	<u>1,626</u>	<u>1,626</u>	<u>1,563</u>	<u>(63)</u>
Total Revenues	<u>1,636</u>	<u>1,636</u>	<u>1,567</u>	<u>(69)</u>
Expenditures:				
Current:				
Education				
Salaries wages benefits	1,106	1,106	1,009	97
Service and supplies	523	523	519	4
Capital outlay	7	7	6	1
Contingencies	<u>102</u>	<u>102</u>	<u>--</u>	<u>102</u>
Total Expenditures	<u>1,738</u>	<u>1,738</u>	<u>1,534</u>	<u>204</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(102)</u>	<u>(102)</u>	<u>33</u>	<u>(273)</u>
Other Financing Sources (Uses):				
Transfers out	<u>--</u>	<u>--</u>	<u>(24)</u>	<u>(24)</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(24)</u>	<u>(24)</u>
Net change in fund balances	(102)	(102)	9	111
Fund balances, beginning	<u>582</u>	<u>582</u>	<u>582</u>	<u>--</u>
Fund balances, ending	<u>\$ 480</u>	<u>\$ 480</u>	<u>\$ 591</u>	<u>\$ 111</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, 2010 (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	\$ 29	\$ 19
Total Revenues	<u>10</u>	<u>10</u>	<u>29</u>	<u>19</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	23	23	13	10
Total Expenditures	<u>23</u>	<u>23</u>	<u>13</u>	<u>10</u>
Net change in fund balances	(13)	(13)	16	29
Fund balances, beginning	<u>152</u>	<u>152</u>	<u>152</u>	<u>--</u>
Fund balances, ending	<u>\$ 139</u>	<u>\$ 139</u>	<u>\$ 168</u>	<u>\$ 29</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, 2010 (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	\$ --	\$ --	\$ 30	\$ 30
Total Revenues	<u>--</u>	<u>--</u>	<u>30</u>	<u>30</u>
Other Financing Sources (Uses):				
Transfers in	2,217	2,217	2,217	--
Transfers out	<u>(1,015)</u>	<u>(2,714)</u>	<u>(76)</u>	<u>2,638</u>
Total Other Financing Sources (Uses)	<u>1,202</u>	<u>(497)</u>	<u>2,141</u>	<u>2,638</u>
Net change in fund balances	1,202	(497)	2,171	2,668
Fund balances, beginning	<u>4,774</u>	<u>4,774</u>	<u>4,774</u>	<u>--</u>
Fund balances, ending	<u><u>\$ 5,976</u></u>	<u><u>\$ 4,277</u></u>	<u><u>\$ 6,945</u></u>	<u><u>\$ 2,668</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, 2010 (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	\$ 300	\$ 300	\$ 85	\$ (215)
Charges for current services	1,562	1,562	970	(592)
Total Revenues	<u>1,862</u>	<u>1,862</u>	<u>1,055</u>	<u>(807)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>1,862</u>	 <u>1,862</u>	 <u>1,055</u>	 <u>(807)</u>
 Other Financing Sources (Uses):				
Transfers out	<u>(1,078)</u>	<u>(10,976)</u>	<u>(4,407)</u>	<u>6,569</u>
Total Other Financing Sources (Uses)	<u>(1,078)</u>	<u>(10,976)</u>	<u>(4,407)</u>	<u>6,569</u>
 Net change in fund balances	 784	 (9,114)	 (3,352)	 5,762
 Fund balances, beginning	 <u>9,081</u>	 <u>9,081</u>	 <u>9,081</u>	 <u>--</u>
 Fund balances, ending	 <u>\$ 9,865</u>	 <u>\$ (33)</u>	 <u>\$ 5,729</u>	 <u>\$ 5,762</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, 2010 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 6,897	\$ 6,897	\$ 6,919	\$ 22
Use of money and property	75	75	15	(60)
Aid from other governmental agencies	240	245	255	10
Charges for services	221	221	313	92
Other revenue	15	580	431	(149)
Total Revenues	<u>7,448</u>	<u>8,018</u>	<u>7,933</u>	<u>(85)</u>
Expenditures:				
Current:				
Education				
Salaries and benefits	5,753	5,753	5,501	252
Services and supplies	2,563	3,154	2,736	418
Other charges	2	495	54	441
Capital outlay	--	2,800	2,800	--
Contingencies	200	200	--	200
Total Expenditures	<u>8,518</u>	<u>12,402</u>	<u>11,091</u>	<u>1,311</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,070)</u>	<u>(4,384)</u>	<u>(3,158)</u>	<u>1,226</u>
Other Financing Sources (Uses):				
Transfers in	557	2,628	929	(1,699)
Transfers out	--	--	(139)	(139)
Total Other Financing Sources (Uses)	<u>557</u>	<u>2,628</u>	<u>790</u>	<u>(1,838)</u>
Net change in fund balances	(513)	(1,756)	(2,368)	(612)
Fund balances, beginning	<u>3,502</u>	<u>3,502</u>	<u>3,502</u>	<u>--</u>
Fund balances, ending	<u>\$ 2,989</u>	<u>\$ 1,746</u>	<u>\$ 1,134</u>	<u>\$ (612)</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, 2010 (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	\$ 72	\$ 72	\$ 15	\$ (57)
Total Revenues	<u>72</u>	<u>72</u>	<u>15</u>	<u>(57)</u>
Expenditures:				
Current:				
General government				
Salaries and benefits	93	93	--	93
Services and supplies	443	452	346	106
Contingencies	30	30	--	30
Total Expenditures	<u>566</u>	<u>575</u>	<u>346</u>	<u>229</u>
Net change in fund balances	(494)	(503)	(331)	172
Fund balances, beginning	<u>2,446</u>	<u>2,446</u>	<u>2,446</u>	<u>--</u>
Fund balances, ending	<u>\$ 1,952</u>	<u>\$ 1,943</u>	<u>\$ 2,115</u>	<u>\$ 172</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, 2010 (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	\$ 36	\$ 36	\$ --	\$ (36)
Use of money and property	93	93	78	(15)
Aid from other governmental agencies	--	--	173	173
Charges for services	4,276	4,270	3,917	(353)
Other revenue	7	23	41	18
Total Revenues	<u>4,412</u>	<u>4,422</u>	<u>4,209</u>	<u>(213)</u>
Expenditures:				
Current:				
Recreational and cultural services				
Salaries wages benefits	4,268	4,208	4,012	196
Services and supplies	3,572	3,970	3,425	545
Other charges	11	1,324	876	448
Capital outlay	--	13	--	13
Contingencies	500	325	--	325
Total Expenditures	<u>8,351</u>	<u>9,840</u>	<u>8,313</u>	<u>1,527</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,939)</u>	<u>(5,418)</u>	<u>(4,104)</u>	<u>1,314</u>
Other Financing Sources (Uses):				
Transfers in	3,451	4,321	4,301	(20)
Transfers out	--	(45)	(805)	(760)
Total Other Financing Sources (Uses)	<u>3,451</u>	<u>4,276</u>	<u>3,496</u>	<u>(780)</u>
Net change in fund balances	(488)	(1,142)	(608)	534
Fund balances, beginning	<u>2,575</u>	<u>2,575</u>	<u>2,575</u>	<u>--</u>
Fund balances, ending	<u>\$ 2,087</u>	<u>\$ 1,433</u>	<u>\$ 1,967</u>	<u>\$ 534</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, 2010 (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
Charges for current services	<u>1,286</u>	<u>1,286</u>	<u>1,147</u>	<u>(139)</u>
Total Revenues	<u>1,286</u>	<u>1,286</u>	<u>1,247</u>	<u>(39)</u>
Other Financing Sources (Uses):				
Transfers out	<u>(3,563)</u>	<u>(10,240)</u>	<u>(1,910)</u>	<u>8,330</u>
Total Other Financing Sources (Uses)	<u>(3,563)</u>	<u>(10,240)</u>	<u>(1,910)</u>	<u>8,330</u>
Net change in fund balances	(2,277)	(8,954)	(663)	8,291
Fund balances, beginning	<u>15,527</u>	<u>15,527</u>	<u>15,527</u>	<u>--</u>
Fund balances, ending	<u>\$ 13,250</u>	<u>\$ 6,573</u>	<u>\$ 14,864</u>	<u>\$ 8,291</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, 2010 (in thousands)

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,589	\$ 1,589	\$ 1,469	\$ (120)
Use of money and property	150	150	34	(116)
Aid from other governmental agencies	20,712	41,727	20,554	(21,173)
Charges for services	224	224	512	288
Other revenue	140	1,028	13	(1,015)
Total Revenues	<u>22,815</u>	<u>44,718</u>	<u>22,582</u>	<u>(22,136)</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	16,502	18,129	28,820	(10,691)
Other charges	--	39	39	--
Capital outlay	15,688	51,516	--	51,516
Total Expenditures	<u>32,190</u>	<u>69,684</u>	<u>28,859</u>	<u>40,825</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,375)</u>	<u>(24,966)</u>	<u>(6,277)</u>	<u>18,689</u>
Other Financing Sources (Uses):				
Transfers in	9,023	18,296	11,919	(6,377)
Transfers out	--	--	(348)	(348)
Total Other Financing Sources (Uses)	<u>9,023</u>	<u>18,296</u>	<u>11,571</u>	<u>(6,725)</u>
Net change in fund balances	(352)	(6,670)	5,294	11,964
Fund balances, beginning	<u>7,837</u>	<u>7,837</u>	<u>7,837</u>	<u>--</u>
Fund balances, ending	<u>\$ 7,485</u>	<u>\$ 1,167</u>	<u>\$ 13,131</u>	<u>\$ 11,964</u>

COUNTY OF SAN LUIS OBISPO
Tax Reduction Reserve Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2010 (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	\$ --	\$ --	\$ 92	\$ 92
Total Revenues	<u>--</u>	<u>--</u>	<u>92</u>	<u>92</u>
Other Financing Sources (Uses):				
Transfers out	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>--</u>
Net change in fund balances	(1,000)	(1,000)	(908)	92
Fund balances, beginning	<u>14,797</u>	<u>14,797</u>	<u>14,797</u>	<u>--</u>
Fund balances, ending	<u>\$ 13,797</u>	<u>\$ 13,797</u>	<u>\$ 13,889</u>	<u>\$ 92</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, 2010 (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	\$ 4	\$ 4	\$ 3	\$ (1)
Total Revenues	<u>4</u>	<u>4</u>	<u>3</u>	<u>(1)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	<u>4</u>	<u>4</u>	<u>3</u>	<u>1</u>
Total Expenditures	<u>4</u>	<u>4</u>	<u>3</u>	<u>1</u>
Net change in fund balances	--	--	--	--
Fund balances, beginning	<u>5</u>	<u>5</u>	<u>5</u>	<u>--</u>
Fund balances, ending	<u><u>\$ 5</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ --</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, 2010 (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	306	306	313	7
Use of money and property	--	--	8	8
Total Revenues	<u>806</u>	<u>806</u>	<u>821</u>	<u>15</u>
Expenditures:				
Current:				
General government				
Other charges	2,852	2,852	2,801	51
Total Expenditures	<u>2,852</u>	<u>2,852</u>	<u>2,801</u>	<u>51</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,046)</u>	<u>(2,046)</u>	<u>(1,980)</u>	<u>66</u>
Other Financing Sources (Uses):				
Transfers in	968	2,046	3,570	1,524
Total Other Financing Sources (Uses)	<u>968</u>	<u>2,046</u>	<u>3,570</u>	<u>1,524</u>
Net change in fund balances	(1,078)	--	1,590	1,590
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances, ending	<u>\$ (1,078)</u>	<u>\$ --</u>	<u>\$ 1,590</u>	<u>\$ 1,590</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, 2010 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,531	\$ 1,531	\$ 1,564	\$ 33
Use of money and property	79	79	39	(40)
Aid from other governmental agencies	799	941	863	(78)
Charges for services	397	448	1,146	698
Other revenue	18	18	5	(13)
Total Revenues	<u>2,824</u>	<u>3,017</u>	<u>3,617</u>	<u>600</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	2,709	3,901	3,245	656
Capital outlay	450	1,321	101	1,220
Total Expenditures	<u>3,159</u>	<u>5,222</u>	<u>3,346</u>	<u>1,876</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(335)</u>	<u>(2,205)</u>	<u>271</u>	<u>2,476</u>
Other Financing Sources (Uses):				
Transfers in	227	477	--	(477)
Transfers out	(523)	(771)	--	771
Total Other Financing Sources (Uses)	<u>(296)</u>	<u>(294)</u>	<u>--</u>	<u>294</u>
Net change in fund balances	(631)	(2,499)	271	2,770
Fund balances, beginning	<u>6,299</u>	<u>6,299</u>	<u>6,299</u>	<u>--</u>
Fund balances, ending	<u>\$ 5,668</u>	<u>\$ 3,800</u>	<u>\$ 6,570</u>	<u>\$ 2,770</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, 2010 (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	\$ 31	\$ (4)
Use of money and property	5	5	4	(1)
Charges for services	--	--	2	2
Total Revenues	<u>40</u>	<u>40</u>	<u>37</u>	<u>(3)</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	2	2	18	16
Fund balances, beginning	<u>440</u>	<u>440</u>	<u>440</u>	<u>--</u>
Fund balances, ending	<u>\$ 442</u>	<u>\$ 442</u>	<u>\$ 458</u>	<u>\$ 16</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, 2010 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 467	\$ 467	\$ 500	\$ 33
Use of money and property	30	30	12	(18)
Aid from other governmental agencies	3	3	3	--
Charges for services	21	21	5	(16)
Total Revenues	<u>521</u>	<u>521</u>	<u>520</u>	<u>(1)</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	129	130	132	(2)
Capital outlay	9	99	--	99
Total Expenditures	<u>138</u>	<u>229</u>	<u>132</u>	<u>97</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>383</u>	<u>292</u>	<u>388</u>	<u>96</u>
Other Financing Sources (Uses):				
Transfers in	1,046	1,046	22	(1,024)
Transfers out	(492)	(491)	(373)	118
Total Other Financing Sources (Uses)	<u>554</u>	<u>555</u>	<u>(351)</u>	<u>(906)</u>
Net change in fund balances	937	847	37	(810)
Fund balances, beginning	<u>1,454</u>	<u>1,454</u>	<u>1,454</u>	<u>--</u>
Fund balances, ending	<u>\$ 2,391</u>	<u>\$ 2,301</u>	<u>\$ 1,491</u>	<u>\$ (810)</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 accumulation of resources for the repayment of State loans related to the Lopez Lake recreational area.

County Service Areas

Accounts for resources used to provide for a variety of services such as street lighting, drainage, sewer and road maintenance, which are mutually exclusive of the special revenue funds county service areas.

COUNTY OF SAN LUIS OBISPO
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2010 (in thousands)

	Transit	General Flood Control Zone	Golf	Lopez Park	County Service Areas	Total
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 668	\$ 804	\$ 1,002	\$ 22	\$ 3,381	\$ 5,877
Accounts receivable, net	--	--	--	--	139	139
Due from other governments	--	--	--	--	114	114
Loans receivable	--	--	--	--	33	33
Deposits with others	--	--	--	--	13	13
Total Current Assets	668	804	1,002	22	3,680	6,176
Noncurrent assets:						
Advances to other funds	--	--	549	244	--	793
Capital Assets						
Nondepreciable:						
Land	84	--	1,333	--	132	1,549
Construction in progress	--	--	70	--	2,939	3,009
Depreciable:						
Structures & improvements, net	57	--	10,558	--	7,236	17,851
Equipment, net	--	--	232	--	125	357
Other property, net	--	--	--	--	506	506
Total Noncurrent Assets	141	--	12,742	244	10,938	24,065
Total Assets	809	804	13,744	266	14,618	30,241
LIABILITIES						
Current Liabilities:						
Accounts payable	296	17	42	--	143	498
Salaries and benefits payable	--	--	68	--	--	68
Deposits from others	--	--	8	--	148	156
Accrued interest	--	--	78	--	15	93
Deferred revenue	370	--	--	--	129	499
Accrued vacation and sick leave - current	--	--	73	--	--	73
Notes and bonds payable - current	--	--	240	15	169	424
Total Current Liabilities	666	17	509	15	604	1,811
Noncurrent Liabilities:						
Advances from other funds	--	--	--	--	795	795
Accrued vacation and sick leave - noncurrent	--	--	68	--	--	68
Notes and bonds payable - noncurrent	--	--	6,300	229	2,809	9,338
Total Noncurrent Liabilities	--	--	6,368	229	3,604	10,201
Total Liabilities	666	17	6,877	244	4,208	12,012
NET ASSETS						
Invested in capital assets, net of related debt	141	--	5,653	--	7,960	13,754
Unrestricted	2	787	1,214	22	2,450	4,475
Total Net Assets	\$ 143	\$ 787	\$ 6,867	\$ 22	\$ 10,410	\$ 18,229

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, 2010 (in thousands)

	Transit	General Flood Control Zone	Golf	Lopez Park	County Service Areas	Total
Operating Revenues:						
Charges for current services	\$ --	\$ 661	\$ 2,653	\$ --	\$ 2,784	\$ 6,098
Total operating revenues	<u>--</u>	<u>661</u>	<u>2,653</u>	<u>--</u>	<u>2,784</u>	<u>6,098</u>
Operating expenses:						
Salaries and benefits	--	--	1,332	--	--	1,332
Services and supplies	1,115	791	851	--	3,209	5,966
Other charges	--	27	--	--	3	30
Depreciation	7	--	384	--	352	743
Countywide cost allocation	21	13	84	--	60	178
Total operating expenses	<u>1,143</u>	<u>831</u>	<u>2,651</u>	<u>--</u>	<u>3,624</u>	<u>8,249</u>
Operating income (loss)	<u>(1,143)</u>	<u>(170)</u>	<u>2</u>	<u>--</u>	<u>(840)</u>	<u>(2,151)</u>
Nonoperating revenues (expenses):						
Property taxes	--	--	--	--	439	439
Interest income	4	6	7	--	23	40
Interest expense	--	--	(303)	(6)	(95)	(404)
Aid from governmental agencies	1,172	--	--	--	4	1,176
Other nonoperating revenue (expense)	--	4	1	--	5	10
Total nonoperating revenues (expenses)	<u>1,176</u>	<u>10</u>	<u>(295)</u>	<u>(6)</u>	<u>376</u>	<u>1,261</u>
Income (loss) before contributions and transfers	33	(160)	(293)	(6)	(464)	(890)
Capital contributions	--	--	--	--	339	339
Transfers in	--	--	8	265	369	642
Transfers out	--	--	(42)	--	(26)	(68)
Change in net assets	33	(160)	(327)	259	218	23
Net assets - beginning	<u>110</u>	<u>947</u>	<u>7,194</u>	<u>(237)</u>	<u>10,192</u>	<u>18,206</u>
Net assets - ending	<u>\$ 143</u>	<u>\$ 787</u>	<u>\$ 6,867</u>	<u>\$ 22</u>	<u>\$ 10,410</u>	<u>\$ 18,229</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2010 (in thousands)

	Transit	General Flood Control Zone	Golf	Lopez Park
Cash Flows from Operating Activities:				
Receipts from customers	\$ --	\$ 661	\$ 2,705	\$ --
Payments to employees for service	--	--	(1,360)	--
Payments for goods and services	(1,044)	(814)	(1,213)	--
Net Cash Provided (Used) by Operating Activities	<u>(1,044)</u>	<u>(153)</u>	<u>132</u>	<u>--</u>
Cash Flows from Noncapital Financing Activities:				
Property tax proceeds	--	--	--	--
Grants and subsidies from other gov't agencies	1,030	--	--	--
Advances to other funds	--	--	--	(244)
Transfers from other funds	--	--	8	265
Transfers to other funds	--	--	(42)	--
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>1,030</u>	<u>--</u>	<u>(34)</u>	<u>21</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases and construction of capital assets	--	--	(37)	--
Proceeds from issuance of long-term debt	--	--	--	--
Proceeds from capital grants	--	--	--	--
Principal paid on capital debt	--	--	(240)	(15)
Interest paid on capital debt	--	--	(305)	(6)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>(582)</u>	<u>(21)</u>
Cash Flows from Investing Activities:				
Interest received	4	6	7	--
Net Cash Provided (Used) by Investing Activities	<u>4</u>	<u>6</u>	<u>7</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10)	(147)	(477)	--
Cash and Cash Equivalents - Beginning of Year	678	951	1,479	22
Cash and Cash Equivalents - End of Year	<u>\$ 668</u>	<u>\$ 804</u>	<u>\$ 1,002</u>	<u>\$ 22</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (1,143)	\$ (170)	\$ 2	\$ --
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation expense	7	--	384	--
Change in Assets and Liabilities:				
Receivables, net	--	--	50	--
Deposits from others	--	--	2	--
Accounts payable	92	17	(278)	--
Salaries and benefits payable	--	--	(1)	--
Deferred revenue	--	--	--	--
Accrued vacation and sick leave	--	--	(27)	--
Other accrued liabilities	--	--	--	--
Total Adjustments	<u>99</u>	<u>17</u>	<u>130</u>	<u>--</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (1,044)</u>	<u>\$ (153)</u>	<u>\$ 132</u>	<u>\$ --</u>
Noncash Investing, Capital, and Financing Activities:				
Contributions of capital assets to governmental fund	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2010 (in thousands)

	County <u>Service Areas</u>	<u>Total</u>
Cash Flows from Operating Activities:		
Receipts from customers	\$ 2,809	\$ 6,175
Payments to employees	--	(1,360)
Payments for goods and services	(3,196)	(6,267)
Net Cash Provided (Used) by Operating Activities	<u>(387)</u>	<u>(1,452)</u>
Cash Flows from Noncapital Financing Activities:		
Property tax proceeds	439	439
Grants and subsidies from other gov't agencies	4	1,034
Advances to other funds	(109)	(353)
Transfers from other funds	369	642
Transfers to other funds	(26)	(68)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>677</u>	<u>1,694</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases and construction of capital assets	(1,006)	(1,043)
Proceeds from issuance of long-term debt	405	405
Proceeds from capital grants	339	339
Principal paid on capital debt	(153)	(408)
Interest paid on capital debt	(96)	(407)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(511)</u>	<u>(1,114)</u>
Cash Flows from Investing Activities:		
Interest received	23	40
Net Cash Provided (Used) by Investing Activities	<u>23</u>	<u>40</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(198)	(832)
Cash and Cash Equivalents - Beginning of Year	<u>3,579</u>	<u>6,709</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,381</u>	<u>\$ 5,877</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	<u>\$ (840)</u>	<u>\$ (2,151)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation expense	352	743
Change in Assets and Liabilities:		
Receivables, net	8	58
Deposits from others	--	2
Accounts payable	75	(94)
Salaries and benefits payable	--	(1)
Deferred revenue	17	17
Accrued vacation and sick leave	--	(27)
Other accrued liabilities	1	1
Total Adjustments	<u>453</u>	<u>699</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (387)</u>	<u>\$ (1,452)</u>
Noncash Investing, Capital, and Financing Activities:		
Contributions of capital assets to governmental fund	<u>\$ --</u>	<u>\$ --</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, 2010 (in thousands)

	Reprographics	Garage	Public Works	Combined Insurance (5 funds)	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 113	\$ 3,849	\$ 11,292	\$ 30,053	\$ 45,307
Accounts receivable	--	--	22	--	22
Due from other governments	2	--	--	--	2
Inventory	5	50	475	--	530
Total Current Assets	<u>120</u>	<u>3,899</u>	<u>11,789</u>	<u>30,053</u>	<u>45,861</u>
Noncurrent assets:					
Capital Assets:					
Structures & improvements, net	--	160	62	--	222
Equipment, net	72	2,927	6,043	--	9,042
Total Noncurrent Assets	<u>72</u>	<u>3,087</u>	<u>6,105</u>	<u>--</u>	<u>9,264</u>
Total Assets	<u>192</u>	<u>6,986</u>	<u>17,894</u>	<u>30,053</u>	<u>55,125</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	12	171	335	795	1,313
Salaries and benefits payable	11	62	1,001	--	1,074
Self insurance liability	--	--	--	4,900	4,900
Deposits from others	--	--	484	--	484
Accrued vacation and sick leave - current	16	75	1,503	--	1,594
Total Current Liabilities	<u>39</u>	<u>308</u>	<u>3,323</u>	<u>5,695</u>	<u>9,365</u>
Noncurrent Liabilities:					
Self insurance liability	--	--	--	17,719	17,719
Accrued vacation and sick leave	11	4	711	--	726
Total Noncurrent Liabilities	<u>11</u>	<u>4</u>	<u>711</u>	<u>17,719</u>	<u>18,445</u>
Total Liabilities	<u>50</u>	<u>312</u>	<u>4,034</u>	<u>23,414</u>	<u>27,810</u>
NET ASSETS					
Invested in capital assets	72	3,087	6,105	--	9,264
Unrestricted	70	3,587	7,755	6,639	18,051
Total Net Assets	<u>\$ 142</u>	<u>\$ 6,674</u>	<u>\$ 13,860</u>	<u>\$ 6,639</u>	<u>\$ 27,315</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, 2010 (in thousands)

	Reprographics	Garage	Public Works	Combined Insurance (5 funds)	Total
<u>Operating Revenues:</u>					
Charges for current services	\$ 533	\$ 4,136	\$ 26,228	\$ 9,516	\$ 40,413
Total Operating Revenues	<u>533</u>	<u>4,136</u>	<u>26,228</u>	<u>9,516</u>	<u>40,413</u>
<u>Operating Expenses:</u>					
Salaries and benefits	219	1,168	19,749	--	21,136
Services and supplies	294	2,203	5,121	3,962	11,580
Insurance benefit payments	--	--	--	6,041	6,041
Insurance premiums	--	--	--	2,628	2,628
Depreciation	7	944	676	--	1,627
Countywide cost allocation	78	205	105	424	812
Total Operating Expenses	<u>598</u>	<u>4,520</u>	<u>25,651</u>	<u>13,055</u>	<u>43,824</u>
Operating Income (Loss)	<u>(65)</u>	<u>(384)</u>	<u>577</u>	<u>(3,539)</u>	<u>(3,411)</u>
<u>Nonoperating Revenues (Expenses):</u>					
Interest income	1	24	55	234	314
Interest expense	--	--	--	--	--
Aid from governmental agencies	--	--	--	319	319
Other revenue (expense)	1	72	84	--	157
Total Nonoperating Revenues (Expenses)	<u>2</u>	<u>96</u>	<u>139</u>	<u>553</u>	<u>790</u>
Income (Loss) Before Transfers	(63)	(288)	716	(2,986)	(2,621)
Transfers out	<u>(6)</u>	<u>(30)</u>	<u>(508)</u>	<u>--</u>	<u>(544)</u>
Change in Net Assets Before Special Item	(69)	(318)	208	(2,986)	(3,165)
Special Item	--	--	--	(2,951)	(2,951)
Net assets - beginning	<u>211</u>	<u>6,992</u>	<u>13,652</u>	<u>12,576</u>	<u>33,431</u>
Net assets - ending	<u>\$ 142</u>	<u>\$ 6,674</u>	<u>\$ 13,860</u>	<u>\$ 6,639</u>	<u>\$ 27,315</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2010 (in thousands)

	Reprographics	Garage	Public Works	Combined Insurance (5 funds)	Total
Cash Flows from Operating Activities:					
Receipts from interfund billings	\$ 537	\$ 4,168	\$ 26,308	\$ 9,710	\$ 40,723
Payments for goods and services	(375)	(2,403)	(5,247)	(4,404)	(12,429)
Payments to employees for service	(218)	(1,152)	(19,893)	--	(21,263)
Payments for insurance benefits	--	--	--	(3,441)	(3,441)
Payments for premiums	--	--	--	(2,628)	(2,628)
Net Cash Provided (Used) by Operating Activities	<u>(56)</u>	<u>613</u>	<u>1,168</u>	<u>(763)</u>	<u>962</u>
Cash Flows from Noncapital Financing Activities:					
Grants and subsidies from other gov't agencies	--	--	--	319	319
Payment to irrevocable OPEB trust	--	--	--	(6,000)	(6,000)
Transfers to other funds	(6)	(30)	(508)	--	(544)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(6)</u>	<u>(30)</u>	<u>(508)</u>	<u>(5,681)</u>	<u>(6,225)</u>
Cash Flows from Capital and Related Financing Activities:					
Purchases and construction of capital assets	--	(1,017)	(281)	--	(1,298)
Proceeds from sale of capital assets	--	145	--	--	145
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>(872)</u>	<u>(281)</u>	<u>--</u>	<u>(1,153)</u>
Cash Flows from Investing Activities:					
Interest received	1	24	55	234	314
Net Cash Provided (Used) by Investing Activities	<u>1</u>	<u>24</u>	<u>55</u>	<u>234</u>	<u>314</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(61)	(265)	434	(6,210)	(6,102)
Cash and Cash Equivalents - Beginning of Year	174	4,114	10,858	36,263	51,409
Cash and Cash Equivalents - End of Year	<u>\$ 113</u>	<u>\$ 3,849</u>	<u>\$ 11,292</u>	<u>\$ 30,053</u>	<u>\$ 45,307</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (65)	\$ (384)	\$ 577	\$ (3,539)	\$ (3,411)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation expense	7	944	676	--	1,627
Change in Assets and Liabilities:					
Receivables, net	4	32	80	194	310
Inventory	1	(7)	52	--	46
Accounts payable	(4)	12	145	(18)	135
Salaries and benefits payable	--	5	23	--	28
Accrued vacation and sick leave	1	11	(167)	--	(155)
Self-insurance liability	--	--	--	2,600	2,600
Other accrued liabilities	--	--	(218)	--	(218)
Total Adjustments	<u>9</u>	<u>997</u>	<u>591</u>	<u>2,776</u>	<u>4,373</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (56)</u>	<u>\$ 613</u>	<u>\$ 1,168</u>	<u>\$ (763)</u>	<u>\$ 962</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Net Assets
Internal Service Funds - Insurance
June 30, 2010 (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	\$ 22,284	\$ 6,206	\$ 972	\$ 249	\$ 342	\$ 30,053
Total Current Assets	<u>22,284</u>	<u>6,206</u>	<u>972</u>	<u>249</u>	<u>342</u>	<u>30,053</u>
<u>LIABILITIES</u>						
Current Liabilities:						
Accounts payable	280	173	--	--	342	795
Self insurance payable	<u>3,006</u>	<u>1,645</u>	<u>--</u>	<u>249</u>	<u>--</u>	<u>4,900</u>
Total Current Liabilities	<u>3,286</u>	<u>1,818</u>	<u>--</u>	<u>249</u>	<u>342</u>	<u>5,695</u>
Noncurrent Liabilities:						
Self insurance liability	<u>13,662</u>	<u>3,085</u>	<u>972</u>	<u>--</u>	<u>--</u>	<u>17,719</u>
Total Noncurrent Liabilities	<u>13,662</u>	<u>3,085</u>	<u>972</u>	<u>--</u>	<u>--</u>	<u>17,719</u>
Total Liabilities	<u>16,948</u>	<u>4,903</u>	<u>972</u>	<u>249</u>	<u>342</u>	<u>23,414</u>
Net Assets						
Unrestricted	<u>5,336</u>	<u>1,303</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6,639</u>
Total Net Assets	<u>\$ 5,336</u>	<u>\$ 1,303</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,639</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, 2010 (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>Operating Revenues:</u>						
Charges for current services	\$ 1,342	\$ 3,857	\$ 315	\$ 1,660	\$ 2,342	\$ 9,516
Total Operating Revenues	<u>1,342</u>	<u>3,857</u>	<u>315</u>	<u>1,660</u>	<u>2,342</u>	<u>9,516</u>
<u>Operating Expenses:</u>						
Services and supplies	2,211	1,588	(3)	148	18	3,962
Insurance benefit payments	3,343	928	310	1,460	--	6,041
Insurance premiums	--	1,588	--	--	1,040	2,628
Countywide cost allocation	161	194	15	54	--	424
Total Operating Expenses	<u>5,715</u>	<u>4,298</u>	<u>322</u>	<u>1,662</u>	<u>1,058</u>	<u>13,055</u>
Operating Income (Loss)	<u>(4,373)</u>	<u>(441)</u>	<u>(7)</u>	<u>(2)</u>	<u>1,284</u>	<u>(3,539)</u>
<u>Nonoperating Revenues (Expenses):</u>						
Interest income	154	37	6	2	35	234
Aid from governmental agencies	--	--	--	--	319	319
Total Nonoperating Revenues (Expenses)	<u>154</u>	<u>37</u>	<u>6</u>	<u>2</u>	<u>354</u>	<u>553</u>
Income (loss) before special item	(4,219)	(404)	(1)	--	1,638	(2,986)
Special item	--	--	--	--	(2,951)	(2,951)
Net assets - beginning	<u>9,555</u>	<u>1,707</u>	<u>1</u>	<u>--</u>	<u>1,313</u>	<u>12,576</u>
Net assets - ending	<u>\$ 5,336</u>	<u>\$ 1,303</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,639</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Internal Service Funds - Insurance
For the Year Ended June 30, 2010 (in thousands)

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
Cash Flows from Operating Activities:						
Receipts from interfund billings	\$ 1,355	\$ 4,038	\$ 315	\$ 1,660	\$ 2,342	\$ 9,710
Payments for goods and services	(2,526)	(1,664)	(12)	(202)	--	(4,404)
Payments for insurance benefits	(1,409)	(245)	(323)	(1,464)	--	(3,441)
Payments for premiums	--	(1,588)	--	--	(1,040)	(2,628)
Net Cash Provided (Used) by Operating Activities	<u>(2,580)</u>	<u>541</u>	<u>(20)</u>	<u>(6)</u>	<u>1,302</u>	<u>(763)</u>
Cash Flows from Noncapital Financing Activities:						
Grants and subsidies from other gov't agencies	--	--	--	--	319	319
Payment to irrevocable OPEB trust	--	--	--	--	(6,000)	(6,000)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(5,681)</u>	<u>(5,681)</u>
Cash Flows from Investing Activities:						
Interest received	154	37	6	2	35	234
Net Cash Provided (Used) by Investing Activities	<u>154</u>	<u>37</u>	<u>6</u>	<u>2</u>	<u>35</u>	<u>234</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,426)	578	(14)	(4)	(4,344)	(6,210)
Cash and Cash Equivalents - Beginning of Year	24,710	5,628	986	253	4,686	36,263
Cash and Cash Equivalents - End of Year	<u>\$ 22,284</u>	<u>\$ 6,206</u>	<u>\$ 972</u>	<u>\$ 249</u>	<u>\$ 342</u>	<u>\$ 30,053</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ (4,373)	\$ (441)	\$ (7)	\$ (2)	\$ 1,284	\$ (3,539)
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	(154)	118	--	--	18	(18)
Self-insurance liability	1,934	683	(13)	(4)	--	2,600
Total Adjustments	<u>1,793</u>	<u>982</u>	<u>(13)</u>	<u>(4)</u>	<u>18</u>	<u>2,776</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (2,580)</u>	<u>\$ 541</u>	<u>\$ (20)</u>	<u>\$ (6)</u>	<u>\$ 1,302</u>	<u>\$ (763)</u>



**COMBINING FINANCIAL STATEMENTS
FIDUCIARY FUNDS**



FIDUCIARY FUNDS

AGENCY FUNDS:

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

1915 Act

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

Clearing Funds

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

Other Funds

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

INVESTMENT TRUST FUNDS

These funds are used by the County to account for the assets of legally separate entities who deposit cash with the County Treasurer. These include school and community college districts, other special districts governed by local boards, regional boards and authorities, courts and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. The County combines Investment Trust Funds into four reporting types because of their similar nature: School Districts (40 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, 2010 (in thousands)

	<u>Clearing Funds (79 Funds)</u>	<u>1915 Act Service Funds (17 Funds)</u>	<u>Other Agency Funds (30 Funds)</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	<u>\$ 911</u>	<u>\$ 4,210</u>	<u>\$ 34,845</u>	<u>\$ 39,966</u>
Total Assets	<u>911</u>	<u>4,210</u>	<u>34,845</u>	<u>39,966</u>
<u>LIABILITIES</u>				
Assets held as agency for others	<u>911</u>	<u>4,210</u>	<u>34,845</u>	<u>39,966</u>
Total Liabilities	<u><u>\$ 911</u></u>	<u><u>\$ 4,210</u></u>	<u><u>\$ 34,845</u></u>	<u><u>\$ 39,966</u></u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2010 (in thousands)

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2010</u>
<u>Clearing and Revolving Funds (79 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 1,716	\$ 949,482	\$ 950,287	\$ 911
Total Assets	<u>1,716</u>	<u>949,482</u>	<u>950,287</u>	<u>911</u>
Liabilities:				
Assets held as agency for others	<u>1,716</u>	<u>949,482</u>	<u>950,287</u>	<u>911</u>
Total Liabilities	<u>\$ 1,716</u>	<u>\$ 949,482</u>	<u>\$ 950,287</u>	<u>\$ 911</u>
<u>1915 Act Service Funds (17 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 2,517	\$ 4,382	\$ 2,689	\$ 4,210
Total Assets	<u>2,517</u>	<u>4,382</u>	<u>2,689</u>	<u>4,210</u>
Liabilities:				
Assets held as agency for others	<u>2,517</u>	<u>4,382</u>	<u>2,689</u>	<u>4,210</u>
Total Liabilities	<u>\$ 2,517</u>	<u>\$ 4,382</u>	<u>\$ 2,689</u>	<u>\$ 4,210</u>
<u>Other Agency Funds (30 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 28,962	\$ 183,978	\$ 178,095	\$ 34,845
Total Assets	<u>28,962</u>	<u>183,978</u>	<u>178,095</u>	<u>34,845</u>
Liabilities:				
Assets held as agency for others	<u>28,962</u>	<u>183,978</u>	<u>178,095</u>	<u>34,845</u>
Total Liabilities	<u>\$ 28,962</u>	<u>\$ 183,978</u>	<u>\$ 178,095</u>	<u>\$ 34,845</u>
<u>Total All Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 33,195	\$ 1,137,842	\$ 1,131,071	\$ 39,966
Total Assets	<u>33,195</u>	<u>1,137,842</u>	<u>1,131,071</u>	<u>39,966</u>
Liabilities:				
Assets held as agency for others	<u>33,195</u>	<u>1,137,842</u>	<u>1,131,071</u>	<u>39,966</u>
Total Liabilities	<u>\$ 33,195</u>	<u>\$ 1,137,842</u>	<u>\$ 1,131,071</u>	<u>\$ 39,966</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Fiduciary Net Assets
Investment Trust Funds
June 30, 2010 (in thousands)

	School Districts (40 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (16 Funds)	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 172,311	\$ 10,672	\$ 1,926	\$ 14,154	\$ 199,063
Total Assets	<u>172,311</u>	<u>10,672</u>	<u>1,926</u>	<u>14,154</u>	<u>199,063</u>
<u>NET ASSETS</u>					
Assets held in trust for pool participants	172,311	10,672	1,926	14,154	199,063
Total Net Assets	<u>\$ 172,311</u>	<u>\$ 10,672</u>	<u>\$ 1,926</u>	<u>\$ 14,154</u>	<u>\$ 199,063</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
For the Year Ended June 30, 2010 (in thousands)

	School Districts (40 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (16 Funds)	Total
<u>Additions</u>					
Contributions to pooled investments	\$ 761,136	\$ 8,429	\$ 23,060	\$ 26,901	\$ 819,526
Interest	1,025	69	2	76	1,172
Total Additions	<u>762,161</u>	<u>8,498</u>	<u>23,062</u>	<u>26,977</u>	<u>820,698</u>
<u>Deductions</u>					
Distributions from investment pool	<u>746,152</u>	<u>8,549</u>	<u>23,205</u>	<u>28,256</u>	<u>806,162</u>
Total Deductions	<u>746,152</u>	<u>8,549</u>	<u>23,205</u>	<u>28,256</u>	<u>806,162</u>
Change in Net Assets	16,009	(51)	(143)	(1,279)	14,536
Net Assets - Beginning	<u>156,302</u>	<u>10,723</u>	<u>2,069</u>	<u>15,433</u>	<u>184,527</u>
Net Assets - Ending	<u>\$ 172,311</u>	<u>\$ 10,672</u>	<u>\$ 1,926</u>	<u>\$ 14,154</u>	<u>\$ 199,063</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, 2010

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	\$ 1,808	\$ 1,703	\$ 1,421	\$ 282
Services and supplies	200	256	215	41
Expenditure transfers and reimbursements	(98)	(98)	(99)	1
Total	<u>1,910</u>	<u>1,861</u>	<u>1,537</u>	<u>324</u>
Board of Supervisors:				
Salaries wages benefits	1,426	1,439	1,399	40
Services and supplies	255	261	233	28
Expenditure transfers and reimbursements	(36)	(36)	(36)	--
Total	<u>1,645</u>	<u>1,664</u>	<u>1,596</u>	<u>68</u>
Clerk/Recorder:				
Salaries wages benefits	1,979	1,936	1,886	50
Services and supplies	1,019	1,585	1,491	94
Capital outlay	50	25	25	--
Expenditure transfers and reimbursements	--	(18)	(18)	--
Total	<u>3,048</u>	<u>3,528</u>	<u>3,384</u>	<u>144</u>
Total Legislative and Administrative	<u>6,603</u>	<u>7,053</u>	<u>6,517</u>	<u>536</u>
<u>Finance</u>				
Assessor:				
Salaries wages benefits	7,817	7,784	7,450	334
Services and supplies	763	993	723	270
Expenditure transfers and reimbursements	--	--	(2)	2
Total	<u>8,580</u>	<u>8,777</u>	<u>8,171</u>	<u>606</u>
Auditor-Controller:				
Salaries wages benefits	4,385	4,385	4,146	239
Services and supplies	244	608	429	179
Capital outlay	--	231	1	230
Expenditure transfers and reimbursements	(3)	(3)	(11)	8
Total	<u>4,626</u>	<u>5,221</u>	<u>4,565</u>	<u>656</u>
Treasurer-Tax Collector-Public Administrator:				
Salaries wages benefits	2,661	2,661	2,387	274
Services and supplies	311	311	250	61
Capital outlay	--	--	--	--
Expenditure transfers and reimbursements	--	--	(3)	3
Total	<u>2,972</u>	<u>2,972</u>	<u>2,634</u>	<u>338</u>
Total Finance	<u>16,178</u>	<u>16,970</u>	<u>15,370</u>	<u>1,600</u>
<u>Counsel</u>				
County Counsel:				
Salaries wages benefits	3,464	3,464	3,091	373
Services and supplies	268	691	524	167
Expenditure transfers and reimbursements	--	--	(15)	15
Total Counsel	<u>3,732</u>	<u>4,155</u>	<u>3,600</u>	<u>555</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, 2010

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
General Government - Expenditures (continued)				
<u>Personnel</u>				
Personnel:				
Salaries wages benefits	\$ 1,755	\$ 1,755	\$ 1,618	\$ 137
Services and supplies	190	345	254	91
Total Personnel	<u>1,945</u>	<u>2,100</u>	<u>1,872</u>	<u>228</u>
<u>Property Management</u>				
General Services:				
Salaries wages benefits	8,284	8,284	7,740	544
Services and supplies	4,472	4,486	4,320	166
Other charges	94	94	93	1
Expenditure transfers and reimbursement	(1,938)	(1,938)	(1,930)	(8)
Total	<u>10,912</u>	<u>10,926</u>	<u>10,223</u>	<u>703</u>
Maintenance Projects:				
Services and supplies	--	7,636	1,153	6,483
Expenditure transfers and reimbursement	--	(697)	(273)	(424)
Capital outlay	--	--	654	(654)
Total	<u>--</u>	<u>6,939</u>	<u>1,534</u>	<u>5,405</u>
Total Property Management	<u>10,912</u>	<u>17,865</u>	<u>11,757</u>	<u>6,108</u>
<u>Other General</u>				
Information Technology:				
Salaries wages benefits	10,150	10,150	9,602	548
Services and supplies	3,674	3,851	3,269	582
Capital outlay	99	195	68	127
Expenditure transfers and reimbursement	(2,570)	(2,570)	(2,551)	(19)
Total	<u>11,353</u>	<u>11,626</u>	<u>10,388</u>	<u>1,238</u>
Risk Management:				
Salaries wages benefits	655	655	635	20
Services and supplies	1,093	1,093	868	225
Expenditure transfers and reimbursement	(95)	(95)	(95)	--
Total	<u>1,653</u>	<u>1,653</u>	<u>1,408</u>	<u>245</u>
Non-Department Financing Uses:				
Salaries wages benefits	--	--	--	--
Services and supplies	75	75	47	28
Other charges	--	23	23	--
Expenditure transfers and reimbursement	(11,993)	(11,993)	(11,883)	(110)
Total	<u>(11,918)</u>	<u>(11,895)</u>	<u>(11,813)</u>	<u>(82)</u>
Contributions to Other Agencies:				
Services and supplies	2,054	2,124	2,075	49
Total	<u>2,054</u>	<u>2,124</u>	<u>2,075</u>	<u>49</u>
Total Other General	<u>3,142</u>	<u>3,508</u>	<u>2,058</u>	<u>1,450</u>
Total General Government	<u>42,512</u>	<u>51,651</u>	<u>41,174</u>	<u>10,477</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, 2010

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Public Protection - Expenditures</u>				
<u>Judicial</u>				
Court Operations Fund:				
Services and supplies	\$ 218	\$ 218	\$ 137	\$ 81
Other charges	2,336	2,336	2,314	\$ 22
Total	<u>2,554</u>	<u>2,554</u>	<u>2,451</u>	<u>103</u>
District Attorney:				
Salaries wages benefits	12,209	11,892	11,493	399
Services and supplies	1,359	1,359	1,159	200
Expenditure transfers and reimbursement	(304)	(304)	(352)	48
Total	<u>13,264</u>	<u>12,947</u>	<u>12,300</u>	<u>647</u>
Family Support:				
Salaries wages benefits	3,735	3,668	3,574	94
Services and supplies	985	1,052	1,000	52
Total	<u>4,720</u>	<u>4,720</u>	<u>4,574</u>	<u>146</u>
Grand Jury:				
Salaries wages benefits	38	38	37	1
Services and supplies	93	96	83	13
Total	<u>131</u>	<u>134</u>	<u>120</u>	<u>14</u>
Public Defender:				
Services and supplies	5,046	5,558	5,597	(39)
Total	<u>5,046</u>	<u>5,558</u>	<u>5,597</u>	<u>(39)</u>
Total Judicial	<u>25,715</u>	<u>25,913</u>	<u>25,042</u>	<u>871</u>
<u>Police Protection</u>				
Sheriff-Coroner:				
Salaries wages benefits	48,976	47,946	46,301	1,645
Services and supplies	8,103	8,317	8,116	201
Other charges	--	31	31	--
Capital outlay	170	1,279	1,154	125
Expenditure transfers and reimbursement	(182)	(182)	(223)	41
Total Police Protection	<u>57,067</u>	<u>57,391</u>	<u>55,379</u>	<u>2,012</u>
<u>Detention and Correction</u>				
Probation Department:				
Salaries wages benefits	14,523	14,065	13,680	385
Services and supplies	3,572	3,497	3,174	323
Other charges	8	8	--	8
Expenditure transfers and reimbursement	(245)	(245)	(265)	20
Total Detention and Correction	<u>17,858</u>	<u>17,325</u>	<u>16,589</u>	<u>736</u>
<u>Fire Protection</u>				
County Fire:				
Services and supplies	14,972	15,310	14,674	636
Capital outlay	942	1,576	627	949
Expenditure transfers and reimbursement	--	--	(7)	7
Total Fire Protection	<u>15,914</u>	<u>16,886</u>	<u>15,294</u>	<u>1,592</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, 2010

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	\$ 4,441	\$ 4,588	\$ 4,467	\$ 121
Services and supplies	709	699	633	66
Expenditure transfers and reimbursement	--	--	(2)	2
Total Protective Inspection	<u>5,150</u>	<u>5,287</u>	<u>5,098</u>	<u>189</u>
<u>Other Protection</u>				
Animal Services:				
Salaries wages benefits	1,618	1,582	1,453	129
Services and supplies	1,002	1,002	925	77
Other charges	1	1	--	1
Capital outlay	6	6	6	--
Total	<u>2,627</u>	<u>2,591</u>	<u>2,384</u>	<u>207</u>
Emergency Services:				
Salaries wages benefits	723	756	636	120
Services and supplies	375	547	210	337
Other charges	285	305	152	153
Capital outlay	35	35	34	1
Expenditure transfers and reimbursement	--	--	(1)	1
Total	<u>1,418</u>	<u>1,643</u>	<u>1,031</u>	<u>612</u>
Planning Department:				
Salaries wages benefits	9,857	9,878	9,507	371
Services and supplies	1,578	2,327	1,229	1,098
Expenditure transfers and reimbursement	--	--	(1)	1
Total	<u>11,435</u>	<u>12,205</u>	<u>10,735</u>	<u>1,470</u>
Victim/Witness Assistance:				
Salaries wages benefits	1,171	1,171	1,133	38
Services and supplies	146	146	127	19
Total	<u>1,317</u>	<u>1,317</u>	<u>1,260</u>	<u>57</u>
Waste Management:				
Services and supplies	717	761	664	97
Total	<u>717</u>	<u>761</u>	<u>664</u>	<u>97</u>
Total Other Protection	<u>17,514</u>	<u>18,517</u>	<u>16,074</u>	<u>2,443</u>
Total Public Protection	<u>139,218</u>	<u>141,319</u>	<u>133,476</u>	<u>7,843</u>
<u>Public Ways and Facilities - Expenditures</u>				
<u>Public Works:</u>				
Services and supplies	3,047	3,286	2,102	1,184
Capital outlay	--	2,029	--	2,029
Total	<u>3,047</u>	<u>5,315</u>	<u>2,102</u>	<u>3,213</u>
Total Public Ways and facilities	<u>3,047</u>	<u>5,315</u>	<u>2,102</u>	<u>3,213</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, 2010

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	\$ 3,800	\$ 3,800	\$ 3,708	\$ 92
Services and supplies	1,855	1,885	1,777	108
Other charges	663	663	5	658
Expenditure transfers and reimbursement	(663)	(512)	(593)	81
Total	<u>5,655</u>	<u>5,836</u>	<u>4,897</u>	<u>939</u>
Public Health:				
Salaries wages benefits	16,602	16,256	15,076	1,180
Services and supplies	5,783	6,353	5,287	1,066
Other charges	744	1,064	1,027	37
Capital outlay	--	102	100	2
Expenditure transfers and reimbursement	(1,485)	(1,485)	(927)	(558)
Total	<u>21,644</u>	<u>22,290</u>	<u>20,563</u>	<u>1,727</u>
Mental Health:				
Salaries wages benefits	14,290	13,505	13,013	492
Services and supplies	15,358	16,599	15,622	977
Expenditure transfers and reimbursement	(864)	(857)	(861)	4
Total	<u>28,784</u>	<u>29,247</u>	<u>27,774</u>	<u>1,473</u>
Mental Health Services Act:				
Salaries wages benefits	5,318	5,318	3,765	1,553
Services and supplies	5,340	7,840	5,352	2,488
Expenditure transfers and reimbursement	(21)	(21)	(100)	79
Total	<u>10,637</u>	<u>13,137</u>	<u>9,017</u>	<u>4,120</u>
Total Health	<u>66,720</u>	<u>70,510</u>	<u>62,251</u>	<u>8,259</u>
Total Health and Sanitation	<u>66,720</u>	<u>70,510</u>	<u>62,251</u>	<u>8,259</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, 2010

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	\$ 36,311	\$ 36,311	\$ 32,260	\$ 4,051
Services and supplies	17,048	17,672	14,735	2,937
Other charges	6,033	8,574	6,753	1,821
Capital outlay	159	159	117	42
Expenditure transfers and reimbursement	(66)	(66)	(93)	27
Total Administration	<u>59,485</u>	<u>62,650</u>	<u>53,772</u>	<u>8,878</u>
<u>Aid Programs</u>				
Aid Foster Care Non-Fed:				
Services and supplies	--	46	44	2
Other charges	16,365	16,914	16,105	809
Total	<u>16,365</u>	<u>16,960</u>	<u>16,149</u>	<u>811</u>
Calworks Assistance:				
Other charges	13,129	13,707	13,486	221
Total	<u>13,129</u>	<u>13,707</u>	<u>13,486</u>	<u>221</u>
Total Aid Programs	<u>29,494</u>	<u>30,667</u>	<u>29,635</u>	<u>1,032</u>
<u>Medical Services</u>				
Medical Assistance Program:				
Salaries wages benefits	221	322	221	101
Services and supplies	3,350	3,650	3,650	--
Total Medical Services	<u>3,571</u>	<u>3,972</u>	<u>3,871</u>	<u>101</u>
<u>General Relief</u>				
General Relief:				
Other charges	1,148	1,158	1,121	37
Total General Relief	<u>1,148</u>	<u>1,158</u>	<u>1,121</u>	<u>37</u>
<u>Veterans Service</u>				
Veterans Service:				
Salaries wages benefits	395	400	374	26
Services and supplies	47	52	43	9
Total Veterans Service	<u>442</u>	<u>452</u>	<u>417</u>	<u>35</u>
<u>Other Assistance</u>				
Law Enforcement Med Care:				
Salaries wages benefits	1,711	1,694	1,502	192
Services and supplies	819	819	661	158
Expenditure transfers and reimbursement	(597)	(597)	(534)	(63)
Total	<u>1,933</u>	<u>1,916</u>	<u>1,629</u>	<u>287</u>
Total Other Assistance	<u>1,933</u>	<u>1,916</u>	<u>1,629</u>	<u>287</u>
Total Public Assistance	<u>96,073</u>	<u>100,815</u>	<u>90,445</u>	<u>10,370</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, 2010

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Education - Expenditures</u>				
<u>Agricultural Education</u>				
Farm Advisor:				
Salaries wages benefits	\$ 325	\$ 315	\$ 297	\$ 18
Services and supplies	110	120	98	22
Total Agricultural Education	<u>435</u>	<u>435</u>	<u>395</u>	<u>40</u>
Total Education	<u>435</u>	<u>435</u>	<u>395</u>	<u>40</u>
Total General Fund - Expenditures (Before Contingencies)	<u>348,005</u>	<u>370,045</u>	<u>329,843</u>	<u>40,202</u>
<u>Contingencies</u>				
<u>Appropriation for Contingencies</u>				
Contingencies - General Fund:				
Appropriation for contingency	15,132	13,837	--	13,837
Total	<u>15,132</u>	<u>13,837</u>	<u>--</u>	<u>13,837</u>
Total Appropriation for Contingency	<u>15,132</u>	<u>13,837</u>	<u>--</u>	<u>13,837</u>
Total Contingency	<u>15,132</u>	<u>13,837</u>	<u>--</u>	<u>13,837</u>
Total General Fund Expenditures	<u>\$ 363,137</u>	<u>\$ 383,882</u>	<u>\$ 329,843</u>	<u>\$ 54,039</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	175
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	180
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.....	184
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	186
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.....	189

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
Last Ten Fiscal Years
(in thousands)
(UNAUDITED)**

	Fiscal Year								
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Governmental Activities									
Invested in Capital Assets, net of related debt	\$ 950,432	\$ 951,989	\$ 956,773	\$ 981,543	\$ 996,381	\$ 1,012,458	\$ 1,047,361	\$ 1,063,955	\$ 1,071,844
Restricted	54,090	66,890	66,474	48,141	40,178	50,061	52,566	41,188	36,385
Unrestricted	129,902	116,055	109,032	130,632	169,766	190,107	173,396	192,271	206,786
Total governmental activities net assets	\$ 1,134,424	\$ 1,134,934	\$ 1,132,279	\$ 1,160,316	\$ 1,206,325	\$ 1,252,626	\$ 1,273,323	\$ 1,297,414	\$ 1,315,015
Business-type activities									
Invested in Capital Assets, net of related debt	\$ 99,047	\$ 101,138	\$ 109,785	\$ 114,785	\$ 122,534	\$ 146,021	\$ 155,907	\$ 167,188	\$ 160,627
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	20,699	21,586	17,146	12,867	19,178	16,511	16,202	12,266	18,117
Total business net assets	\$ 119,746	\$ 122,724	\$ 126,931	\$ 127,652	\$ 141,712	\$ 162,532	\$ 172,109	\$ 179,454	\$ 178,744
Total Primary Government									
Invested in Capital Assets, net of related debt	\$ 1,049,479	\$ 1,053,127	\$ 1,066,558	\$ 1,096,328	\$ 1,118,915	\$ 1,158,479	\$ 1,203,268	\$ 1,231,143	\$ 1,232,471
Restricted	54,090	66,890	66,474	48,141	40,178	50,061	52,566	41,188	36,385
Unrestricted	150,601	137,641	126,178	143,499	188,944	206,618	189,598	204,537	224,903
Total primary government net assets	\$ 1,254,170	\$ 1,257,658	\$ 1,259,210	\$ 1,287,968	\$ 1,348,037	\$ 1,415,158	\$ 1,445,432	\$ 1,476,868	\$ 1,493,759

Notes:

1. Trend data is only available for the last nine years due to the implementation of GASB 34
2. Source - Statement of Net Assets

Source: Statement of Net Assets

County of San Luis Obispo
Changes in Net Assets
Last Ten Fiscal Years
(in thousands)
(UNAUDITED)

	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>
Expenses									
Governmental Activities									
General government	\$ 32,670	\$ 31,990	\$ 34,862	\$ 29,565	\$ 39,872	\$ 50,819	\$ 46,971	\$ 41,658	\$ 36,561
Public protection	92,131	98,816	104,594	106,402	100,234	120,165	135,987	136,755	134,768
Public ways and facilities	24,161	23,328	23,147	23,647	32,858	22,256	24,503	24,713	24,927
Health and Sanitation	43,912	48,961	50,240	52,540	53,113	55,173	66,382	66,542	68,199
Public Assistance	78,006	78,524	82,461	83,209	84,451	84,045	93,472	97,803	96,645
Education	7,437	7,323	7,969	7,459	7,786	8,626	9,966	10,967	10,390
Recreation and Cultural Services	4,793	5,003	5,762	4,238	4,244	6,106	6,024	7,561	8,708
Interest on Long Term debt	3,119	2,797	4,379	4,173	7,184	5,163	5,771	5,433	6,356
Total Governmental Activities Expenses	286,229	296,742	313,414	311,233	329,742	352,353	389,076	391,432	386,554
Business-type Activities Expenses									
Airport	2,405	3,046	3,116	3,628	3,703	4,021	7,809	4,559	5,204
Golf	2,585	1,613	3,132	2,905	2,867	3,301	3,033	3,249	2,974
Hospital	26,154	28,170	17,987	2,149	-	-	-	-	-
State Water contract	5,813	5,384	5,045	5,451	5,102	4,792	5,179	5,661	5,630
Nacimiento Water contract	490	484	456	497	580	559	20,021	10,144	10,613
Lopez dam	3,456	3,790	3,449	5,418	5,237	5,807	7,945	6,189	5,813
General Flood Control Zone	566	506	718	526	726	681	689	712	831
Transit	576	632	841	933	745	714	1,071	987	1,143
County Service Areas	2438	2,613	4,583	2,692	2,907	3,465	3,419	3,434	3,744
Total Business-type Activities Expenses	44,483	46,238	39,327	24,199	21,867	23,340	49,166	34,935	35,952
Total Primary Government Expenses	\$ 330,712	\$ 342,980	\$ 352,741	\$ 335,432	\$ 351,609	\$ 375,693	\$ 438,242	\$ 426,367	\$ 422,506
Program Revenues									
Governmental Activities									
Fees, Fines, Charges for Services									
General Government	\$ 34,074	\$ 23,236	\$ 25,112	\$ 29,911	\$ 22,293	\$ 18,743	\$ 13,299	\$ 17,729	\$ 12,878
Public Protection	5,119	7,139	7,012	7,642	11,776	21,061	20,380	23,285	21,072
Public ways and facilities	3,692	6,179	6,767	6,607	9,730	7,236	7,580	4,190	3,234
Health and sanitation	5,495	8,754	6,766	8,555	8,831	6,505	6,583	6,863	7,026
Public assistance	853	2,455	2,279	2,680	2,438	2,798	2,864	2,784	925
Education	1,593	1,567	1,515	1,853	1,460	1,759	1,891	1,922	2,304
Recreation and cultural services	2,328	3,189	2,598	1,110	1,370	1,246	2,183	3,931	3,822
Operating Grants and Contributions									
General Government	1,229	1,604	3,616	2,404	1,442	1,454	446	751	377
Public Protection	28,731	30,141	33,188	33,888	39,054	41,429	40,924	38,080	40,034
Public ways and facilities	11,901	8,927	8,364	9,099	11,459	8,712	8,975	10,406	10,679
Health and sanitation	34,122	36,907	38,518	37,474	39,611	44,135	46,267	49,149	57,784
Public assistance	66,100	63,543	67,088	67,559	73,863	75,391	79,190	83,175	81,525
Education	658	541	420	250	250	299	262	260	259
Recreation and cultural services	-	53	-	1,029	158	167	185	178	177
Capital Grants and Contributions									
General Government	-	-	-	311	-	291	264	384	449
Public Protection	1,368	150	1,054	935	208	1,799	319	82	-
Public ways and facilities	356	2,959	6,028	4,091	6,253	6,008	15,130	5,966	10,259
Health and sanitation	-	-	-	177	-	-	34	-	-
Public assistance	-	-	-	80	-	-	-	-	-
Recreation and cultural services	58	-	682	403	805	171	979	423	173
Total Governmental Activities	197,677	197,344	211,007	216,058	231,001	239,204	247,755	249,558	252,977

Source: Statement of Activities

(continued)

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

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Business-type Activities									
Fees, Fines, Charges for Services									
Airport	\$ 2,290	\$ 2,913	\$ 4,846	\$ 4,206	\$ 3,864	\$ 3,919	\$ 4,585	\$ 3,734	\$ 3,541
Golf	3,055	2,823	2,928	2,719	2,895	3,016	3,058	2,879	2,653
Hospital	16,371	15,824	6,993						
State Water Contract	5,101	5,845	5,084	5,506	5,098	4,458	5,309	5,767	6,513
Nacimiento Water Contract	41	44	36	31	5,509	6,893	3,018	284	355
Lopez Dam	4,056	4,106	3,006	4,383	4,717	5,987	6,453	5,494	6,164
General Flood Control Zone	481	492	557	550	562	575	600	637	661
Transit	53	56	74	74	57	52	55	63	-
County Service Areas	1,697	2,240	3,812	2,323	2,604	2,860	2,869	2,658	2,784
Operating Grants and Contributions									
Airport	-	175	391	11	279	281	820	144	182
Golf	-	-	-	75	-	-	-	-	-
Hospital	171	-	-						
State Water Contract	8	8	8	8	8	8	8	8	8
Nacimiento Water Contract	15	16	17	20	23	25	28	31	31
Lopez Dam	17	112	10	14	-	-	-	15	15
Transit	550	633	887	950	1,190	-	-	-	1,172
General Flood Control Zone						543	624	962	-
County Service Areas	3	3	3	3	222	155	2	4	4
Capital Grants and Contributions									
Airport	4,881	2,493	1,002	3,188	3,792	9,509	19,201	6,750	4,310
County Service Areas	333	-	124	-	-	-	165	275	339
Total Business-type Activities Revenues	<u>39,123</u>	<u>37,783</u>	<u>29,778</u>	<u>24,061</u>	<u>30,820</u>	<u>38,281</u>	<u>46,795</u>	<u>29,705</u>	<u>28,732</u>
Total Primary Government Revenues	<u>\$ 236,800</u>	<u>\$ 235,127</u>	<u>\$ 240,785</u>	<u>\$ 240,119</u>	<u>\$ 261,821</u>	<u>\$ 277,485</u>	<u>\$ 294,550</u>	<u>\$ 279,263</u>	<u>\$ 281,709</u>
Net (Expense)/Revenues									
Governmental Activities	\$ (88,552)	\$ (99,398)	\$ (102,407)	\$ (95,175)	\$ (98,741)	\$ (113,149)	\$ (141,321)	\$ (141,874)	\$ (133,577)
Business-Type Activities	<u>(5,360)</u>	<u>(8,455)</u>	<u>(9,549)</u>	<u>(138)</u>	<u>8,953</u>	<u>14,941</u>	<u>(2,371)</u>	<u>(5,230)</u>	<u>(7,220)</u>
Total Primary Government net expense	<u>\$ (93,912)</u>	<u>\$ (107,853)</u>	<u>\$ (111,956)</u>	<u>\$ (95,313)</u>	<u>\$ (89,788)</u>	<u>\$ (98,208)</u>	<u>\$ (143,692)</u>	<u>\$ (147,104)</u>	<u>\$ (140,797)</u>
					Fiscal Year				
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
General Revenue and Other Changes in Net Assets									
Governmental Activities									
Property Taxes	\$ 78,802	\$ 70,022	\$ 75,559	\$ 98,025	\$ 114,076	\$ 128,867	\$ 133,292	\$ 141,195	\$ 132,723
Other Taxes	11,828	12,739	15,422	14,333	15,823	15,798	15,881	14,389	13,358
Interest and investment income	10,969	5,026	3,221	4,420	7,176	11,025	9,790	4,646	1,690
Unrestricted Grants	21,721	19,839	15,681	4,609	9,559	4,079	4,019	4,890	3,972
Other revenues	-	-	83	331	-	-	-	-	-
Transfers	(6,059)	(7,718)	(10,214)	1,494	(1,884)	(319)	(964)	845	(565)
Total Governmental Activities	<u>117,261</u>	<u>99,908</u>	<u>99,752</u>	<u>123,212</u>	<u>144,750</u>	<u>159,450</u>	<u>162,018</u>	<u>165,965</u>	<u>151,178</u>
Business-type Activities									
Property Taxes	2,369	2,823	3,073	1,765	2,051	3,359	3,402	3,678	3,654
Other Taxes	-	4	-	-	-	-	-	27	28
Interest and investment income	2,186	872	318	406	1,085	1,897	7,290	6,190	1,900
Other revenues	421	16	151	182	86	304	292	572	363
Transfers	6,059	7,718	10,214	(1,494)	1,884	319	964	(845)	565
Total Business-type Activities	<u>11,035</u>	<u>11,433</u>	<u>13,756</u>	<u>859</u>	<u>5,106</u>	<u>5,879</u>	<u>11,948</u>	<u>9,622</u>	<u>6,510</u>
Total Primary Government	<u>\$ 128,296</u>	<u>\$ 111,341</u>	<u>\$ 113,508</u>	<u>\$ 124,071</u>	<u>\$ 149,856</u>	<u>\$ 165,329</u>	<u>\$ 173,966</u>	<u>\$ 175,587</u>	<u>\$ 157,688</u>
Change in Net Assets									
Governmental Activities	\$ 28,709	\$ 510	\$ (2,655)	\$ 28,037	\$ 46,009	\$ 46,301	\$ 20,697	\$ 24,091	\$ 17,601
Business-Type Activities	<u>5,675</u>	<u>2,978</u>	<u>4,207</u>	<u>721</u>	<u>14,059</u>	<u>20,820</u>	<u>9,577</u>	<u>4,392</u>	<u>(710)</u>
Total Primary Government	<u>\$ 34,384</u>	<u>\$ 3,488</u>	<u>\$ 1,552</u>	<u>\$ 28,758</u>	<u>\$ 60,068</u>	<u>\$ 67,121</u>	<u>\$ 30,274</u>	<u>\$ 28,483</u>	<u>\$ 16,891</u>

Notes:

1. Trend data is only available for the last nine years due to the implementation of GASB 34
2. Source - Statement of Activities

Source: Statement of Activities

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 15,447	\$ 18,761	\$ 21,772	\$ 19,194	\$ 18,255	\$ 5,246	\$ 2,538	\$ 31,853	\$ 40,561	\$ 49,543
Unreserved	37,306	68,187	70,147	59,105	76,200	99,343	102,030	64,886	63,626	66,559
Total General Fund	<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>	<u>\$ 116,102</u>
All Other Governmental Funds										
Reserved	\$ 13,549	\$ 50,932	\$ 64,454	\$ 73,309	\$ 41,727	\$ 9,039	\$ 30,278	\$ 50,422	\$ 42,697	\$ 39,243
Unreserved, reported in:										
Special Revenue Funds	32,316	38,589	38,779	32,263	42,828	80,293	70,630	60,384	51,703	55,513
Capital Project Funds	26,059	15,439	17,117	13,793	19,877	27,245	31,638	21,233	23,248	20,859
Debt Service Funds	268	-	-	-	-	-	-	-	-	-
Total all other Governmental Funds	<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>	<u>\$ 115,615</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
(in thousands)
(UNAUDITED)

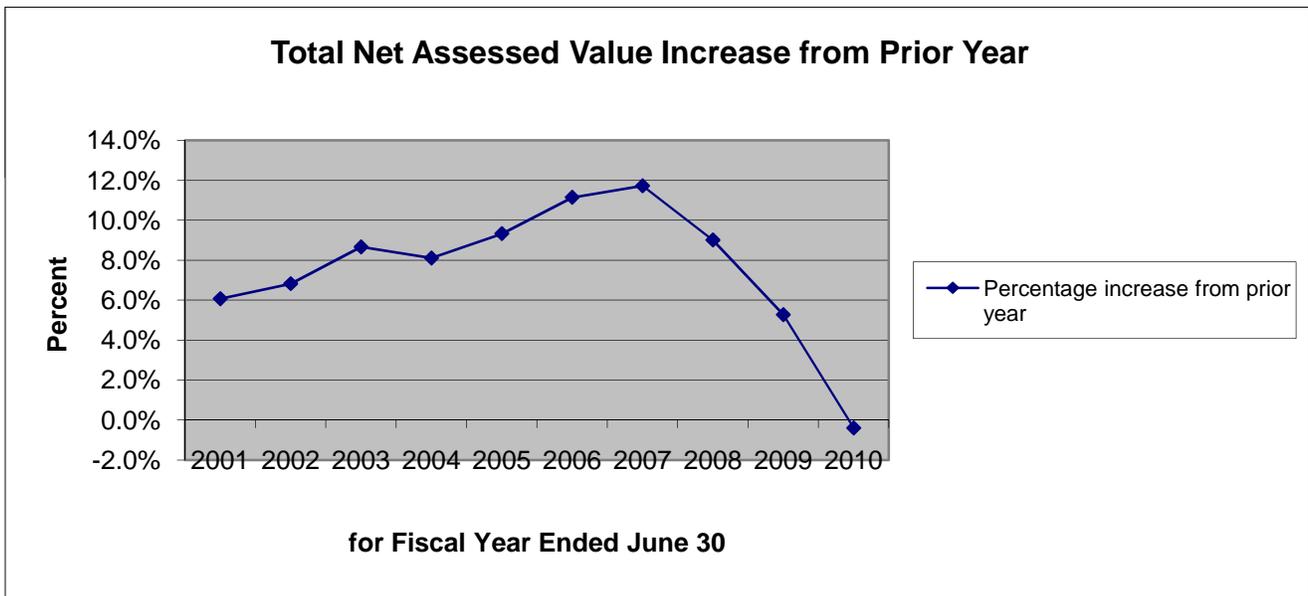
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$ 85,851	\$ 85,472	\$ 83,404	\$ 90,553	\$ 112,565	\$ 128,586	\$ 141,934	\$ 144,596	\$ 154,155	\$ 153,910
Licenses, permits, and franchises	7,592	7,849	8,700	8,674	13,637	10,744	9,404	9,117	8,006	6,906
Fines, forfeits, and penalties	4,684	7,861	5,988	7,901	6,105	3,544	6,262	6,224	6,973	6,078
Revenues from use of money and property	7,600	10,439	4,839	2,973	4,063	6,637	9,789	8,452	4,122	1,644
Aid from governmental agencies	147,535	164,435	164,625	172,425	160,452	182,750	184,142	196,994	188,794	199,771
Charges for current services	24,584	46,664	48,957	54,300	54,769	55,547	55,083	50,592	54,208	47,065
Other revenues	16,742	10,162	4,319	4,608	4,712	7,146	6,750	3,122	6,856	5,358
Total revenues	294,588	332,882	320,832	341,434	356,303	394,954	413,364	419,097	423,114	420,732
Expenditures										
Current:										
General government	33,347	42,765	39,896	49,491	49,074	53,691	55,375	51,733	51,461	45,162
Public protection	80,691	89,119	95,815	101,203	107,355	116,791	126,043	134,058	140,746	136,857
Public ways and facilities	17,941	20,836	20,741	29,718	24,096	25,749	38,981	44,814	42,139	31,093
Health and sanitation	33,852	43,071	47,822	49,542	52,894	55,464	57,590	66,180	67,267	68,442
Public assistance	67,611	77,350	77,449	81,616	82,673	87,020	87,182	92,682	98,170	96,248
Education	6,775	7,285	6,972	7,606	7,802	7,891	8,755	9,698	11,016	13,020
Recreational and cultural services	6,255	4,800	4,853	5,645	5,092	4,159	8,005	9,911	8,654	8,313
Debt service:										
Principal payments	615	4,735	1,305	1,815	1,895	4,970	6,560	2,601	3,264	3,790
Interest and fiscal charges	1,082	3,121	2,959	5,105	6,226	5,774	6,401	5,593	5,181	5,954
Debt Issuance Costs	-	-	-	2,173	-	-	-	-	-	550
Capital outlay	6,320	7,919	15,147	14,490	18,673	9,551	10,241	13,333	2,849	1,965
Total expenditures	254,489	301,001	312,959	348,404	355,780	371,060	405,133	430,603	430,747	411,394
Excess (deficiency) of revenues over expenditures	40,099	31,881	7,873	(6,970)	523	23,894	8,231	(11,506)	(7,633)	9,338
Other Financing Sources										
Proceeds of long term debt	-	-	21,982	137,194	-	-	5,090	7,325	-	-
Payment to San Luis Pension Trust	-	-	-	(135,000)	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	-	-	-	42,565
Payment to refunded escrow agent	-	-	-	-	-	-	-	-	-	(42,000)
Discount on certificates of participation issued	-	-	-	-	-	-	-	(119)	-	-
Transfers in	12,268	21,970	36,960	29,420	19,792	31,910	42,996	42,324	43,523	33,044
Transfers out	(18,912)	(30,493)	(46,454)	(39,248)	(19,093)	(33,525)	(42,817)	(42,751)	(42,833)	(33,065)
Total other financing sources and uses	(6,644)	(8,523)	12,488	(7,634)	699	(1,615)	5,269	6,779	690	544
Net change in fund balances	\$ 33,455	\$ 23,358	\$ 20,361	\$ (14,604)	\$ 1,222	\$ 22,279	\$ 13,500	\$ (4,727)	\$ (6,943)	\$ 9,882
Debt Service as a percentage of non capital expenditures	0.70%	2.75%	1.47%	2.88%	2.55%	3.12%	3.50%	2.13%	2.13% #	2.65%

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
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
2010	42,185,284	1,148,662	(914,309)	42,419,637	-0.4%	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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	0.00230	0.00230	0.00230	0.00230	0.00223	0.00222	0.00221	0.00220	0.00220	0.00220
Total Direct Rate	1.00230 #	1.00230 #	1.00230 #	1.00230 #	1.00223 #	1.00222	1.00221	1.00220	1.00220	1.00220
Cities, Schools, and Special Districts Combined Rates										
Arroyo Grande	0.0467	0.0365	0.0329	0.0403	0.0593	0.0423	0.0392	0.0422	0.0464	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	0.0467	0.0365	0.0329	0.0273	0.0463	0.0313	0.0295	0.0333	0.0382	0.0382
Morro Bay	0.0086	0.0083	0.0081	0.0082	0.0081	0.0231	0.0231	0.0492	0.0492	0.0492
Paso Robles	0.3575	0.3575	0.1775	0.1775	0.1775	0.1082	0.0952	0.0997	0.0948	0.0988
Pismo Beach	0.0467	0.0365	0.0329	0.0273	0.0463	0.0335	0.0295	0.0333	0.0382	0.0382
San Luis Obispo	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 2010			Fiscal Year 2001		
		Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
Pacific Gas & Electric Co.	Utility	2,451,314	1	5.78%	\$ 2,619,206	1	12.02%
TOSCO Corp	Petroleum & Gas	166,755	2	0.39%	169,458	3	0.78%
Pacific Bell Telephone Co	Communications	84,774	3	0.20%	126,612	4	-
CSHV Mustang Village	Apartments	74,976	4	0.18%	-	-	-
Beringer Wine Estates Company	Winery	68,966	5	0.16%	51,329	6	0.24%
Plains Exploration & Prod Co	Petroleum & Gas	61,378	6	0.14%	-	-	-
Martin Hotel Mgmt Co LLC	Hotel	60,967	7	0.14%	-	-	-
Southern California Gas Co	Utility	58,333	8	0.14%	-	-	0.00%
Twin Cities Com. Hospital	Hospital	54,652	9	0.13%	-	-	-
Sierra Vista Hospital	Hospital	50,423	10	0.12%	36,043	9	-
Duke Energy Morro Bay, LLC	Utility	-	-	-	183,006	2	0.84%
AT&T Communications	Utility	-	-	-	118,712	5	0.54%
Southern California Gas Co	Utility	-	-	-	47,462	7	0.22%
ESJ Centers LLC ETAL	Real Estate	-	-	-	40,719	8	0.19%
Charter Communications	Utility	-	-	-	31,080	10	0.14%
Total		\$ 3,132,538		7.38%	\$ 3,423,627		14.97%
Total County Assessed Value \$ 42,419,637					\$ 21,782,683		

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		
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%
2010	412,698	398,951	96.67%	13,747	3.33%

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
(in thousands)
(UNAUDITED)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Actives										
Certificates of Participation	\$10,976	\$6,486	\$27,601	\$26,487	\$25,323	\$23,107	\$27,125	\$33,319	\$31,920	\$30,420
Less deferred amounts:										
For issuance discounts:	-	-	-	-	-	-	-	(119)	(115)	(111)
Pension Obligation Bonds	-	-	-	137,194	137,194	135,199	130,504	129,034	127,169	125,444
Business Type										
Certificates of Participation	24,224	23,989	23,539	23,068	22,577	22,069	21,535	20,985	20,848	20,657
Pension Obligation Bonds										
State Note	3,228	3,117	3,003	3,211	3,077	15,126	26,144	31,824	32,283	32,418
Revenue Bonds	1,778	984	705	71	66	61	56	196,461	196,456	196,450
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	6,371	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	11,155
Total Outstanding Debt	\$53,406	\$47,776	\$67,828	\$202,781	\$200,747	\$207,822	\$217,364	\$429,605	\$426,382	\$422,804
Percentage of Personal Income	0.74%	0.64%	0.88%	2.48%	2.30%	N/A	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%	1.00%
Per Capita	\$211.84	\$188.39	\$264.64	\$785.36	\$769.95	\$789.47	\$820.55	\$1,595.05	\$1,576.69	\$1,547.42

Note:

1. See the Demographic Statistics Schedule for detail information on personal income and population.
2. Source - Notes to the Financial Statements, Note 10

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assessed Value of Property (a) (b)	\$ 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	\$ 42,419,637
Debt Limit, 1.25% of Assessed Value	272,284	290,868	316,075	341,699	373,576	415,204	463,878	505,663	532,357	530,245
Amount of Debt Applicable to Limit										
General Obligation Bonds ©	13,200	13,200	12,980	12,750	12,510	12,260	12,000	11,730	11,450	11,155
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	11,155
Legal Debt Margin	\$ 259,084	\$ 277,668	\$ 303,095	\$ 328,949	\$ 361,066	\$ 402,944	\$ 451,878	\$ 493,933	\$ 520,907	\$ 519,090
Total Debt Applicable as a Percentage of the Debt Limit	4.85%	4.54%	4.11%	3.73%	3.35%	2.95%	2.59%	2.32%	2.15%	2.10%

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		\$39,538,106,493
Pipeline Right-of-Way (Unitary)		6,101,156
Aircraft		71,696,795
Total Local Assessed		39,615,904,444
State Assessed		
Local Utility		62,794,964
Unitary		2,740,938,251
Total State Assessed		2,803,733,215
Combined Assessed Values		
Sub-Total Combined Assessed Values		42,347,940,864
Aircraft		71,696,795
Total Combined Assessed Values		<u>\$42,419,637,659</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)			
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
2010	273,231	N/A	N/A	N/A	44,351	10.0

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

* = restated

- 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
Full Time Equivalent County Government Employees by Function
Last Ten Fiscal Years
(UNAUDITED)

Function/Program	Full Time Equivalent Employees per Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government	480.75	478.25	465.25	481.25	480.25	479.75	482.00	495.50	485.25	451.00
Public Protection	813.50	830.50	857.00	862.50	850.50	856.00	885.25	891.75	879.50	799.75
Public Ways and Facilities	182.50	182.50	191.50	194.50	184.00	185.00	185.25	191.25	199.25	202.25
Health and Sanitation	528.25	549.75	531.00	507.25	419.25	413.25	394.50	423.75	421.00	424.75
Public Assistance	426.50	441.50	464.50	464.50	439.00	438.75	443.75	453.25	437.25	426.75
Education	67.00	67.50	73.00	74.00	73.00	74.00	84.00	87.50	87.50	78.50
Recreation and Cultural Services	54.00	54.00	53.00	55.50	56.50	55.00	59.00	58.00	58.00	56.00
Total	<u>2,552.50</u>	<u>2,604.00</u>	<u>2,635.25</u>	<u>2,639.50</u>	<u>2,502.50</u>	<u>2,501.75</u>	<u>2,533.75</u>	<u>2,601.00</u>	<u>2,567.75</u>	<u>2,439.00</u>

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Recreation and Cultural Services										
Parks										
<i>Day Use Passes</i>	79,718	72,971	71,874	64,679	53,906	62,951	66,899	65,895	47,156	47,011
<i>Annual Passes</i>	1,902	1,948	1,822	1,478	1,436	1,496	1,416	1,598	3,547	2,220
<i>Daily Boat Launches</i>	30,564	36,854	28,951	26,552	21,085	22,481	19,737	14,085	16,864	15,802
<i>Annual Boat Passes</i>	999	986	960	842	795	804	793	847	752	627
Public Protection										
Planning and Building										
<i>Total Permits Issued</i>	3,266	3,331	3,618	3,856	3,747	3,548	2,897	2,634	2,261	2,067
<i>Number of New Affordable Housing</i>	67	54	0	141	267	184	63	218	105	82
Sheriff										
<i>Jail bookings (a)</i>	13,108	13,741	14,182	15,016	14,240	14,927	18,718	18,321	14,158	13,025
<i>Average daily population (a)</i>	352	386	433	460	506	534	553	567	540	551
Health and Sanitation										
Mental Health										
<i>Total number of patient days in State Hospitals</i>	0	182	410	571	986	522	447	603	365	364
Public Health										
<i>No. of Children enrolled in the Health Families Pgm</i>	2,786	3,378	3,833	3,824	4,331	4,436	4,752	5,098	5,450	5,709
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>	1.8	3.1	3.8	3.3	2.9	3.8	2.9	n/a	n/a	n/a
Education										
Library										
<i>Annual number of items circulated per capita</i>	7.0	7.6	7.2	7.1	5.8	6.0	7.0	7.5	9.2	9.4
<i>Annual Expenditure per capita for total Library budget</i>	\$ 21.87	\$ 23.11	\$ 24.30	\$ 24.03	\$ 27.37	\$ 28.34	\$ 31.07	\$ 33.75	\$ 38.43	\$ 35.35
Public Ways and Facilities										
Roads										
<i>Pavement Condition Rating for all county roads (70 = "good")</i>	68	65	64	64	58	70	69	65	62	65
Airport										
Airport										
<i>Takeoffs and Landings (a)</i>	114,732	113,292	119,613	115,066	101,849	n/a	92,096	96,172	95,419	88,161
<i>Passenger Enplanements</i>	161,293	148,347	152,607	154,726	173,370	182,177	177,176	182,285	132,748	125,152

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Recreation and Cultural Services										
County golf courses	3	3	3	3	3	3	3	3	3	3
Park acreage	11,886	11,946	11,946	11,946	12,026	12,056	12,056	13,402	13,422	13,422
Public Protection										
Correction facility capacities (a)	689	689	689	689	693	693	684	693	693	693
Public Ways and Facilities										
Miles of county roads	1,305	1,302	1,312	1,315	1,317	1,321	1,321	1,334	1,336	1,329
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