

**County of San Luis Obispo, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2011**

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



COUNTY OF SAN LUIS OBISPO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011
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INTRODUCTORY SECTION



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Office of the Auditor-Controller
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December 29, 2011

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, 2011, 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 a reasonable rather than an 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 a reasonable assurance that the financial statements of the County of San Luis Obispo for the fiscal year ended June 30, 2011, are free of any 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, 2011, are fairly presented and in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The County of San Luis Obispo, incorporated in 1850, is located on the central coast of the State of California, midway between Los Angeles and San Francisco. The County of San Luis Obispo currently occupies a land area of 3,326 square miles and serves a population of 270,966 residents. Approximately 44% of the population resides in the unincorporated area. The seven cities of the County are Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach and San Luis Obispo.

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

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

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

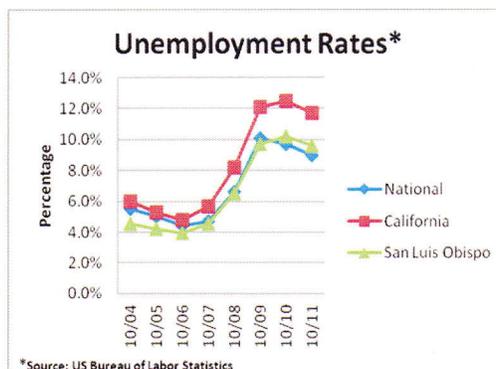
Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the required supplementary information immediately following the notes to the financial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

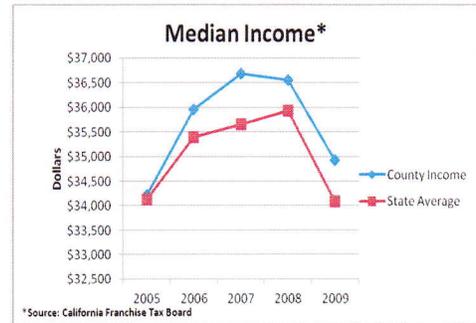
Employment:

- Unemployment in the County as of October 30, 2011 was 9.6%, which is lower than the state rate of 11.7% but slightly higher than the national average (9.1%).
- The State of California has a major presence in this area with California Men's Colony, Atascadero State Hospital, CalTrans, and California Polytechnic State University, making the State the largest employer in the County. The reduction of the State workforce has had an impact on the County's unemployment rate.



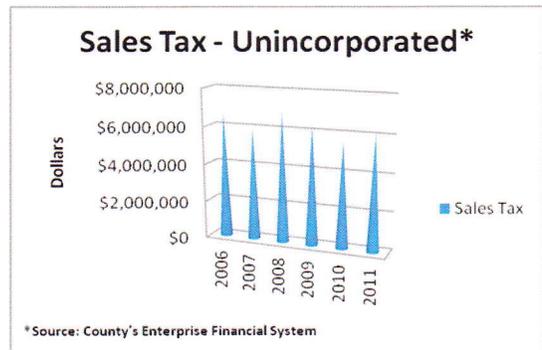
Income:

- Family average income of \$34,921, as reported to the Franchise Tax Board, decreased by 4.5% from 2008 to 2009 for the residents of the County of San Luis Obispo.
- The San Luis Obispo 2009 average family income of \$34,921 was approximately 2.5% higher than the State average. San Luis Obispo County ranked 23rd out of 58 counties when comparing annual income.



Retail Sales:

- Retail sales for the County of San Luis Obispo as a whole decreased by 7.9% from 2009 to 2010 according to the State Board of Equalization.
- After declining 3 years in a row; sales tax revenue for the unincorporated area of the County of San Luis Obispo increased by 11.5% from 2010 to 2011.



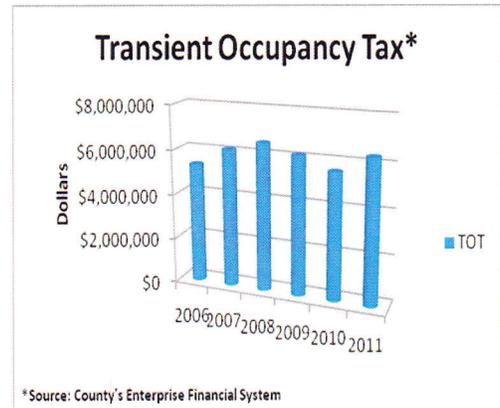
Real Estate:

- People's desire to live in the area kept the median home price at \$327,500 as of October 2011. However, this is a decrease of 9.66% from the same time in the prior year. Decrease of the median home price demonstrates that the local real estate market continues to adjust to sustainable market rates.
- Discretionary revenue indicators clearly illustrate a flat economy. Property tax revenue receipts were \$136.5 million, an increase of less than 1% over the prior year.
- The total assessed value of secured property of \$441,849,118 for fiscal year 2011-2012 is a decrease of 1.6% from the previous year, but it is still higher than the 2007-08 assessed value.
- Property Transfer Tax is related to the value and number of real estate transactions during the year. The unincorporated area of the County saw a decrease of slightly less than 3% during 2010-2011. When this is compared to the prior fiscal year decrease of over 28% it implies that housing sales may be stabilizing.
- The property tax delinquency rate has decreased for 2 years in a row indicating that foreclosures are slowing down, and family income is remaining stable.

- Building permits issued remained stable from 2009 to 2010, however; this is still the lowest number of permits issued in the last 10 years.

Tourism:

- Transient occupancy tax increased in 2011 by 13.6% in the unincorporated area. The pristine coast line, small town atmospheres, sweeping vineyards, excellent restaurants, and friendly attitudes of residents make San Luis Obispo County a desired tourist destination.
- In January 2011 Oprah Winfrey aired a special about San Luis Obispo which had been recently named as one of the happiest places in the world. The show was seen in more than 150 countries and is sure to increase tourism to the area.



Long-term financial planning:

- The 2011-2012 fiscal year budget was developed to address major changes in the overall financial status of the County. The downturn in the housing market has significantly impacted the County's main discretionary revenue sources. This factor, along with increases in employee and pension costs produced another lean budget year. The final 2011-2012 budget authorized a \$443.2 million spending level which is a slight increase over the \$442.3 million budget from the 2010-2011 FY. The general fund included \$376.9 million appropriated to finance the current year's expenditures including contingencies, with \$8 million placed in general reserves and \$11.4 million earmarked for designations. The 2011-2012 FY budget anticipates that the 2012-2013 FY will be at least as financially difficult. Accepting this outlook, hiring restrictions are still in place so only positions that are critical to public health, public safety or essential for key operations will be filled.
- 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 2011-2012 FY capital budget included only one new project.

Total 2011-2012 appropriations for Capital Projects are approximately \$42.3 million. Many of the existing projects will be completed over multiple years.

Relevant Financial Policies:

- **Balanced Budget:** The County Administrative Officer shall present a balanced budget for all County operating funds on an annual basis.
- **Budget Cuts:** County departments have been able to absorb the decreases in revenue through budget cuts without having to create furlough days or implement staff layoffs of permanent full-time positions.
- **Budget Priorities:** For the FY 2011-2012 Budget the Board of Supervisors established budget priorities of a) Meet legal mandates; b) Meet debt service requirements; c) Provide public safety.
- **Use of "One-Time" Funds:** One-time revenue shall be dedicated for use for one-time expenditures. Annual budgets will not be increased to the point that ongoing operating costs become overly reliant upon cyclical or unreliable one-time revenues.
- **Adopt a Formal Debt Policy:** A comprehensive Debt Management Policy was developed by the Auditor-Controller and approved by the Debt Advisory Committee. It was adopted by the Board of Supervisors on December 14, 2010.
- **Cost Recovery through Fees:** Utilize fees to recover costs where reasonable and after all cost savings options have been explored.
- **Scrutinized Hiring:** Hiring restrictions are still in place so only positions that are critical to public health, public safety or essential for key operations will be filled.
- **Pension Cost:** The County has implemented a Tier II retirement plan for new employees for most of the employee bargaining units. The Tier II plan will reduce future employee retirement benefits and limit the County's future pension obligation. Additionally, all new pension cost increases will be shared equally between the County and employees.

Major Initiatives:

- **Los Osos Sewer Project:** This project is underway and is being led by the County's Public Works Department. This high profile project has changed leadership numerous times and been debated for a number of years. Indecision and disagreement have led to multiple delays and increased project costs. This project is a requirement of the State to protect the local ground water tables which risk infusion from the numerous residential septic systems in the community of Los Osos.

- Willow Road Extension Project: This project will lessen the traffic circulation deficiencies in the community of Nipomo.
- Pandemic Response: The Health Agency's annual distribution of flu vaccinations prepares emergency responders to effectively handle pandemic threats.
- Anti-Gang Coordinating Commission: The Commission is coordinated through the efforts of the District Attorney, Sheriff-Coroner, and Chief Probation Officer. Due to their work, gang related cases have significantly decreased in the past two years.
- Debt Restructuring: The County refinanced the Lopez Dam Seismic Retrofit project saving rate payers and property owners approximately \$3,000,000 over the remaining life of the bonds.
- Greenhouse Gas Reduction: The County designed and implemented alternative work schedules to reduce the County's greenhouse gas footprint by decreasing the number of employee vehicle miles driven to and from work.
- Automation Enhancements: The County installed a new case management system linking together the public protection agencies of Sheriff-Coroner, District Attorney, Probation, and the local courts. The County also implemented a new case management system for the Health Agency divisions of Mental Health, Drug and Alcohol Services, and Public Health.
- Property Tax System: The County's mainframe Property Tax system is undergoing a platform change to a more usable and flexible server platform. This restructuring will reduce annual information technology maintenance cost and is part of the County's master plan of moving off of the mainframe.

Awards and Acknowledgments

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, 2010. This was the twenty-fifth consecutive year that the County 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 Enterprise Financial System Operations 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



Jim Grant
County Administrative Officer

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, 2010

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

COUNTY OF SAN LUIS OBISPO

LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2011

Elected Officials

Board of Supervisors

District #1 Frank R. Mecham
 District #2..... Bruce S. Gibson
 District #3 *Chairperson*..... Adam Hill
 District #4..... Paul Teixeira
 District #5 *Vice-Chairperson*..... James R. Patterson

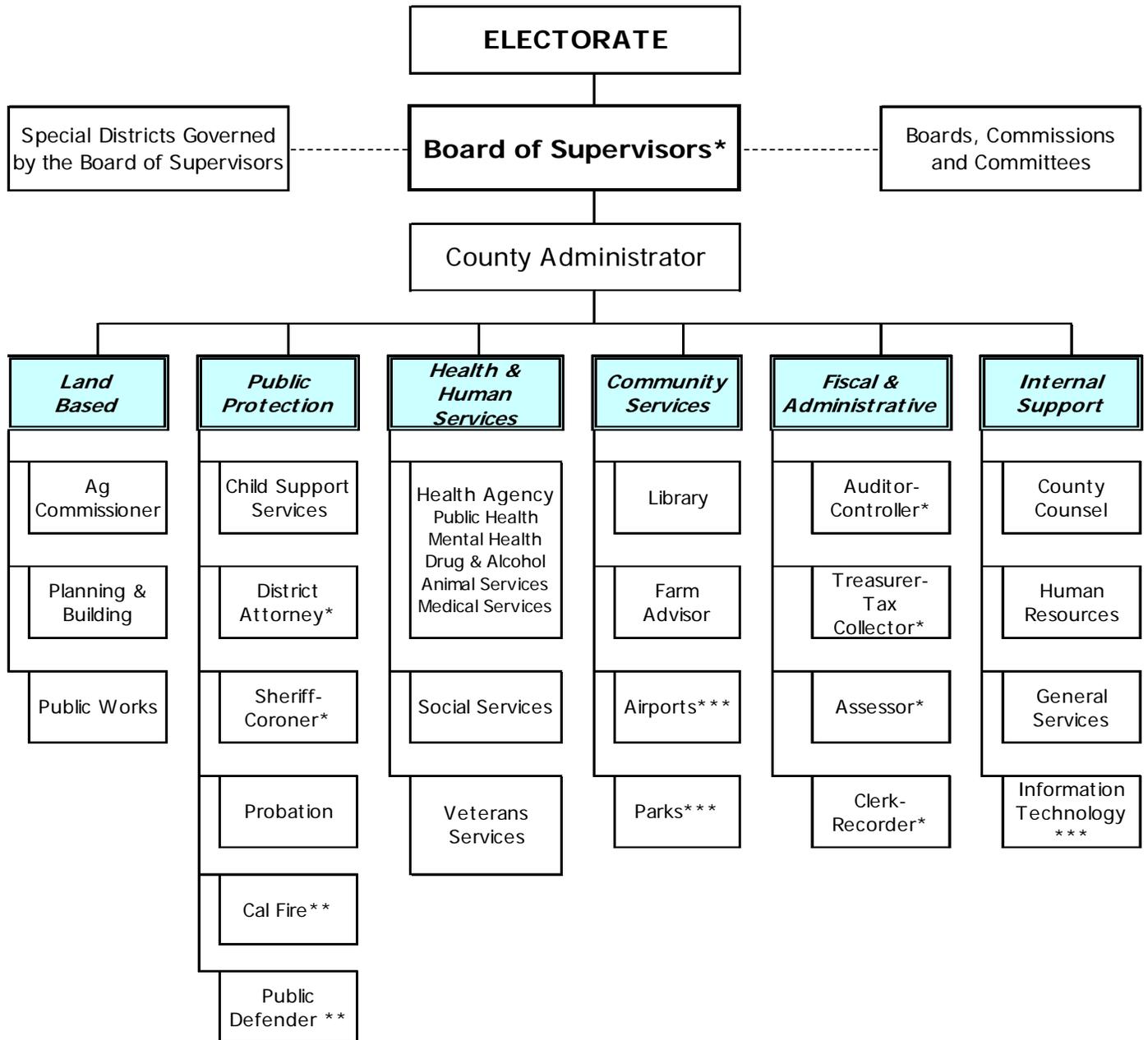
Other Elected Officials

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

Appointed Officials

Agricultural Commissioner..... Marty Settevendemie
 Chief Probation Officer James Salio
 Child Support Services Director Phil Lowe
 County Administrator Jim Grant
 County Counsel Warren Jensen
 County Fire Robert Lewin
 Behavioral Health Administrator Karen Baylor
 General Services Agency Director Janette Pell
 Farm Advisor (not on County payroll) Richard Enfield
 Health Agency Director Jeff Hamm
 Human Resources Director..... Tami Douglas-Schatz
 Library Director Brian A. Reynolds
 Planning Jason Giffen
 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, the discretely presented component unit, 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, 2011, 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, and the First 5 San Luis Obispo County, a discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us. Our opinion, insofar as it relates to the amounts included in the San Luis Obispo County Pension Trust Fund, and the First 5 San Luis Obispo County 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 reports 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Luis Obispo, California, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2011 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the County of San Luis Obispo's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Gallina LLP

Roseville, California
December 29, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS



**COUNTY OF SAN LUIS OBISPO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

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, 2011. 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 37. 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 \$1,543,784 (*net assets*). Of this amount \$273,451 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors, \$36,258 is restricted for specific purposes (*restricted net assets*), and \$1,234,075 is invested in capital assets, net of related debt. (Table A)
- ❖ The County's net assets increased by \$35,865 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, 2011 the County's governmental activities reported combined ending net assets of \$1,356,022, an increase of \$41,007 in comparison with the prior year. Approximately 17% of the combined fund balances, or \$234,786 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 income of \$3,887 before general revenues, contributions and transfers from other funds, an improvement of \$11,107 when compared to the net program losses of \$7,220 in the prior year. The Nacimiento Water fund was largely responsible for the improvement. It reported \$8.4 million in water sales in FY 2011, the first year water was delivered to participating agencies.
- ❖ At the end of the fiscal year, spendable fund balance of the general fund was \$157,234 or 46% of total general fund expenditures.
- ❖ The County issued new debt during the year to refund existing debt and provide interim funding for a major capital project. The San Luis Obispo County Financing Authority issued \$10,760 (Series 2011 A) general obligation bonds on behalf of the Flood Control District. The proceeds were used to refund the 2000 Series A Lopez Dam Improvement bonds. In addition, the County obtained interim funding for the Los Osos Wastewater Project in the form of a Bond Anticipation Note. As of June 30, 2011, the County had drawn \$8,677. Additional amounts will be drawn as needed.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide financial statements

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

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

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

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

Blended 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 County discretely presents the First 5 San Luis Obispo County component unit. The mission of First 5 is to allocate funds from the California Children and Families Trust Fund and advocate for quality programs and services, supporting children prenatal to age 5, to ensure that every child is healthy and ready to learn in school. First 5 does not meet the requirements for blending, and therefore its financial activities are presented separately from the County.

The government-wide financial statements can be found on pages 37 to 41 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 43 to 48 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 49 to 51 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 52 to 53 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 55 to 94 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 95 to 101 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

Combining and individual fund statements and schedules – The combining and individual fund statements and schedules referred to earlier provide information for non-major governmental funds, enterprise, internal service funds, and fiduciary funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 105 to 120 and 141 to 165 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 121 to 140 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 167 to 175 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 \$1,543,784.

Table A
Statement of Net Assets
June 30, 2011
(in thousands)

	June 30, 2011			June 30, 2010			2010-2011
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
Assets:							
Current assets	\$ 346,969	\$ 177,609	\$ 524,578	\$ 328,500	\$ 55,925	\$ 384,425	36.5%
Other long-term assets	136,763	20,307	157,070	133,300	36,239	169,539	(7.4%)
Capital assets	1,111,182	405,853	1,517,035	1,098,174	393,390	1,491,564	1.7%
Total assets	1,594,914	603,769	2,198,683	1,559,974	485,554	2,045,528	7.5%
Liabilities:							
Long-term liabilities	174,047	259,970	434,017	178,488	265,347	443,835	(1.9%)
Other liabilities	67,685	153,197	220,882	70,263	37,671	107,934	103.5%
Internal balances	(2,840)	2,840	-	(3,792)	3,792	-	-
Total liabilities	238,892	416,007	654,899	244,959	306,810	551,769	18.7%
Net assets:							
Invested in capital assets, net related debt	1,084,978	149,097	1,234,075	1,071,844	160,627	1,232,471	0.1%
Restricted	36,258	-	36,258	36,385	-	36,385	(.3%)
Unrestricted	234,786	38,665	273,451	206,786	18,117	224,903	21.6%
Total net assets	\$ 1,356,022	\$ 187,762	\$ 1,543,784	\$ 1,315,015	\$ 178,744	\$ 1,493,759	3.3%

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Analysis of Net Assets

Approximately 17.7%, or \$273,451 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, \$1,234,075 or 80%, 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 \$36,258, or 2.3%, represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County reported positive balances in all three categories of net assets, both for the County as a whole, as well as for its separate governmental activities and business-type activities. Net assets for governmental activities increased \$41,007 and net assets for business activities increased \$9,018 resulting in an overall increase of \$50,025 in the County's total net assets.

Invested in capital assets, net related debt for business type activities decreased \$11,530. This decrease is due to a combination of factors. While capital assets for business type activities increased \$12 million, new debt associated with the Los Osos Sewer Project caused a net increase in debt of \$7 million over the previous year. This combined with the use of \$16.7 million in cash with fiscal agent to pay interest on the Nacimiento Water Project debt caused the net decrease of \$11.8 million.

Invested in capital assets, net related debt for governmental activities increased \$13,134. 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 an increase of \$48,548 in *unrestricted* net assets reported in connection with the Total Primary Government. This category represents net assets of the County that are not restricted for any project or other purpose. This amount may be used to meet the County's obligations to citizens and creditors. Key factors that contributed to the increase were (1) a \$13 million adjustment to recognize property tax revenue earned in prior years and (2) the restatement of net assets to include \$1 million for 5 funds previously reported as special revenue funds that were combined with General Fund in the current year when GASB 54 was implemented.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

Table B
Statement of Activities
For the Year Ended June 30, 2011
(in thousands)

	June 30, 2011			June 30, 2010			2010- 2011 Total % Chg
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government	
Revenues:							
Program revenues:							
Charges for services	\$ 61,966	\$ 32,218	\$ 94,184	\$ 51,261	\$ 22,671	\$ 73,932	21.5%
Operating grants and contributions	183,502	1,335	184,837	190,835	1,412	192,247	(4.0%)
Capital grants and contributions	7,771	11,719	19,490	10,881	4,649	15,530	20.3%
General revenues:							
Property taxes	139,214	3,841	143,055	132,723	3,654	136,377	4.7%
Other taxes	14,393	28	14,421	13,358	28	13,386	7.2%
Interest and investment income	986	965	1,951	1,690	1,900	3,590	(84.0%)
Grants not restricted to specific programs	3,520	-	3,520	3,972	-	3,972	(12.8%)
Other revenues	172	447	619	-	363	363	41.4%
Total revenues	411,524	50,553	462,077	404,720	34,677	439,397	4.9%
Expenses:							
General government	35,344	-	35,344	36,561	-	36,561	(3.4%)
Public protection	132,413	-	132,413	134,768	-	134,768	(1.8%)
Public ways and facilities	27,365	-	27,365	24,927	-	24,927	8.9%
Health sanitation	66,657	-	66,657	68,199	-	68,199	(2.3%)
Public assistance	98,841	-	98,841	96,645	-	96,645	2.2%
Education	10,057	-	10,057	10,390	-	10,390	(3.3%)
Recreational and cultural services	7,363	-	7,363	8,708	-	8,708	(18.3%)
Interest on Long-term debt	6,787	-	6,787	6,356	-	6,356	6.4%
Airport	-	7,732	7,732	-	5,204	5,204	32.7%
Golf	-	2,690	2,690	-	2,974	2,974	(10.6%)
State water contract	-	6,705	6,705	-	5,630	5,630	16.0%
Nacimiento Water Contract	-	11,844	11,844	-	10,613	10,613	10.4%
Lopez dam	-	6,499	6,499	-	5,813	5,813	10.6%
General Flood Control	-	928	928	-	831	831	10.5%
Transit	-	1,105	1,105	-	1,143	1,143	(3.4%)
County Service Areas	-	3,877	3,877	-	3,744	3,744	3.4%
Los Osos Wastewater	-	5	5	-	-	-	100.0%
Total expenses	384,827	41,385	426,212	386,554	35,952	422,506	0.9%
Excess/(deficiency) before transfers	26,697	9,168	35,865	18,166	(1,275)	16,891	52.9%
Transfers	150	(150)	-	(565)	565	-	0.0%
Change in net assets	26,847	9,018	35,865	17,601	(710)	16,891	52.9%
Net assets at beginning of year*	1,329,175	178,744	1,507,919	1,297,414	179,454	1,476,868	2.1%
Net assets at end of year	\$ 1,356,022	\$ 187,762	\$ 1,543,784	\$ 1,315,015	\$ 178,744	\$ 1,493,759	3.2%

*Governmental activities restated

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Analysis of Governmental and Business-type Activities

Governmental Activities

Governmental activities increased San Luis Obispo County's net assets by \$26,847, accounting for 78% of the total growth in the net assets of the County. Factors contributing to the increase are as follows:

Total revenues from Governmental Activities posted a net increase of \$7 million from the prior year. Increases in *Charges for Services* (\$10.7 million), and *Property Taxes* (\$6.5 million) helped to offset declines in other categories. The main factor that caused the increase in *Charges for Services* was the receipt of \$7.6 million in road impact fees related to a development in Nipomo. Also contributing to the increase was the receipt of \$1 million in reimbursement from the State for election services provided in prior years. The increase in *Property Taxes* is primarily due to a change in the method used for recognizing revenue related to uncollected property taxes. Beginning in FY 2011, the General Fund will recognize property taxes when earned in contrast to prior years where recognition occurred when property taxes were appropriated. These increases in revenues were partially offset by a \$7.4 million decline in *Operating grants and contributions* and a \$3 million decline in *Capital grants and contributions*. The most significant decline in operating grant revenue was experienced in Health and Sanitation. Reductions in Medi-Cal, FMAP, and MHSA resulted in reduced service levels for the corresponding programs. The Roads fund received \$3 million less in *Capital grants and contributions* in FY 2011. Amounts received fluctuate from year to year depending on project activity and funding mix.

Total expenses from Governmental Activities remained relatively flat resulting in a minor decrease of \$1.7 million from the prior year. This net decrease was the result of increases in *Public Ways and Facilities* (\$2.4 million), *Public Assistance* (\$2.2 million), and *Interest on Long-term debt* (\$0.4 million) offset by decreases in *General Government* (\$1.2 million), *Public protection* (\$2.4 million), *Health and Sanitation* (\$1.5 million), and *Recreation* (\$1.3 million). The County continued to take steps to achieve structural balance by reducing department budgets, maintaining a partial hiring freeze, and negotiating increases in the employees' share of pension contributions. In addition, the County reduced the amount contributed from General Fund for State and Federal mandated programs when operating grants failed to keep pace with expenditures.

Business-type Activities

Business-type Activities increased San Luis Obispo County's net assets by \$9,018, accounting for 22% of the total change in the government's net assets. Revenues exceeded expenses by \$9,168 in the current year. Key elements of the increase are as follows:

Total revenue increased \$15.9 million from the preceding year. The largest increases occurred in *Charges for services* (\$9.5 million) and *Capital grants and contributions* (\$7.1 million). A rise in water sales was the main factor that contributed to the increase in *Charges for Services*. In 2011, the Nacimiento Water Project became operational and generated \$8.4 million in water sales to participating agencies. The Salinas Dam Fund also realized an increase in water sales. Sales to the City of San Luis Obispo rose \$1.2 million over the prior year. The increase in *Capital grants and contributions* was mainly due to activity in the Los Osos Wastewater Project. Project costs totaling \$8.5 million were transferred in to the new enterprise fund. This increase was partially offset by a decline in capital grants received by the Airport.

Expenses for Business-type Activities showed an increase of \$5.4 million over the prior year. Operating expenses increased in all of the major funds. The Airport reported an increase of \$2.6 million mainly due to expensing construction in progress costs for canceled projects. In addition, the Nacimiento Water Project became operational so operating costs increased and depreciation was recorded for the first time in FY 2011.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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, total fund balance less the nonspendable portion may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

- *Nonspendable fund balance*, \$3,685, represents amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and includes (1) inventories of \$94 (2) prepaid items of \$330 and (3) long term receivables of \$3,261.
- *Restricted fund balance*, \$29,178, represents amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation. This balance includes amounts restricted for (1) Tax Loss Reserves of \$7,113 (2) Public Assistance of \$38, (3) Public Ways and Facilities of \$19,503, and (4) Debt Service of \$2,523.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$238,524, an increase of 2.9%, or \$6,807 in comparison with the prior year. Approximately 98% of the total fund balance, or \$205,661, is available to meet the County's current and future needs. Total fund balance consists of the following components:

- *Committed fund balance*, \$117,826, represents amounts with constraints imposed by the Board of Supervisors for specified purposes. This balance includes amounts committed to (1) General Government of \$8,214, (2) Public Protection of \$9,220, (3) Public Ways and Facilities of \$12,636, and (4) Capital Projects of \$23,008.
- *Assigned fund balance*, \$94, represents an intended use of resources established by the Board of Supervisors or an official delegated by the Board of Supervisors. This amount was assigned to Capital Projects.
- *Unassigned fund balance*, \$87,741, consists of the excess of total fund balance over the other components (nonspendable + restricted + committed + assigned) for the County's General Fund. None of the other governmental funds had an unassigned balance.

General Fund

The general fund is the chief operating fund of the County. As of the end of the current fiscal year, spendable fund balance of the general fund was \$157,234 while total fund balance reached \$160,567. As a measure of the general fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total fund expenditures of \$344,316. Spendable fund balance represents 46% of the total fund expenditures, while total fund balance represents 47% of the same amount. During the current fiscal year, the fund balance of general fund increased by \$10,807.

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

- ❖ Total revenues exceeded total expenditures by \$25,990. General fund revenues ended the year with an increase of \$8 million over the prior year. Total expenditures increased \$14.5 million.
- ❖ Revenue was up in all categories when compared to the previous year's totals. The largest increases occurred in *Taxes* (\$2.2 million), *Fines, Forfeits and Penalties* (\$2.1 million) and *Charges for Current Services* (\$2.4 million). A \$1.3 million surge in Prior Year Secured Property Taxes triggered by fewer Prop 8 reductions and a \$1.3 million increase in Transient Occupancy Taxes were the main factors contributing to the increase in Taxes. The increase in *Fines, Forfeits and Penalties* was driven largely by the receipt of a \$1.9 million settlement in FY 2011. The increase in *Charges for Current Services* was the result of an upswing in recording fees, election services, administrative services, and guardianship fees.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

- ❖ Total expenditures in General Fund increased \$14.5 million from the prior year. Although expenditures were up for all functions, the most significant increases occurred in the *General Government* (\$9.1 million) and *Public Assistance* (\$4 million) categories. The increase in General Government expenditures is primarily due to the inclusion of Countywide Automation Replacement (\$3.2 million) and Government Leasing (\$3 million) expenditures in General Fund in FY 2011, the County’s first year to apply GASB 54 to its financial statements. These expenditures were included with nonmajor governmental funds in FY 2010. Another factor contributing to the increase was that the County spent \$2.8 million to purchase property for a north county one-stop office complex in FY 2011. The nation’s economic downturn contributed to an increase in the demand for public assistance. Social Services saw a sharp increase in expenditures related to the Workforce Investment Act (WIA) program. WIA expenditures increased \$3.4 million in FY 2011.
- ❖ Transfers out from general fund totaled \$20.3 million. Operating transfers to other funds included \$1.5 million to fund facilities replacement, \$8.2 million to support County Roads, \$3.3 million to fund Parks, \$.7 million to fund healthcare for the indigent, and \$5.8 million to fund debt service payments.

Capital Projects

The Capital Projects Fund handles construction projects for the County’s governmental funds. The fund had a total fund balance of \$23.1 million. Capital outlay expenditures exceeded total revenues by \$2.2 million and transfers in exceeded transfers out by \$2.4 million. The net of these two factors resulted in a \$0.2 million increase in fund balance for the current year. Funding for specific projects comes from use of designations, public facilities fees, issuance of long-term debt, 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 \$429,709 in the current fiscal year, which represents an increase of approximately 2.1% or \$8,977 from the prior fiscal year revenues of \$420,732.

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, 2011
(in thousands)

	2010-2011		2009-2010		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source:						
Taxes	\$ 155,419	36.2%	\$ 153,910	36.6%	\$ 1,509	1.0%
Licenses, Permits, Franchises	7,413	1.7%	6,906	1.6%	507	7.3%
Fines, Forfeits, and Penalties	7,993	1.9%	6,078	1.4%	1,915	31.5%
Revenues from Use of Money and Property	1,242	0.3%	1,644	0.4%	(402)	(24.5%)
Aid from Governmental Agencies	194,625	45.3%	199,771	47.5%	(5,146)	(2.6%)
Charges for Current Services	56,486	13.1%	47,065	11.2%	9,421	20.0%
Other Revenues	6,531	1.5%	5,358	1.2%	1,173	22.3%
Total	\$ 429,709	100%	\$ 420,732	100%	\$ 8,977	2.1%

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

- ❖ *Fines, Forfeits, and Penalties* increased \$1,915 or 31.5%. The most significant factor contributing to the increase in FY 2011 was the receipt of a \$1.9 million judgment related to a major infrastructure project. In addition, the County experienced declines in revenue from Traffic School Fees and Asset Forfeitures along with modest increases in Fingerprint ID fees and Alcohol Abuse and Education fees.
- ❖ *Aid from Governmental Agencies* decreased \$5,146 or 2.6%. While Federal Aid showed a slight dip of \$.5 million in total, State Aid fluctuated by type and ended the year with a net decrease of \$5 million in FY 2011. The most significant decreases in State Aid occurred in Traffic Congestion Funds (\$3.4 million), Prop 1b (\$6 million) and Mental Health Services Act revenue (\$4.4 million). These decreases were partially offset by increases in Highway Users Tax (\$2.9), Public Safety (\$1 million), and Public Assistance (\$4.6 million). The increase in Public Assistance revenue was driven primarily by the receipt of FY 2008/2009 close outs for various programs.
- ❖ *Charges for Current Services* increased \$9,421 or 20%. The largest factor contributing to the increase was the receipt of \$7.6 million in Road Impact Fees in FY 2011. The County gave a discount to the developer of a large project on the Nipomo Mesa for prepaying his Road Impact Fees prior to obtaining his building permits. These fees were used as a financing source for the Willow Road Improvement Project which is also located in the Nipomo area. In addition, revenue from Election Services, Recording Fees, and Conservatorship Fees also came in higher than the prior year.

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, 2011
(in thousands)

	2010-2011		2009-2010		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Expenditures by Function:						
General Government	\$ 50,321	11.9%	\$ 45,162	11.0%	\$ 5,159	11.4%
Public Protection	135,636	32.0%	136,857	33.4%	(1,221)	(0.9%)
Public Ways and Facilities	37,261	8.8%	31,093	7.5%	6,168	19.8%
Health and Sanitation	68,472	16.2%	68,442	16.6%	30	-%
Public Assistance	100,202	23.6%	96,248	23.3%	3,954	4.1%
Education	10,191	2.4%	13,020	3.2%	(2,829)	(21.7%)
Recreational and Cultural Services	7,187	1.7%	8,313	2.0%	(1,126)	(13.5%)
Principal payments	4,595	1.1%	3,790	.9%	805	21.2%
Interest on Long-Term Debt	6,464	1.5%	5,954	1.5%	510	8.6%
Issuance costs	-	-%	550	.1%	(550)	(100%)
Capital outlay	3,399	.8%	1,965	.5%	1,434	73.0%
Total	\$ 423,728	100%	\$ 411,394	100%	\$ 12,334	3.0%

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

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

- ❖ *General Government Expenditures* increased \$5,159 or 11.4%. The majority of the increase is attributable to Capital Outlay. In FY 2011, the County spent \$3.2 million to purchase property in Atascadero for a North County One Stop Shop. The Clerk-Recorder, Assessor, and Planning Department will have satellite offices in the facility to serve residents in the north county. This same location will also become the future home of the Atascadero Library. Expenditures in the Countywide Automation Replacement fund increased \$1.7 million in the current year. Activity related to the Behavioral Health Electronic Records System Project, Integrated Document Management Upgrade, and Nacimiento Fiber Optic Project contributed to the increase.
- ❖ *Public Ways and Facilities* expenditures increased \$6,168 or 19.8%. The fluctuation is attributable to increased construction and maintenance activity in the Roads Fund. Projects frequently span fiscal years with costs varying from year to year depending on what phase the project is in. The main project driving the increase in 2011 was the Willow Road extension and interchange in Nipomo.
- ❖ *Education expenditures* decreased \$2,829 or 21.7%. While actual expenditures in the Salaries and Wages and Services and Supplies Object levels remained relatively flat, the Capital Assets Object level dropped sharply in FY 2011. This was in contrast to FY 2010 when the County spent \$2.8 million to purchase land with an unfinished structure for the future site of the Cambria library. The purchase was financed through contributions from the community and use of public facility fees.

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 2010-2011 fiscal year.

Table E
Statement of Revenues, Expenses and Results of Operations
Proprietary Funds
Fund Financial Statements
For the Year Ended June 30, 2011
(in thousands)

	Major Funds					Nonmajor Funds	Total
	Airport	Nacimiento Water Contract	State Water Project	Lopez Flood Control	Los Osos Wastewater	Other Enterprise Funds	Total Enterprise
Operating revenues	\$ 3,948	\$ 8,357	\$ 6,453	\$ 6,359	\$ -	\$ 7,550	\$ 32,667
Operating expenses	7,601	2,774	6,723	4,603	-	8,203	29,904
Operating income (loss)	(3,653)	5,583	(270)	1,756	-	(653)	2,763
Non-operating revenues (expenses), net	70	(7,170)	1,167	(669)	2	1,116	(5,484)
Net income (loss) before contributions and transfers	(3,583)	(1,587)	897	1,087	2	463	(2,721)
Contributions and transfers, net	2,055	-	-	(155)	9,073	596	11,569
Change in net assets	\$ (1,528)	\$ (1,587)	\$ 897	\$ 932	\$ 9,075	\$ 1,059	\$ 8,848

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

- ❖ *The Airport Fund* reported an operating loss of \$3,653 and a decrease in net assets of \$1,528. A significant portion of the operating loss is attributable to expensing \$2.4 million of construction in progress related to the new terminal and parking structure projects. The projects were canceled due to a decline in Airport revenues attributable to the national recession and a reduction in the number of commercial air carrier flights from the San Luis Obispo Airport. A revised plan for Airport expansion ties future projects to enplanement thresholds.
- ❖ *The Nacimiento Water Contract Fund* realized operating income of \$5,583 and a decrease in net assets of \$1,587. The County completed construction of the \$176 million pipeline project designed to transport water 45 miles from Lake Nacimiento to San Luis Obispo. The project became operational and began delivering water to Paso Robles, Templeton Community Services District, Atascadero Mutual Water Company, San Luis Obispo, and CSA-10A in January 2011. Current year non-operating revenue and expenses included \$9.4 million in interest expense and \$1.1 million in property tax revenue.
- ❖ *The Los Osos Wastewater Fund* reported *Contributions and transfers* of \$9,073. The amount transferred in represents preliminary engineering, planning, and administrative costs associated with the development of a community wastewater project for Los Osos. In March 2011, the Board of Supervisors adopted a resolution to assume responsibility for the \$173 million project. This County is now on track to construct the wastewater treatment facility after having spent many years working through various legal, environmental, and funding issues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for general fund expenditures and transfers out increased during the year by a total of \$32.5 million or 8.6%. This increase was funded in part by increases in budgeted revenues of \$18 million and the use of reserves and designations for the balance. Unanticipated revenues totaling \$12.8 million from State and Federal Aid, \$2.1 million from Charges for Current Services, \$2.9 million in Other Revenue and \$.2 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 (\$10.7 million), Public Protection (\$5.9 million), and Health and Sanitation (\$5 million). The majority of the increase in the budget for General Government is attributable to \$5.4 million in maintenance projects that were carried forward from FY 2010 to FY 2011. An additional \$3.4 million was appropriated to purchase land and a building in Atascadero for a north county One Stop Shop. The second largest increase occurred in Public Protection. Funding from Homeland Security and ARRA grants was used to augment the budgets of County Fire, the Sheriff, and Planning. Significant increases also occurred in Public Health and Behavioral Health. These departments received budget increases funded by a SAMSHA grant and MHSA funds. Work continued on Behavioral Health's \$4 million Electronic Health Record System. At the close of the current fiscal year, actual General Fund expenditures were 94% of budget, while General Fund revenues were realized at 98% of budget.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the County had \$1,517,036 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 \$25,472 or 1.7% over last year.

**Table F
Capital Assets
June 30, 2011
(in thousands)**

	Gov- ern- men- tal Acti- vities June 30, 2010	Gov- ern- men- tal Acti- vities June 30, 2011	Busi- ness Type Acti- vities June 30, 2010	Busi- ness Type Acti- vities June 30, 2011	Total Capital Assets June 30, 2010	Total Capital Assets June 30, 2011	Total Percent Change
Land	\$ 789,677	\$ 791,590	\$ 24,098	\$ 29,745	\$ 813,775	\$ 821,335	0.9%
Water Rights	-	-	39,191	40,962	39,191	40,962	4.3%
Other Property Non Depreciable	-	-	1,968	1,968	1,968	1,968	-
Construction- in-progress	60,788	47,147	208,318	14,165	269,106	61,312	(338.9%)
Structures & Improvements	166,374	172,891	148,564	167,954	314,938	340,845	7.6%
Equipment	64,809	69,686	2,373	2,735	67,182	72,421	7.2%
Other Property Depreciable	340	340	554	554	894	894	-
Infrastructure Depreciable	<u>249,648</u>	<u>278,525</u>	<u>268</u>	<u>184,377</u>	<u>249,916</u>	<u>462,902</u>	46.0%
Subtotal	1,331,636	1,360,179	425,334	442,460	1,756,970	1,802,639	2.5%
Less Accumulated Depreciation	<u>(233,462)</u>	<u>(248,997)</u>	<u>(31,944)</u>	<u>(36,606)</u>	<u>(265,406)</u>	<u>(285,603)</u>	7.1%
Total	\$ <u>1,098,174</u>	\$ <u>1,111,182</u>	\$ <u>393,390</u>	\$ <u>405,854</u>	\$ <u>1,491,564</u>	\$ <u>1,517,036</u>	1.7%

Major additions and future commitments in capital assets – Governmental activities

Phases I and II of the Juvenile Services Center Expansion Project were completed in FY 2011. The \$3.4 million project added 3,300 square feet and included a new intake/booking area, security controls, standard holding rooms, and a small secure parking lot. County Roads completed a \$17.4 million project to extend Willow Road one mile and construct an easterly realignment. Other infrastructure projects completed during FY 2011 include various pavement management projects (\$5 million) and the Moonstone Bridge Seismic Retrofit (\$5 million). Future projects include an Animal Services Shelter Expansion, a Women’s Jail, the Creston Fire Station, and libraries for the communities of Cambria and Atascadero. 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

A \$25 million upgrade to the Lopez Water Treatment Plant was completed in FY 2011. Two of the undeveloped earthen beds were upgraded into fully operational sludge solids drying beds. The improvements will provide greater efficiency and flexibility for the operational needs of the facility. The Nacimiento Water Project was

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

completed at a cost of \$176 million in FY 2011. The project consisted of a multi-port intake facility and pump station, two intermediate pump stations, three storage tanks and approximately 45 miles of transmission pipeline.

Work began on a \$173 million wastewater project for the community of Los Osos. The project is designed to address groundwater contamination issues caused by years of seepage from septic systems and is expected to take three years to complete. Project funding consists of a combination of grants, debt, and assessments to property owners. Treated water from the wastewater plant will be available for various agricultural and municipal uses.

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 \$425,703. The County's balance of the 1993 Pension Obligation Bonds (POB) is \$80,124. 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. The remainder of the County's debt consists of: \$48,610 in certificates of participation, which are repaid from a variety of revenues; \$31,024 in State loans and \$202,815 in revenue bonds which are repaid with water service revenue. Additionally, the County is liable for \$2,607 of special assessment debt in the event of default by the property owner subject to the assessment.

Table G
Outstanding Debt
June 30, 2011
(in thousands)

	Govern- mental Activities June 30, 2010	Govern- mental Activities June 30, 2011	Business Type Activities June 30, 2010	Business Type Activities June 30, 2011	Total June 30, 2010	Total June 30, 2011	Total Percent Change
Certificates of participation	\$ 30,309	\$ 28,713	\$ 20,657	\$ 19,897	\$ 50,966	\$ 48,610	(4.8%)
Pension Obligation Bonds	125,444	122,689	-	-	125,444	122,689	(2.2%)
State notes	-	-	32,418	31,024	32,418	31,024	(4.5)%
Revenue bonds	-	-	202,821	202,815	202,821	202,815	-
General obligation bonds	-	-	11,155	11,888	11,155	11,888	6.2%
Bond Anticipation Notes	-	-	-	8,677	-	8,677	100%
	<u>\$ 155,753</u>	<u>\$ 151,402</u>	<u>\$ 267,051</u>	<u>\$ 274,301</u>	<u>\$ 422,804</u>	<u>\$ 425,703</u>	0.7%

The increase over last year for the County's notes and bonds payable was \$2,899, or 0.7%. This increase is the net of new debt issuances and scheduled debt payments. The County issued \$8,677 in Bond Anticipation Notes for the Los Osos Wastewater Project and \$10,760 in General Obligation Bonds on behalf of the Flood Control District to refund the 2000 Series A Lopez Dam Improvement Bonds.

The County's recent debt issues have been upgraded to an "AA+" credit rating from Standard & Poor's and an "AA" rating from Fitch. Moody's assigned an Aa3 rating.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 \$525,474.

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

Other liabilities include compensated absences (\$25.6), landfill post-closure costs (\$3.4), and self-insurance (\$19.8). More detailed information about the County's long-term liabilities is presented in Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- ❖ For the fourth straight year, the County was forced to tackle budgeting challenges created by flat or decreasing revenues. Fiscal year 2012 represents year four of a seven year budget balancing plan that began in fiscal year 2009. The plan is designed to gradually decrease the use of short-term solutions while increasing reliance on expenditure reductions to achieve structural balance by the end of year seven.
- ❖ Faced with an \$11.4 million budget gap in the General Fund's Status Quo budget, the County used a combination of short-term solutions and expenditure reductions to bridge the gap. The FY 2012 budget used short-term solutions to bridge 20% of the gap and expenditure reductions to cover the remaining 80%. Short-term solutions totaled \$2.3 million and included (1) using \$1.7 million in reserves (2) deferring \$.363 million in maintenance projects and (3) reducing General Fund contributions to Organizational Development by \$.208 million. The remaining \$9.1 million came from reducing ongoing expenditures 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 dropped to 9.9% in June 2011, lower than the state rate of 12.1% and slightly above the national rate of 9.2%.
- ❖ Leading economic indicators reflected the economic downturn and the effect of a stagnant economy.
 - The local housing market remained sluggish. The countywide median home price fell 16.8% to \$333,250 in June 2011 from \$349,500 in June 2010.
 - The number of building permit applications dropped from 2,235 to 2,091 in FY 2011, a decline of 6%.
 - Property transfer tax came in 2% lower than the preceding year. Overall home sales fell 1.9% year over year in June, with 313 residential sales in 2010 and 307 in 2011.
 - County assessed property tax valuations decreased from \$42,419,637 to \$42,037,910, a decline of .9%.
 - Transit Occupancy tax collections increased 13.6%, reversing the downward trend of 9% experienced in the prior year.
- ❖ The Board of Supervisors adopted the 2011-2012 budget in June 2011, with a \$47.2 million fund balance in the general fund, of which \$22 million was appropriated to finance the current year's expenditures including contingencies, \$8 million was placed in general reserves, and \$6.8 million was earmarked for designations. The total General Fund budget for 2011-2012 is \$383 million, a 1.1% increase 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. This report is also available online at www.slocounty.ca.gov.



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



COUNTY OF SAN LUIS OBISPO
Statement of Net Assets
June 30, 2011 (in thousands)

	Primary Government			Component Unit First 5
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 291,049	\$ 52,964	\$ 344,013	\$ 7,922
Accounts receivable, net	80	447	527	--
Property taxes receivable	26,729	--	26,729	--
Other receivables	882	123,555	124,437	--
Due from other governments	26,506	377	26,883	336
Deposits with others	--	205	205	4
Inventories	585	--	585	--
Prepaid items	330	28	358	3
Loans receivable	808	33	841	--
Total Current Assets	<u>346,969</u>	<u>177,609</u>	<u>524,578</u>	<u>8,265</u>
Noncurrent Assets:				
Restricted cash with fiscal agent	2,750	17,319	20,069	--
Net pension asset	129,972	--	129,972	--
Prepaid bond issuance costs	2,046	2,987	5,033	--
OPEB asset	1,995	--	1,995	--
Capital Assets:				
Nondepreciable	838,737	86,840	925,577	--
Depreciable, net	272,445	319,014	591,459	--
Total Noncurrent Assets	<u>1,247,945</u>	<u>426,160</u>	<u>1,674,105</u>	<u>--</u>
Total Assets	<u>1,594,914</u>	<u>603,769</u>	<u>2,198,683</u>	<u>8,265</u>
LIABILITIES				
Current Liabilities:				
Salaries and benefits payable	13,299	135	13,434	--
Accounts payable	13,310	10,323	23,633	615
Due to other governments	--	--	--	3,771
Trust deposits	722	--	722	31
Deposits from others	1,709	3,089	4,798	--
Unearned revenue	7,228	121,560	128,788	--
Accrued interest	1,928	3,483	5,411	--
Other current liabilities	3,663	--	3,663	--
Internal balances	(2,840)	2,840	--	--
Bonds and notes payable	4,185	14,425	18,610	--
Compensated absences	17,226	182	17,408	--
Landfill closure/postclosure costs	307	--	307	--
Self insurance payable	4,108	--	4,108	--
Total Current Liabilities	<u>64,845</u>	<u>156,037</u>	<u>220,882</u>	<u>4,417</u>
Long Term Liabilities:				
Bonds and notes payable	147,217	259,876	407,093	--
Compensated absences	8,116	94	8,210	--
Landfill closure/postclosure costs	3,049	--	3,049	--
Self insurance payable	15,665	--	15,665	--
Total Long-term Liabilities	<u>174,047</u>	<u>259,970</u>	<u>434,017</u>	<u>--</u>
Total Liabilities	<u>238,892</u>	<u>416,007</u>	<u>654,899</u>	<u>4,417</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,084,978	149,097	1,234,075	--
Restricted for:				
General government	535	--	535	--
Public protection	5,391	--	5,391	--
Health and sanitation	26	--	26	--
Public ways and facilities	19,623	--	19,623	--
Recreation and culture	931	--	931	--
Debt service	9,752	--	9,752	--
Unrestricted	234,786	38,665	273,451	3,848
Total Net Assets	<u>\$ 1,356,022</u>	<u>\$ 187,762</u>	<u>\$ 1,543,784</u>	<u>\$ 3,848</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, 2011 (in thousands)

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 35,344	\$ 13,971	\$ 1,120	\$ 279
Public protection	132,413	20,843	37,244	--
Public ways and facilities	27,365	11,549	9,446	7,411
Health and sanitation	66,657	7,453	48,567	--
Public assistance	98,841	2,399	86,479	--
Education	10,057	2,037	289	--
Recreation and cultural services	7,363	3,714	357	81
Interest on long-term debt	6,787	--	--	--
Total Governmental Activities	384,827	61,966	183,502	7,771
Business-Type Activities:				
Airport	7,732	3,888	180	2,074
Golf	2,690	2,590	--	--
State Water Contract	6,705	6,453	10	--
Nacimiento Water Contract	11,844	7,968	30	--
Lopez Dam	6,499	6,359	15	--
General Flood Control	928	1,870	--	--
Transit	1,105	--	1,097	--
County Service Areas	3,877	3,090	3	288
Los Osos Wastewater	5	--	--	9,357
Total Business-Type Activities:	41,385	32,218	1,335	11,719
Total primary government	\$ 426,212	\$ 94,184	\$ 184,837	\$ 19,490
Component Unit				
First Five San Luis Obispo	\$ 2,227	\$ --	\$ 2,274	\$ --

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
Special item - Payment to State of California per AB99
Total General Revenues, Transfers and Special Item

Change in Net Assets

Net assets - beginning of year, as restated

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			Component Unit
Governmental Activities	Business-Type Activities	Total	First 5 San Luis Obispo
\$ (19,974)	\$ --	\$ (19,974)	
(74,326)	--	(74,326)	
1,041	--	1,041	
(10,637)	--	(10,637)	
(9,963)	--	(9,963)	
(7,731)	--	(7,731)	
(3,211)	--	(3,211)	
(6,787)	--	(6,787)	
<u>(131,588)</u>	<u>--</u>	<u>(131,588)</u>	
--	(1,590)	(1,590)	
--	(100)	(100)	
--	(242)	(242)	
--	(3,846)	(3,846)	
--	(125)	(125)	
--	942	942	
--	(8)	(8)	
--	(496)	(496)	
	<u>9,352</u>	<u>9,352</u>	
<u>--</u>	<u>3,887</u>	<u>3,887</u>	
<u>(131,588)</u>	<u>3,887</u>	<u>(127,701)</u>	
	--		47
139,214	3,841	143,055	
6,165	--	6,165	
6,342	--	6,342	
1,404	--	1,404	
482	28	510	
3,520	--	3,520	
986	965	1,951	30
172	447	619	
150	(150)	--	
--	--	--	(3,770)
<u>158,435</u>	<u>5,131</u>	<u>163,566</u>	<u>(3,740)</u>
26,847	9,018	35,865	(3,693)
<u>1,329,175</u>	<u>178,744</u>	<u>1,507,919</u>	<u>7,541</u>
<u>\$ 1,356,022</u>	<u>\$ 187,762</u>	<u>\$ 1,543,784</u>	<u>\$ 3,848</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, 2011 (in thousands)

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 160,301	\$ 24,092	\$ 54,982	\$ 239,375
Accounts receivable, net	50	--	6	56
Accrued property taxes receivable	26,729	--	--	26,729
Other receivables	863	--	16	879
Due from other governments	21,492	580	4,434	26,506
Inventories	94	--	--	94
Prepaid items	328	--	2	330
Loans receivable	--	--	808	808
Advances to other funds	2,911	--	350	3,261
Restricted cash with fiscal agent	--	--	2,750	2,750
Other restricted cash	6,682	--	--	6,682
Other assets	--	--	3,405	3,405
Total Assets	<u>\$ 219,450</u>	<u>\$ 24,672</u>	<u>\$ 66,753</u>	<u>\$ 310,875</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Salaries and benefits payable	\$ 11,545	\$ --	\$ 607	\$ 12,152
Accounts payable	8,999	730	2,429	12,158
Trust deposits	722	--	--	722
Deposits from others	159	--	927	1,086
Unearned revenue	6,094	684	450	7,228
Deferred revenue	28,481	156	514	29,151
Other current liabilities	2,883	--	4,185	7,068
Advances from other funds	--	--	2,786	2,786
Total Liabilities	<u>58,883</u>	<u>1,570</u>	<u>11,898</u>	<u>72,351</u>
Fund Balances:				
Nonspendable	3,333	--	352	3,685
Restricted	7,113	--	22,065	29,178
Committed	62,380	23,008	32,438	117,826
Assigned	--	94	--	94
Unassigned	87,741	--	--	87,741
Total Fund Balances	<u>160,567</u>	<u>23,102</u>	<u>54,855</u>	<u>238,524</u>
Total Liabilities and Fund Balances	<u>\$ 219,450</u>	<u>\$ 24,672</u>	<u>\$ 66,753</u>	<u>\$ 310,875</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, 2011 (in thousands)

Fund Balance - total governmental funds (page 45)	\$	238,524
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.		1,101,550
Accrued Property tax revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		29,151
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and, therefore, are not reported in the funds.		129,972
The other post employment benefit (OPEB) asset is not available to pay for current-period expenditures and, therefore, is deferred in the funds.		1,995
Cost of issuance on pension obligation bonds recognized as current expenditures in the governmental funds are deferred in the statement of net assets.		2,046
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.		29,991
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.		2,365
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds and recognized as revenue in the statement of activities		-
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(1,928)
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		(28,713)
Bonds and notes payable		(122,689)
Compensated absences		(22,886)
Landfill closure/postclosure costs		(3,356)
		(178,644)
Net assets of governmental activities (page 39)	\$	<u>1,356,022</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, 2011 (in thousands)

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes	\$ 145,173	\$ --	\$ 10,246	\$ 155,419
Licenses, permits, and franchises	7,412	--	1	7,413
Fines, forfeits and penalties	6,580	551	862	7,993
Revenue from use of money and property	779	94	369	1,242
Aid from governmental agencies	169,517	81	25,027	194,625
Charges for current services	36,649	437	19,400	56,486
Other revenues	4,196	--	2,335	6,531
Total revenues	<u>370,306</u>	<u>1,163</u>	<u>58,240</u>	<u>429,709</u>
<u>Expenditures:</u>				
Current:				
General government	50,321	--	--	50,321
Public protection	133,504	--	2,132	135,636
Public ways and facilities	2,379	--	34,882	37,261
Health and sanitation	63,175	--	5,297	68,472
Public assistance	94,517	--	5,685	100,202
Education	420	--	9,771	10,191
Recreation and cultural services	--	--	7,187	7,187
Debt service:				
Principal payments	--	--	4,595	4,595
Interest and fiscal charges	--	--	6,464	6,464
Capital outlay	--	3,399	--	3,399
Total expenditures	<u>344,316</u>	<u>3,399</u>	<u>76,013</u>	<u>423,728</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>25,990</u>	<u>(2,236)</u>	<u>(17,773)</u>	<u>5,981</u>
<u>Other Financing Sources (Uses):</u>				
Transfers in	5,135	3,531	25,755	34,421
Transfers out	<u>(20,318)</u>	<u>(1,093)</u>	<u>(12,184)</u>	<u>(33,595)</u>
Total Other Financing Sources (Uses)	<u>(15,183)</u>	<u>2,438</u>	<u>13,571</u>	<u>826</u>
Net Change in Fund Balances	10,807	202	(4,202)	6,807
Fund Balances - Beginning	<u>149,760</u>	<u>22,900</u>	<u>59,057</u>	<u>231,717</u>
Fund Balances - Ending	<u>\$ 160,567</u>	<u>\$ 23,102</u>	<u>\$ 54,855</u>	<u>\$ 238,524</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, 2011 (in thousands)

Net Change in fund balance - total governmental funds (page 47)	\$	6,807
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.		(1,644)
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	\$	3,399
General government		5,945
Public protection		1,561
Public ways		17,841
Health and sanitation		55
Public assistance		33
Education		13
Recreation and cultural services		91
		28,938
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.		(16,250)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(48)
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.		
Debt principal payments		4,355
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		(667)
Change in accrued interest payable		45
Change in landfill closure/postclosure costs		(797)
Change in OPEB		102
Amortization of bond discounts and issuance costs		(128)
Amortization of prepaid pension contributions		4,817
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.		1,487
Adjustment necessary to close internal service funds activities. This is the current year excess of revenues over expenses allocable to business-type activities		(170)
Change in net assets of governmental activities (page 41)	\$	26,847

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, 2011 (in thousands)

	Business-type Activities - Enterprise Funds						Governmental	
	Airport	Nacimiento Water Contract	State Water Project	Lopez Flood Control	Los Osos Wastewater	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Assets								
Current Assets:								
Cash and investments	\$ 1,760	\$ 24,185	\$ 10,769	\$ 7,027	\$ 2,748	\$ 6,475	\$ 52,964	\$ 44,992
Accounts receivable, net	--	6	278	--	--	163	447	24
Other receivables	--	--	--	--	123,545	10	123,555	3
Due from other governments	52	--	212	--	--	113	377	--
Deposits with others	4	148	40	--	--	13	205	--
Inventories	--	--	--	--	--	--	--	491
Prepaid items	--	--	--	28	--	--	28	--
Loans receivable	--	--	--	--	--	33	33	--
Total Current Assets	1,816	24,339	11,299	7,055	126,293	6,807	177,609	45,510
Noncurrent assets:								
Advances to other funds	--	--	--	--	--	779	779	--
Restricted cash with fiscal agent	--	17,315	--	4	--	--	17,319	--
Prepaid bond issuance costs	--	2,195	--	534	258	--	2,987	--
Capital assets:								
Nondepreciable:								
Land	22,872	3,108	--	2,096	--	1,669	29,745	--
Construction in progress	268	981	68	1,404	9,357	2,087	14,165	--
Water rights	--	--	40,962	--	--	--	40,962	--
Other property	--	--	--	1,968	--	--	1,968	--
Depreciable:								
Infrastructure, net	877	156,908	--	25,248	--	390	183,423	--
Structures and improvements, net	60,971	10,019	7,377	36,799	--	18,997	134,163	228
Equipment, net	513	--	20	39	--	352	924	9,404
Other property, net	--	--	--	--	--	504	504	--
Total Noncurrent Assets	85,501	190,526	48,427	68,092	9,615	24,778	426,939	9,632
Total Assets	87,317	214,865	59,726	75,147	135,908	31,585	604,548	55,142
Liabilities:								
Current Liabilities:								
Salaries and benefits payable	67	--	--	--	--	68	135	1,147
Accounts payable	18	4,310	4,757	13	836	389	10,323	1,152
Interest payable	43	3,263	--	65	5	107	3,483	--
Self insurance payable	--	--	--	--	--	--	--	4,108
Deposits from others	37	15	2,835	60	--	142	3,089	623
Unearned revenue	31	2,807	--	764	117,315	643	121,560	--
Accrued vacation and sick leave - current	85	--	--	--	--	97	182	1,546
Notes and bond payable - current	240	2,955	--	2,115	8,677	438	14,425	--
Total Current Liabilities	521	13,350	7,592	3,017	126,833	1,884	153,197	8,576
Noncurrent Liabilities:								
Self insurance payable	--	--	--	--	--	--	--	15,665
Advances from other funds	566	--	--	--	--	688	1,254	--
Notes and bonds payable	3,658	199,826	--	46,705	--	9,687	259,876	--
Accrued vacation and sick leave	56	--	--	--	--	38	94	910
Total Noncurrent Liabilities	4,280	199,826	--	46,705	--	10,413	261,224	16,575
Total Liabilities	4,801	213,176	7,592	49,722	126,833	12,297	414,421	25,151
Net Assets								
Invested in capital assets, net of related debt	81,603	(14,450)	48,427	18,734	680	14,103	149,097	--
Unrestricted	913	16,139	3,707	6,691	8,395	5,185	41,030	29,991
Total Net Assets	\$ 82,516	\$ 1,689	\$ 52,134	\$ 25,425	\$ 9,075	\$ 19,288	190,127	\$ 29,991
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds (page 41)							(2,365)	
Net assets of business-type activities							<u>\$ 187,762</u>	

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, 2011 (in thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities	
	Airport	Nacimiento Water Contract	State Water Project	Lopez Flood Control	Los Osos Wastewater	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues:								
Charges for current services	\$ 3,948	\$ 8,357	\$ 6,453	\$ 6,359	\$ --	\$ 7,550	\$ 32,667	\$ 43,277
Total Operating Revenues	<u>3,948</u>	<u>8,357</u>	<u>6,453</u>	<u>6,359</u>	<u>--</u>	<u>7,550</u>	<u>32,667</u>	<u>43,277</u>
Operating Expenses:								
Salaries and benefits	1,325	--	--	--	--	1,249	2,574	21,467
Services and supplies	4,015	1,496	6,480	3,942	--	6,012	21,945	12,652
Other charges	44	326	2	15	--	26	413	--
Insurance benefit payments	--	--	--	--	--	--	--	2,825
Insurance premiums	--	--	--	--	--	--	--	2,140
Depreciation	2,034	884	200	562	--	745	4,425	1,866
Countywide cost allocation	183	68	41	84	--	171	547	840
Total Operating Expenses	<u>7,601</u>	<u>2,774</u>	<u>6,723</u>	<u>4,603</u>	<u>--</u>	<u>8,203</u>	<u>29,904</u>	<u>41,790</u>
Operating Income (Loss)	<u>(3,653)</u>	<u>5,583</u>	<u>(270)</u>	<u>1,756</u>	<u>--</u>	<u>(653)</u>	<u>2,763</u>	<u>1,487</u>
Nonoperating Revenues (Expenses):								
Property taxes	4	1,128	1,123	1,202	--	412	3,869	--
Interest income	73	793	42	28	7	22	965	161
Interest expense	(188)	(9,121)	(11)	(1,919)	(5)	(431)	(11,675)	--
Loss on sale of capital assets	1	--	--	--	--	(2)	(1)	--
Aid from governmental agencies	180	30	10	15	--	1,100	1,335	342
Other nonoperating revenue (expenses)	--	--	3	5	--	15	23	98
Total Nonoperating Revenues (Expenses)	<u>70</u>	<u>(7,170)</u>	<u>1,167</u>	<u>(669)</u>	<u>2</u>	<u>1,116</u>	<u>(5,484)</u>	<u>601</u>
Income (Loss) Before Contributions and Transfers	<u>(3,583)</u>	<u>(1,587)</u>	<u>897</u>	<u>1,087</u>	<u>2</u>	<u>463</u>	<u>(2,721)</u>	<u>2,088</u>
Capital contributions	2,110	--	--	--	9,357	288	11,755	39
Transfers in	--	--	--	--	--	352	352	--
Transfers out	(55)	--	--	(155)	(284)	(44)	(538)	(640)
Changes in net assets	<u>(1,528)</u>	<u>(1,587)</u>	<u>897</u>	<u>932</u>	<u>9,075</u>	<u>1,059</u>	<u>8,848</u>	<u>1,487</u>
Net Assets - Beginning, restated	<u>84,044</u>	<u>3,276</u>	<u>51,237</u>	<u>24,493</u>	<u>--</u>	<u>18,229</u>		<u>28,504</u>
Net Assets - Ending	<u>\$ 82,516</u>	<u>\$ 1,689</u>	<u>\$ 52,134</u>	<u>\$ 25,425</u>	<u>\$ 9,075</u>	<u>\$ 19,288</u>		<u>\$ 29,991</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							<u>170</u>	
Change in net assets of business-type activities (page 41)							<u>\$ 9,018</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, 2011 (in thousands)

	Business-type Activities - Enterprise Funds							Governmental
	Nacimiento		State Water	Lopez	Los Osos	Nonmajor	Total	Internal
	Airport	Water						
Cash Flows from Operating Activities:								
Receipts from customers and third parties	\$ 4,771	\$ 8,994	\$ 4,868	\$ 5,249	\$ --	\$ 7,523	\$ 31,405	\$ --
Receipts from interfund billings	--	--	--	--	--	--	--	43,339
Payments for goods and services	(5,274)	(13,659)	(5,730)	(4,006)	--	(6,323)	(34,992)	(13,442)
Payments to employees for service	(1,319)	--	--	--	--	(1,255)	(2,574)	(21,258)
Payments for insurance benefits	--	--	--	--	--	--	--	(4,482)
Payments for premiums	--	--	--	--	--	--	--	(2,140)
Net Cash Provided (Used) by Operating Activities	<u>(1,822)</u>	<u>(4,665)</u>	<u>(862)</u>	<u>1,243</u>	<u>--</u>	<u>(55)</u>	<u>(6,161)</u>	<u>2,017</u>
Cash Flows from Noncapital Financing Activities:								
Property tax proceeds	4	1,128	1,123	1,202	--	412	3,869	--
Grants and subsidies from other gov't agencies	180	30	10	15	--	1,244	1,479	342
Advances to other funds	--	--	--	--	--	14	14	--
Transfers from other funds	--	--	--	--	--	352	352	--
Transfers to other funds	(55)	--	--	(155)	--	(44)	(254)	(640)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>129</u>	<u>1,158</u>	<u>1,133</u>	<u>1,062</u>	<u>--</u>	<u>1,978</u>	<u>5,460</u>	<u>(298)</u>
Cash Flows from Capital and Related Financing Activities:								
Purchases and construction of capital assets	(2,071)	(3,672)	(1,831)	(839)	(8,521)	(1,473)	(18,407)	(2,324)
Proceeds from issuance of long-term debt	--	--	--	23,878	8,677	787	33,342	--
Bond issuance costs for capital related financing	--	--	--	(534)	(258)	--	(792)	--
Proceeds from sale of capital assets	2,385	--	--	--	--	--	2,385	129
Proceeds from capital grants	2,075	--	--	--	3,127	288	5,490	--
Advances from other funds	(689)	--	--	--	--	--	(689)	--
Principal paid on capital debt	(229)	--	--	(25,439)	--	(531)	(26,199)	--
Interest paid on capital debt	(191)	(9,121)	(11)	(2,385)	(284)	(417)	(12,409)	--
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>1,280</u>	<u>(12,793)</u>	<u>(1,842)</u>	<u>(5,319)</u>	<u>2,741</u>	<u>(1,346)</u>	<u>(17,279)</u>	<u>(2,195)</u>
Cash Flows from Investing Activities:								
Interest received	73	793	45	33	7	21	972	161
Net Cash Provided (Used) by Investing Activities	<u>73</u>	<u>793</u>	<u>45</u>	<u>33</u>	<u>7</u>	<u>21</u>	<u>972</u>	<u>161</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(340)	(15,507)	(1,526)	(2,981)	2,748	598	(17,008)	(315)
Cash and Cash Equivalents - Beginning of Year	<u>2,100</u>	<u>57,007</u>	<u>12,295</u>	<u>10,012</u>	<u>--</u>	<u>5,877</u>	<u>87,291</u>	<u>45,307</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,760</u>	<u>\$ 41,500</u>	<u>\$ 10,769</u>	<u>\$ 7,031</u>	<u>\$ 2,748</u>	<u>\$ 6,475</u>	<u>\$ 70,283</u>	<u>\$ 44,992</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Operating income (loss)	<u>\$ (3,653)</u>	<u>\$ 5,583</u>	<u>\$ (270)</u>	<u>\$ 1,756</u>	<u>\$ --</u>	<u>\$ (653)</u>	<u>\$ 2,763</u>	<u>\$ 1,487</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:								
Depreciation expense	2,034	884	200	562	--	745	4,425	1,866
Change in Assets and Liabilities:								
Receivables, net	834	66	203	471	--	(19)	1,555	95
Prepays and other assets	--	--	41	--	--	(14)	27	--
Inventory	--	--	--	--	--	--	--	39
Accounts payable	(962)	(9,361)	557	(12)	--	(108)	(9,886)	(161)
Salaries and benefits payable	(2)	--	--	--	--	--	(2)	73
Deferred revenue	(11)	571	(1,788)	(1,581)	--	--	(2,809)	--
Accrued vacation and sick leave	8	--	--	--	--	(6)	2	136
Self-insurance liability	--	--	--	--	--	--	--	(1,657)
Other accrued liabilities	(70)	(2,408)	195	47	--	--	(2,236)	139
Total Adjustments	<u>1,831</u>	<u>(10,248)</u>	<u>(592)</u>	<u>(513)</u>	<u>--</u>	<u>598</u>	<u>(8,924)</u>	<u>530</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,822)</u>	<u>\$ (4,665)</u>	<u>\$ (862)</u>	<u>\$ 1,243</u>	<u>\$ --</u>	<u>\$ (55)</u>	<u>\$ (6,161)</u>	<u>\$ 2,017</u>
Noncash Investing, Capital, and Financing Activities:								
Contributions of capital assets from governmental fund	<u>\$ 35</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 35</u>	<u>\$ 39</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, 2011 (in thousands)
San Luis Obispo Pension Trust Fund
December 31, 2010 (in thousands)

	Agency Funds 6/30/2011	Investment Trust Fund 6/30/2011	San Luis Obispo County Pension Trust 12/31/2010
<u>Assets</u>			
Cash and cash equivalents	\$ 29,843	\$ 237,944	\$ 33,289
Notes receivable	--	--	2,334
Contributions receivable	--	--	18,885
Prepaid benefits	--	--	177
Investments pension trust:			
Bonds and notes, at fair value	--	--	183,862
International fixed income	--	--	74,092
Collateralized mortgage obligations, at fair value	--	--	12,329
Domestic equities	--	--	357,247
International equities	--	--	135,765
Alternative investments	--	--	47,320
Real estate, at fair value	--	--	59,674
Capital assets-net of accumulated depreciation	--	--	1,486
Total Assets	<u>29,843</u>	<u>237,944</u>	<u>926,460</u>
<u>Liabilities</u>			
Agency obligations	29,843	--	--
Accrued liabilities	--	--	45,507
Total Liabilities	<u>29,843</u>	<u>--</u>	<u>45,507</u>
<u>Net Assets</u>			
Assets held in trust for pool participants	--	237,944	--
Assets held in trust for pension benefits	--	--	880,953
Total Net Assets	<u>\$ --</u>	<u>\$ 237,944</u>	<u>\$ 880,953</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, 2011 (in thousands)
San Luis Obispo Pension Trust Fund
For the Year Ended December 31, 2010 (in thousands)

	Investment Trust Fund 6/30/2011	San Luis Obispo County Pension Trust 12/31/2010
<u>Additions</u>		
Contributions:		
County contributions	\$ 817,540	\$ 32,148
Member contributions	--	24,549
Total Contributions	817,540	56,697
Investment Earnings:		
Net increase (decrease) in fair value of investments	--	128,399
Realized gains and losses	--	(34,024)
Interest	745	7,910
Dividends	--	11,439
Real estate management trust income	--	(1,509)
Rental Real Estate:		
Real estate operating income (expense)	--	1,432
Investment expenses	--	(3,593)
Total Investment Earnings	745	110,054
Total Additions	818,285	166,751
<u>Deductions</u>		
Benefits:		
Monthly benefit payments	--	46,802
Termination refunds	--	1,642
Death benefits	--	362
Total benefits	--	48,806
Administrative expenses	--	1,981
Total Administrative Expenses	--	1,981
Distributions from investment pool	779,404	--
Total deductions	779,404	50,787
Change in Net Assets	38,881	115,964
Net Assets - Beginning	199,063	764,989
Net Assets - Ending	\$ 237,944	\$ 880,953

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, 2011

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.

The County reporting entity includes all significant organizations, departments, and agencies over which the County is considered financially accountable. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. The accompanying financial statements present the financial position 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.

Blended Component Units

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. 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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Discretely Presented Component Unit

First 5 San Luis Obispo County – First 5 was created in 1998 with the passage of Proposition 10, the California Children and Families First Act. First 5's mission is to allocate funds from the California Children and Families Trust Fund and advocate for quality programs and services, supporting children prenatal to age 5, to ensure that every child is healthy and ready to learn in school. First 5 is governed by a nine-member commission that includes public officials and community leaders from the fields of early childhood education, health care, and family support. The County can influence the day-to-day operations and financial decisions of First 5 as the County Board of Supervisors appoints all commission members. First 5 is reported as a discretely presented component unit because its governing body is not substantively the same as the County's governing body, and it does not provide services entirely or exclusively to the County.

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, Lopez Flood Control Project, and Los Osos Wastewater) 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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

column. The internal service funds are presented in a single column on the face of the proprietary fund statements.

New Accounting Pronouncements

For the fiscal year ended June 30, 2011, the County implemented Government Accounting Standards Board Statement No. 54 (GASB 54), "*Fund Balance Reporting and Governmental Fund Type Definitions*". The requirements of this statement are effective for financial statement periods beginning after June 15, 2010.

GASB 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied, and it clarifies the existing governmental fund balance definitions. It establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the resources reported in governmental funds. These classifications prescribed under this statement are described Note 11.

GASB 54 also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements. The definitions of the General Fund, special revenue fund type, capital projects fund type, debt service fund type and permanent fund type are also clarified in the provisions of this statement.

The County reports the following Major Governmental Funds:

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

The County reports the following Major Proprietary Funds:

- The Airport Fund accounts for the maintenance, operations, and development of the County owned commercial service airports in San Luis Obispo and Oceano.
- The Nacimiento Water Contract Fund accounts for the activities and delivery of water associated with the Nacimiento water supply reservoir and the contract with Monterey County.
- 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.
- The Los Osos Wastewater Fund accounts for the construction, operation and maintenance of the wastewater treatment plant serving the community of Los Osos.
- 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, 2010.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

- 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 95 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 124 different Agency Funds. These include accounts for temporary holding of funds for the tax assessment areas created under the 1915 Improvement Act, temporary clearing funds, and other temporary holding funds not classified in other agency categories.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2011. 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 81.9 percent.

Cash and Cash Equivalents

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

Receivables and Payables

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

Property Tax

The County is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County, including school, cities, and special districts. Property taxes, for which the lien date is January 1, are payable in two equal installments, November 1 and February 1, and become delinquent on December 10 and April 10, respectively. Property taxes receivable are recognized when levied. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent on August 31. The County is permitted by Article XIII-A of the State of California Constitution (known as Proposition 13) to levy a maximum tax of \$1.00 per \$100.00 of full cash value. The bills are payable in equal installments, November 1st and February 1st and become delinquent on December 10th and April 10th, respectively. Property taxes are accounted for in the Unapportioned Property Tax and Interest Fund, an Agency Fund, until apportionment and disbursement to the taxing jurisdictions. Property tax receivables are recognized when 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 \$2,500,000 from the County Treasury (as provided in Revenue and Taxation Code 4705). The principal and interest (0.35%) on the borrowing will be repaid June 22, 2012.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Compensated Absences

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

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

Long-term Obligations

In the Government-wide financial statements, and 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 fund balance in classifications based primarily on the extent to which the County is bound to honor the constraints on the specific purposes for which amounts in the funds can be spent. The fund balance classifications used are nonspendable, restricted, committed, assigned and unassigned (see Note 11 for a description of these categories).

In circumstances when an expenditure is made for a purpose for which amounts are available from multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

E. ESTIMATES

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

DETAIL NOTES ON ALL FUNDS

2. CASH AND CASH EQUIVALENTS

Cash in Treasury

Investments made by the Treasurer are regulated by the California Government Code and by the County's Investment Policy (IP). The objectives of the policy in order of priority are safety 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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.

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 the California 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 1.003066034762 in the Quarterly Report of Investments as of June 30, 2011, 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 1.001576470 for its portfolio as of June 30, 2011. 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, 2011, 5.01% 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

As of June 30, 2011, the County's combined pool includes funds deposited in collateralized Public Investment Money Market Accounts (PIMMAs) and Certificates of Deposit placed through the Certificate of Deposit Account Registry Service (CDARS). PIMMAs are interest-bearing active bank accounts and by California Government Code (GC) §53631 et seq., are considered depository accounts, not investments. PIMMAs are fully liquid and collateralized by eligible securities per GC 53651 et seq. Deposits placed through CDARS as authorized by California GC §53635.8, are distributed into individual Certificates of Deposit (CD) of less than \$250,000 each that are fully FDIC insured, and placed through a network participating bank that uses the CD Account Registry Service, a private entity that assists in the placement of the individual CDs. Even though PIMMAs are not investments by code, they are included in the County's combined pool and are treated internally as investments for tracking, management, and reporting purposes.

The table below identifies the investment types that are authorized for the County by the California Government Code. 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, 2011, 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 a 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 2010-11		
Registered Treasury Notes or Bonds of any of the other 49 United States	Not authorized in FY 2010-11		
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 2010-11		
Federal Home Loan Mortgage Corp.	Not authorized in FY 2010-11		
Federal Home Loan Bank	3 years	20%	N/A
Farm Credit Bank	3 years	20%	N/A
Bankers' Acceptances-Domestic	30 days	10%	4%
Bankers' Acceptances-Foreign	Not authorized in FY 2010-11		
Commercial Paper	30 days	5%	2%
Collateralized Certificates of Deposit	1 year	15%	5%
Negotiable Certificates of Deposit	Not authorized in FY 2010-11		
CDARS	1 year	15%	1%
Tri-Party Repurchase Agreements	30 days	15% of all repos	N/A
Bi-Party Repurchase Agreements	Not authorized in FY 2010-11		
Reverse Repurchase Agreements	Not authorized in the County's IP		
Securities Lending Agreements	Not authorized in the County's IP		

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Medium-Term Notes	Not authorized in FY 2010-11		
Money Market Mutual Funds	Not authorized in FY 2010-11		
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 2010-11		
Mortgage Pass-Through Securities	Not authorized in FY 2010-11		
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, 2011, the County did not have investments in 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, 2011.

Investment Type	S&P	Moody's	% of Portfolio
Bankers' Acceptances	A-1	P-1	0.48%
U.S. Treasuries	AAA	Aaa	49.81%
U.S. Government Agencies	AAA	Aaa	17.96%
CDARS	Not Rated	Not Rated	11.97%
Teeter Note	AA-	Not Rated	0.60%
Repurchase Agreement	A-1	P-1	7.18%
Local Agency Investment Fund	Not Rated	Not Rated	12.00%
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, 2011, the following investments and interest-bearing deposit exceeded the 5% disclosure threshold.

Investment Type	% of Portfolio
U.S. Government Agencies-Federal Home Loan Bank	13.16%
Tri-Party Repurchase Agreement-Merrill Lynch FlexiCash	7.18%

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

At June 30, 2011, the County had the following investments and interest-bearing deposits (in thousands):

Instrument	Maturity Dates	Interest Rate %	Weighted Average Maturity Years	Carrying Amount	Fair Value	Par Value
Bankers' Acceptances	7/11/11	0.17%	0.03	\$ 2,000	\$ 2,000	\$ 2,000
CDARS	11/10/11-5/10/12	0.946%	0.73	50,000	50,000	50,000
U.S. Treasuries	7/28/11-4/15/14	0.205%-1.841%	1.36	206,310	208,135	206,000
U.S. Government Agencies	7/01/11-12/27/13	0.07%-1.057%	0.55	75,003	75,022	75,000
Teeter Note	6/22/12	0.35%	0.98	2,500	2,500	2,509
Repurchase Agreement	7/01/11	0.00%	-	30,000	30,000	30,000
Local Agency Fund	On Demand		-	50,059	50,138	50,000
				\$		
Total Investments in County Treasury			0.87	415,872	417,795	415,509
Deposits in Financial Institutions				211,151	211,151	211,151
Cash on Hand				160	160	160
Total Cash held in Treasury				627,183	629,106	626,820
Deposits in Transit				709	709	709
Outstanding Warrants				(9,592)	(9,592)	(9,592)
Total				618,300	620,223	617,937
Other Cash Deposits				1,422	1,422	1,422
Total cash and cash equivalents				619,722	621,645	619,359
				Carrying Amount	Fair Value	Par Value
<u>Restricted Cash with Fiscal Agent</u>						
U.S. Government & Federal Agencies				\$ 13,669	\$ 13,962	\$ 13,669
Guaranteed Investment Contract				5,815	5,815	5,815
Certificates of Deposit and Money Market Accounts				585	585	585
Total				20,069	20,362	20,069
Total restricted and unrestricted cash and cash equivalents				639,791	642,007	639,428
				Carrying Amount		
<u>Total Cash and Investments Summary</u>						
Total Governmental Activities				\$293,799		
Total Business-type Activities				70,283		
Total Fiduciary Funds				267,787		
Total Component Unit				7,922		
Total Cash and Investments				639,791		

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, 2011 (in thousands):

	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Statement of Net Assets:</u>		
Net assets held for pool participants	<u>\$ 619,722</u>	<u>\$ 621,645</u>
Equity of internal pool participants	\$ 381,777	\$ 383,700
Equity of external pool participants (voluntary and involuntary)	<u>237,945</u>	<u>237,945</u>
Total Equity	<u>\$ 619,722</u>	<u>\$ 621,645</u>
<u>Statement of Changes in Net Assets:</u>		
Revenue	\$ 3,228	\$ 3,228
Investment Costs	(1,065)	(1,065)
Net Deposits	49,772	49,772
Change in fair value	<u>-</u>	<u>109</u>
Net change in pool	51,935	52,044
Net Assets at July 1, 2010	<u>567,787</u>	<u>569,601</u>
Net Assets at June 30, 2011	<u>\$ 619,722</u>	<u>\$ 621,645</u>

Restricted Cash with Fiscal Agent

Cash and investments at June 30, 2011 that are restricted by legal or contractual requirements are comprised of the following (in thousands):

<u>Various Governmental Funds</u>	<u>Amount</u>
Required lease reserves for long term debt	\$ 13,607
Restricted interest on lease reserves	5,877
Restricted for Contractor Retentions	585
Total Restricted Cash	<u>\$ 20,069</u>

Cash Deposits outside of the Treasury Pool

At fiscal year end, the carrying amount of the County's other cash deposits was \$934,979 and the combined financial institutions' balance was \$1,011,459. The difference of \$76,480 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 \$1,011,459 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	\$ 50	\$ 278	\$ 1,512	\$ 163	\$ 24
Allowance for Doubtful Accounts	-	-	(1,506)	-	-
Net Accounts Receivable	\$ 50	\$ 278	\$ 6	\$ 163	\$ 24

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2011, is as follows (in thousands):

<u>Governmental Activities</u>	Balance July 1, 2010	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2011
Capital assets, not being depreciated:					
Land	\$ 789,677	\$ 875	\$ -	\$ 1,038	\$ 791,590
Construction in progress	60,788	20,983	-	(34,624)	47,147
Total capital assets, not being depreciated	850,465	21,858	-	(33,586)	838,737
Capital assets, being depreciated:					
Structures and improvements	166,374	2,938	-	3,579	172,891
Equipment	64,809	5,415	(2,513)	1,975	69,686
Infrastructure	249,648	1,178	-	27,699	278,525
Other property	340	-	-	-	340
Total capital assets, being depreciated	481,171	9,531	(2,513)	33,253	521,442
Less accumulated depreciation for:					
Structures and improvements	(58,196)	(4,280)	-	-	(62,476)
Equipment	(35,259)	(5,457)	2,285	297	(38,134)
Infrastructure	(140,002)	(8,377)	-	-	(148,379)
Other property	(5)	(3)	-	-	(8)
Total accumulated depreciation	(233,462)	(18,117)	2,285	297	(248,997)
Total capital assets being depreciated, net	247,709	(8,586)	(228)	33,550	272,445
Governmental activities capital assets, net	\$ 1,098,174	\$ 13,272	\$ (228)	\$ (36)	\$ 1,111,182

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Business-type Activities</u>	Balance July 1, 2010	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2011
Capital assets, not being depreciated:					
Land	\$ 24,098	\$ 66	\$ -	\$ 5,581	\$ 29,745
Construction in progress	208,318	11,846	(2,380)	(203,619)	14,165
Water Rights	39,191	1,771	-	-	40,962
Other Property	1,968	-	-	-	1,968
Total capital assets, not being depreciated	273,575	13,683	(2,380)	(198,038)	86,840
Capital assets, being depreciated:					
Infrastructure	268	3,307	-	180,802	184,377
Structures and improvements	148,564	2,217	(17)	17,190	167,954
Equipment	2,373	36	(53)	379	2,735
Other Property	554	-	-	-	554
Total capital assets, being depreciated	151,759	5,560	(70)	198,371	355,620
Less accumulated depreciation for:					
Infrastructure	(27)	(927)	-	-	(954)
Structures and improvements	(30,445)	(3,358)	12	-	(33,791)
Equipment	(1,424)	(138)	48	(297)	(1,811)
Other Property	(48)	(2)	-	-	(50)
Total accumulated depreciation	(31,944)	(4,425)	60	(297)	(36,606)
Total capital assets being depreciated, net	119,815	1,135	(10)	198,075	319,014
Business-type activities capital assets, net	\$ 393,390	\$ 14,818	\$ (2,390)	\$ 36	\$ 405,854

Depreciation expense

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

<u>Governmental Activities</u>	<u>Amount</u>
General Government	\$ 4,404
Public Protection	2,409
Public Ways and Facilities	8,345
Health and Sanitation	136
Public Assistance	226
Education	177
Recreational and Cultural Services	553
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	1,867
Total Depreciation Expense-Governmental Activities	\$ 18,117
<u>Business-type Activities</u>	<u>Amount</u>
Airport	\$ 2,035
Nacimiento	884
State Water Project	200
Lopez Flood Control	562
Nonmajor Enterprise	744
Total Depreciation Expense-Business-type Activities	\$ 4,425

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, 2011 (in thousands):

Governmental Activities

<u>Project</u>	<u>Expended to June 30, 2011</u>	<u>Committed Funds</u>
Sheriff Women's Jail Expansion	\$ 1,313	\$ 1,170
Behavioral Health Electronic Health Record System	968	495
Creston Fire Station	962	2,682
Roads Infrastructure	39,047	32,179

Business-Type Activities

<u>Project</u>	<u>Expended to June 30, 2011</u>	<u>Committed Funds</u>
Nacimiento Water Project *	\$ 167,623	\$ 5,103
SLO Airport Facilities Infrastructure	268	1,921
Los Osos Wastewater Project	8,490	4,832

* The Nacimiento Water project was put into use in 2011 but a portion of the project remains in progress - amount shown represents project costs through 6/30/2011.

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, 2011 they had a carrying value of \$8,984 net of accumulated depreciation of \$1,803. 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, 2011(in thousands):

<u>Year Ending June 30</u>	<u>General Fund</u>	<u>Airport</u>
2012	\$ 271	\$ 290
2013	257	289
2014	238	280
2015	150	278
2016	105	256
Later Years	<u>1,313</u>	<u>6,409</u>
Total	<u>\$ 2,334</u>	<u>\$ 7,802</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 \$931,136 for the fiscal year ended June 30, 2011.

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, 2011 totaled \$2,696,612. 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, 2011 for the next five years and for each five-year period thereafter (in thousands):

Year Ending June 30	Minimum Lease Payments
2012	\$ 1,626
2013	1,540
2014	1,459
2015	1,342
2016	1,171
2017-2021	3,156
2022-2026	684
2027-2031	32
Total	<u>\$ 11,010</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 six liability and one workers' compensation claim 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	\$ 831,424 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.

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 2009-2010 and 2010-2011, were as follows (in thousands):

	Beginning of the fiscal year liability	Current year claims, changes & estimates	Claim payments	Balance at fiscal year end
2009-10	\$ 20,019	\$ 6,786*	\$ 4,218	\$ 22,587
2010-11	\$ 22,587	\$ 2,975	\$ 5,789	\$ 19,773

*Current year claims restated

8. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at June 30, 2011 were (in thousands):

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Enterprise Funds	\$ 338
	Nonmajor Governmental Funds	2,007
	Airport	566
		<u>2,911</u>
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	350
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	779
	Total	<u>\$ 4,040</u>

Advances from the General Fund to Nonmajor Enterprise Funds of \$338 represent internal loans issued to County Service Area 18 (\$238) and County Service Area 7 (\$100).

Advances from the General Fund to Nonmajor Governmental Funds of \$2,007 represent internal loans issued to County Service Area 21 (\$404), County Service Area 9 (\$44), Flood Control Districts (\$87) and the Library Special Revenue Fund (\$1,472).

The Airport owes the General Fund \$199 for an internal loan for the purchase of land and \$367 for various projects.

Advances from Nonmajor Governmental Funds of \$350 represent internal loans issued to the County Service Areas Enterprise Fund from the County Service Areas Special Districts Special Revenue Fund

Advances from Nonmajor Enterprise Funds to Nonmajor Governmental Funds of \$779 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 (\$230).

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	\$ 18,515
	Capital Projects Fund	<u>1,803</u>
		<u>20,318</u>
Nonmajor Governmental Funds	General Fund	3,756
	Capital Projects Fund	1,728
	Nonmajor Governmental Funds	6,348
	Nonmajor Enterprise Funds	<u>352</u>
		<u>12,184</u>
Airport	General Fund	15
	Nonmajor Governmental Funds	<u>40</u>
		<u>55</u>
Los Osos Wastewater Fund	General Fund	269
	Nonmajor Governmental Funds	<u>15</u>
		<u>284</u>
Capital Projects Fund	General Fund	1,093
Lopez Flood Control	Nonmajor Governmental Funds	155
Nonmajor Enterprise Funds	General Fund	2
	Nonmajor Governmental Funds	<u>42</u>
		<u>44</u>
Internal Service Funds	Nonmajor Governmental Funds	<u>640</u>
Total Transfers		<u>\$ 34,773</u>

General Fund transfers to Nonmajor Governmental Funds included contributions to the following Special Revenue Funds: Roads (\$5,545), Library (\$529), Community Development (\$303), County Medical Services Program (\$725) and Parks (\$3,409). The General Fund also transferred \$5,804 to the Pension Obligation Bond Debt Service Fund to finance debt service payments, \$1,803 to the Capital Projects Fund primarily for the Willow Road Exchange project and \$2,200 to the Roads Special Revenue fund for future roads projects.

Nonmajor Governmental Fund transfers include contributions of Public Facilities Fees revenue from the Public Facilities Fees Special Revenue Fund to the General Fund (\$2,934), the Capital Projects Fund (\$1,724), and the Library Fund (\$156) to fund capital and maintenance projects. The Parks Special Revenue Fund made transfers to the General Fund to fund maintenance projects (\$8), transferred fees recognized in prior years to the General Fund (\$87) and the Capital Projects Fund (\$4); and transferred funds to the Pension Obligation Bond Debt

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Service Fund (\$104) and the Lopez Park Enterprise Fund (\$6) for debt service. The Roads Fund transferred \$4 to Flood Control Zone 18 for maintenance projects. The Road Impact Fee Special Revenue Fund transferred Impact Fees of \$5,863 to the Roads Fund for capital and maintenance projects. The Library Fund (\$164), The County Medical Services Program Fund (\$26) and the Driving Under the Influence Fund (\$27) made transfers to the Pension Obligation Bond Debt Service Fund to finance debt service payments.

Other Nonmajor Governmental Fund transfers include transfers from the Public Facilities Financing Corporation to the General Fund (\$726) to facilitate a Department of Social Services debt service payment and to the Roads Fund (\$3) for the Vineyard Drive project; a transfer of \$2 to the General Fund for interest payments and transfers between various County Service Areas (\$346).

The Airport Enterprise fund transferred \$40 to the Pension Obligation Bond fund for debt service and \$15 to the General Fund for interest on internal loans.

The Los Osos Wastewater Fund transferred interest payments of \$15 to the Roads Fund and \$269 to the General Fund.

The Capital Projects Fund transferred \$1,093 to the General Fund to purchase land for the Atascadero Library expansion project.

The Lopez Flood Control transferred \$155 to Roads for work on the Ferasci Road fish passage project.

Transfers from Nonmajor Enterprise funds included transfers from the Golf Enterprise Fund for debt service to the Pension Obligation Bond Debt Service Fund (\$33), as well as transfers from County Service Area Enterprise Fund to the General Fund (\$2) for interest on internal loans; and transfers between various County Services Areas (\$9).

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 (\$597), Reprographics (\$7), and Garage (\$36) funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

10. BONDED INDEBTEDNESS AND LONG TERM DEBT

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011 (in thousands) is as follows:

<u>Governmental Activities</u>	<u>Beginning Balance July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2011</u>	<u>Due within one year</u>
Bonds and notes payable:					
Certificates of participation	\$ 30,420	\$ -	\$ 1,600	\$ 28,820	\$ 925
Unamortized discount on COP	(111)	-	(4)	(107)	-
Pension Obligation Bonds	125,444	-	2,755	122,689	3,260
Total Bonds and notes payable	155,753	-	4,351	151,402	4,185
Other liabilities:					
Compensated absences	24,539	16,202	15,399	25,342	17,226
Landfill post-closure costs	2,559	1,064	267	3,356	307
Self insurance	22,587*	2,975	5,789	19,773	4,108
Total other liabilities	49,685	20,241	21,455	48,471	21,640
Total Governmental Activities	\$ 205,438	\$ 20,241	\$ 25,806	\$ 199,873	\$ 25,825

*Beginning balance restated, see footnote 7.

Business-Type Activities

Bonds and notes payable:					
Certificates of participation	\$ 20,657	\$ 12,777	\$ 13,537	\$ 19,897	\$ 837
State notes	32,418	-	1,394	31,024	1,435
Revenue bonds	196,450	-	6	196,444	2,961
Unamortized premium on Revenue Bonds	6,371	-	-	6,371	-
General obligation bonds	11,155	10,760	11,155	10,760	515
Unamortized premium on General obligation bonds	-	1,128	-	1,128	-
Bond Anticipation Notes	-	8,677	-	8,677	8,677
Total bonds and notes payable	267,051	33,342	26,092	274,301	14,425
Other liabilities:					
Compensated absences	274	135	133	276	182
Total other liabilities	274	135	133	276	182
Total Business-Type Activities	\$ 267,325	\$ 33,477	\$ 26,225	\$ 274,577	\$ 14,607

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, \$2,455 internal service funds' compensated absences and \$19,773 self-insurance liability is included in the above amounts.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Description of Certificates of Participation

The County has issued certificates of participation (COP) for both governmental and business-type activities. COP are issued to finance the acquisition or construction of major capital facilities and to advance-refund previously issued debt. COP principal outstanding at June 30, 2011 (in thousands) is as follows:

	<u>Purpose</u>	<u>Interest Rates</u>	<u>Annual Installments</u>	<u>Amount</u>
<u>Governmental Activities</u>				
	2002 Government Center	3-5%	\$1,484 - \$1,489	\$17,075
	2007 Paso Robles Courthouse	4-4.25%	\$304 - \$308	4,800
	2008 Vineyard Drive Interchange Improvements	4-4.625%	\$440-\$451	6,945
<u>Business-type Activities</u>				
	2002 Dairy Creek Golf Course Refunding	3-5%	\$545 - \$550	6,300
	2011 Refunding Lopez Dam Remediation	2.0-5.5%	\$928-934	11,990
	2009 County Service Area 23 Water System Improvement Project	4.375%	\$6-\$86	1,607
				\$ 48,717

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

<u>Fiscal year ended June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 925	\$ 1,317	\$ 837	\$ 727
2013	965	1,281	673	896
2014	1,000	1,243	694	875
2015	1,040	1,201	720	849
2016	1,090	1,155	750	818
2017-2021	6,275	4,931	4,300	3,536
2022-2026	7,960	3,245	5,499	2,334
2027-2031	5,320	1,427	5,349	846
2032-2036	3,105	665	221	212
2037-2041	1,140	65	273	158
2042-2046	-	-	340	91
2047-2051	-	-	241	16
Total	\$ 28,820	\$ 16,530	\$ 19,897	\$ 11,358

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Description of State Notes

In prior years the County borrowed \$29,794 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, 2011 (in thousands) is as follows:

<u>Business-type Activities</u>	<u>Interest Rates</u>	<u>Annual Installments</u>	<u>Amount</u>
1999 Santa Margarita Water System	3.41%	\$36	\$ 220
2006 Lopez Water Treatment Plant Upgrade	2.6%	\$1,672	24,942
2006 Airport Hangars	4.6124%	\$334	3,023
2007 Airport Hangar	4.6557%	\$86	875
2004 Lopez Recreation Area	2.5132%	\$21	229
1998 Cayucos Water Treatment Facility	3.0315%	\$174	1,735
			<u>\$ 31,024</u>

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

<u>Fiscal year ended June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,435	\$ 1,013
2013	1,479	843
2014	1,523	799
2015	1,568	753
2016	1,616	706
2017-2021	8,736	2,767
2022-2026	8,354	1,429
2027-2031	6,313	375
Total	<u>\$ 31,024</u>	<u>\$ 8,685</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 Fiscal 2011 the San Luis Obispo County Financing Authority issued \$10,760 (Series 2011 A) general obligation bonds on behalf of the Flood Control District. The proceeds were used to refund the 2000 Series A Lopez Dam Improvement Bonds. The aggregate difference between the Series 2000 and Series 2011 bonds is \$895. Using the effective interest rate method, the refunding resulted in an economic gain of \$332. General obligation bonds are repaid from applicable property taxes. Debt service for revenue bonds is derived from pledged revenues consisting principally of water sales revenues of the participating cities and districts payable under water delivery contracts. Bond principal outstanding at June 30, 2011 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	\$ 34
Lopez Dam Remediation	2.0-5.5%	\$831-841	10,760
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	<u>38,565</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

\$ 207,204

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

Fiscal Year ending June 30	<u>Business Activities</u>	
	Principal	Interest
2012	\$ 3,476	\$ 10,051
2013	3,451	10,084
2014	3,577	9,946
2015	3,732	9,797
2016	3,898	9,637
2017-2021	22,530	45,083
2022-2026	29,055	38,559
2027-2031-	37,515	30,072
2032-2036	43,675	19,735
2037-2041	56,295	7,103
Total	\$ 207,204	\$ 190,067

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 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, 2011 is \$17,075 (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, 2011 is \$6,300 (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, 2011 is \$4,800 (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, 2011 is \$6,945 (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 year ended 6/30/2011, certificates were issued in the amount of \$787, and in prior years, \$843. This debt will be fully paid in 2049. Debt service is provided by water sales revenues. The principal balance outstanding at June 30, 2011 is \$1,607 (100% business-type).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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. In fiscal 2011, the Authority refunded the 2000 bonds by the issuance of \$22,750 in revenue bonds (2011 Series A Lopez Dam Refunding Bonds). The Flood Control District also refunded its 2000 GO bonds and 2000 COP by issuing 2011 bonds, \$10,760 GO and \$11,990 COP. The aggregate difference between the Series 2000 and Series 2011 bonds is \$3,233. Using the effective interest rate method, the refunding resulting in an economic gain of \$1,567. 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, 2011 are \$11,990 (COP) and \$10,760 (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, 2011 totals \$2,606 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 \$25,618 at June 30, 2011. 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 \$525,474 with a margin of \$514,714.

Description of Pension Obligation Bonds

The actuary for the Pension Trust provided information estimating the Unfunded Actuarial Accrued Liability (UAAL) to be approximately \$135,085 as of July 2, 2003. To fund the UAAL, on July 2, 2003 the County sold \$137,194 in pension obligation bonds (POB) which were issued to refund the obligation of the County to the

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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. The aggregate difference between the 2003 Series B and the 2009 Series A bonds debt service is \$133,408. Using the effective interest rate method, the refunding resulted in an economic gain of \$41,976.

POB principal outstanding at June 30, 2011 is \$122,689 (100% governmental). Annual debt service requirements to maturity for bonds are as follows (in thousands):

Fiscal Year ending June 30	Governmental Activities	
	Principal	Interest
2012	\$ 3,260	\$ 4,636
2013	3,805	4,499
2014	4,390	4,335
2015	5,030	4,140
2016	5,715	3,911
2017-2021	67,081	26,411
2022-2026	17,670	36,715
2027-2031	15,738	48,890
Total	\$ 122,689	\$ 133,537

Bond Anticipation Notes

On June 15, 2011 the County acquired interim funding for the Los Osos Wastewater Project in the form of a Bond Anticipation Note (BAN) sold to US Bank. Repayment of the BAN and interest will be provided by Certificates of Participation (COPs) sold to the USDA. USDA requires that the COPs cannot close until pre-closing conditions are met. The BAN provides the financing necessary for the County to perform these requirements. The BAN essentially establishes a "line of credit" and is only used as needed. As of June 30, 2011, \$8,677 had been drawn on the BAN. The interest rate is variable based on the one month London Interbank Offered Rate (LIBOR).

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, 2011 had an arbitrage liability of \$1,067.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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):

	<u>Amount</u>
Governmental activities	\$ 1,084,978
Business-type activities	<u>149,097</u>
Total	<u>\$ 1,234,075</u>

Restricted Net Assets - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Included in total restricted net assets at June 30, 2010 are net assets restricted by enabling legislation of \$19,503.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Restricted net assets at June 30, 2011 for governmental activities are as follows (in thousands):

	<u>Amount</u>
RESTRICTED FOR:	
<u>General Government</u>	
Commitments for Administrative Office related professional services	\$ 25
Commitments for Information Technology related professional services	28
Commitments for Human Resources related professional services	36
Commitments for Auditor-Controller related professional services	85
Commitments for County Counsel related professional services	170
Commitments for building maintenance projects	24
Commitments for capital projects	55
Claims, contracts and other restrictions	112
<u>Public Protection</u>	
Commitments for Flood Control related engineering services	885
Commitments for Emergency Services related professional services	19
Commitments for Planning related professional services	344
Commitments for Waste Management related professional services	91
Commitments for Sheriff related professional services	17
Commitments for Probation related professional services	42
Commitments for fire protection equipment	94
Commitments for capital projects	3,896
Claims, contracts and other restrictions	3
<u>Health and Sanitation</u>	
Commitments for Public Health software and services	26
<u>Public Ways and Facilities</u>	
Commitments for Public Works related professional services	120
Road maintenance and construction	7,872
Public facilities fees restricted for public facilities	11,631
<u>Recreation and Culture</u>	
Commitments for capital projects	718
Commitments for Recreation related sewer project	175
Claims, contracts and other restrictions	38
<u>Debt Service</u>	<u>9,752</u>
Total Restricted Net Assets	<u>\$ 36,258</u>

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

Unrestricted net assets at June 30, 2011 are as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ 233,149
Business-type activities	<u>38,665</u>
Total	<u>\$ 271,814</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

In the fund financial statements, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor the constraints imposed on the use of resources reported in the funds. As prescribed by GASB statement 54, the following classifications are used to identify the components of fund balance:

- *Nonspendable Fund Balance* - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term note receivable
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource provider.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority, the County's Board of Supervisors. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance* – comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by the County's Board or official to which the County's board has delegated the authority to assign amounts for specific purposes.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Fund balances for all the major and Nonmajor governmental funds as of June 30, 2011 are distributed as follows:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>				
Inventories	\$ 94	\$ -	\$ -	\$ 94
Prepaid Items	328	-	2	330
Advances to other funds	2,911	-	350	3,261
Subtotal	<u>3,333</u>	<u>-</u>	<u>352</u>	<u>3,685</u>
<u>Restricted for:</u>				
Tax loss reserves	7,113	-	-	7,113
Public assistance	-	-	38	38
Public ways and facilities	-	-	19,503	19,503
Public protection	-	-	1	1
Debt Service	-	-	2,523	2,523
Subtotal	<u>7,113</u>	<u>-</u>	<u>22,065</u>	<u>29,178</u>
<u>Committed to:</u>				
General government	8,214	-	-	8,214
Public protection	1,790	-	7,430	9,220
Public assistance	-	-	1,476	1,476
Public ways and facilities	120	-	12,516	12,636
Health and sanitation	26	-	35	61
Education	-	-	1,661	1,661
Recreation	-	-	2,091	2,091
General reserve	8,000	-	-	8,000
Fire equipment	1,342	-	-	1,342
Internal financing	5,423	-	-	5,423
Automation projects	9,757	-	-	9,757
Building replacement	9,258	-	-	9,258
Organizational development	1,794	-	-	1,794
Tax reduction reserve	14,942	-	-	14,942
Lease financing	1,714	-	-	1,714
Capital Projects	-	23,008	-	23,008
Debt service	-	-	7,229	7,229
Subtotal	<u>62,380</u>	<u>23,008</u>	<u>34,438</u>	<u>117,826</u>
<u>Assigned to:</u>				
Capital Projects	-	94	-	94
<u>Unassigned</u>				
	87,741	-	-	87,741
Total	<u>\$ 160,567</u>	<u>\$ 23,102</u>	<u>\$ 54,855</u>	<u>\$ 238,524</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

12. LAPSING ENCUMBRANCES

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

The following is a summary of lapsing encumbrances at June 30, 2011 to be reappropriated during the next fiscal year (in thousands):

Function	Total Encumbrances
General Government	\$ 1,873
Health & Sanitation	1,176
Public Protection	1,264
Public Assistance	356
Public Ways and Facilities	24,800
Education	33
Recreation	312
Total Lapsing Encumbrances	<u>\$ 29,814</u>

13. OTHER COMMITMENTS

In 1965, the County began payments in accordance with a contract with the State of California for a water supply from the State Water Project. Estimated future principal payments for the State Water Contract will total \$30,272,561 over the next 24 years. The estimated amounts vary by year. For example, the principal amount due in 2011 is \$755,724 while \$1,961,247 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, 2011.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2011 (in thousands):

Governmental funds:

	General Fund	Capital Projects	Nonmajor Governmental Funds
County Medical Services Program grant	\$ -	\$ -	\$ 40
Library LTSA grant	-	-	33
Roads developer contributions	-	-	377
Governmental aid advanced for capital projects	-	684	-
Other deferred revenues	6,094	-	-
Total Unearned	<u>6,094</u>	<u>684</u>	<u>450</u>
Teeter Tax Revenues	23,066	-	-
Accrued revenues collected after availability period	5,415	156	514
Total Unavailable	<u>28,481</u>	<u>156</u>	<u>514</u>
Total Deferred Revenue	<u>\$ 34,575</u>	<u>\$ 840</u>	<u>\$ 964</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, 2011 (in thousands):

Governmental funds:

	General Fund	Nonmajor Governmental Funds
Reimbursements	\$ 897	\$ 730
Surplus sales, publications & rebates	32	-
Nuisance abatement	37	-
Returned check fees and card fees	27	-
Seminar, conferences and workshop fees	110	-
Contributions non-governmental	500	263
Grants non-governmental	69	50
Tobacco settlement	1,668	681
Other settlements	428	-
Other miscellaneous revenues	431	611
Total Governmental Funds	<u>\$ 4,199</u>	<u>\$ 2,335</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Business-type funds:

	<u>Airport</u>	<u>Nacimiento Water Contract</u>	<u>State Water Contract</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>
Other Reimbursements	\$ -	\$ 388	\$ -	\$ -	\$ 72
Returned check fees and card fees	7	-	-	-	-
Settlements, damages and insurance	6	-	-	13	7
Surplus sales and rebates	6	-	-	-	-
Misc. non-operating sources	18	1	3	5	8
Total Business-type funds	<u>\$ 37</u>	<u>\$ 389</u>	<u>\$ 3</u>	<u>\$ 18</u>	<u>\$ 87</u>

17. DEFINED BENEFIT PENSION PLAN

Plan Description

The County of San Luis Obispo (the "County") 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, employees of the San Luis Obispo Local Agency Formation Commission, and employees of the San Luis Obispo County Pension Trust. 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 (the "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.

Participation in the Plan is mandatory for all permanent employees. The Trust and the Plan are both administered by the San Luis Obispo County Pension Trust Board of Trustees (the "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

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 applicable retirement formula, minimum retirement age, compensation base, post retirement cost of living adjustment, cost of living adjustment carry over, and final compensation maximum may differ depending upon the Plan provisions in effect at the member's date of hire, the member's classification, and the member's bargaining unit. 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 provides for an Annual Cost of Living Adjustment (COLA) based on the Consumer Price Index. The Plan also provides death benefits.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price or at year-end closing prices as quoted by an independent securities valuation company. 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. The County's contributions are due at the end of each pay period.

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, 2010, the Plan held no investments of a single issuer comprising 5% or more of net assets.

Funding Policy – The Trustees establish and may amend the funding policy. Participants were required to contribute to the Plan for the 2010 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 the participant leave the employment of the County prior to retirement.

The 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 2010. 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 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 Trustees were rescinded and, based upon the advice of the plan actuary, the rates charged to the County were established at a range of 15.09% to 27.78% of payroll. Specific appropriation rates were adopted for each benefit group at various times during 2010 as negotiations for changes to the Retirement Allowance formula were concluded and implemented.

Total contributions and appropriations to the Plan in 2010 amounted to \$56,697,049. Of this total, \$32,148,424 were regular County appropriations. Employee contributions amounted to \$24,548,625. The Employee contributions include Employee Additional Voluntary Contributions of \$134,554 and County Additional for Employee Contributions of \$954. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation report as of December 31, 2010.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2011, (based on an actuarial valuation report as of December 31, 2010) were as follows (in thousands):

	<u>Amount</u>
Annual Required Contribution (ARC)	\$ 30,278
Interest on beginning net pension asset	(9,700)
Adjustment to the ARC	<u>6,753</u>
Annual Pension Cost (APC)	27,331
Employer contributions made	<u>32,148</u>
Increase (decrease) in net pension asset	4,8217
Net pension asset / (obligation), beginning of year	<u>125,155</u>
Net pension asset / (obligation), end of year	\$ <u>129,972</u>

The annual pension cost and net pension asset were based on an actuarial valuation report as of December 31, 2010. 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, 2010, these reserves were generally credited with interest at the rate of 7.25%. In addition, any additional employee or employer contributions, as well as interest credited to these additional contributions, earned interest at the rate of 3.80%. 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		Percentage of APC	Net Pension
<u>June 30</u>	<u>Cost (APC)</u>	<u>Contribution</u>	<u>Contributed</u>	<u>Asset</u>
2009*	\$33,246	\$30,860	93%	\$122,266
2010*	\$28,538	\$31,427	110%	\$125,155
2011*	\$27,331	\$32,148	118%	\$129,972

Funded Status

The Plan's funded status based upon the most recent actuarial valuation performed by Gabriel, Roeder Smith and Company dated January 1, 2011 is as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL) Funding Excess	Funded Ratio	Annual Covered Payroll	(Funding Excess) UAAL as a Percentage of Covered Payroll
<u>Jan 1</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>(b-a)/c</u>
2011	\$1,000,169	\$1,282,058	\$281,889	78.0%	\$161,783	174.2%

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, 2010 (January 1, 2011)
Actuarial Cost Method	Entry Age Normal
Amortization Method	30 years declining, Closed Method
Remaining Amortization Period	29 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)

Amortization of Unfunded Actuarial Liabilities is done as a level percent of payroll over 29 years (30 years was used in the previous valuation) for funding computation.

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, 2011 is \$3,356,340. Of this \$717,959 is the Net Present Value Corrective Action Cost and \$2,638,381 is the Net Present Value Maintenance Cost. The Public Works Director developed this cost estimate from a detailed analysis, which was based on engineering staff's experience in prior years with site closure, and consultation with landfill industry experts. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Therefore, the cost estimate will be reviewed and adjusted annually for changes in these factors.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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. CalPERS does not provide a separate, audited GAAP-basis postemployment benefit plan report for the County’s discrete information.

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 \$108 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 Asset

The County’s annual Other Post Employment Benefits (OPEB) cost is equal to the (a) annual required contribution (ARC) less (b) one year’s interest on the beginning balance of the net OPEB asset 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 \$1,477 for the fiscal year ended June 30, 2011 includes the normal cost for current active employees of \$653 and a component for amortization of the total unfunded actuarial accrued liability (UAAL) of \$824. The following table shows the components of the Net OPEB Asset as of June 30, 2011:

Annual required contribution (ARC)	\$1,477
Interest on prior year net OPEB asset	(147)
Adjustment to ARC	315
Annual OPEB Cost	1,645
Contributions made	1,747
Increase (decrease) in net OPEB obligation	(102)
Net OPEB obligation (asset) – beginning of year	(1,893)
Net OPEB obligation (asset) – end of year	(\$1,995)

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 2011 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions	Percent of OPEB Cost Contributed	Net OPEB Obligation (Asset)
2009	\$2,369	\$593	25%	\$3,373
2010	\$2,098	\$7,364	351%	(\$1,893)
2011	\$1,645	\$1,747	131%	(\$1,995)

Funded Status and Funding Progress

The funded status of the OPEB plan as of June 30, 2011 (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 does not include contributions made in-between actuarial valuation years totaling \$918 (made during the fiscal year ended June 30, 2011).

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. RESTATEMENT OF FUND BALANCE/NET ASSETS

Beginning net assets of Governmental Activities has been restated to reflect revenue associated with prior years uncollected secured property taxes of \$12,971 which are recognizable as revenue under GAAP but had been previously recognized when appropriated.

Fund balance of the General Fund has been restated as a result of application of Government Accounting Standards Board Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions* which clarifies the definitions of governmental fund types (see Note 1). As part of the County's implementation of GASB Statement No. 54 for the year ended June 30, 2011, five funds previously presented as special revenue funds are now being reported as part of the General Fund. Fiscal year 2010-11 revenues and expenditures for the funds formerly classified as special revenue funds have been included in the General Fund's activity, and the

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

beginning fund balance amounts have been restated. The following table presents a summary of the restatement:

	General Fund	Nonmajor Gov't Funds
As of June 30, 2010	\$ 116,102	\$ 92,715
Countywide Automation Replacement	9,118	(9,118)
Government Building Replacement	6,945	(6,945)
Organizational Effectiveness	2,115	(2,115)
Tax Reduction Reserve	13,890	(13,890)
Governmental Leasing	1,590	(1,590)
Restated as of July 1, 2010	<u>\$ 149,760</u>	<u>\$ 59,057</u>

In addition, net assets for the self-insurance funds were restated for a total of \$1,189 to reflect additional net assets available. Prior year liability for self-insurance was overstated by \$1,189 and reflected total net asset balances of the dental and unemployment insurance funds.

21. SPECIAL ITEM

First 5 of San Luis Obispo County, a discretely presented component unit of the County reported an extraordinary item regarding California Assembly Bill 99 (AB99). On March 24, 2011 AB99 was enacted. AB99 requires the transfer of \$950 million from the combined balances of all the county Children and Families Trust Funds to the State of California Children and Families Health and Human Services Fund. A transfer totaling \$3,771 from First 5 San Luis Obispo County will be required by June 30, 2012.

Subsequent to the enactment of AB99, several county Commissions filed a lawsuit against the State of California claiming that AB99 is unconstitutional. The outcome of this lawsuit has not been determined as of the date of this financial statement audit report.

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 Plan (OPEB)
- 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, 2011 (in thousands)**

Actuarial Valuation Jan 1	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)
2009	\$875,602*	\$1,150,214	\$274,612*	76.1%	\$168,677	162.8%
2010	\$937,279*	\$1,216,153	\$278,874	77.1%	\$160,444	173.8%
2011	\$1,000,169	\$1,282,058	\$281,889	78.0%	\$161,783	174.2%

*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, 2011 (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, 2011 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 136,278	\$ 136,278	\$ 145,173	\$ 8,895
Licenses, permits, and franchises	7,630	7,650	7,412	(238)
Fines, forfeits, and penalties	4,146	4,359	6,133	1,774
Use of money and property	1,038	1,038	650	(388)
Aid from other governmental agencies	170,718	183,512	169,517	(13,995)
Charges for services	34,993	37,101	35,268	(1,833)
Other revenue	3,546	6,407	4,196	(2,211)
Total Revenues	<u>358,349</u>	<u>376,345</u>	<u>368,349</u>	<u>(7,996)</u>
Expenditures:				
Current:				
General government	59,103	76,708	44,530	32,178
Public protection	138,118	144,041	133,504	10,537
Public ways and facilities	2,424	5,175	2,379	2,796
Health and sanitation	66,507	71,245	63,175	8,070
Public assistance	97,413	101,061	94,517	6,544
Education	443	456	420	36
Contingencies	14,489	13,246	--	13,246
Total Expenditures	<u>378,497</u>	<u>411,932</u>	<u>338,525</u>	<u>73,407</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(20,148)</u>	<u>(35,587)</u>	<u>29,824</u>	<u>65,411</u>
Other Financing Sources (Uses):				
Transfers in	726	3,912	4,256	344
Transfers (out)	(16,916)	(22,502)	(27,080)	(4,578)
Total Other Financing Sources (Uses)	<u>(16,190)</u>	<u>(18,590)</u>	<u>(22,824)</u>	<u>(4,234)</u>
Net change in fund balances	(36,338)	(54,177)	7,000	61,177
Fund balances, beginning	<u>116,102</u>	<u>116,102</u>	<u>116,102</u>	<u>--</u>
Fund balances, ending	<u>\$ 79,764</u>	<u>\$ 61,925</u>	<u>\$ 123,102</u>	<u>\$ 61,177</u>

Continued

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, 2011 (in thousands)

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "Total Revenues" from the Budgetary Comparison Schedule	\$ 368,349
Revenues for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	1,957
Total Revenues as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 370,306</u>
<u>Uses/outflows of resources</u>	
Actual amounts (budgetary basis) "Total Expenditures" from the Budgetary Comparison Schedule	\$ 338,525
Expenditures for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	5,791
Total Expenditures as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 344,316</u>
<u>Other financing sources/(uses) of resources</u>	
Actual amounts (budgetary basis) "Total Other Financing Sources (Uses)" from the Budgetary Comparison Schedule	\$ (22,824)
Other financing sources (uses) for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	7,641
Total Other Financing Sources (Uses) as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ (15,183)</u>

COUNTY OF SAN LUIS OBISPO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

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, 2011, 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 (PFC)

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 Housing and Urban Development (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.

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 collected from persons convicted of driving under the influence to provide education and rehabilitation programs.

Fish & Game

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

Road Impact Fees

Accounts for resources collected from developers to add, maintain, and improve roads in specific areas where the fees were allocated.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Library

Accounts for resources used to provide library services throughout the county.

Parks

Accounts for resources used to provide parks and recreational services countywide.

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.

Wildlife & Grazing

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

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, 2011 (in thousands)

	<u>Debt Service Funds</u>	<u>Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 7,762	\$ 47,220	\$ 54,982
Other receivables	16	--	16
Restricted cash with fiscal agent	2,523	227	2,750
Accounts receivable	--	6	6
Due from other governments	--	4,434	4,434
Prepaid expenses	--	2	2
Loans receivable	780	28	808
Advances to other funds	--	350	350
Other assets	3,405	--	3,405
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 14,486</u>	<u>\$ 52,267</u>	<u>\$ 66,753</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Salaries and benefits payable	\$ --	\$ 607	\$ 607
Accounts payable	--	2,429	2,429
Deposits from others	--	927	927
Unearned revenue	--	450	450
Deferred revenue	--	514	514
Other current liabilities	4,185	--	4,185
Advances from other funds	549	2,237	2,786
Total Liabilities	<u>4,734</u>	<u>7,164</u>	<u>11,898</u>
Fund Balances:			
Nonspendable	--	352	352
Restricted	2,523	19,542	22,065
Committed	7,229	25,209	32,438
Total Fund Balances	<u>9,752</u>	<u>45,103</u>	<u>54,855</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 14,486</u>	<u>\$ 52,267</u>	<u>\$ 66,753</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, 2011 (in thousands)

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>			
Taxes	\$ --	\$ 10,246	\$ 10,246
Licenses, permits and franchises	--	1	1
Fines, forfeits and penalties	--	862	862
Use of money and property	61	308	369
Aid from other governmental agencies	--	25,027	25,027
Charges for current services	3,504	15,896	19,400
Other revenues	474	1,861	2,335
Total revenues	<u>4,039</u>	<u>54,201</u>	<u>58,240</u>
<u>Expenditures:</u>			
Current:			
Public protection	--	2,132	2,132
Public ways and facilities	--	34,882	34,882
Health and sanitation	--	5,297	5,297
Public assistance	--	5,685	5,685
Education	--	9,771	9,771
Recreation and cultural services	--	7,187	7,187
Debt service:			
Principal payments	4,595	--	4,595
Interest and fiscal charges	6,464	--	6,464
Total expenditures	<u>11,059</u>	<u>64,954</u>	<u>76,013</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,020)</u>	<u>(10,753)</u>	<u>(17,773)</u>
<u>Other financing sources (uses):</u>			
Transfers in	6,838	18,917	25,755
Transfers out	(731)	(11,453)	(12,184)
Total other financing sources and (uses)	<u>6,107</u>	<u>7,464</u>	<u>13,571</u>
Net changes in fund balances	(913)	(3,289)	(4,202)
Fund balances - beginning, restated	<u>10,665</u>	<u>48,392</u>	<u>59,057</u>
Fund balances - ending	<u>\$ 9,752</u>	<u>\$ 45,103</u>	<u>\$ 54,855</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2011 (in thousands)

	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Total Nonmajor Debt Service Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 873	\$ 6,889	\$ 7,762
Other receivables	16	--	16
Restricted cash with fiscal agent	2,508	15	2,523
Loans receivable	780	--	780
Other assets	145	3,260	3,405
Total Assets	\$ 4,322	\$ 10,164	\$ 14,486
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Other current liabilities	\$ 925	\$ 3,260	\$ 4,185
Advances from other funds	549	--	549
Total Liabilities	1,474	3,260	4,734
Fund Balances:			
Restricted	2,508	15	2,523
Committed	340	6,889	7,229
Total Fund Balances	2,848	6,904	9,752
Total Liabilities and Fund Balances	\$ 4,322	\$ 10,164	\$ 14,486

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, 2011 (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	\$ 45	\$ 16	\$ 61
Charges for current services	3,504	--	3,504
Other revenues	--	474	474
Total revenues	<u>3,549</u>	<u>490</u>	<u>4,039</u>
<u>Expenditures:</u>			
Debt service:			
Principal payments	1,840	2,755	4,595
Interest and fiscal charges	1,681	4,783	6,464
Total expenditures	<u>3,521</u>	<u>7,538</u>	<u>11,059</u>
Excess (deficiency) of revenues over (under) expenditures	<u>28</u>	<u>(7,048)</u>	<u>(7,020)</u>
<u>Other financing sources (uses):</u>			
Transfers in	--	6,838	6,838
Transfers out	(731)	--	(731)
Total other financing sources and (uses)	<u>(731)</u>	<u>6,838</u>	<u>6,107</u>
Net changes in fund balances	(703)	(210)	(913)
Fund balances - beginning	<u>3,551</u>	<u>7,114</u>	<u>10,665</u>
Fund balances - ending	<u>\$ 2,848</u>	<u>\$ 6,904</u>	<u>\$ 9,752</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011 (in thousands)

	<u>CA Health Indigent Prog</u>	<u>Community Development</u>	<u>CMSP</u>	<u>Emergency Med Services</u>	<u>Driving Under the Influence Pgms</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 779	\$ 194	\$ 340	\$ 346	\$ 661
Cash with fiscal agent	--	--	--	--	--
Accounts receivable	--	--	--	--	--
Due from other governments	--	164	--	229	--
Prepaid expenses	--	--	--	--	2
Loans receivable	--	--	--	--	--
Advances to other funds	--	--	--	--	--
	<u>779</u>	<u>194</u>	<u>340</u>	<u>575</u>	<u>663</u>
Total Assets	<u>\$ 779</u>	<u>\$ 358</u>	<u>\$ 340</u>	<u>\$ 575</u>	<u>\$ 663</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	--	281	102	--	9
Salaries and benefits payable	--	--	38	--	50
Deposits from others	--	42	--	--	--
Other current liabilities	--	--	--	--	--
Unearned revenue	--	--	40	--	--
Deferred revenue	--	--	--	--	--
Advances from other funds	--	--	--	--	--
Total Liabilities	<u>--</u>	<u>323</u>	<u>180</u>	<u>--</u>	<u>59</u>
Fund Balances:					
Nonspendable	--	--	--	--	2
Restricted	38	--	--	--	--
Committed	741	35	160	575	602
	<u>779</u>	<u>35</u>	<u>160</u>	<u>575</u>	<u>604</u>
Total Fund Balances	<u>779</u>	<u>35</u>	<u>160</u>	<u>575</u>	<u>604</u>
Total Liabilities and Fund Balances	<u>\$ 779</u>	<u>\$ 358</u>	<u>\$ 340</u>	<u>\$ 575</u>	<u>\$ 663</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2011 (in thousands)

	<u>Fish and Game</u>	<u>Road Impact Fees</u>	<u>Library</u>	<u>Parks</u>	<u>Public Facilities Fees</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 167	\$ 7,872	\$ 2,895	\$ 2,828	\$ 11,645
Cash with fiscal agent	--	--	--	--	--
Accounts receivable	--	--	--	6	--
Due from other governments	--	--	--	17	--
Prepaid expenses	--	--	--	--	--
Loans receivable	--	--	--	--	--
Advances to other funds	--	--	--	--	--
	<u>167</u>	<u>7,872</u>	<u>2,895</u>	<u>2,851</u>	<u>11,645</u>
Total Assets	<u>\$ 167</u>	<u>\$ 7,872</u>	<u>\$ 2,895</u>	<u>\$ 2,851</u>	<u>\$ 11,645</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	3	--	44	140	--
Salaries and benefits payable	--	--	287	232	--
Deposits from others	--	--	--	158	14
Other current liabilities	--	--	--	--	--
Unearned revenue	--	--	33	--	--
Deferred revenue	--	--	--	--	--
Advances from other funds	--	--	1,472	230	--
Total Liabilities	<u>3</u>	<u>--</u>	<u>1,836</u>	<u>760</u>	<u>14</u>
Fund Balances:					
Nonspendable	--	--	--	--	--
Restricted	--	7,872	--	--	11,631
Committed	164	--	1,059	2,091	--
	<u>164</u>	<u>7,872</u>	<u>1,059</u>	<u>2,091</u>	<u>11,631</u>
Total Fund Balances	<u>164</u>	<u>7,872</u>	<u>1,059</u>	<u>2,091</u>	<u>11,631</u>
Total Liabilities and Fund Balances	<u>\$ 167</u>	<u>\$ 7,872</u>	<u>\$ 2,895</u>	<u>\$ 2,851</u>	<u>\$ 11,645</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2011 (in thousands)

	<u>Roads</u>	<u>Wildlife Grazing</u>	<u>Special Districts</u>	<u>Total Nonmajor Special Revenue Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 10,518	\$ 6	\$ 8,969	\$ 47,220
Cash with fiscal agent	227	--	--	227
Accounts receivable	--	--	--	6
Due from other governments	4,024	--	--	4,434
Prepaid expenses	--	--	--	2
Loans receivable	--	--	28	28
Advances to other funds	--	--	350	350
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 14,769</u>	<u>\$ 6</u>	<u>\$ 9,347</u>	<u>\$ 52,267</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	1,748	--	102	2,429
Salaries and benefits payable	--	--	--	607
Deposits from others	712	--	1	927
Other current liabilities	--	--	--	--
Unearned revenue	377	--	--	450
Deferred revenue	514	--	--	514
Advances from other funds	--	--	535	2,237
Total Liabilities	<u>3,351</u>	<u>--</u>	<u>638</u>	<u>7,164</u>
Fund Balances:				
Nonspendable	--	--	350	352
Restricted	--	1	--	19,542
Committed	11,418	5	8,359	25,209
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>11,418</u>	<u>6</u>	<u>8,709</u>	<u>45,103</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 14,769</u>	<u>\$ 6</u>	<u>\$ 9,347</u>	<u>\$ 52,267</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, 2011 (in thousands)

	CA Health Indigent Prog	Community Development	CMSP	Emergency Med Services	Driving Under the Influence Pgms
Revenues:					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses, permits and franchises	--	--	--	--	--
Fines, forfeits and penalties	--	--	--	849	--
Use of money and property	2	--	2	1	2
Aid from other governmental agencies	--	4,972	2,639	--	--
Charges for current services	22	--	16	--	1,501
Other revenues	681	10	51	--	--
Total revenues	<u>705</u>	<u>4,982</u>	<u>2,708</u>	<u>850</u>	<u>1,503</u>
Expenditures:					
Current:					
General government	--	--	--	--	--
Public protection	--	--	--	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	5,297	--	--	--
Public assistance	665	--	4,259	761	--
Education	--	--	--	--	1,463
Recreation and cultural services	--	--	--	--	--
Total expenditures	<u>665</u>	<u>5,297</u>	<u>4,259</u>	<u>761</u>	<u>1,463</u>
Excess (deficiency) of revenues over (under) expenditures	<u>40</u>	<u>(315)</u>	<u>(1,551)</u>	<u>89</u>	<u>40</u>
Other financing sources (uses):					
Transfers in	--	303	725	--	--
Transfers out	--	--	(26)	--	(27)
Total other financing sources (uses)	<u>--</u>	<u>303</u>	<u>699</u>	<u>--</u>	<u>(27)</u>
Net changes in fund balances	40	(12)	(852)	89	13
Fund Balances - beginning	<u>739</u>	<u>47</u>	<u>1,012</u>	<u>486</u>	<u>591</u>
Fund Balances - ending	<u>\$ 779</u>	<u>\$ 35</u>	<u>\$ 160</u>	<u>\$ 575</u>	<u>\$ 604</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, 2011 (in thousands)

	Fish and Game	Road Impact Fees	Library	Parks	Public Facilities Fees
Revenues:					
Taxes	\$ --	\$ --	\$ 6,812	\$ --	\$ --
Licenses, permits and franchises	--	--	--	1	--
Fines, forfeits and penalties	13	--	--	--	--
Use of money and property	--	49	8	124	54
Aid from other governmental agencies	--	--	275	205	--
Charges for current services	--	8,410	339	3,671	1,074
Other revenues	--	--	277	109	--
Total revenues	<u>13</u>	<u>8,459</u>	<u>7,711</u>	<u>4,110</u>	<u>1,128</u>
Expenditures:					
Current:					
General government	--	--	--	--	--
Public protection	17	--	--	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Education	--	--	8,308	--	--
Recreation and cultural services	--	--	--	7,187	--
Total expenditures	<u>17</u>	<u>--</u>	<u>8,308</u>	<u>7,187</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4)</u>	<u>8,459</u>	<u>(597)</u>	<u>(3,077)</u>	<u>1,128</u>
Other financing sources (uses):					
Transfers in	--	--	686	3,409	--
Transfers out	--	(6,316)	(164)	(208)	(4,361)
Total other financing sources (uses)	<u>--</u>	<u>(6,316)</u>	<u>522</u>	<u>3,201</u>	<u>(4,361)</u>
Net changes in fund balances	(4)	2,143	(75)	124	(3,233)
Fund Balances - beginning	<u>168</u>	<u>5,729</u>	<u>1,134</u>	<u>1,967</u>	<u>14,864</u>
Fund Balances - ending	<u>\$ 164</u>	<u>\$ 7,872</u>	<u>\$ 1,059</u>	<u>\$ 2,091</u>	<u>\$ 11,631</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, 2011 (in thousands)

	Roads	Wildlife Grazing	Special Districts	Total Nonmajor Special Revenue Funds
Revenues:				
Taxes	\$ 1,451	\$ --	\$ 1,983	\$ 10,246
Licenses, permits and franchises	--	--	--	1
Fines, forfeits and penalties	--	--	--	862
Use of money and property	32	--	34	308
Aid from other governmental agencies	16,706	5	225	25,027
Charges for current services	344	--	519	15,896
Other revenues	732	--	1	1,861
Total revenues	<u>19,265</u>	<u>5</u>	<u>2,762</u>	<u>54,201</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	4	2,111	2,132
Public ways and facilities	34,755	--	127	34,882
Health and sanitation	--	--	--	5,297
Public assistance	--	--	--	5,685
Education	--	--	--	9,771
Recreation and cultural services	--	--	--	7,187
Total expenditures	<u>34,755</u>	<u>4</u>	<u>2,238</u>	<u>64,954</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,490)</u>	<u>1</u>	<u>524</u>	<u>(10,753)</u>
Other financing sources (uses):				
Transfers in	13,781	--	13	18,917
Transfers out	<u>(4)</u>	<u>--</u>	<u>(347)</u>	<u>(11,453)</u>
Total other financing sources (uses)	<u>13,777</u>	<u>--</u>	<u>(334)</u>	<u>7,464</u>
Net changes in fund balances	(1,713)	1	190	(3,289)
Fund Balances - beginning	<u>13,131</u>	<u>5</u>	<u>8,519</u>	<u>48,392</u>
Fund Balances - ending	<u>\$ 11,418</u>	<u>\$ 6</u>	<u>\$ 8,709</u>	<u>\$ 45,103</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds - Special Districts
June 30, 2011 (in thousands)

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,978	\$ 470	\$ 1,521	\$ 8,969
Loans receivable	--	3	25	28
Advances to other funds	--	--	350	350
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 6,978</u></u>	<u><u>\$ 473</u></u>	<u><u>\$ 1,896</u></u>	<u><u>\$ 9,347</u></u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 102	\$ --	\$ --	\$ 102
Deposits from others	1	--	--	1
Advances from other funds	87	--	448	535
Total Liabilities	<u>190</u>	<u>--</u>	<u>448</u>	<u>638</u>
Fund Balances:				
Nonspendable	--	--	350	350
Committed	6,788	473	1,098	8,359
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>6,788</u>	<u>473</u>	<u>1,448</u>	<u>8,709</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u><u>\$ 6,978</u></u>	<u><u>\$ 473</u></u>	<u><u>\$ 1,896</u></u>	<u><u>\$ 9,347</u></u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds - Special Districts
For the Year Ended June 30, 2011 (in thousands)

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>Revenues:</u>				
Taxes	\$ 1,544	\$ 31	\$ 408	\$ 1,983
Use of money and property	25	2	7	34
Aid from other governmental agencies	223	--	2	225
Charges for current services	512	2	5	519
Other revenue	1	--	--	1
Total revenues	<u>2,305</u>	<u>35</u>	<u>422</u>	<u>2,762</u>
<u>Expenditures:</u>				
Current:				
Public protection	2,091	20	--	2,111
Public ways and facilities	--	--	127	127
Total expenditures	<u>2,091</u>	<u>20</u>	<u>127</u>	<u>2,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>214</u>	<u>15</u>	<u>295</u>	<u>524</u>
<u>Other financing sources (uses):</u>				
Transfers in	4	--	9	13
Transfers out	--	--	(347)	(347)
Total other financing sources (uses)	<u>4</u>	<u>--</u>	<u>(338)</u>	<u>(334)</u>
Net changes in fund balances	218	15	(43)	190
Fund Balances - beginning	<u>6,570</u>	<u>458</u>	<u>1,491</u>	<u>8,519</u>
Fund Balances - ending	<u>\$ 6,788</u>	<u>\$ 473</u>	<u>\$ 1,448</u>	<u>\$ 8,709</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, 2011 (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	\$ 301	\$ 482	\$ 551	\$ 69
Revenue from use of money and property	--	--	94	94
Aid from other governmental agencies	--	1,260	81	(1,179)
Charges for services	--	1,080	437	(643)
Total Revenues	<u>301</u>	<u>2,822</u>	<u>1,163</u>	<u>(1,659)</u>
Expenditures:				
Capital Outlay	<u>1,118</u>	<u>20,747</u>	<u>3,399</u>	<u>17,348</u>
Total Expenditures	<u>1,118</u>	<u>20,747</u>	<u>3,399</u>	<u>17,348</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(817)</u>	<u>(17,925)</u>	<u>(2,236)</u>	<u>15,689</u>
Other Financing Sources (Uses):				
Transfers in	817	11,978	3,531	(8,447)
Transfers out	--	(1,123)	(1,093)	30
Total Other Financing Sources (Uses)	<u>817</u>	<u>10,855</u>	<u>2,438</u>	<u>(8,417)</u>
Net change in fund balances	--	(7,070)	202	7,272
Fund balances, beginning	<u>22,900</u>	<u>22,900</u>	<u>22,900</u>	<u>--</u>
Fund balances, ending	<u>\$ 22,900</u>	<u>\$ 15,830</u>	<u>\$ 23,102</u>	<u>\$ 7,272</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, 2011 (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	\$ --	\$ --	\$ 45	\$ 45
Charges for current services	--	--	3,504	3,504
Total Revenues	<u>--</u>	<u>--</u>	<u>3,549</u>	<u>3,549</u>
Expenditures:				
Debt Service:				
Principal	--	--	1,840	(1,840)
Interest and fiscal charges	--	--	1,681	(1,681)
Total Expenditures	<u>--</u>	<u>--</u>	<u>3,521</u>	<u>(3,521)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>--</u>	<u>28</u>	<u>28</u>
Other Financing Sources (Uses):				
Transfers out	--	--	(731)	(731)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(731)</u>	<u>(731)</u>
Net change in fund balances	<u>--</u>	<u>--</u>	<u>(703)</u>	<u>(703)</u>
Fund balances, beginning	<u>3,551</u>	<u>3,551</u>	<u>3,551</u>	<u>--</u>
Fund balances, ending	<u>\$ 3,551</u>	<u>\$ 3,551</u>	<u>\$ 2,848</u>	<u>\$ (703)</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, 2011 (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	\$ 40	\$ 40	\$ 16	\$ (24)
Other revenue	7,541	7,541	474	(7,067)
Total Revenues	<u>7,581</u>	<u>7,581</u>	<u>490</u>	<u>(7,091)</u>
Expenditures:				
Debt Service:				
Principal payments	2,755	2,755	2,755	--
Interest and fiscal charges	4,785	4,785	4,783	2
Total Expenditures	<u>7,540</u>	<u>7,540</u>	<u>7,538</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>41</u>	<u>41</u>	<u>(7,048)</u>	<u>(7,089)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	6,838	6,838
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>6,838</u>	<u>6,838</u>
Net change in fund balances	41	41	(210)	(251)
Fund balances, beginning	<u>7,114</u>	<u>7,114</u>	<u>7,114</u>	<u>--</u>
Fund balances, ending	<u>\$ 7,155</u>	<u>\$ 7,155</u>	<u>\$ 6,904</u>	<u>\$ (251)</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, 2011 (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	\$ 5	\$ 5	\$ 2	\$ (3)
Charges for services	20	20	22	2
Other revenue	20	20	681	661
Total Revenues	<u>45</u>	<u>45</u>	<u>705</u>	<u>660</u>
Expenditures:				
Current:				
Public assistance				
Services and supplies	<u>723</u>	<u>1,463</u>	<u>665</u>	<u>798</u>
Total Expenditures	<u>723</u>	<u>1,463</u>	<u>665</u>	<u>798</u>
Net change in fund balances	(678)	(1,418)	40	1,458
Fund balances, beginning	<u>739</u>	<u>739</u>	<u>739</u>	<u>--</u>
Fund balances, ending	<u>\$ 61</u>	<u>\$ (679)</u>	<u>\$ 779</u>	<u>\$ 1,458</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, 2011 (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	\$ --	\$ --	\$ --	\$ --
Aid from other governmental agencies	4,629	10,640	4,972	(5,668)
Other revenue	<u>--</u>	<u>10</u>	<u>10</u>	<u>--</u>
Total Revenues	<u>4,629</u>	<u>10,650</u>	<u>4,982</u>	<u>(5,668)</u>
Expenditures:				
Current:				
Health and sanitation				
Services and supplies	623	1,170	750	420
Other charges	4,309	9,850	4,547	5,303
Contingencies	<u>17</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures	<u>4,949</u>	<u>11,020</u>	<u>5,297</u>	<u>5,723</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(320)</u>	<u>(370)</u>	<u>(315)</u>	<u>55</u>
Other Financing Sources (Uses):				
Transfers in	<u>303</u>	<u>303</u>	<u>303</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>303</u>	<u>303</u>	<u>303</u>	<u>--</u>
Net change in fund balances	(17)	(67)	(12)	55
Fund balances, beginning	<u>47</u>	<u>47</u>	<u>47</u>	<u>--</u>
Fund balances, ending	<u>\$ 30</u>	<u>\$ (20)</u>	<u>\$ 35</u>	<u>\$ 55</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, 2011 (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	\$ 2	\$ (16)
Aid from governmental agencies	2,636	2,636	2,639	3
Charges for current services	30	30	16	(14)
Other revenues	--	90	51	(39)
Total Revenues	<u>2,684</u>	<u>2,774</u>	<u>2,708</u>	<u>(66)</u>
Expenditures:				
Current:				
Public assistance				
Salaries wages benefits	968	907	880	27
Services and supplies	1,717	3,517	3,379	138
Total Expenditures	<u>2,685</u>	<u>4,424</u>	<u>4,259</u>	<u>165</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1)</u>	<u>(1,650)</u>	<u>(1,551)</u>	<u>99</u>
Other Financing Sources (Uses):				
Transfers out	--	725	725	--
Transfers out	--	--	(26)	(26)
Total Other Financing Sources (Uses)	<u>--</u>	<u>725</u>	<u>699</u>	<u>(26)</u>
Net change in fund balances	(1)	(925)	(852)	73
Fund balances, beginning	<u>1,012</u>	<u>1,012</u>	<u>1,012</u>	<u>--</u>
Fund balances, ending	<u>\$ 1,011</u>	<u>\$ 87</u>	<u>\$ 160</u>	<u>\$ 73</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, 2011 (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	\$ 2	\$ (8)
Charges for current services	1,494	1,540	1,501	(39)
Total Revenues	<u>1,504</u>	<u>1,550</u>	<u>1,503</u>	<u>(47)</u>
Expenditures:				
Current:				
Education				
Salaries wages benefits	1,064	1,064	982	82
Service and supplies	485	485	481	4
Contingencies	60	60	--	60
Total Expenditures	<u>1,609</u>	<u>1,609</u>	<u>1,463</u>	<u>146</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(105)</u>	<u>(59)</u>	<u>40</u>	<u>(193)</u>
Other Financing Sources (Uses):				
Transfers out	--	--	(27)	(27)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(27)</u>	<u>(27)</u>
Net change in fund balances	(105)	(59)	13	72
Fund balances, beginning	<u>591</u>	<u>591</u>	<u>591</u>	<u>--</u>
Fund balances, ending	<u>\$ 486</u>	<u>\$ 532</u>	<u>\$ 604</u>	<u>\$ 72</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, 2011 (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	\$ 910	\$ 910	\$ 849	\$ (61)
Use of money and property	2	2	1	(1)
Total Revenues	<u>912</u>	<u>912</u>	<u>850</u>	<u>(62)</u>
Expenditures:				
Current:				
Public assistance				
Services and supplies	912	1,178	761	417
Total Expenditures	<u>912</u>	<u>1,178</u>	<u>761</u>	<u>417</u>
Net change in fund balances	--	(266)	89	355
Fund balances, beginning	<u>486</u>	<u>486</u>	<u>486</u>	<u>--</u>
Fund balances, ending	<u>\$ 486</u>	<u>\$ 220</u>	<u>\$ 575</u>	<u>\$ 355</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, 2011 (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	\$ 20	\$ 20	\$ 13	\$ (7)
Total Revenues	<u>20</u>	<u>20</u>	<u>13</u>	<u>(7)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	34	34	17	17
Total Expenditures	<u>34</u>	<u>34</u>	<u>17</u>	<u>17</u>
Net change in fund balances	(14)	(14)	(4)	10
Fund balances, beginning	<u>168</u>	<u>168</u>	<u>168</u>	<u>--</u>
Fund balances, ending	<u>\$ 154</u>	<u>\$ 154</u>	<u>\$ 164</u>	<u>\$ 10</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, 2011 (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	\$ 85	\$ 85	\$ 49	\$ (36)
Charges for current services	1,028	5,295	8,410	3,115
Total Revenues	<u>1,113</u>	<u>5,380</u>	<u>8,459</u>	<u>3,079</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,113</u>	<u>5,380</u>	<u>8,459</u>	<u>3,079</u>
Other Financing Sources (Uses):				
Transfers out	<u>(661)</u>	<u>(10,457)</u>	<u>(6,316)</u>	<u>4,141</u>
Total Other Financing Sources (Uses)	<u>(661)</u>	<u>(10,457)</u>	<u>(6,316)</u>	<u>4,141</u>
Net change in fund balances	452	(5,077)	2,143	7,220
Fund balances, beginning	<u>5,729</u>	<u>5,729</u>	<u>5,729</u>	<u>--</u>
Fund balances, ending	<u>\$ 6,181</u>	<u>\$ 652</u>	<u>\$ 7,872</u>	<u>\$ 7,220</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, 2011 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 6,839	\$ 6,839	\$ 6,812	\$ (27)
Use of money and property	18	18	8	(10)
Aid from other governmental agencies	246	321	275	(46)
Charges for services	275	275	339	64
Other revenue	20	578	277	(301)
Total Revenues	<u>7,398</u>	<u>8,031</u>	<u>7,711</u>	<u>(320)</u>
Expenditures:				
Current:				
Education				
Salaries and benefits	5,811	5,812	5,575	237
Services and supplies	2,496	3,100	2,686	414
Other charges	3	474	47	427
Contingencies	220	220	--	220
Total Expenditures	<u>8,530</u>	<u>9,606</u>	<u>8,308</u>	<u>1,298</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,132)</u>	<u>(1,575)</u>	<u>(597)</u>	<u>978</u>
Other Financing Sources (Uses):				
Transfers in	529	686	686	--
Transfers out	--	--	(164)	(164)
Total Other Financing Sources (Uses)	<u>529</u>	<u>686</u>	<u>522</u>	<u>(164)</u>
Net change in fund balances	(603)	(889)	(75)	814
Fund balances, beginning	<u>1,134</u>	<u>1,134</u>	<u>1,134</u>	<u>--</u>
Fund balances, ending	<u>\$ 531</u>	<u>\$ 245</u>	<u>\$ 1,059</u>	<u>\$ 814</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, 2011 (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	\$ 30	\$ 50	\$ --	\$ (50)
Licenses, permits and franchises	--	--	1	1
Use of money and property	92	92	124	32
Aid from other governmental agencies	9	9	205	196
Charges for services	4,305	4,273	3,671	(602)
Other revenue	11	51	109	58
Total Revenues	<u>4,447</u>	<u>4,475</u>	<u>4,110</u>	<u>(365)</u>
Expenditures:				
Current:				
Recreational and cultural services				
Salaries wages benefits	4,040	4,119	3,918	201
Services and supplies	3,481	3,803	3,195	608
Other charges	36	365	9	356
Capital outlay	121	145	65	80
Contingencies	322	197	--	197
Total Expenditures	<u>8,000</u>	<u>8,629</u>	<u>7,187</u>	<u>1,442</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,553)</u>	<u>(4,154)</u>	<u>(3,077)</u>	<u>1,077</u>
Other Financing Sources (Uses):				
Transfers in	3,278	3,298	3,409	111
Transfers out	<u>(21)</u>	<u>(359)</u>	<u>(208)</u>	<u>151</u>
Total Other Financing Sources (Uses)	<u>3,257</u>	<u>2,939</u>	<u>3,201</u>	<u>262</u>
Net change in fund balances	(296)	(1,215)	124	1,339
Fund balances, beginning	<u>1,967</u>	<u>1,967</u>	<u>1,967</u>	<u>--</u>
Fund balances, ending	<u>\$ 1,671</u>	<u>\$ 752</u>	<u>\$ 2,091</u>	<u>\$ 1,339</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, 2011 (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	\$ --	\$ --	\$ 54	\$ 54
Charges for current services	<u>1,029</u>	<u>1,029</u>	<u>1,074</u>	<u>45</u>
Total Revenues	<u>1,029</u>	<u>1,029</u>	<u>1,128</u>	<u>99</u>
Other Financing Sources (Uses):				
Transfers out	<u>(500)</u>	<u>(12,374)</u>	<u>(4,361)</u>	<u>8,013</u>
Total Other Financing Sources (Uses)	<u>(500)</u>	<u>(12,374)</u>	<u>(4,361)</u>	<u>8,013</u>
Net change in fund balances	529	(11,345)	(3,233)	8,112
Fund balances, beginning	<u>14,864</u>	<u>14,864</u>	<u>14,864</u>	<u>--</u>
Fund balances, ending	<u>\$ 15,393</u>	<u>\$ 3,519</u>	<u>\$ 11,631</u>	<u>\$ 8,112</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, 2011 (in thousands)

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,446	\$ 1,446	\$ 1,451	\$ 5
Use of money and property	60	60	32	(28)
Aid from other governmental agencies	12,864	45,647	16,706	(28,941)
Charges for services	545	545	344	(201)
Other revenue	10	1,404	732	(672)
Total Revenues	<u>14,925</u>	<u>49,102</u>	<u>19,265</u>	<u>(29,837)</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	14,562	17,424	34,737	(17,313)
Other charges	230	230	--	230
Capital outlay	6,631	63,227	18	63,209
Total Expenditures	<u>21,423</u>	<u>80,881</u>	<u>34,755</u>	<u>46,126</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,498)</u>	<u>(31,779)</u>	<u>(15,490)</u>	<u>16,289</u>
Other Financing Sources (Uses):				
Transfers in	6,502	21,604	13,781	(7,823)
Transfers out	(4)	(4)	(4)	--
Total Other Financing Sources (Uses)	<u>6,498</u>	<u>21,600</u>	<u>13,777</u>	<u>(7,823)</u>
Net change in fund balances	--	(10,179)	(1,713)	8,466
Fund balances, beginning	<u>13,131</u>	<u>13,131</u>	<u>13,131</u>	<u>--</u>
Fund balances, ending	<u>\$ 13,131</u>	<u>\$ 2,952</u>	<u>\$ 11,418</u>	<u>\$ 8,466</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, 2011 (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	\$ 5	\$ 1
Total Revenues	<u>4</u>	<u>4</u>	<u>5</u>	<u>1</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	<u>4</u>	<u>4</u>	<u>4</u>	<u>--</u>
Total Expenditures	<u>4</u>	<u>4</u>	<u>4</u>	<u>--</u>
Net change in fund balances	--	--	1	1
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>\$ 6</u></u>	<u><u>\$ 1</u></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, 2011 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,528	\$ 1,528	\$ 1,544	\$ 16
Use of money and property	31	31	25	(6)
Aid from other governmental agencies	73	73	223	150
Charges for services	408	408	512	104
Other revenue	18	18	1	(17)
Total Revenues	<u>2,058</u>	<u>2,058</u>	<u>2,305</u>	<u>247</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	2,248	3,433	2,091	1,342
Capital outlay	709	437	--	437
Total Expenditures	<u>2,957</u>	<u>3,870</u>	<u>2,091</u>	<u>1,779</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(899)</u>	<u>(1,812)</u>	<u>214</u>	<u>2,026</u>
Other Financing Sources (Uses):				
Transfers in	243	243	4	(239)
Transfers out	(438)	(438)	--	438
Total Other Financing Sources (Uses)	<u>(195)</u>	<u>(195)</u>	<u>4</u>	<u>199</u>
			5,729	
Net change in fund balances	(1,094)	(2,007)	218	2,225
Fund balances, beginning	<u>6,570</u>	<u>6,570</u>	<u>6,570</u>	<u>--</u>
Fund balances, ending	<u>\$ 5,476</u>	<u>\$ 4,563</u>	<u>\$ 6,788</u>	<u>\$ 2,225</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, 2011 (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	3	3	2	(1)
Charges for services	--	--	2	2
Total Revenues	<u>38</u>	<u>38</u>	<u>35</u>	<u>(3)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	<u>39</u>	<u>39</u>	<u>20</u>	<u>19</u>
Total Expenditures	<u>39</u>	<u>39</u>	<u>20</u>	<u>19</u>
Net change in fund balances	(1)	(1)	15	16
Fund balances, beginning	<u>458</u>	<u>458</u>	<u>458</u>	<u>--</u>
Fund balances, ending	<u>\$ 457</u>	<u>\$ 457</u>	<u>\$ 473</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, 2011 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 471	\$ 471	\$ 408	\$ (63)
Use of money and property	13	13	7	(6)
Aid from other governmental agencies	3	3	2	(1)
Charges for services	21	21	5	(16)
Total Revenues	<u>508</u>	<u>508</u>	<u>422</u>	<u>(86)</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	133	133	127	6
Capital outlay	28	144	--	144
Total Expenditures	<u>161</u>	<u>277</u>	<u>127</u>	<u>150</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>347</u>	<u>231</u>	<u>295</u>	<u>64</u>
Other Financing Sources (Uses):				
Transfers in	1,041	1,041	9	(1,032)
Transfers out	(395)	(424)	(347)	77
Total Other Financing Sources (Uses)	<u>646</u>	<u>617</u>	<u>(338)</u>	<u>(955)</u>
Net change in fund balances	993	848	(43)	(891)
Fund balances, beginning	<u>1,491</u>	<u>1,491</u>	<u>1,491</u>	<u>--</u>
Fund balances, ending	<u>\$ 2,484</u>	<u>\$ 2,339</u>	<u>\$ 1,448</u>	<u>\$ (891)</u>

**COMBINING FINANCIAL STATEMENTS
NONMAJOR ENTERPRISE FUNDS**



NONMAJOR ENTERPRISE FUNDS

ENTERPRISE FUNDS:

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

Transit District

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

Flood Control District

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

Golf

Accounts for the operations and maintenance of 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 for County Service Areas.

COUNTY OF SAN LUIS OBISPO
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2011 (in thousands)

	Transit	General Flood Control Zone	Golf	Lopez Park	County Service Areas	Total
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 714	\$ 1,752	\$ 948	\$ 22	\$ 3,039	\$ 6,475
Accounts receivable, net	--	--	21	--	142	163
Other receivables	--	--	10	--	--	10
Due from other governments	--	--	--	--	113	113
Loans receivable	--	--	--	--	33	33
Deposits with others	--	--	--	--	13	13
Total Current Assets	<u>714</u>	<u>1,752</u>	<u>979</u>	<u>22</u>	<u>3,340</u>	<u>6,807</u>
Noncurrent assets:						
Advances to other funds	--	--	549	230	--	779
Capital Assets						
Nondepreciable:						
Land	84	--	1,333	--	252	1,669
Construction in progress	--	--	70	--	2,017	2,087
Depreciable:						
Structures & improvements, net	51	--	10,218	--	9,118	19,387
Equipment, net	--	--	203	--	149	352
Other property, net	--	--	--	--	504	504
Total Noncurrent Assets	<u>135</u>	<u>--</u>	<u>12,373</u>	<u>230</u>	<u>12,040</u>	<u>24,778</u>
Total Assets	<u>849</u>	<u>1,752</u>	<u>13,352</u>	<u>252</u>	<u>15,380</u>	<u>31,585</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	198	17	35	--	139	389
Salaries and benefits payable	--	--	68	--	--	68
Deposits from others	--	--	--	--	142	142
Accrued interest	--	--	76	--	31	107
Deferred revenue	514	--	--	--	129	643
Accrued vacation and sick leave - current	--	--	97	--	--	97
Notes and bonds payable - current	--	--	250	15	173	438
Total Current Liabilities	<u>712</u>	<u>17</u>	<u>526</u>	<u>15</u>	<u>614</u>	<u>1,884</u>
Noncurrent Liabilities:						
Advances from other funds	--	--	--	--	688	688
Accrued vacation and sick leave - noncurrent	--	--	38	--	--	38
Notes and bonds payable - noncurrent	--	--	6,050	214	3,423	9,687
Total Noncurrent Liabilities	<u>--</u>	<u>--</u>	<u>6,088</u>	<u>214</u>	<u>4,111</u>	<u>10,413</u>
Total Liabilities	<u>712</u>	<u>17</u>	<u>6,614</u>	<u>229</u>	<u>4,725</u>	<u>12,297</u>
NET ASSETS						
Invested in capital assets, net of related debt	135	--	5,524	--	8,444	14,103
Unrestricted	2	1,735	1,214	23	2,211	5,185
Total Net Assets	<u>\$ 137</u>	<u>\$ 1,735</u>	<u>\$ 6,738</u>	<u>\$ 23</u>	<u>\$ 10,655</u>	<u>\$ 19,288</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2011 (in thousands)

	Transit	General Flood Control Zone	Golf	Lopez Park	County Service Areas	Total
Operating Revenues:						
Charges for current services	\$ --	\$ 1,870	\$ 2,590	\$ --	\$ 3,090	\$ 7,550
Total operating revenues	<u>--</u>	<u>1,870</u>	<u>2,590</u>	<u>--</u>	<u>3,090</u>	<u>7,550</u>
Operating expenses:						
Salaries and benefits	--	--	1,249	--	--	1,249
Services and supplies	1,075	905	727	--	3,305	6,012
Other charges	--	5	--	--	21	26
Depreciation	6	--	379	--	360	745
Countywide cost allocation	24	18	46	--	83	171
Total operating expenses	<u>1,105</u>	<u>928</u>	<u>2,401</u>	<u>--</u>	<u>3,769</u>	<u>8,203</u>
Operating income (loss)	<u>(1,105)</u>	<u>942</u>	<u>189</u>	<u>--</u>	<u>(679)</u>	<u>(653)</u>
Nonoperating revenues (expenses):						
Property taxes	--	--	--	--	412	412
Interest income	2	5	3	--	12	22
Interest expense	--	--	(301)	(5)	(125)	(431)
Loss on sale of capital assets	--	--	(1)	--	(1)	(2)
Aid from governmental agencies	1,097	--	--	--	3	1,100
Other nonoperating revenue (expense)	--	1	14	--	--	15
Total nonoperating revenues (expenses)	<u>1,099</u>	<u>6</u>	<u>(285)</u>	<u>(5)</u>	<u>301</u>	<u>1,116</u>
Income (loss) before contributions and transfers	(6)	948	(96)	(5)	(378)	463
Capital contributions	--	--	--	--	288	288
Transfers in	--	--	--	6	346	352
Transfers out	--	--	(33)	--	(11)	(44)
Change in net assets	(6)	948	(129)	1	245	1,059
Net assets - beginning	<u>143</u>	<u>787</u>	<u>6,867</u>	<u>22</u>	<u>10,410</u>	<u>18,229</u>
Net assets - ending	<u>\$ 137</u>	<u>\$ 1,735</u>	<u>\$ 6,738</u>	<u>\$ 23</u>	<u>\$ 10,655</u>	<u>\$ 19,288</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2011 (in thousands)

	Transit	General Flood Control Zone	Golf	Lopez Park
Cash Flows from Operating Activities:				
Receipts from customers	\$ --	\$ 1,870	\$ 2,565	\$ --
Payments to employees for service	--	--	(1,255)	--
Payments for goods and services	(1,197)	(927)	(780)	--
Net Cash Provided (Used) by Operating Activities	<u>(1,197)</u>	<u>943</u>	<u>530</u>	<u>--</u>
Cash Flows from Noncapital Financing Activities:				
Property tax proceeds	--	--	--	--
Grants and subsidies from other gov't agencies	1,241	--	--	--
Advances to other funds	--	--	--	14
Transfers from other funds	--	--	--	6
Transfers to other funds	--	--	(33)	--
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>1,241</u>	<u>--</u>	<u>(33)</u>	<u>20</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases and construction of capital assets	--	--	(11)	--
Proceeds from issuance of long-term debt	--	--	--	--
Proceeds from capital grants	--	--	--	--
Principal paid on capital debt	--	--	(240)	(15)
Interest paid on capital debt	--	--	(303)	(5)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>(554)</u>	<u>(20)</u>
Cash Flows from Investing Activities:				
Interest received	2	5	3	--
Net Cash Provided (Used) by Investing Activities	<u>2</u>	<u>5</u>	<u>3</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	46	948	(54)	--
Cash and Cash Equivalents - Beginning of Year	<u>668</u>	<u>804</u>	<u>1,002</u>	<u>22</u>
Cash and Cash Equivalents - End of Year	<u>\$ 714</u>	<u>\$ 1,752</u>	<u>\$ 948</u>	<u>\$ 22</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	<u>\$ (1,105)</u>	<u>\$ 942</u>	<u>\$ 189</u>	<u>\$ --</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation expense	6	--	379	--
Change in Assets and Liabilities:				
Receivables, net	--	--	(17)	--
Deposits from others	--	--	(8)	--
Accounts payable	(98)	1	(7)	--
Salaries and benefits payable	--	--	--	--
Deferred revenue	--	--	--	--
Accrued vacation and sick leave	--	--	(6)	--
Other accrued liabilities	--	--	--	--
Total Adjustments	<u>(92)</u>	<u>1</u>	<u>341</u>	<u>--</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (1,197)</u>	<u>\$ 943</u>	<u>\$ 530</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, 2011 (in thousands)

	County <u>Service Areas</u>	<u>Total</u>
Cash Flows from Operating Activities:		
Receipts from customers	\$ 3,088	\$ 7,523
Payments to employees	--	(1,255)
Payments for goods and services	(3,419)	(6,323)
Net Cash Provided (Used) by Operating Activities	<u>(331)</u>	<u>(55)</u>
Cash Flows from Noncapital Financing Activities:		
Property tax proceeds	412	412
Grants and subsidies from other gov't agencies	3	1,244
Advances to other funds	--	14
Transfers from other funds	346	352
Transfers to other funds	(11)	(44)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>750</u>	<u>1,978</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases and construction of capital assets	(1,462)	(1,473)
Proceeds from issuance of long-term debt	787	787
Proceeds from capital grants	288	288
Principal paid on capital debt	(276)	(531)
Interest paid on capital debt	(109)	(417)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(772)</u>	<u>(1,346)</u>
Cash Flows from Investing Activities:		
Interest received	11	21
Net Cash Provided (Used) by Investing Activities	<u>11</u>	<u>21</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(342)	598
Cash and Cash Equivalents - Beginning of Year	<u>3,381</u>	<u>5,877</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,039</u>	<u>\$ 6,475</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	<u>\$ (679)</u>	<u>\$ (653)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation expense	360	745
Change in Assets and Liabilities:		
Receivables, net	(2)	(19)
Deposits from others	(6)	(14)
Accounts payable	(4)	(108)
Salaries and benefits payable	--	--
Deferred revenue	--	--
Accrued vacation and sick leave	--	(6)
Other accrued liabilities	--	--
Total Adjustments	<u>348</u>	<u>598</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (331)</u>	<u>\$ (55)</u>
Noncash Investing, Capital, and Financing Activities:		
Contributions of capital assets to governmental fund	<u>\$ --</u>	<u>\$ --</u>



**COMBINING FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS**



INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS:

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

Reprographics

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

Garage

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

Public Works

Accounts for resources used to provide comprehensive engineering services in the form of manpower, equipment and contractual services and supplies to all 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, and Other Post-Employment Benefits (OPEB) programs.

COUNTY OF SAN LUIS OBISPO
Combining Statement of Net Assets
Internal Service Funds
June 30, 2011 (in thousands)

	Reprographics	Garage	Public Works	Combined Insurance (5 funds)	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 118	\$ 3,153	\$ 14,108	\$ 27,613	\$ 44,992
Accounts receivable	--	--	24	--	24
Other receivables	3	--	--	--	3
Inventory	2	14	475	--	491
Total Current Assets	<u>123</u>	<u>3,167</u>	<u>14,607</u>	<u>27,613</u>	<u>45,510</u>
Noncurrent assets:					
Capital Assets:					
Structures & improvements, net	--	142	86	--	228
Equipment, net	66	3,606	5,732	--	9,404
Total Noncurrent Assets	<u>66</u>	<u>3,748</u>	<u>5,818</u>	<u>--</u>	<u>9,632</u>
Total Assets	<u>189</u>	<u>6,915</u>	<u>20,425</u>	<u>27,613</u>	<u>55,142</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	11	186	428	527	1,152
Salaries and benefits payable	9	63	1,075	--	1,147
Self insurance liability	--	--	--	4,108	4,108
Deposits from others	--	--	623	--	623
Accrued vacation and sick leave - current	17	78	1,451	--	1,546
Total Current Liabilities	<u>37</u>	<u>327</u>	<u>3,577</u>	<u>4,635</u>	<u>8,576</u>
Noncurrent Liabilities:					
Self insurance liability	--	--	--	15,665	15,665
Accrued vacation and sick leave	12	16	882	--	910
Total Noncurrent Liabilities	<u>12</u>	<u>16</u>	<u>882</u>	<u>15,665</u>	<u>16,575</u>
Total Liabilities	<u>49</u>	<u>343</u>	<u>4,459</u>	<u>20,300</u>	<u>25,151</u>
NET ASSETS					
Invested in capital assets	66	3,748	5,818	--	9,632
Unrestricted	74	2,824	10,148	7,313	20,359
Total Net Assets	<u>\$ 140</u>	<u>\$ 6,572</u>	<u>\$ 15,966</u>	<u>\$ 7,313</u>	<u>\$ 29,991</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, 2011 (in thousands)

	Reprographics	Garage	Public Works	Combined Insurance (5 funds)	Total
<u>Operating Revenues:</u>					
Charges for current services	\$ 478	\$ 4,835	\$ 29,464	\$ 8,500	\$ 43,277
Total Operating Revenues	<u>478</u>	<u>4,835</u>	<u>29,464</u>	<u>8,500</u>	<u>43,277</u>
<u>Operating Expenses:</u>					
Salaries and benefits	213	1,197	20,057	--	21,467
Services and supplies	226	2,383	6,087	3,956	12,652
Insurance benefit payments	--	--	--	2,825	2,825
Insurance premiums	--	--	--	2,140	2,140
Depreciation	6	1,207	653	--	1,866
Countywide cost allocation	28	127	140	545	840
Total Operating Expenses	<u>473</u>	<u>4,914</u>	<u>26,937</u>	<u>9,466</u>	<u>41,790</u>
Operating Income (Loss)	<u>5</u>	<u>(79)</u>	<u>2,527</u>	<u>(966)</u>	<u>1,487</u>
<u>Nonoperating Revenues (Expenses):</u>					
Interest income	--	13	39	109	161
Interest expense	--	--	--	--	--
Aid from governmental agencies	--	--	--	342	342
Other revenue (expense)	--	--	98	--	98
Total Nonoperating Revenues (Expenses)	<u>--</u>	<u>13</u>	<u>137</u>	<u>451</u>	<u>601</u>
Income (Loss) Before Capital Contributions and Transfers	5	(66)	2,664	(515)	2,088
Capital contributions	--	--	39	--	39
Transfers out	<u>(7)</u>	<u>(36)</u>	<u>(597)</u>	<u>--</u>	<u>(640)</u>
Change in Net Assets Before Special Item	(2)	(102)	2,106	(515)	1,487
Net assets - beginning, as restated	<u>142</u>	<u>6,674</u>	<u>13,860</u>	<u>7,828</u>	<u>28,504</u>
Net assets - ending	<u>\$ 140</u>	<u>\$ 6,572</u>	<u>\$ 15,966</u>	<u>\$ 7,313</u>	<u>\$ 29,991</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011 (in thousands)

	Reprographics	Garage	Public Works	Combined Insurance (5 funds)	Total
Cash Flows from Operating Activities:					
Receipts from interfund billings	\$ 477	\$ 4,802	\$ 29,560	\$ 8,500	\$ 43,339
Payments for goods and services	(252)	(2,426)	(5,995)	(4,769)	(13,442)
Payments to employees for service	(213)	(1,181)	(19,864)	--	(21,258)
Payments for insurance benefits	--	--	--	(4,482)	(4,482)
Payments for premiums	--	--	--	(2,140)	(2,140)
Net Cash Provided (Used) by Operating Activities	<u>12</u>	<u>1,195</u>	<u>3,701</u>	<u>(2,891)</u>	<u>2,017</u>
Cash Flows from Noncapital Financing Activities:					
Grants and subsidies from other gov't agencies	--	--	--	342	342
Transfers from other funds	--	--	--	--	--
Transfers to other funds	(7)	(36)	(597)	--	(640)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(7)</u>	<u>(36)</u>	<u>(597)</u>	<u>342</u>	<u>(298)</u>
Cash Flows from Capital and Related Financing Activities:					
Purchases and construction of capital assets	--	(1,997)	(327)	--	(2,324)
Proceeds from sale of capital assets	--	129	--	--	129
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>(1,868)</u>	<u>(327)</u>	<u>--</u>	<u>(2,195)</u>
Cash Flows from Investing Activities:					
Interest received	--	13	39	109	161
Net Cash Provided (Used) by Investing Activities	<u>--</u>	<u>13</u>	<u>39</u>	<u>109</u>	<u>161</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5	(696)	2,816	(2,440)	(315)
Cash and Cash Equivalents - Beginning of Year	<u>113</u>	<u>3,849</u>	<u>11,292</u>	<u>30,053</u>	<u>45,307</u>
Cash and Cash Equivalents - End of Year	<u>\$ 118</u>	<u>\$ 3,153</u>	<u>\$ 14,108</u>	<u>\$ 27,613</u>	<u>\$ 44,992</u>
Reconciliation of Operating Income (Loss) to Net Cash					
Provided (Used) by Operating Activities:					
Operating income (loss)	<u>\$ 5</u>	<u>\$ (79)</u>	<u>\$ 2,527</u>	<u>\$ (966)</u>	<u>\$ 1,487</u>
Adjustments to Reconcile Operating Income to					
Net Cash Provided (Used) by Operating Activities:					
Depreciation expense	6	1,207	653	--	1,866
Change in Assets and Liabilities:					
Receivables, net	(1)	--	96	--	95
Inventory	3	36	--	--	39
Accounts payable	(1)	15	93	(268)	(161)
Salaries and benefits payable	(2)	1	74	--	73
Accrued vacation and sick leave	2	15	119	--	136
Self-insurance liability	--	--	--	(1,657)	(1,657)
Other accrued liabilities	--	--	139	--	139
Total Adjustments	<u>7</u>	<u>1,274</u>	<u>1,174</u>	<u>(1,925)</u>	<u>530</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ 12</u>	<u>\$ 1,195</u>	<u>\$ 3,701</u>	<u>\$ (2,891)</u>	<u>\$ 2,017</u>
Noncash Investing, Capital, and Financing Activities:					
Contributions of capital assets from governmental fund	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 39</u>	<u>\$ --</u>	<u>\$ 39</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Net Assets
Internal Service Funds - Insurance
June 30, 2011 (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	\$ 19,823	\$ 6,600	\$ 831	\$ 359	\$ --	\$ 27,613
Total Current Assets	<u>19,823</u>	<u>6,600</u>	<u>831</u>	<u>359</u>	<u>--</u>	<u>27,613</u>
<u>LIABILITIES</u>						
Current Liabilities:						
Accounts payable	378	84	--	65	--	527
Self insurance payable	<u>2,640</u>	<u>1,468</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,108</u>
Total Current Liabilities	<u>3,018</u>	<u>1,552</u>	<u>--</u>	<u>65</u>	<u>--</u>	<u>4,635</u>
Noncurrent Liabilities:						
Self insurance liability	<u>12,770</u>	<u>2,895</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>15,665</u>
Total Noncurrent Liabilities	<u>12,770</u>	<u>2,895</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>15,665</u>
Total Liabilities	<u>15,788</u>	<u>4,447</u>	<u>--</u>	<u>65</u>	<u>--</u>	<u>20,300</u>
Net Assets						
Unrestricted	4,035	2,153	831	294	--	7,313
Total Net Assets	<u>\$ 4,035</u>	<u>\$ 2,153</u>	<u>\$ 831</u>	<u>\$ 294</u>	<u>\$ --</u>	<u>\$ 7,313</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, 2011 (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	\$ 1,526	\$ 3,520	\$ 288	\$ 1,694	\$ 1,472	\$ 8,500
Total Operating Revenues	<u>1,526</u>	<u>3,520</u>	<u>288</u>	<u>1,694</u>	<u>1,472</u>	<u>8,500</u>
<u>Operating Expenses:</u>						
Services and supplies	2,484	1,240	19	146	67	3,956
Insurance benefit payments	46	--	409	1,452	918	2,825
Insurance premiums	--	1,311	--	--	829	2,140
Countywide cost allocation	377	143	5	20	--	545
Total Operating Expenses	<u>2,907</u>	<u>2,694</u>	<u>433</u>	<u>1,618</u>	<u>1,814</u>	<u>9,466</u>
Operating Income (Loss)	<u>(1,381)</u>	<u>826</u>	<u>(145)</u>	<u>76</u>	<u>(342)</u>	<u>(966)</u>
<u>Nonoperating Revenues (Expenses):</u>						
Interest income	80	24	4	1	--	109
Aid from governmental agencies	--	--	--	--	342	342
Total Nonoperating Revenues (Expenses)	<u>80</u>	<u>24</u>	<u>4</u>	<u>1</u>	<u>342</u>	<u>451</u>
Income (loss) before special item	(1,301)	850	(141)	77	--	(515)
Net assets - beginning, restated	<u>5,336</u>	<u>1,303</u>	<u>972</u>	<u>217</u>	<u>--</u>	<u>7,828</u>
Net assets - ending	<u>\$ 4,035</u>	<u>\$ 2,153</u>	<u>\$ 831</u>	<u>\$ 294</u>	<u>\$ --</u>	<u>\$ 7,313</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Internal Service Funds - Insurance
For the Year Ended June 30, 2011 (in thousands)

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
Cash Flows from Operating Activities:						
Receipts from interfund billings	\$ 1,526	\$ 3,520	\$ 288	\$ 1,694	\$ 1,472	\$ 8,500
Payments for goods and services	(2,763)	(1,472)	(24)	(101)	(409)	(4,769)
Payments for insurance benefits	(1,304)	(367)	(409)	(1,484)	(918)	(4,482)
Payments for premiums	--	(1,311)	--	--	(829)	(2,140)
Net Cash Provided (Used) by Operating Activities	(2,541)	370	(145)	109	(684)	(2,891)
Cash Flows from Noncapital Financing Activities:						
Grants and subsidies from other gov't agencies	--	--	--	--	342	342
Net Cash Provided (Used) by Noncapital and Related Financing Activities	--	--	--	--	342	342
Cash Flows from Investing Activities:						
Interest received	80	24	4	1	--	109
Net Cash Provided (Used) by Investing Activities	80	24	4	1	--	109
Net Increase (Decrease) in Cash and Cash Equivalents	(2,461)	394	(141)	110	(342)	(2,440)
Cash and Cash Equivalents - Beginning of Year	22,284	6,206	972	249	342	30,053
Cash and Cash Equivalents - End of Year	\$ 19,823	\$ 6,600	\$ 831	\$ 359	\$ --	\$ 27,613
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ (1,381)	\$ 826	\$ (145)	\$ 76	\$ (342)	\$ (966)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Change in Assets and Liabilities:						
Accounts payable	98	(89)	--	65	(342)	(268)
Self-insurance liability	(1,258)	(367)	--	(32)	--	(1,657)
Total Adjustments	(1,160)	(456)	--	33	(342)	(1,925)
Net Cash Provided (Used) by Operating Activities:	\$ (2,541)	\$ 370	\$ (145)	\$ 109	\$ (684)	\$ (2,891)



**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

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

Other Funds

Account 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 (17 funds).

COUNTY OF SAN LUIS OBISPO
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2011 (in thousands)

	Clearing Funds (79 Funds)	1915 Act Service Funds (17 Funds)	Other Agency Funds (28 Funds)	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,707	\$ 2,143	\$ 23,993	\$ 29,843
Total Assets	3,707	2,143	23,993	29,843
<u>LIABILITIES</u>				
Assets held as agency for others	3,707	2,143	23,993	29,843
Total Liabilities	\$ 3,707	\$ 2,143	\$ 23,993	\$ 29,843

COUNTY OF SAN LUIS OBISPO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2011 (in thousands)

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2011</u>
<u>Clearing and Revolving Funds (79 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 911	\$ 928,314	\$ 925,518	\$ 3,707
Total Assets	<u>911</u>	<u>928,314</u>	<u>925,518</u>	<u>3,707</u>
Liabilities:				
Assets held as agency for others	911	928,314	925,518	3,707
Total Liabilities	<u>\$ 911</u>	<u>\$ 928,314</u>	<u>\$ 925,518</u>	<u>\$ 3,707</u>
<u>1915 Act Service Funds (17 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 4,210	\$ 7,221	\$ 9,288	\$ 2,143
Total Assets	<u>4,210</u>	<u>7,221</u>	<u>9,288</u>	<u>2,143</u>
Liabilities:				
Assets held as agency for others	4,210	7,221	9,288	2,143
Total Liabilities	<u>\$ 4,210</u>	<u>\$ 7,221</u>	<u>\$ 9,288</u>	<u>\$ 2,143</u>
<u>Other Agency Funds (28 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 34,845	\$ 206,747	\$ 217,599	\$ 23,993
Total Assets	<u>34,845</u>	<u>206,747</u>	<u>217,599</u>	<u>23,993</u>
Liabilities:				
Assets held as agency for others	34,845	206,747	217,599	23,993
Total Liabilities	<u>\$ 34,845</u>	<u>\$ 206,747</u>	<u>\$ 217,599</u>	<u>\$ 23,993</u>
<u>Total All Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 39,966	\$ 1,142,282	\$ 1,152,405	\$ 29,843
Total Assets	<u>39,966</u>	<u>1,142,282</u>	<u>1,152,405</u>	<u>29,843</u>
Liabilities:				
Assets held as agency for others	39,966	1,142,282	1,152,405	29,843
Total Liabilities	<u>\$ 39,966</u>	<u>\$ 1,142,282</u>	<u>\$ 1,152,405</u>	<u>\$ 29,843</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Fiduciary Net Assets
Investment Trust Funds
June 30, 2011 (in thousands)

	School Districts (40 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (17 Funds)	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 211,077	\$ 10,500	\$ 1,554	\$ 14,813	\$ 237,944
Total Assets	<u>211,077</u>	<u>10,500</u>	<u>1,554</u>	<u>14,813</u>	<u>237,944</u>
<u>NET ASSETS</u>					
Assets held in trust for pool participants	211,077	10,500	1,554	14,813	237,944
Total Net Assets	<u>\$ 211,077</u>	<u>\$ 10,500</u>	<u>\$ 1,554</u>	<u>\$ 14,813</u>	<u>\$ 237,944</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
For the Year Ended June 30, 2011 (in thousands)

	School Districts (40 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (17 Funds)	Total
<u>Additions</u>					
Contributions to pooled investments	\$ 742,192	\$ 7,824	\$ 22,858	\$ 44,667	\$ 817,541
Interest	656	40	--	49	745
Total Additions	<u>742,848</u>	<u>7,864</u>	<u>22,858</u>	<u>44,716</u>	<u>818,286</u>
<u>Deductions</u>					
Distributions from investment pool	<u>704,082</u>	<u>8,036</u>	<u>23,230</u>	<u>44,057</u>	<u>779,405</u>
Total Deductions	<u>704,082</u>	<u>8,036</u>	<u>23,230</u>	<u>44,057</u>	<u>779,405</u>
Change in Net Assets	38,766	(172)	(372)	659	38,881
Net Assets - Beginning	<u>172,311</u>	<u>10,672</u>	<u>1,926</u>	<u>14,154</u>	<u>199,063</u>
Net Assets - Ending	<u>\$ 211,077</u>	<u>\$ 10,500</u>	<u>\$ 1,554</u>	<u>\$ 14,813</u>	<u>\$ 237,944</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, 2011

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	\$ 1,726	\$ 1,726	\$ 1,447	\$ 279
Services and supplies	143	168	109	59
Expenditure transfers and reimbursements	(85)	(85)	(85)	--
Total	<u>1,784</u>	<u>1,809</u>	<u>1,471</u>	<u>338</u>
Board of Supervisors:				
Salaries wages benefits	1,435	1,437	1,393	44
Services and supplies	251	249	225	24
Expenditure transfers and reimbursements	(36)	(36)	(36)	--
Total	<u>1,650</u>	<u>1,650</u>	<u>1,582</u>	<u>68</u>
Clerk/Recorder:				
Salaries wages benefits	2,026	2,026	1,927	99
Services and supplies	1,046	1,258	1,108	150
Capital outlay	7	7	6	1
Expenditure transfers and reimbursements	--	--	(2)	2
Total	<u>3,079</u>	<u>3,291</u>	<u>3,039</u>	<u>252</u>
Total Legislative and Administrative	<u>6,513</u>	<u>6,750</u>	<u>6,092</u>	<u>658</u>
<u>Finance</u>				
Assessor:				
Salaries wages benefits	7,776	7,776	7,216	560
Services and supplies	738	949	744	205
Expenditure transfers and reimbursements	--	--	--	--
Total	<u>8,514</u>	<u>8,725</u>	<u>7,960</u>	<u>765</u>
Auditor-Controller:				
Salaries wages benefits	4,468	4,393	4,114	279
Services and supplies	188	538	282	256
Capital outlay	--	62	28	34
Expenditure transfers and reimbursements	(10)	(10)	(21)	11
Total	<u>4,646</u>	<u>4,983</u>	<u>4,403</u>	<u>580</u>
Treasurer-Tax Collector-Public Administrator:				
Salaries wages benefits	2,657	2,657	2,326	331
Services and supplies	283	283	273	10
Capital outlay	--	--	--	--
Expenditure transfers and reimbursements	--	--	--	--
Total	<u>2,940</u>	<u>2,940</u>	<u>2,599</u>	<u>341</u>
Total Finance	<u>16,100</u>	<u>16,648</u>	<u>14,962</u>	<u>1,686</u>
<u>Counsel</u>				
County Counsel:				
Salaries wages benefits	3,292	3,292	3,184	108
Services and supplies	243	810	544	266
Expenditure transfers and reimbursements	--	--	(6)	6
Total Counsel	<u>3,535</u>	<u>4,102</u>	<u>3,722</u>	<u>380</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, 2011

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
General Government - Expenditures (continued)				
Personnel				
Personnel:				
Salaries wages benefits	\$ 1,788	\$ 1,697	\$ 1,643	\$ 54
Services and supplies	403	666	569	97
	7	7	7	--
Total Personnel	<u>2,198</u>	<u>2,370</u>	<u>2,219</u>	<u>151</u>
Property Management				
General Services:				
Salaries wages benefits	8,165	8,165	7,616	549
Services and supplies	4,566	4,582	4,370	212
Other charges	94	119	119	--
Capital outlay	--	3,415	3,413	2
Expenditure transfers and reimbursement	(2,135)	(2,135)	(1,889)	(246)
Total	<u>10,690</u>	<u>14,146</u>	<u>13,629</u>	<u>517</u>
Maintenance Projects:				
Services and supplies	1,265	7,095	2,693	4,402
Other charges	--	86	--	86
Expenditure transfers and reimbursement	(265)	(701)	(452)	(249)
Capital outlay	--	--	(654)	654
Total	<u>1,000</u>	<u>6,480</u>	<u>1,587</u>	<u>4,893</u>
Total Property Management	<u>11,690</u>	<u>20,626</u>	<u>15,216</u>	<u>5,410</u>
Other General				
Information Technology:				
Salaries wages benefits	9,862	9,862	9,458	404
Services and supplies	3,389	3,759	3,383	376
Capital outlay	71	159	144	15
Expenditure transfers and reimbursement	(2,511)	(2,511)	(2,479)	(32)
Total	<u>10,811</u>	<u>11,269</u>	<u>10,506</u>	<u>763</u>
Risk Management:				
Salaries wages benefits	778	748	701	47
Services and supplies	952	952	769	183
Other charges	--	30	--	30
Expenditure transfers and reimbursement	(75)	(75)	(75)	--
Total	<u>1,655</u>	<u>1,655</u>	<u>1,395</u>	<u>260</u>
Non-Department Financing Uses:				
Salaries wages benefits	--	--	--	--
Services and supplies	--	--	36	(36)
Other charges	16,186	22,822	--	22,822
Expenditure transfers and reimbursement	(11,430)	(11,430)	(11,459)	29
Total	<u>4,756</u>	<u>11,392</u>	<u>(11,423)</u>	<u>22,815</u>
Contributions to Other Agencies:				
Services and supplies	1,845	1,896	1,841	55
Total	<u>1,845</u>	<u>1,896</u>	<u>1,841</u>	<u>55</u>
Total Other General	<u>19,067</u>	<u>26,212</u>	<u>2,319</u>	<u>23,893</u>
Total General Government	<u>59,103</u>	<u>76,708</u>	<u>44,530</u>	<u>32,178</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2011

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Public Protection - Expenditures</u>				
<u>Judicial</u>				
Court Operations Fund:				
Services and supplies	\$ 155	\$ 155	\$ 112	\$ 43
Other charges	2,336	2,336	2,237	99
Total	<u>2,491</u>	<u>2,491</u>	<u>2,349</u>	<u>142</u>
District Attorney:				
Salaries wages benefits	13,160	13,228	12,540	688
Services and supplies	1,430	1,430	1,266	164
Expenditure transfers and reimbursement	(363)	(363)	(350)	(13)
Total	<u>14,227</u>	<u>14,295</u>	<u>13,456</u>	<u>839</u>
Family Support:				
Salaries wages benefits	3,752	3,752	3,628	124
Services and supplies	1,202	1,202	1,153	49
Total	<u>4,954</u>	<u>4,954</u>	<u>4,781</u>	<u>173</u>
Grand Jury:				
Salaries wages benefits	39	39	38	1
Services and supplies	101	101	94	7
Total	<u>140</u>	<u>140</u>	<u>132</u>	<u>8</u>
Public Defender:				
Services and supplies	5,392	5,904	5,293	611
Total	<u>5,392</u>	<u>5,904</u>	<u>5,293</u>	<u>611</u>
Total Judicial	<u>27,204</u>	<u>27,784</u>	<u>26,011</u>	<u>1,773</u>
<u>Police Protection</u>				
Sheriff-Coroner:				
Salaries wages benefits	48,664	48,393	46,793	1,600
Services and supplies	7,383	8,494	8,178	316
Other charges	--	82	82	--
Capital outlay	410	683	192	491
Expenditure transfers and reimbursement	(197)	(197)	(181)	(16)
Total Police Protection	<u>56,260</u>	<u>57,455</u>	<u>55,064</u>	<u>2,391</u>
<u>Detention and Correction</u>				
Probation Department:				
Salaries wages benefits	14,633	14,633	13,252	1,381
Services and supplies	3,561	3,570	3,193	377
Other charges	--	--	--	--
Expenditure transfers and reimbursement	(215)	(215)	(235)	20
Total Detention and Correction	<u>17,979</u>	<u>17,988</u>	<u>16,210</u>	<u>1,778</u>
<u>Fire Protection</u>				
County Fire:				
Services and supplies	15,547	16,220	14,476	1,744
Capital outlay	173	1,292	1,040	252
Expenditure transfers and reimbursement	--	--	(4)	4
Total Fire Protection	<u>15,720</u>	<u>17,512</u>	<u>15,512</u>	<u>2,000</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, 2011

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	\$ 4,597	\$ 4,691	\$ 4,542	\$ 149
Services and supplies	664	721	713	8
Capital outlay	14	14	14	--
Expenditure transfers and reimbursement	--	--	--	--
Total Protective Inspection	5,275	5,426	5,269	157
<u>Other Protection</u>				
Animal Services:				
Salaries wages benefits	1,500	1,500	1,435	65
Services and supplies	893	893	878	15
Other charges	--	--	--	--
Capital outlay	--	7	--	7
Total	2,393	2,400	2,313	87
Emergency Services:				
Salaries wages benefits	717	717	657	60
Services and supplies	369	761	536	225
Other charges	360	360	216	144
Capital outlay	--	202	--	202
Expenditure transfers and reimbursement	--	--	--	--
Total	1,446	2,040	1,409	631
Planning Department:				
Salaries wages benefits	10,006	9,918	9,469	449
Services and supplies	1,132	2,678	1,519	1,159
Other charges	20	40	27	13
Expenditure transfers and reimbursement	--	--	(1)	1
Total	11,158	12,636	11,014	1,622
Waste Management:				
Services and supplies	683	748	702	46
Capital outlay	--	52	--	52
Total	683	800	702	98
Total Other Protection	15,680	17,876	15,438	2,438
Total Public Protection	138,118	144,041	133,504	10,537
<u>Public Ways and Facilities - Expenditures</u>				
<u>Public Works:</u>				
Services and supplies	2,421	2,764	2,377	387
Other charges	3	3	2	1
Capital outlay	--	2,408	--	2,408
Total	2,424	5,175	2,379	2,796
Total Public Ways and facilities	2,424	5,175	2,379	2,796

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2011

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	\$ 3,814	\$ 4,002	\$ 3,697	\$ 305
Services and supplies	1,747	1,904	1,800	104
Other charges	--	--	--	--
Expenditure transfers and reimbursement	(524)	(524)	(530)	6
Total	<u>5,037</u>	<u>5,382</u>	<u>4,967</u>	<u>415</u>
Public Health:				
Salaries wages benefits	16,112	16,012	15,357	655
Services and supplies	4,576	5,171	4,646	525
Other charges	1,509	1,584	659	925
Capital outlay	7	135	55	80
Expenditure transfers and reimbursement	(1,153)	(1,153)	(998)	(155)
Total	<u>21,051</u>	<u>21,749</u>	<u>19,719</u>	<u>2,030</u>
Mental Health:				
Salaries wages benefits	14,486	13,943	13,435	508
Services and supplies	15,344	16,405	15,639	766
Other charges	--	14	14	--
Expenditure transfers and reimbursement	(1,313)	(871)	(789)	(82)
Total	<u>28,517</u>	<u>29,491</u>	<u>28,299</u>	<u>1,192</u>
Mental Health Services Act:				
Salaries wages benefits	7,256	4,646	4,065	581
Services and supplies	4,646	9,977	6,289	3,688
Expenditure transfers and reimbursement	--	--	(164)	164
Total	<u>11,902</u>	<u>14,623</u>	<u>10,190</u>	<u>4,433</u>
Total Health	<u>66,507</u>	<u>71,245</u>	<u>63,175</u>	<u>8,070</u>
Total Health and Sanitation	<u>66,507</u>	<u>71,245</u>	<u>63,175</u>	<u>8,070</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, 2011

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Public Assistance - Expenditures</u>				
<u>Administration</u>				
Department of Social Services:				
Salaries wages benefits	\$ 35,745	\$ 35,745	\$ 33,112	\$ 2,633
Services and supplies	16,026	16,755	15,269	1,486
Other charges	7,456	9,842	8,456	1,386
Capital outlay	41	41	33	8
Expenditure transfers and reimbursement	(69)	(69)	(89)	20
Total Administration	<u>59,199</u>	<u>62,314</u>	<u>56,781</u>	<u>5,533</u>
<u>Aid Programs</u>				
Aid Foster Care Non-Fed:				
Services and supplies	--	38	32	6
Other charges	17,649	18,142	17,640	502
Total	<u>17,649</u>	<u>18,180</u>	<u>17,672</u>	<u>508</u>
Calworks Assistance:				
Other charges	14,128	14,128	14,020	108
Total	<u>14,128</u>	<u>14,128</u>	<u>14,020</u>	<u>108</u>
Total Aid Programs	<u>31,777</u>	<u>32,308</u>	<u>31,692</u>	<u>616</u>
<u>Medical Services</u>				
Medical Assistance Program:				
Salaries wages benefits	--	--	--	--
Services and supplies	3,000	3,000	3,000	--
Total Medical Services	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>--</u>
<u>General Relief</u>				
General Relief:				
Other charges	1,191	1,191	1,025	166
Total General Relief	<u>1,191</u>	<u>1,191</u>	<u>1,025</u>	<u>166</u>
<u>Veterans Service</u>				
Veterans Service:				
Salaries wages benefits	371	355	291	64
Services and supplies	38	56	52	4
Total Veterans Service	<u>409</u>	<u>411</u>	<u>343</u>	<u>68</u>
<u>Other Assistance</u>				
Law Enforcement Med Care:				
Salaries wages benefits	1,611	1,611	1,524	87
Services and supplies	734	734	640	94
Expenditure transfers and reimbursement	(508)	(508)	(488)	(20)
Total Other Assistance	<u>1,837</u>	<u>1,837</u>	<u>1,676</u>	<u>161</u>
Total Public Assistance	<u>97,413</u>	<u>101,061</u>	<u>94,517</u>	<u>6,544</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, 2011

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Education - Expenditures</u>				
<u>Agricultural Education</u>				
Farm Advisor:				
Salaries wages benefits	\$ 352	\$ 352	\$ 316	\$ 36
Services and supplies	91	104	104	--
Total Agricultural Education	<u>443</u>	<u>456</u>	<u>420</u>	<u>36</u>
Total Education	<u>443</u>	<u>456</u>	<u>420</u>	<u>36</u>
Total General Fund - Expenditures (Before Contingencies)	<u>364,008</u>	<u>398,686</u>	<u>338,525</u>	<u>60,161</u>
<u>Contingencies</u>				
<u>Appropriation for Contingencies</u>				
Contingencies - General Fund:				
Appropriation for contingency	14,489	13,246	--	13,246
Total	<u>14,489</u>	<u>13,246</u>	<u>--</u>	<u>13,246</u>
Total Appropriation for Contingency	<u>14,489</u>	<u>13,246</u>	<u>--</u>	<u>13,246</u>
Total Contingency	<u>14,489</u>	<u>13,246</u>	<u>--</u>	<u>13,246</u>
Total General Fund Expenditures	<u>\$ 378,497</u>	<u>\$ 411,932</u>	<u>\$ 338,525</u>	<u>\$ 73,407</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.

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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	181
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	186
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.....	191
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	193
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.....	196



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	2010-2011
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	\$ 1,084,978
Restricted	54,090	66,890	66,474	48,141	40,178	50,061	52,566	41,188	36,385	36,258
Unrestricted	129,902	116,055	109,032	130,632	169,766	190,107	173,396	192,271	206,786	234,786
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	\$ 1,356,022
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	\$ 149,097
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	20,699	21,586	17,146	12,867	19,178	16,511	16,202	12,266	18,117	38,665
Total business net assets	\$ 119,746	\$ 122,724	\$ 126,931	\$ 127,652	\$ 141,712	\$ 162,532	\$ 172,109	\$ 179,454	\$ 178,744	\$ 187,762
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	\$ 1,234,075
Restricted	54,090	66,890	66,474	48,141	40,178	50,061	52,566	41,188	36,385	36,258
Unrestricted	150,601	137,641	126,178	143,499	188,944	206,618	189,598	204,537	224,903	273,451
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	\$ 1,543,784

Notes:
Source - Statement of Net Assets

County of San Luis Obispo
Changes in Net Assets
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	2010-2011
Expenses										
Governmental Activities										
General government	\$ 32,670	\$ 31,990	\$ 34,862	\$ 29,565	\$ 39,872	\$ 50,819	\$ 46,971	\$ 41,658	\$ 36,561	\$ 35,344
Public protection	92,131	98,816	104,594	106,402	100,234	120,165	135,987	136,755	134,768	132,413
Public ways and facilities	24,161	23,328	23,147	23,647	32,858	22,256	24,503	24,713	24,927	27,365
Health and Sanitation	43,912	48,961	50,240	52,540	53,113	55,173	66,382	66,542	68,199	66,657
Public Assistance	78,006	78,524	82,461	83,209	84,451	84,045	93,472	97,803	96,645	98,841
Education	7,437	7,323	7,969	7,459	7,786	8,626	9,966	10,967	10,390	10,057
Recreation and Cultural Services	4,793	5,003	5,762	4,238	4,244	6,106	6,024	7,561	8,708	7,363
Interest on Long Term debt	3,119	2,797	4,379	4,173	7,184	5,163	5,771	5,433	6,356	6,787
Total Governmental Activities Expenses	286,229	296,742	313,414	311,233	329,742	352,353	389,076	391,432	386,554	384,827
Business-type Activities Expenses										
Airport	2,405	3,046	3,116	3,628	3,703	4,021	7,809	4,559	5,204	7,732
Golf	2,585	1,613	3,132	2,905	2,867	3,301	3,033	3,249	2,974	2,690
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	6,705
Nacimiento Water contract	490	484	456	497	580	559	20,021	10,144	10,613	11,844
Lopez Dam	3,456	3,790	3,449	5,418	5,237	5,807	7,945	6,189	5,813	6,499
General Flood Control Zone	566	506	718	526	726	681	689	712	831	928
Transit	576	632	841	933	745	714	1,071	987	1,143	1,105
County Service Areas	2438	2,613	4,583	2,692	2,907	3,465	3,419	3,434	3,744	3,877
Los Osos Wastewater										5
Total Business-type Activities Expenses	44,483	46,238	39,327	24,199	21,867	23,340	49,166	34,935	35,952	41,385
Total Primary Government Expenses	\$ 330,712	\$ 342,980	\$ 352,741	\$ 335,432	\$ 351,609	\$ 375,693	\$ 438,242	\$ 426,367	\$ 422,506	\$ 426,212
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	\$ 13,971
Public Protection	5,119	7,139	7,012	7,642	11,776	21,061	20,380	23,285	21,072	20,843
Public ways and facilities	3,692	6,179	6,767	6,607	9,730	7,236	7,580	4,190	3,234	11,549
Health and sanitation	5,495	8,754	6,766	8,555	8,831	6,505	6,583	6,863	7,026	7,453
Public assistance	853	2,455	2,279	2,680	2,438	2,798	2,864	2,784	925	2,399
Education	1,593	1,567	1,515	1,853	1,460	1,759	1,891	1,922	2,304	2,037
Recreation and cultural services	2,328	3,189	2,598	1,110	1,370	1,246	2,183	3,931	3,822	3,714
Operating Grants and Contributions										
General Government	1,229	1,604	3,616	2,404	1,442	1,454	446	751	377	1,120
Public Protection	28,731	30,141	33,188	33,888	39,054	41,429	40,924	38,080	40,034	37,244
Public ways and facilities	11,901	8,927	8,364	9,099	11,459	8,712	8,975	10,406	10,679	9,446
Health and sanitation	34,122	36,907	38,518	37,474	39,611	44,135	46,267	49,149	57,784	48,567
Public assistance	66,100	63,543	67,088	67,559	73,863	75,391	79,190	83,175	81,525	86,479
Education	658	541	420	250	250	299	262	260	259	289
Recreation and cultural services	-	53	-	1,029	158	167	185	178	177	357
Capital Grants and Contributions										
General Government	-	-	-	311	-	291	264	384	449	279
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	7,411
Health and sanitation	-	-	-	177	-	-	34	-	-	-
Public assistance	-	-	-	80	-	-	-	-	-	-
Recreation and cultural services	58	-	682	403	805	171	979	423	173	81
Total Governmental Activities	197,677	197,344	211,007	216,058	231,001	239,204	247,755	249,558	252,977	253,239

Source: Statement of Activities

(continued)

County of San Luis Obispo
Changes in Net Assets
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	2010-2011
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	3,888
Golf	3,055	2,823	2,928	2,719	2,895	3,016	3,058	2,879	2,653	2,590
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	6,453
Nacimiento Water Contract	41	44	36	31	5,509	6,893	3,018	284	355	7,968
Lopez Dam	4,056	4,106	3,006	4,383	4,717	5,987	6,453	5,494	6,164	6,359
General Flood Control Zone	481	492	557	550	562	575	600	637	661	1,870
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	3,090
Operating Grants and Contributions										
Airport	-	175	391	11	279	281	820	144	182	180
Golf	-	-	-	75	-	-	-	-	-	-
Hospital	171	-	-							
State Water Contract	8	8	8	8	8	8	8	8	8	10
Nacimiento Water Contract	15	16	17	20	23	25	28	31	31	30
Lopez Dam	17	112	10	14	-	-	-	15	15	15
Transit	550	633	887	950	1,190	-	-	-	1,172	1,097
General Flood Control Zone						543	624	962		
County Service Areas	3	3	3	3	222	155	2	4	4	3
Capital Grants and Contributions										
Airport	4,881	2,493	1,002	3,188	3,792	9,509	19,201	6,750	4,310	2,074
County Service Areas	333	-	124	-	-	-	165	275	339	288
Los Osos Wastewater										9,357
Total Business-type Activities Revenues	39,123	37,783	29,778	24,061	30,820	38,281	46,795	29,705	28,732	45,272
Total Primary Government Revenues	\$ 236,800	\$ 235,127	\$ 240,785	\$ 240,119	\$ 261,821	\$ 277,485	\$ 294,550	\$ 279,263	\$ 281,709	\$ 298,511
Net (Expense)/Revenues										
Governmental Activities	\$ (88,552)	\$ (99,398)	\$ (102,407)	\$ (95,175)	\$ (98,741)	\$ (113,149)	\$ (141,321)	\$ (141,874)	\$ (133,577)	\$ (131,588)
Business-Type Activities	(5,360)	(8,455)	(9,549)	(138)	8,953	14,941	(2,371)	(5,230)	(7,220)	3,887
Total Primary Government net expense	\$ (93,912)	\$ (107,853)	\$ (111,956)	\$ (95,313)	\$ (89,788)	\$ (98,208)	\$ (143,692)	\$ (147,104)	\$ (140,797)	\$ (127,701)
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	\$ 139,214
Other Taxes	11,828	12,739	15,422	14,333	15,823	15,798	15,881	14,389	13,358	14,393
Interest and investment income	10,969	5,026	3,221	4,420	7,176	11,025	9,790	4,646	1,690	986
Unrestricted Grants	21,721	19,839	15,681	4,609	9,559	4,079	4,019	4,890	3,972	3,520
Other revenues	-	-	83	331	-	-	-	-	-	172
Transfers	(6,059)	(7,718)	(10,214)	1,494	(1,884)	(319)	(964)	845	(565)	150
Total Governmental Activities	117,261	99,908	99,752	123,212	144,750	159,450	162,018	165,965	151,178	158,435
Business-type Activities										
Property Taxes	2,369	2,823	3,073	1,765	2,051	3,359	3,402	3,678	3,654	3,841
Other Taxes	-	4	-	-	-	-	-	27	28	28
Interest and investment income	2,186	872	318	406	1,085	1,897	7,290	6,190	1,900	965
Other revenues	421	16	151	182	86	304	292	572	363	447
Transfers	6,059	7,718	10,214	(1,494)	1,884	319	964	(845)	565	(150)
Total Business-type Activities	11,035	11,433	13,756	859	5,106	5,879	11,948	9,622	6,510	5,131
Total Primary Government	\$ 128,296	\$ 111,341	\$ 113,508	\$ 124,071	\$ 149,856	\$ 165,329	\$ 173,966	\$ 175,587	\$ 157,688	\$ 163,566
Change in Net Assets										
Governmental Activities	\$ 28,709	\$ 510	\$ (2,655)	\$ 28,037	\$ 46,009	\$ 46,301	\$ 20,697	\$ 24,091	\$ 17,601	\$ 26,847
Business-Type Activities	5,675	2,978	4,207	721	14,059	20,820	9,577	4,392	(710)	9,018
Total Primary Government	\$ 34,384	\$ 3,488	\$ 1,552	\$ 28,758	\$ 60,068	\$ 67,121	\$ 30,274	\$ 28,483	\$ 16,891	\$ 35,865

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

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

	2011
General Fund	
Nonspendable	\$ 3,333
Restricted	7,113
Committed	62,380
Assigned	-
Unassigned	87,741
Total General Fund	<u>\$ 160,567</u>

All Other Governmental Funds	
Nonspendable	\$ 352
Restricted	22,065
Committed	55,446
Assigned	94
Unassigned	-
Total all other Governmental Funds	<u>\$ 77,957</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. In 2011, the County began implementation of GASB Statement 54, which changed the classifications of the fund balance. Fund balance information in years prior to 2011 is presented according to the previous guidelines.

Source: Balance Sheet - Governmental Funds

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

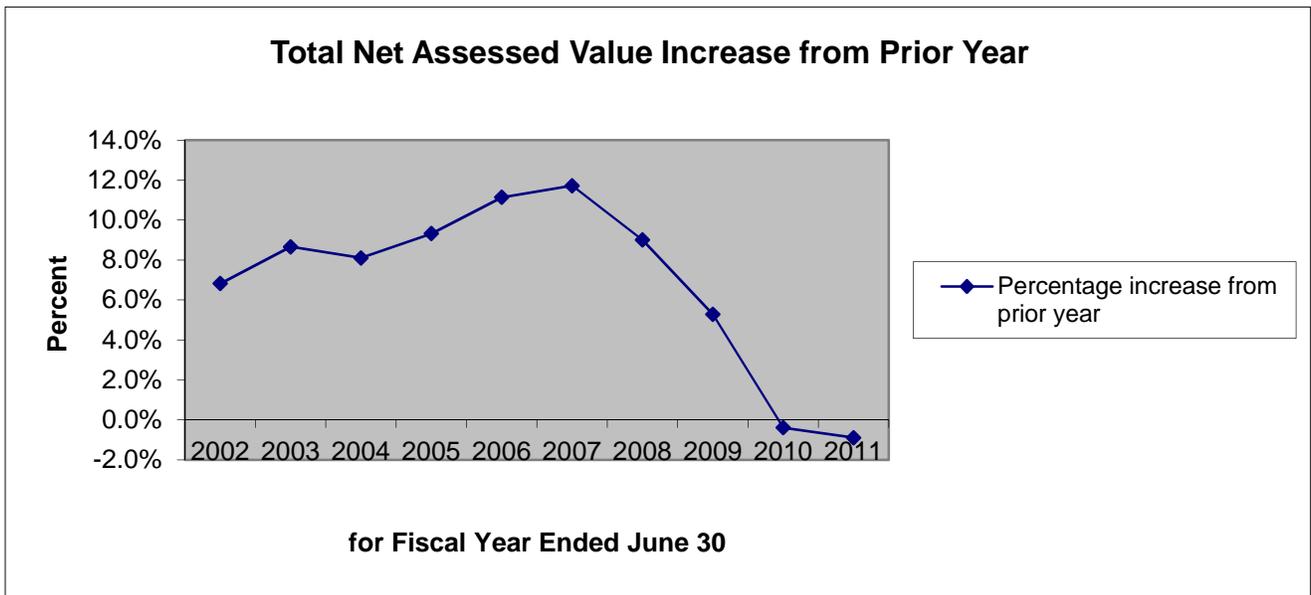
7	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues											
Taxes	\$ 85,851	\$ 85,472	\$ 83,404	\$ 90,553	\$ 112,565	\$ 128,586	\$ 141,934	\$ 144,596	\$ 154,155	\$ 153,910	\$ 155,419
Licenses, permits, and franchises	7,592	7,849	8,700	8,674	13,637	10,744	9,404	9,117	8,006	6,906	7,413
Fines, forfeits, and penalties	4,684	7,861	5,988	7,901	6,105	3,544	6,262	6,224	6,973	6,078	7,993
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	1,242
Aid from governmental agencies	147,535	164,435	164,625	172,425	160,452	182,750	184,142	196,994	188,794	199,771	194,625
Charges for current services	24,584	46,664	48,957	54,300	54,769	55,547	55,083	50,592	54,208	47,065	56,486
Other revenues	16,742	10,162	4,319	4,608	4,712	7,146	6,750	3,122	6,856	5,358	6,531
Total revenues	<u>294,588</u>	<u>332,882</u>	<u>320,832</u>	<u>341,434</u>	<u>356,303</u>	<u>394,954</u>	<u>413,364</u>	<u>419,097</u>	<u>423,114</u>	<u>420,732</u>	<u>429,709</u>
Expenditures											
Current:											
General government	33,347	42,765	39,896	49,491	49,074	53,691	55,375	51,733	51,461	45,162	50,321
Public protection	80,691	89,119	95,815	101,203	107,355	116,791	126,043	134,058	140,746	136,857	135,636
Public ways and facilities	17,941	20,836	20,741	29,718	24,096	25,749	38,981	44,814	42,139	31,093	37,261
Health and sanitation	33,852	43,071	47,822	49,542	52,894	55,464	57,590	66,180	67,267	68,442	68,472
Public assistance	67,611	77,350	77,449	81,616	82,673	87,020	87,182	92,682	98,170	96,248	100,202
Education	6,775	7,285	6,972	7,606	7,802	7,891	8,755	9,698	11,016	13,020	10,191
Recreational and cultural services	6,255	4,800	4,853	5,645	5,092	4,159	8,005	9,911	8,654	8,313	7,187
Debt service:											
Principal payments	615	4,735	1,305	1,815	1,895	4,970	6,560	2,601	3,264	3,790	4,595
Interest and fiscal charges	1,082	3,121	2,959	5,105	6,226	5,774	6,401	5,593	5,181	5,954	6,464
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	3,399
Total expenditures	<u>254,489</u>	<u>301,001</u>	<u>312,959</u>	<u>348,404</u>	<u>355,780</u>	<u>371,060</u>	<u>405,133</u>	<u>430,603</u>	<u>430,747</u>	<u>411,394</u>	<u>423,728</u>
Excess (deficiency) of revenues over expenditures	<u>40,099</u>	<u>31,881</u>	<u>7,873</u>	<u>(6,970)</u>	<u>523</u>	<u>23,894</u>	<u>8,231</u>	<u>(11,506)</u>	<u>(7,633)</u>	<u>9,338</u>	<u>5,981</u>
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
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	33,930
Transfers out	(18,912)	(30,493)	(46,454)	(39,248)	(19,093)	(33,525)	(42,817)	(42,751)	(42,833)	(33,065)	(33,143)
Total other financing sources and uses	<u>(6,644)</u>	<u>(8,523)</u>	<u>12,488</u>	<u>(7,634)</u>	<u>699</u>	<u>(1,615)</u>	<u>5,269</u>	<u>6,779</u>	<u>690</u>	<u>544</u>	<u>787</u>
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	\$ 6,768
Debt Service as a percentage of non capital expenditures	0.70%	2.75%	1.47%	2.19%	2.55%	3.12%	3.50%	2.13%	2.13%	2.51%	2.76%

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

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

Fiscal Year	Secured	Unsecured	Exemptions	Net Assessed Valuations	Percentage Increase from Prior Year	Tax Rate
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%	1.0021
2008	40,252,987	1,035,443	(835,356)	40,453,074	9.0%	1.0020
2009	42,348,044	1,132,435	(891,949)	42,588,530	5.3%	1.0020
2010	42,185,284	1,148,662	(914,309)	42,419,637	-0.4%	1.0020
2011	41,846,720	1,118,384	(927,194)	42,037,910	-0.9%	1.0029

Source: County Property Tax Information Booklet



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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
County Direct Rates										
General	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
State Water Project	0.00230	0.00230	0.00230	0.00223	0.00222	0.00221	0.00220	0.00220	0.00220	0.00290
Total Direct Rate	1.00230	1.00230	1.00230	1.00223	1.00222	1.00221	1.00220	1.00220	1.00220	1.00290
Cities, Schools, and Special Districts Combined Rates										
Arroyo Grande	0.0365	0.0329	0.0403	0.0593	0.0423	0.0392	0.0422	0.0464	0.0464	0.0470
Atascadero	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975
Grover Beach	0.0365	0.0329	0.0273	0.0463	0.0313	0.0295	0.0333	0.0382	0.0382	0.0389
Morro Bay	0.0083	0.0081	0.0082	0.0081	0.0231	0.0231	0.0492	0.0492	0.0492	0.0499
Paso Robles	0.3575	0.1775	0.1775	0.1775	0.1082	0.0952	0.0997	0.0948	0.0988	0.0389
Pismo Beach	0.0365	0.0329	0.0273	0.0463	0.0335	0.0295	0.0333	0.0382	0.0382	0.0389
San Luis Obispo	-	-	-	-	-	-	-	-	-	-

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 Ten Years Ago
(in Thousands)
(UNAUDITED)**

Taxpayer	Industry	Fiscal Year 2011			Fiscal Year 2002		
		Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
Pacific Gas & Electric Co.	Utility	2,504,614	1	6.15%	\$ 2,168,840	1	9.32%
TOSCO Corp	Petroleum & Gas	152,407	2	0.34%	184,832	2	0.79%
CSHV Mustang Village LLC	Apartment	74,801	3	0.18%	-	-	-
Plains Exploration & Prod Co	Communications	73,502	4	0.22%	-	-	-
Pacific Bell Telephone	Communications	67,993	5	0.20%	119,775	4	0.51%
Beringer Wine Estates Company	Winery	67,595	6	0.22%	48,214	6	0.21%
Southern California Gas Co	Utility	62,345	7	0.15%	-	-	-
Martin Hotel Mgmt Co LLC	Hotel	60,804	8	0.15%	-	-	-
Sierra Vista Hospital	Hospital	57,514	9	0.14%	-	-	-
Twin Cities Com Hospital	Hospital	55,193	10	0.13%	-	-	-
Duke Energy Morro Bay, LLC	Utility	-	-	-	136,822	3	0.59%
ESJ Centers LLC ETAL	Real Estate	-	-	-	51,018	5	0.22%
Global Crossings Telecom	Communications	-	-	-	47,694	7	0.20%
Charter Communications	Communications	-	-	-	45,688	8	0.20%
Level 3 Communications	Communications	-	-	-	42,070	9	0.18%
Southern California Gas Co	Utility	-	-	-	41,366	10	0.18%
Total		\$ 3,176,768		7.88%	\$ 2,886,319		12.40%
Total County Assessed Value		\$ 42,037,910			\$ 23,269,466		

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		
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%
2011	408,623	397,830	97.36%	10,793	2.64%

Note:

Amounts do not include Tax collections for Bonds or Special Assessments

Source: County Property Tax Booklet

County of San Luis Obispo
Special Assessment Billings and Collections
(UNAUDITED)

<u>Year ended June 30,</u>	<u>Special Assessment Billings</u>	<u>Special Assessment Collected</u>
2011	-	3,177

Note: The billings and collections shown are for those Special Assessment Bonds for which the County has established redemption funds for the purpose of facilitating bond payment in the case of delinquent accounts.

2011 was the first year of special assessment billings and collections

Source: County Property Tax System

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Actives										
Certificates of Participation	\$6,486	\$27,601	\$26,487	\$25,323	\$23,107	\$27,125	\$33,319	\$31,920	\$30,420	\$28,820
Less deferred amounts:										
For issuance discounts:	-	-	-	-	-	-	(119)	(115)	(111)	(107)
Pension Obligation Bonds	-	-	137,194	137,194	135,199	130,504	129,034	127,169	125,444	122,689
Business Type										
Certificates of Participation	23,989	23,539	23,068	22,577	22,069	21,535	20,985	20,848	20,657	19,897
Pension Obligation Bonds										
State Note	3,117	3,003	3,211	3,077	15,126	26,144	31,824	32,283	32,418	31,024
Revenue Bonds	984	705	71	66	61	56	196,461	196,456	196,450	196,444
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	6,371	6,371	6,371	6,371
General Obligation Bonds	13,200	12,980	12,750	12,510	12,260	12,000	11,730	11,450	11,155	10,760
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	-	-	1,128
Bond Anticipation Notes	-	-	-	-	-	-	-	-	-	8,677
Total Outstanding Debt	\$47,776	\$67,828	\$202,781	\$200,747	\$207,822	\$217,364	\$429,605	\$426,382	\$422,804	\$425,703
Percentage of Personal Income	0.64%	0.88%	2.48%	2.30%	N/A	N/A	N/A	N/A	N/A	N/A
Percentage of Actual Value of Taxable Property	0.21%	0.28%	0.74%	0.66%	0.63%	0.59%	1.06%	1.00%	1.00%	1.01%
Per Capita	\$188.39	\$264.64	\$785.36	\$769.95	\$789.47	\$ 820.55	\$ 1,595.05	\$ 1,576.69	\$ 1,547.42	\$ 1,571.06

Note:

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

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed Value of Property (a) (b)	\$ 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	\$ 42,037,909
Debt Limit, 1.25% of Assessed Value	290,868	316,075	341,699	373,576	415,204	463,878	505,663	532,357	530,245	525,474
<u>Amount of Debt Applicable to Limit</u>										
General Obligation Bonds ©	13,200	12,980	12,750	12,510	12,260	12,000	11,730	11,450	11,155	11,888
Less: Resources Restricted to Paying Principal	-	-	-	-	-	-	-	-	-	-
Total Debt Applicable	13,200	12,980	12,750	12,510	12,260	12,000	11,730	11,450	11,155	11,888
Legal Debt Margin	<u>\$ 277,668</u>	<u>\$ 303,095</u>	<u>\$ 328,949</u>	<u>\$ 361,066</u>	<u>\$ 402,944</u>	<u>\$ 451,878</u>	<u>\$ 493,933</u>	<u>\$ 520,907</u>	<u>\$ 519,090</u>	<u>\$ 513,586</u>
Total Debt Applicable as a Percentage of the Debt Limit	4.54%	4.11%	3.73%	3.35%	2.95%	2.59%	2.32%	2.15%	2.10%	2.26%

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

Assessed value calculation (in thousands)

Locally Assessed-Secured	
San Luis Obispo Countywide	\$39,105,695
Pipeline Right-of-Way (Unitary)	5,861
Aircraft	70,428
Total Local Assessed	39,181,984
State Assessed	
Local Utility	70,296
Unitary	2,785,629
Total State Assessed	2,855,925

Combined Assessed Values

Sub-Total Combined Assessed Values	41,967,482
Aircraft	70,428
Total Combined Assessed Values	<u>\$42,037,910</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)			
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
2011	270,966	N/A	N/A	N/A	44,104	9.9

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	478.25	465.25	481.25	480.25	479.75	482.00	495.50	485.25	451.00	442.75
Public Protection	830.50	857.00	862.50	850.50	856.00	885.25	891.75	879.50	799.75	783.25
Public Ways and Facilities	182.50	191.50	194.50	184.00	185.00	185.25	191.25	199.25	202.25	194.25
Health and Sanitation	549.75	531.00	507.25	419.25	413.25	394.50	423.75	421.00	424.75	424.00
Public Assistance	441.50	464.50	464.50	439.00	438.75	443.75	453.25	437.25	426.75	424.75
Education	67.50	73.00	74.00	73.00	74.00	84.00	87.50	87.50	78.50	78.50
Recreation and Cultural Services	54.00	53.00	55.50	56.50	55.00	59.00	58.00	58.00	56.00	56.00
Total	<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>	<u>2,403.50</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 Ten Fiscal Years
(UNAUDITED)

Function / Department	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Recreation and Cultural Services										
Parks										
<i>Day Use Passes</i>	72,971	71,874	64,679	53,906	62,951	66,899	65,895	47,156	47,011	51,519
<i>Annual Passes</i>	1,948	1,822	1,478	1,436	1,496	1,416	1,598	3,547	2,220	1,992
<i>Daily Boat Launches</i>	36,854	28,951	26,552	21,085	22,481	19,737	14,085	16,864	15,802	15,602
<i>Annual Boat Passes</i>	986	960	842	795	804	793	847	752	627	618
Public Protection										
Planning and Building										
<i>Total Permits Issued</i>	3,331	3,618	3,856	3,747	3,548	2,897	2,634	2,261	2,067	2,073
<i>Number of New Affordable Housing</i>	54	0	141	267	184	63	218	105	82	80
Sheriff										
<i>Jail bookings (a)</i>	13,741	14,182	15,016	14,240	14,927	18,718	18,321	14,158	13,025	12,682
<i>Average daily population (a)</i>	386	433	460	506	534	553	567	540	551	558
Health and Sanitation										
Mental Health										
<i>Total number of patient days in State Hospitals</i>	182	410	571	986	522	447	603	365	364	n/a
<i>Day Treatment Days provided to youth in out-of-county group home facilities</i>	n/a	n/a	n/a	n/a	n/a	n/a	2,067	2,692	2,212	2,937
Public Health										
<i>Number of Children enrolled in the Health Families Program</i>	3,378	3,833	3,824	4,331	4,436	4,752	5,098	5,450	5,709	n/a
<i>Percentage of the State allocated caseload enrolled in the Women, Infants & Children (WIC) Program</i>	n/a	n/a	n/a	n/a	n/a	n/a	100	97.5	97.0	100.0
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>	3.1	3.8	3.3	2.9	3.8	2.9	n/a	n/a	n/a	n/a
<i>Percentage of child abuse/neglect referrals where a response is required within 10 days that were timely</i>	n/a	n/a	n/a	n/a	n/a	77.1	69.8	88.7	94.1	96.8
Education										
Library										
<i>Annual number of items circulated per capita</i>	7.6	7.2	7.1	5.8	6.0	7.0	7.5	9.2	9.4	10.0
<i>Annual Expenditure per capita for total Library budget</i>	\$ 23.11	\$ 24.30	\$ 24.03	\$ 27.37	\$ 28.34	\$ 31.07	\$ 33.75	\$ 38.43	\$ 35.35	\$ 35.35
Public Ways and Facilities										
Roads										
<i>Pavement Condition Rating for all county roads (70 = "good")</i>	65	64	64	58	70	69	65	62	65	60
Airport										
Airport										
<i>Takeoffs and Landings (a)</i>	113,292	119,613	115,066	101,849	n/a	92,096	96,172	95,419	88,161	80,556
<i>Passenger Enplanements</i>	148,347	152,607	154,726	173,370	182,177	177,176	182,285	132,748	125,152	139,909

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

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Recreation and Cultural Services										
County golf courses	3	3	3	3	3	3	3	3	3	3
Park acreage	11,946	11,946	11,946	12,026	12,056	12,056	13,402	13,422	13,422	13,572
Public Protection										
Correction facility capacities (a)	689	689	689	693	693	684	693	693	693	689
Public Ways and Facilities										
Miles of county roads	1,302	1,312	1,315	1,317	1,321	1,321	1,334	1,336	1,329	1,332
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