

# County of San Mateo, California

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2013



**Bob Adler**  
**Controller**

**COUNTY OF SAN MATEO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Fiscal Year Ended June 30, 2013**

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## **INTRODUCTORY SECTION**

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Government Finance Officers Association**
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**Bob Adler**  
**Controller**

Juan Raigoza  
Assistant Controller

Shirley Tourel  
Deputy Controller

## **County of San Mateo**

### **Office of the Controller**

October 31, 2013

The Honorable Members of the Board of Supervisors  
Citizens of the County of San Mateo, California

California Government Code sections 25250 and 25253 require that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. The Comprehensive Annual Financial Report (CAFR) of the County of San Mateo (County) for the fiscal year ended June 30, 2013, is hereby published to fulfill this requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in the CAFR, based upon a comprehensive framework of internal control established for this purpose. As the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The County's independent auditor, Macias Gini & O'Connell LLP, has issued an unqualified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A), which appears on pages 4-22 of this report, provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The County, one of the nine counties in the San Francisco Bay Area, was established by an Act of the State Law in 1856. The County occupies 455 square miles and contains 20 cities on a peninsula bounded by San Francisco to the North, Santa Clara County to the South, San Francisco Bay to the East, and the Pacific Ocean to the West. Though sandwiched between two large urban areas, the County is a pleasant mix of suburban and rural areas. Most of the County's 735,678 residents live in the suburban corridor east of the Santa Cruz Mountains, which bisects the County. The western part of the County remains primarily rural and has some of California's most beautiful coastline.

The County plays a dual role that differs from cities. Cities generally provide basic services such as police and fire protection, sanitation, recreation programs, planning, street repair, and building inspection. The 20 cities within the County are governed by their own city council. The County, as a subdivision of the State, provides a vast array of services for all residents. These services include social services, public health protection, housing programs, property tax assessments, tax collection, elections, and public safety. The County also provides basic city services for residents who do not live within a city but in an unincorporated area.

Under a charter form of government, the County is governed by a five-member Board of Supervisors (the Board) that serves four-year terms on a full-time basis. Each Supervisor must reside in one of the five districts of the County and, starting with the next election, is elected by district in non-partisan elections. Historically, Board members had been elected at-large, countywide, and not by district. The Board is responsible, among other things, for passing ordinances,

adopting the County's budget, and appointing committees, the County Manager and the County Counsel. The County Manager appoints the non-elected directors of eight departments. The County has six elected officials responsible for the offices of the Assessor-County Clerk-Recorder, Controller, Coroner, Sheriff, District Attorney, and Treasurer-Tax Collector.

The County provides a wide range of services to its residents. Included in the County's operations are various "blended" component units which provide specific services countywide or to distinct areas within the County. While the component units are legally separate from the County, the County is financially accountable for them as their governing bodies are substantially the same as the County's Board. The County has the following "blended" component units: the San Mateo County Joint Powers Financing Authority, San Mateo County Housing Authority, In-Home Supportive Services Public Authority, and numerous special districts including County Service Areas, Sewer and Sanitation, Flood Control, Lighting, and other special districts.

### Economic and Financial Outlook

Global whole-year growth for 2013 is projected at 2.2%, a little slower than 2012. This is driven to a large extent by appreciably weaker domestic demand and slower growth in several key emerging market economies, as well as a more protracted recession in the Euro area. Global gross domestic product (GDP), which slowed in mid-2012, is recovering, and a modest acceleration in GDP is expected during the course of 2014 and 2015.

In spite of these global economic uncertainties, GDP for the United States is expected to gradually increase over the next couple of years while the national and local unemployment rates slowly decrease. While world GDP growth is estimated to be 3.0% and 3.3%, for 2014 and 2015, respectively, growth for the United States is projected to be a little lower at 1.5% and 2.6%, for 2013 and 2014, respectively. The unemployment rates for the United States, California and the County have continued to fall during the last year, as shown below.

Unemployment Trend			
	July 2012	July 2013	Change
United States	8.2%	7.4%	-0.8%
California	10.6%	8.7%	-1.9%
San Mateo County	7.1%	5.7%	-1.4%

Given that property tax revenues make-up the County's largest source of general fund revenues, the health of the local real estate market and associated changes in property assessed values are key indicators of the financial outlook for the County. The FY 2013-14 net Property Assessment Roll values (\$156 billion as of January 1, 2013) for the County increased 6.01%, or \$8.8 billion compared to last year's property tax roll. This increase in value translates to an increase in property tax revenues of about \$88 million countywide, thus shared by all local agencies (schools, cities, special districts and the County). The FY 2013-14 net property assessment values in the County are at the highest dollar amount and the fourth largest dollar increase in the County's history.

The median price paid for a home in the Bay Area in August 2013 was \$540,000, up 31.7% from \$410,000 in August 2012. Within the County the median price for August 2013 increased to \$722,250, a 21.9% increase from August 2012 when the median price was \$592,500. The continued improvement in the County's real estate market should continue to increase assessed property values, and future property tax revenues.

### Long-Term Financial Planning

#### Educational Revenue Augmentation Fund (ERAF)

Local taxing entities (cities, special districts and County) are mandated to shift a portion of their property tax dollars to the ERAF as the State's way of offsetting its obligations to fund school districts to the minimum State guaranteed amount. ERAF is used to only fund school districts up to their minimum State guaranteed amounts that do not receive enough local property taxes to reach the guaranteed amount. These districts, prior to FY 2013-14, were known as Revenue Limit districts. The difference between a district's minimum State guaranteed amount and its local property tax revenues is the amount a school district can receive from ERAF.

For some districts, the combination of local property taxes and ERAF are not enough to fully fund the school district, and the State is required to provide the difference. A school district that has property taxes equal to or exceeding the State guaranteed amount does not require ERAF monies and are known as Basic Aid districts.

Beginning with FY 2008-09, the State was unable to fund the minimum State guaranteed amount and began reducing the guaranteed amount with the promise of reinstating the amount in the future. This year over year reduction to the minimum State guaranteed amount resulted in districts being “pushed” into Basic Aid status. As more districts became Basic Aid, fewer funds were needed from ERAF to fund the minimum State guaranteed amount. This resulted in higher remaining funds in the ERAF account.

Any money remaining in ERAF (referred to as “Excess ERAF”) is refunded back to the contributing local taxing agencies in proportion to their contributions. Generally, the greater the number of Basic Aid school districts, the larger the Excess ERAF. The County has received a total of \$661 million in Excess ERAF since FY 2003-04. In FY 2012-13, 16 out of 24 school districts (including the community college) were basic aid.

The Governor’s School Finance Reform Plan, approved by the Legislature, created a new funding formula to determine the minimum State guaranteed amount beginning in FY 2013-14. This is the most significant and complicated change to educational funding in 40 years. The new funding formula, referred to as the Local Control Funding Formula (LCFF), is expected to increase the State’s minimum funding requirements for school districts and may result in fewer school districts being categorized as Basic Aid. This change in the school funding formula is expected to reduce the Excess ERAF amount to be returned to the County, cities, and special districts.

As of this report’s date, the County does not have sufficient information to estimate the amount of property taxes that will be returned as Excess ERAF to local taxing jurisdictions for FY 2013-14. The California Department of Education (CDE) is still developing the new funding formula model. For the meantime, CDE has advised school districts to budget for FY 2013-14 using last year’s “Revenue Limit” funding model in lieu of the new LCFF funding model. The CDE has stated its intent to provide school districts with their initial estimated State guaranteed amounts by June 2014, approximately five months later than in prior years.

Historically, the County Board’s policy was to use Excess ERAF for non-recurring expenditures. In FY 2012-13 the Board changed its policy to use 50% of the Excess ERAF anticipated to be received during the fiscal year as an on-going General Fund revenue source. Any unspent Excess ERAF and/or additional ERAF revenues over the budgeted amount are included in the fund balance and recognized as part of the subsequent fiscal year’s reserves. The Board has used these funds conservatively as they are subject to legislative and formulaic risk.

At a minimum, the County will receive \$61 million in Excess ERAF for FY 2013-14 which is based on existing revenues in ERAF that were reserved in prior fiscal years. The County budgeted \$40 million (66%) in Excess ERAF revenue based on the known prior year amounts with the expectation of having additional Excess ERAF amounts related to FY 2013-14. There will be changes in the distribution of Excess ERAF to all taxing entities, including the County, due to the lack of definitive guidance from the CDE.

Over time the amount of Excess ERAF to be distributed should become more predictable, but is expected to decline in the future. In this first year of implementing the new LCFF a very conservative amount for FY 2013-14 will be distributed. This is due to the lack of precise information and the fact that a change from Basic Aid to non-Basic Aid for a larger school district could cause a significant and material decrease in the amount of Excess ERAF.

### **Vehicle License Fee (VLF)**

In November 2004, the State permanently reduced the VLF rate and monies disbursed to cities and counties. VLF had been a significant revenue source for all counties and cities. Therefore, to compensate counties and cities for this reduction in VLF monies, legislation was enacted to reimburse counties and cities for lost VLF from each countywide ERAF, with the State subsequently “backfilling” school districts for any ERAF distributions those districts failed to receive. This fiscal maneuver has come to be known as the “VLF Swap.”

The VLF Swap worked for several years. Current State statutes do not allow for the use of local property taxes from Basic Aid school districts to pay the State’s VLF Swap obligations, therefore, a reimbursement shortfall has arisen in

counties, including San Mateo County, where Basic Aid districts are growing. In FY 2013-14, the Legislature budgeted a “one-time fix” for the FY 2011-12 shortfalls for counties adversely impacted by this deficiency. The County had a shortfall of approximately \$180,000 in FY 2011-12. In FY 2012-13, the County’s VLF shortfall grew to \$3.9 million. There have been no legislative or budget remedies to address the shortfall of VLF in FY 2012-13 or beyond.

### **Unfunded Retirement Liability**

As of the most recent actuarial valuation date of June 30, 2013, the County’s Unfunded Actuarial Accrued Liability (UAAL) for pension benefits was \$954 million. The plan is 73.3% funded with a County annual required contribution cost of approximately \$144 million.

In August 2013, the Board discussed five options provided by Milliman, Inc., which serves as San Mateo County Employees’ Retirement Association’s (SamCERA) actuary, for making additional contributions over and above the required contributions. A resolution was approved to develop, for the Board’s consideration, a Memorandum of Understanding with SamCERA to accelerate the UAAL amortization by contributing \$50 million from reserves in FY 2013-14 and \$10 million in each of the following nine years as additional contributions. The \$10 million additional annual contribution will come from a combination of Excess ERAF monies and departmental reserves. Under this scenario the County is expected to achieve a 90% funded ratio in seven years, and 100% in 11 years, if actuarial assumptions are realized. The County’s annual required contribution will be reduced by \$13 million in FY 2024-25. It is estimated that with these additional contributions the County will save approximately \$304 million in cumulative contributions, and therefore reduce operating costs over the next 30 years.

The Government Accounting Standards Board (GASB) has released new pronouncements (GASB Statements No. 67 and No. 68) to bring public pension accounting more in line with the private sector rules. GASB Statement No. 67 will be implemented by SamCERA for the fiscal year ended June 30, 2014, and GASB Statement No. 68 will be implemented for the County for the fiscal year ended June 30, 2015. These pronouncements are expected to have a material impact to the financial reporting of liabilities in the County’s government-wide financial statements. Currently pension liabilities are only disclosed in the notes section of the audited financial statements.

### **Measure A Sales Tax Revenues**

The County’s Board placed a tax measure on the November 2012 ballot which asked voters to approve a one-half cent sales tax increase. The measure, approved by a 65% majority vote, increased the sales tax rate for the next ten years.

Projects funded by Measure A totaled \$51.1 million for FY 2013-14; \$42.4 million was budgeted for FY 2014-15. Measure A funds will be tracked separately for both budgeting and reporting purposes. Projects will be funded on a reimbursement basis and success measured through approved performance measures. Any un-budgeted revenues or unspent appropriations that remain in this fund at the end of the fiscal year will be available for appropriation by the Board at a later date.

Though considered General Fund monies, the Board has taken steps to ensure transparent reporting of the use of Measure A funds for major, one-time projects and initiatives. “SMC Performance”, an online dashboard, has been launched to provide this transparency and allow for citizen feedback. SMC Performance includes a series of interactive tiles, each containing the goals associated with a specific program or Measure A initiative.

### **County Budget Process**

The Adopted Budget, which includes Measure A, is \$2.18 billion for FY 2013-14 and \$1.93 billion for FY 2014-15. The decline in the second year is primarily due to the elimination of one-time project costs in FY 2013-14. The County implemented a two-year budget process for FY 2013-14 and 2014-15 to create more time for departments to focus on service delivery and achievement of goals and priorities. This two-year budget process is expected to save staff time and other resources by making the budget process more efficient. Beginning in 2014, cross-departmental performance review teams will evaluate program outcomes and productivity, and compare performance to similar organizations.

**Affordable Care Act**

The Affordable Care Act (ACA) changes health care coverage for Americans in two significant ways. It expands Medicaid (called Medi-Cal in California) to cover more impoverished individuals and provides subsidies for low and middle income Americans, who can now purchase insurance through State-established health insurance marketplaces/exchanges. "Covered California" is the ACA insurance exchange for California residents.

Within the County, additional changes were made to its low-income health coverage program, Access and Care for Everyone (ACE), which generally serves those with incomes at or below 200% of the Federal Poverty Level (FPL). With the ACA expanding Medi-Cal and providing federal subsidies for individuals with incomes below 400% of the FPL, and allowing low to moderate income Americans to buy private plans through Covered California, local eligibility rules for ACE were changed to exclude those eligible for Covered California coverage. The County will implement a limited ACE program for those who are eligible for Covered California but did not enroll during the open enrollment period that ends March 31, 2014, but otherwise meet the ACE eligibility criteria. The County will assist these individuals to successfully enroll in a Covered California plan when open enrollment begins again in the fall of 2014.

The expansion of Medi-Cal makes an estimated 13,000 new County residents eligible, and around 4,000 ACE enrollees will be eligible for Covered California coverage. The County has enrolled 9,100 of the 13,000 estimated Medi-Cal eligible into a Bridge to Health Reform program and is working with the State to seamlessly convert these individuals to Medi-Cal coverage on January 1, 2014. Of those who are Covered California eligible only about half are expected to switch in the first year, in large part because enrolling and purchasing a plan can be complicated. The enrollment window opens on October 1, 2013. The County estimates having 30,900 people enrolled in ACE in FY 2013-14 with a drop to 20,000 in FY 2014-15, as a result of the ACA coverage which starts on January 1, 2014 for some of those residents formerly enrolled in ACE.

The move of roughly 9,100 from the Bridge to Health Reform program to Medi-Cal will bring revenue to the County, but the ACA's overall financial impact to the Health System is expected to be relatively neutral because of the loss of other federal and State reimbursements. The ACA is financed through a broad range of sources that includes phased-in reductions in payments to hospitals, such as the San Mateo Medical Center (SMMC), that see a disproportionate share of uninsured and Medicaid patients. This reduction in the amount of disproportionate share payments will represent a decrease in federal payments to the SMMC. The Health System is also expected to lose approximately \$4 million in FY 2013-14 and up to \$17 million in FY 2014-15 from large reductions in State Health Realignment funds forced upon counties by the State.

**Infrastructure**

The capital improvements budget for FY 2013-14 is \$136 million, and \$83 million in FY 2014-15. This includes General Fund contributions and bond proceeds totaling \$158 million for the Maple Street Correctional Center (MSCC) over the next two years. The County plans to issue lease revenue bonds approximating \$180-\$195 million, depending on the financing structure used, in the fall of 2013 and will reimburse itself for expenditures incurred prior to the financing, including \$12 million spent prior to FY 2013-14. The County's list of deferred maintenance items grew over the last few years. Some Measure A funds will be used to begin to rebuild the County's infrastructure for which maintenance was put off during the 2008 Recession. The budget for the next two years includes over \$50 million for other facilities projects and another \$50 million for information technology projects.

**Meeting the Future**

As the economy slowly recovers, the County's financial condition strengthens. Many of the County's economic and financial indicators are improving. Unemployment is down while real estate values and sales taxes are up. The approval of Measure A will help fund a variety of current services, programs and projects. The prepayment of pension liabilities will lower future required contributions and the associated liability passed on to future generations. Repairing infrastructure will help to ensure that vital safety, health and welfare services can be provided into the future. However, on the other side of the ledger, the expected reduction in Excess ERAF, potential non-reimbursement of VLF, a continued increase in the State's realignment initiatives that pass costs and services down to the local level, and the expected net increased costs associated with providing health care under the ACA will all challenge the County to continually assess the use of its financial resources.

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## Relevant Financial Policies

### Investments

The County investment pool was established to meet the County's liquidity and long-term investment needs. The Board established an eight-member oversight committee under State law to monitor the management of public funds in the investment pool. The oversight committee meets at least three times a year to evaluate general strategies, monitor results, and evaluate the economic outlook, portfolio diversification, maturity structure, and potential risks to the invested funds. The Board reviews and approves the Investment Policy annually. The foundation of the County Investment Policy is in priority order: safety, liquidity, and yield. The County pool is not only designed as an income fund to maximize returns, but also attempts to match maturities with capital expenditures and other planned outlays. All amendments to the policy require the Board's approval.

### Reserves

The Board approved the original County Reserves Policy in April 1999. The creation of this policy was initiated by the County's Fiscal Officers to help reduce the negative impact on the County during times of economic uncertainty and potential losses of funding from other governmental agencies. In 2010, the Board adopted the revised policy to align the policy with the current fiscal environment. On January 31, 2011, the Board authorized the use of 50% of future excess ERAF proceeds for ongoing purposes. The current ERAF reserves and 50% of future proceeds can only be used for one-time purposes as described in the County Reserves Policy.

Fund balance and reserves are viewed as one-time sources of funding and can only be used either for one-time purposes or as part of a multi-year financial plan to balance the budget. Such constraints prohibit creation of operating deficits through dependency on fund balance and reserves for ongoing expenditures. The policy establishes minimum requirements for departmental reserves at a minimum of 2% of net appropriations, General Fund reserves at a minimum of 5% of total General Fund net appropriations, appropriation for contingencies at 3% of total General Fund net appropriations, reserves for capital improvements at a minimum of \$2 million, and reserves for countywide automation projects at a minimum of \$2 million. In January 2013, the Board directed the County Manager to amend the Fund Balance and Reserves Policies, to reduce the use of these one-time funds for ongoing General Fund operations and to maintain an appropriate level of savings. These policies will be revised during FY 2013-14.

### Budget

Under State law, the County is required to adopt a balanced budget by October 2<sup>nd</sup> of each year. Except for the Joint Powers Financing Authority and certain other special revenue funds, the County Manager's Office prepares a budget for all governmental funds on the modified accrual basis of accounting in accordance with California Government Code Sections 29000 and 29143.

The annual budget serves as the foundation for the County's financial planning and control of expenditures. The legal level of budgetary control, where expenditures may not exceed appropriations, is at the object level (e.g., salaries and benefits) within a budget unit in a fund. Budget expenditures are enacted into law through the passage of an Appropriation Ordinance. The ordinance sets limits on expenditures, which cannot be changed except by subsequent amendments to the budget. The Board must approve amendments or transfers of appropriations for an amount above \$50,000 or between budget units. The County Manager's Office is authorized to approve transfers and revisions of appropriations up to \$50,000 within a single budget unit. Regardless of the amount, the Board's approval is required for supplemental appropriations normally financed by unanticipated revenues or reserves.

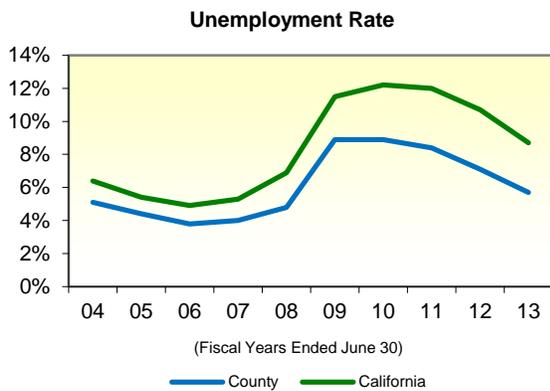
### Debt Service Limit

Under the County's Debt Limit Ordinance, the Board is required to establish the County debt service limit annually. The debt service limit is applicable to non-voter approved debt that is the obligation of the County. The limit does not include any voter approved debt or any debts of agencies, whether governed by the Board or not, other than the County. The annual debt service limit shall not exceed 4% of the average annual County budget for the current and the preceding four fiscal years. The approved limit can be exceeded only through a 4/5 vote of the Board and upon a finding that such action is necessary and in the best interest of the County and its citizens. For the fiscal year ended 12-13 the County continued to remain within this limit.

**Factors Affecting Economy**

**Employment**

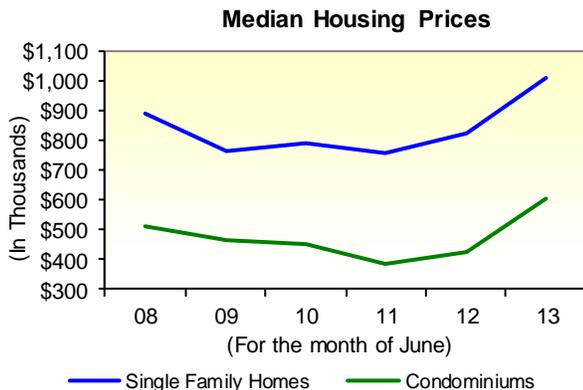
- The County had an estimated 21,700 unemployed residents as of June 2013.
- The County’s unemployment rate was 5.4% for June 2013, down 1.3% from 6.7% in June 2012.
- This compares with an unemployment rate of 8.9% for California and 7.6% for the U.S. for June 2013.
- Among California’s 58 counties, the County recorded the second lowest unemployment rate as of June 2013.



Source: Employment Development Dept., California U.S. Department of Labor

**Residential Property**

- The County’s median single-family home price rose 22.2% to \$1,010,000 as of June 2013 from \$826,250 as of June 2012.
- The County’s median condominium price rose 43.1% to \$608,000 as of June 2013 from \$425,000 as of June 2012.



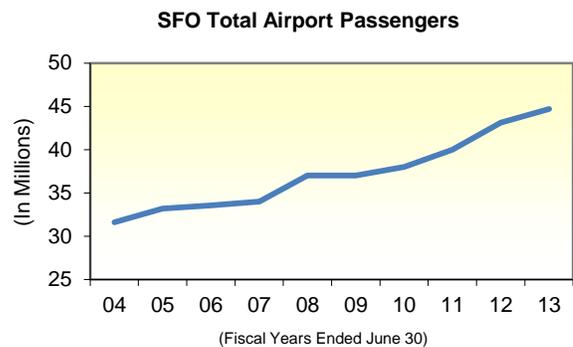
Source: San Mateo County Association of Realtors, based on statistics from Multiple Listing Services, Inc.

**Commercial Property**

- The vacancy rate in June 2013 for the County was at 16.8% up from 14.1% in June 2012. The June 2011 vacancy rate was 13.5%.
- The average asking rate for space in the County rose 11.1% to \$3.69 per square foot per month as of June 2013, up from \$3.32 per square foot per month as of June 2012. The June 2011 average asking rate for space was \$2.95 per square foot per month.

**Tourism**

- San Francisco International Airport remains a significant economic engine in the region by providing tens of thousands of jobs. The Airport’s total passenger volume rose 3.7% to 44.7 million for June 2013 from 43.1 million for June 2012.



Source: SFO Comparative Traffic Reports

**Taxable Sales**

- The County’s total taxable sales rose 8.4% to \$3.47 billion for the quarter ended June 2012 (latest data) from \$3.20 billion for the same period ended June 2011.

**Per Capita Income**

- The County’s estimated median family income was \$99,043 for 2011 (latest available data) compared to \$101,753 for 2010, per the U.S. Census Bureau.
- The County’s per capita personal income increased to \$69,577 in 2011 (latest data), a 4.4% increase from \$66,629 in 2010.

**Major Initiatives**



**Healthy Community**

*Child Support Services*

- Develop targeted projects that highlight early and direct contact with both parents to engage them in child support activities.

*Human Services Agency / Health System*

- Implement Affordable Care Act and provide health insurance enrollment to an estimated 13,000 individuals through the expansion of Medi-Cal program.

*Health System*

- Work with schools, community-based organizations, and cities to implement activities to eliminate sugary drinks from public property, increase walking and bicycling safety, and engage parents in school wellness.
- Reduce the use, abuse, and impact of alcohol and other drug related problems through coordinated prevention efforts.



**Safe Community**

*Health System*

- Connect clients leaving the criminal justice system with supportive services to ensure successful re-entry into the community.

*Coroner’s Office*

- Increase participation in Save-A-Life and Every 15 Minutes programs to expose youth to consequences of reckless and violent behavior.

*Sheriff’s Office*

- Provide Youth Services and School safety services including school tutoring, mentoring on the dangers of drugs and gangs, and leisure activities such as dancing and soccer.
- Begin construction of the Maple Street Correctional Center.



**Environmentally Conscious Community**

*Board of Supervisors*

- Implement pollution prevention strategies such as a plastic bag ban throughout the County.

*County Manager*

- Reduce commute congestion and number of single driver car trips through the Bay Area Bike Share program.

*Department of Public Works*

- Promote energy efficiencies and water conservation activities for non-profits, government facilities, small businesses, farms, and low income residents via SMC Energy Watch program.



**Prosperous Community**

*Child Support Services*

- Improve access to educational and employment services for child support clients.

*Planning and Building Department*

- Implement North Fair Oaks Community Plan to allow greater mix of land uses and create incentives for new development.



**Livable Community**

*Department of Housing*

- Increase access to housing by investing in new affordable housing units.

*Parks Department*

- Develop Parks Strategic Plan to conserve and protect natural resources.



**Collaborative Community**

*County Manager / Human Resources / Controller and Information Systems Departments*

- Implement HR/Payroll system to automate processes, integrate with our systems, and improve access to information.

*County Manager*

- Implement SMC Performance that provides residents the ability to track spending and evaluate performance of programs/services.

*Controller’s Office*

- Increase financial transparency by publishing disbursements via Open CheckBook website.

*Human Resources*

- Increase use of social media to enhance communication and access to information.

*Information Services Department*

- Implement Open Data Portal to enhance transparency and reduce costs associated with fulfilling record requests.

**Awards and Acknowledgements**

**Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report (CAFR) for the prior fiscal year ended June 30, 2012. This was the thirteenth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy 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. The County also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2012.

**Acknowledgements**

My goal for this CAFR is to provide financial information that is helpful to our residents, policy leaders, and County management. We welcome input from all users of this CAFR. This report would not have been possible without the dedication of all the fiscal officers and staff of the County. Their day-to-day hard work help ensure the financial stability and integrity of the County. I would particularly like to acknowledge the extra efforts extended for the preparation of this report by the Controller's Office's personnel. I also wish to thank the Grand Jury Auditors, Macias Gini & O'Connell LLP.

Most importantly, I would like to thank the Board, the County Manager's Office, and all County departments and agencies for their continued efforts in planning and conducting the County's financial operations in a fiscally responsible and progressive manner.

Respectfully submitted,



Bob Adler, CPA  
Controller



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**County of San Mateo  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

# COUNTY OF SAN MATEO

## Organization Chart

June 30, 2013

**SAN MATEO COUNTY RESIDENTS**

**Board of Supervisors**

**County Counsel**  
John C. Beiers

Elected Officials

Assessor-County Clerk-Recorder  
Mark Church

Controller  
Bob Adler

Coroner  
Robert Foucrault

District Attorney  
Steve Wagstaffe

Sheriff/Office of Emergency Services  
Greg Munks

Treasurer-Tax Collector  
Sandie Arnott



**Dave Pine**  
(Vice-President)  
District 1



**Carole Groom**  
District 2



**Don Horsley**  
(President)  
District 3



**Warren Slocum**  
District 4



**Adrienne Tissier**  
District 5

**Private Defender**  
John Digiacinto  
(Bar Association)

**County Manager/  
Clerk of the Board**  
John L. Maltbie

**Assistant County Manager**  
David G. Holland

**Deputy County Manager**  
(Intergovernmental and Public Affairs)  
Mary McMillan

**Deputy County Manager**  
(Administrative Services)  
Reyna Farrales

**Deputy County Manager**  
(Community Services)  
Peggy Jensen

Communications

Special Projects

Strategic Planning

Legislation

**Human Resources**  
Donna Vaillancourt

**Information Services**  
Jon Walton

**Budget and Performance**  
Jim Saco

**Child Support Services**  
Iliana Rodriguez \*

**Human Services Agency**  
Beverly Beasley Johnson \*

**Health System**  
Jean S. Fraser \*

**Planning and Building Department**  
Jim Eggemeyer

**Public Safety Communications**  
Jaime Young

**Real Property Services**  
Vacant

**Agriculture, Weights and Measures**  
Fred Crowder

**Department of Parks**  
Jim Nantell  
(Interim Director)

**Department of Public Works**  
Jim Porter

**Department of Housing**  
William Lowell \*

**San Mateo County Library JPA**  
Anne-Marie Despain

**Fire Services**  
Scott Jalbert  
(Cal Fire)

**LAFCo**  
Martha Poyatos

**Probation**  
(appointed by Judiciary)  
John T. Keene Jr.

**Superior Court**  
(appointed by Judiciary)  
John Fitton

**First 5 San Mateo County**  
Kitty Lopez

**Retirement Office (SamCERA)**  
David Bailey

\* Direct report to the County Manager

**COUNTY OF SAN MATEO**

**Public Officials**

June 30, 2013

**ELECTED OFFICIALS**

Board of Supervisors:

President	Don Horsley
Vice-president	Dave Pine
Supervisor	Adrienne Tissier
Supervisor	Warren Slocum
Supervisor	Carole Groom

Assessor-County Clerk-Recorder	Mark Church
Controller	Bob Adler
Coroner	Robert Foucrault
District Attorney	Steve Wagstaffe
Sheriff/Office of Emergency Services	Greg Munks
Treasurer-Tax Collector	Sandie Arnott

**APPOINTED OFFICIALS**

County Manager/Clerk of the Board ( <i>appointed by the Board of Supervisors</i> )	John L. Maltbie
Assistant County Manager	David G. Holland
Deputy County Manager – Intergovernmental and Public Affairs	Mary McMillan
Deputy County Manager – Administrative Services	Reyna Farrales
Deputy County Manager – Community Services	Peggy Jensen
Court Executive Officer and Jury Commissioner ( <i>appointed by Judiciary</i> )	John Fitton
Probation Officer ( <i>appointed by Judiciary</i> )	John T. Keene Jr.

**DEPARTMENT DIRECTORS**

County Counsel	John C. Beiers
Child Support Services	Iliana Rodriguez
Department of Housing	William Lowell
Department of Parks (Interim Director)	Jim Nantell
Department of Public Works	Jim Porter
Health System	Jean S. Fraser
Human Resources	Donna Vaillancourt
Human Services Agency	Beverly Beasley Johnson
Information Services Department	Jon Walton
Planning and Building Department	Jim Eggemeyer

**AFFILIATED ORGANIZATIONS**

First 5 San Mateo County, Executive Director	Kitty Lopez
San Mateo County Housing Authority, Director	William Lowell
San Mateo County Joint Powers Financing Authority, President	Robert Sans
San Mateo County Employees' Retirement Association, Chief Executive Officer	David Bailey



## **FINANCIAL SECTION**

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Combining and Individual Fund Statements and Schedules**

## INDEPENDENT AUDITOR'S REPORT

To the Grand Jury and the Board of Supervisors of  
 the County of San Mateo  
 Redwood City, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of San Mateo, California (County), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the County of San Mateo (Housing Authority), the San Mateo County Employees' Retirement Association (SamCERA), the First 5 San Mateo County (First 5), and the Health Plan of San Mateo (HPSM), which collectively represent the following percentages of assets and deferred outflows, net positions/fund balances, and revenues/additions of the following opinion units as of and for the year ended June 30, 2013:

<u>Opinion Unit</u>	<u>Assets and Deferred Outflows</u>	<u>Net Positions/ Fund Balances</u>	<u>Revenues/ Additions</u>
Business-type activities	17%	23%	27%
Major enterprise fund – Housing Authority	100%	100%	100%
Aggregate remaining fund information	52%	42%	12%
Aggregate discretely presented component units	100%	100%	100%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Housing Authority, SamCERA, First 5, and HPSM, are based solely on the reports 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 from material misstatement. The financial statements of the HPSM were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the reports of 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

#### *Change in Accounting Principles*

As discussed in Note 2(G) to the financial statements, effective July 1, 2012, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the infrastructure assets reported using the modified approach, the schedules of funding progress, and the budgetary comparison information – general fund, 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 and other auditors 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the 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 basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Macias Gini & Connell LLP

Walnut Creek, California  
October 31, 2013



**Management's Discussion and Analysis**  
**(Unaudited)**

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2013

This Management's Discussion and Analysis provides a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we provided in our transmittal letter in the preceding section. **All dollar amounts are expressed in thousands unless otherwise indicated.**

**Financial Highlights**

**Government-wide financial position**

The County's assets and deferred outflows of resources exceeded its liabilities at the close of the fiscal year 2012-13 by \$1.5 billion (*net position*):

- \$546 million represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets (*net investment in capital assets*). These capital assets are used to provide services to citizens and are not available for future spending.
- \$208 million represents resources that are subject to external restrictions on their use and are available to meet the County's ongoing obligations for programs with external restrictions (*restricted net position*).
- \$758 million is available to fund County programs for citizens and debt obligations to creditors (*unrestricted net position*).

The County's total net position increased by \$185 million over the prior year:

- \$173 million increase in net position was derived from governmental activities, primarily due to increases in property taxes, intergovernmental revenues, and all other taxes.
- \$12 million increase in net position was derived from business-type activities, primarily due to increased County subsidies to the Medical Center for the disposal of Burlingame Long-Term Care operation.
- The positive change in County's net position indicates that the financial position of the County is improving.

**Fund financial position**

The County's governmental funds reported combined fund balances of \$600 million at the close of fiscal year, an increase of \$133 million compared to the prior year. About \$363 million (sum of assigned and unassigned fund balances) of this amount, or 61%, is available for spending at the County's discretion.

**Capital asset and debt administration**

The County's capital assets increased by \$14.5 million to \$856 million. This amount included capital assets of \$790 million for the governmental activities and \$66 million for the business-type activities.

The County's total outstanding long-term debt (including lease revenue bonds, certificates of participation, notes payable, and other long-term obligations) decreased by \$15.1 million to \$351 million, primarily due to scheduled retirements of outstanding debts.

**Overview of Financial Statements**

This discussion and analysis serves as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the basic financial statements

In addition to the basic financial statements, *Required Supplementary Information* is included to provide additional detail to support the basic financial statements.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2013

**Government-wide Financial Statements** provide readers with a broad overview of the County's finances, in a manner similar to private-sector businesses.

The *statement of net position* presents information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 County's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period (e.g., uncollected taxes)

Both of these 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 portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, and recreation. The business-type activities of the County include programs operated by the San Mateo Medical Center (Medical Center), County-owned Airports, Coyote Point Marina Park and Recreation, and the Housing Authority.

The government-wide financial statements include not only the County itself (known as the primary government), but also legally separate entities for which the County is financially accountable (known as component units). Some of these entities, although legally separate, function for all practical purposes as departments of the County and therefore have been included as an integral part of the primary government.

*The government-wide financial statements can be found on pages 23-25 of this report.*

**Fund Financial Statements** provide a narrower view of the County's finances. A fund is a grouping of related accounts 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 financial-related legal requirements. All of the funds of the County are divided into three categories: (1) Governmental Funds include general, special revenue, debt service, and capital project funds; (2) Proprietary Funds include enterprise and internal service funds; and (3) Fiduciary Funds include investment trust, pension trust, and agency 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 *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of governmental activities, 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 County's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 20 individual governmental funds. Information for the General Fund and the major fund, San Mateo County Joint Powers Financing Authority (JPFA), is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Other governmental funds (special revenue funds including various special districts governed by the County's governing board, debt service fund, and capital project funds) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the *combining statements* in this report.

*The governmental fund financial statements can be found on pages 26-29 of this report.*

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2013

**Proprietary funds** are comprised of two different fund types:

*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 Medical Center, Airports, Coyote Point Marina Park and Recreation, and Housing Authority of the County of San Mateo (Housing Authority) operations.

*Internal service funds* are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its workers' compensation insurance, long-term disability insurance, employee benefits, personal injury and property damage insurance, fleet maintenance, and Tower Road construction functions. Because these services predominantly benefit governmental rather than business-type functions, they are included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as *business-type activities* in the government-wide financial statements, only in more detail. The County's major enterprise funds include the Medical Center and the Housing Authority. The County's six internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of the nonmajor enterprise and internal service funds is provided in the form of *combining statements* in this report.

*The proprietary fund financial statements can be found on pages 30-33 of this report.*

**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 similar to that used for proprietary funds.

*The fiduciary fund financial statements can be found on pages 34-35 of this report.*

The basic financial statements also incorporate *component units* that are legally separate entities for which the County is financially accountable. A component unit can be "blended" or "discretely presented" in the County's financial statements. A blended component unit functions, for all practical purposes, as an integral part of the primary government (the County), whereas a discretely presented component unit does not function as an integral part of the County. The County's blended component units include JPFA, Housing Authority, In-Home Supportive Services Public Authority, and special districts governed by the County Board of Supervisors (including County service areas, sewer and sanitation, flood control, lighting and other special districts). First 5 San Mateo County (First 5) and Health Plan of San Mateo (HPSM) do not meet the requirements for blending; therefore, are separately reported as discretely presented component units of the County.

**Notes to the Basic Financial Statements** provide additional information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements.

*The notes can be found on pages 36-78 of this report.*

**Required Supplementary Information** consists of: 1) *infrastructure assets reported using the modified approach* to account for the County's road subsystem; 2) *funding progress schedules* for the pension benefits and other postemployment benefits; and 3) the *County's General Fund budgetary comparison schedule* to demonstrate compliance with the County's adopted budget.

*Required supplementary information can be found on pages 79-90 of this report.*

**Combining and individual fund statements and schedules** provide information for nonmajor governmental funds, nonmajor enterprise funds, 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 91-133 of this report.*

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2013

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, the County's net position may serve over time as a useful indicator of whether the County's financial position is improving or deteriorating. Other factors, such as market conditions, should be considered in measuring the County's overall financial position. Reclassifications were made to the prior year's financial statements to conform to the current year's presentation. The County's net position is summarized as follows:

	<b>Net Position (In Thousands)</b>							
	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2012							
	2013	(As Restated)	2013	2012	2013	2012	Amount	Percentage
Current and other assets	\$ 1,137,799	\$ 990,250	\$ 146,033	\$ 116,286	\$ 1,283,832	\$ 1,106,536	\$ 177,296	16%
Capital assets	789,592	779,342	66,334	62,043	855,926	841,385	14,541	2%
Total assets	<u>1,927,391</u>	<u>1,769,592</u>	<u>212,367</u>	<u>178,329</u>	<u>2,139,758</u>	<u>1,947,921</u>	<u>191,837</u>	10%
Total deferred outflows of resources	7,607	7,961	-	-	7,607	7,961	(354)	-4%
Long-term liabilities	428,212	447,064	11,286	12,536	439,498	459,600	(20,102)	-4%
Other liabilities	137,864	134,918	58,351	35,187	196,215	170,105	26,110	15%
Total liabilities	<u>566,076</u>	<u>581,982</u>	<u>69,637</u>	<u>47,723</u>	<u>635,713</u>	<u>629,705</u>	<u>6,008</u>	1%
Net position:								
Net investment in capital assets	482,077	459,511	63,516	58,904	545,593	518,415	27,178	5%
Restricted	207,720	190,765	524	1,886	208,244	192,651	15,593	8%
Unrestricted	679,125	545,295	78,690	69,816	757,815	615,111	142,704	23%
Total net position	<u>\$ 1,368,922</u>	<u>\$ 1,195,571</u>	<u>\$ 142,730</u>	<u>\$ 130,606</u>	<u>\$ 1,511,652</u>	<u>\$ 1,326,177</u>	<u>\$ 185,475</u>	14%

The County implemented two new Governmental Accounting Standards Board (GASB) Statements in the current fiscal year that significantly changed the current year's presentation.

- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for two new financial statement elements – deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources* are defined as a consumption of net assets that is applicable to a future reporting period. *Deferred inflows or resources* are defined as an acquisition of net assets that is applicable to a future reporting period. This Statement also incorporates deferred outflows of resources and deferred inflows of resources into the residual measure as net position, rather than net assets.
- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify certain items (that were previously reported as assets and liabilities) as deferred outflows of resources or deferred inflows of resources, and recognizes certain items (that were previously reported as assets and liabilities) as outflows of resources or inflows of resources. As a result, the County restated the beginning net position by reporting a prior year adjustment of \$5.7 million in the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2013.

**Analysis of Net Position.** At June 30, 2013, the County's net position increased \$185 million, or 14%, to \$1.5 billion.

- \$27 million increase in *net investment in capital assets* resulted primarily from the following components:
  - \$11.3 million increase in capital assets (reported under governmental activities) due to the new jail construction.
  - \$14.1 million decrease in outstanding debt used to acquire the capital assets.
- \$15 million increase in *restricted net position* mainly from intergovernmental revenues for purposes specified by resource providers or enabling legislations.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2013

- \$143 million increase in net *unrestricted net position* primarily due to the following components:
  - \$110.0 million increase in cash primarily due to increased taxes and intergovernmental revenues.
  - \$13.7 million increase in receivables resulted mainly from an enhanced methodology used by Revenue Services to estimate collectible amount. Under this method, the allowance for uncollectible decreased by \$12 million.
  - \$42.4 million increase in due from other governmental agencies. About \$22.4 million of the increase related to collections from the Health Plan of San Mateo, Medi-Cal Waiver, and the State Hospital Quality Assurance Fee revenues; \$10.2 million sales tax allocation from the State Board of Equalization; and \$9.1 million youth services funding from the State.
  - \$11.8 million increase in accounts payable primarily resulted from the timing difference between when transactions were executed and when payments are made.
  - \$14.5 million decrease in accrued liabilities. In FY 2011-12 the County delayed its annual required contribution of \$14.0 million to the County's Retiree Health Plan. The liability was settled in July 2012.
  - \$21.8 million increase in due to other governmental agencies. The increase was caused by a \$14.0 million intergovernmental transfer and \$7.2 million waiver refund liability due to the State from the Medical Center.

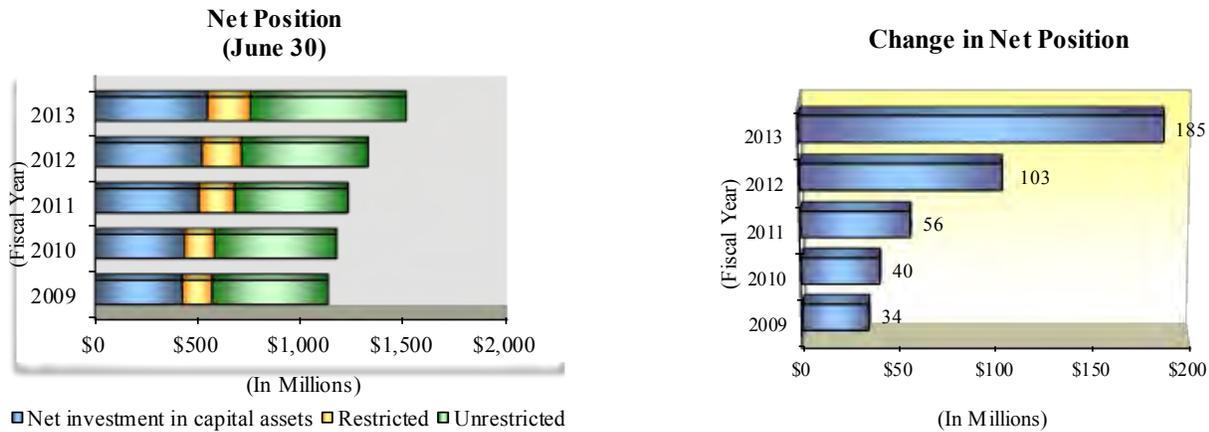
By far, the County is able to report positive balances in all reported categories of net position, both for the County as a whole, and for its separate governmental and business-type activities. The same held true for the prior fiscal year.

**Change in Net Position**  
(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2013	2012	2013	2012	2013	2012	Amount	Percentage
<b>Revenues:</b>								
Program revenues:								
Charges for services	\$ 150,343	\$ 147,993	\$ 180,646	\$ 205,225	\$ 330,989	\$ 353,218	\$ (22,229)	-6%
Operating grants and contributions	480,229	446,884	66,128	64,603	546,357	511,487	34,870	7%
Capital grants and contributions	907	-	5,607	5,939	6,514	5,939	575	10%
General revenues:								
Property and property transfer taxes	417,632	365,961	-	-	417,632	365,961	51,671	14%
Other taxes	48,192	26,743	-	-	48,192	26,743	21,449	80%
Unrestricted interest and investment earnings	3,863	10,602	173	372	4,036	10,974	(6,938)	-63%
Miscellaneous	27,095	24,483	2,787	3,812	29,882	28,295	1,587	6%
Total revenues	<u>1,128,261</u>	<u>1,022,666</u>	<u>255,341</u>	<u>279,951</u>	<u>1,383,602</u>	<u>1,302,617</u>	<u>80,985</u>	<u>6%</u>
<b>Expenses:</b>								
Program expenses:								
General government	78,988	78,215	-	-	78,988	78,215	773	1%
Public protection	337,059	330,062	-	-	337,059	330,062	6,997	2%
Public ways and facilities	20,248	19,358	-	-	20,248	19,358	890	5%
Health and sanitation	224,045	221,129	-	-	224,045	221,129	2,916	1%
Public assistance	201,087	199,789	-	-	201,087	199,789	1,298	1%
Recreation	8,621	8,538	-	-	8,621	8,538	83	1%
Interest on long-term liabilities	16,292	16,841	-	-	16,292	16,841	(549)	-3%
San Mateo Medical Center	-	-	234,736	251,626	234,736	251,626	(16,890)	-7%
Airports	-	-	2,841	2,763	2,841	2,763	78	3%
Coyote Point Marina	-	-	826	1,066	826	1,066	(240)	-23%
Housing Authority	-	-	70,578	70,553	70,578	70,553	25	0%
Total expenses	<u>886,340</u>	<u>873,932</u>	<u>308,981</u>	<u>326,008</u>	<u>1,195,321</u>	<u>1,199,940</u>	<u>(4,619)</u>	<u>0%</u>
Excess (deficiency) before special item and transfers	241,921	148,734	(53,640)	(46,057)	188,281	102,677	85,604	83%
Special item	-	-	(2,806)	-	(2,806)	-	(2,806)	---
Transfers	(68,570)	(51,129)	68,570	51,129	-	-	-	---
<b>Change in net position</b>	<u>173,351</u>	<u>97,605</u>	<u>12,124</u>	<u>5,072</u>	<u>185,475</u>	<u>102,677</u>	<u>82,798</u>	<u>81%</u>
Net position - beginning (as restated)	<u>1,195,571</u>	<u>1,097,966</u>	<u>130,606</u>	<u>125,534</u>	<u>1,326,177</u>	<u>1,223,500</u>	<u>102,677</u>	<u>8%</u>
Net position - ending	<u>\$ 1,368,922</u>	<u>\$ 1,195,571</u>	<u>\$ 142,730</u>	<u>\$ 130,606</u>	<u>\$ 1,511,652</u>	<u>\$ 1,326,177</u>	<u>\$ 185,475</u>	<u>14%</u>

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The charts below provide a snapshot of County's net position and change in net position for the past five fiscal years:



The reasons for the overall increase in net position are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities.** The net position for governmental activities increased by \$173 million in the current fiscal year with an ending balance of \$1.4 billion. The overall increase in the net position for governmental activities is largely caused by revenue/expense items discussed below.

**Analysis of Governmental Activities - Revenues**

Revenues from *Operating Grants and Contributions* increased by \$33.3 million, or 7%, primarily due to the following:

- \$5.9 million increase in Proposition 172 funding for public safety. The Proposition imposes an one-half cent sales tax to fund public safety services. Revenues collected are apportioned to each county based on its proportionate share of statewide taxable sales. Each county is required to deposit the revenues in a Public Safety Augmentation Fund for allocation to the county and cities within the County.
- \$8.4 million increase in Post Release Community Supervision (PRCS) funding for parole activities undertaken by the County. The PRCS program is created by the Criminal Justice Realignment Act of 2011 (or AB109), which significantly changes how and where a defendant is supervised in the community upon release from custody. Under PRCS, certain offenders after release will be supervised by the County's parole system rather the State's. The AB109 realignment began in October 2011, therefore, the PRCS funding for FY 2011-12 only covered 9 months. In FY 2012-13 the PRCS increased considerably since the State changed the allocation formula and disbursed a full year of realignment.
- \$3.3 million in intergovernmental revenues from City of Millbrae. The Sheriff's Office entered into a law enforcement contract with the City of Millbrae beginning in March 2012. Under this contract, the Sheriff agreed to take over the City's law enforcement unit and provide law enforcement services to the City for agreed upon fees. In FY 2012-13, the Sheriff's Office received a full year of service charges compared to four months in FY 2011-12.
- \$3.3 million increase in intergovernmental revenues from the Bay Area Urban Security Initiative program being run by the Sheriff's Office for services performed. This program is dedicated to help high-threat, high-density urban areas prepare for the acts of terrorism by addressing their needs in building and sustaining capabilities to respond to threats (such planning, organization, equipment, training and exercise).

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- \$2.5 million increase in funding from the State Juvenile Justice Crime Prevention Act (JJCPA) and Juvenile Probation Camps Funding (JPCF) Program. The JJCPA is a state-funded initiative to support juvenile probation programs with a track record of reducing crime and delinquency among at-risk youth, young offenders, and the families of these youth. The JPCF provides funds to support a broad spectrum of county probation services targeting at-risk youth and juvenile offenders. In FY 2012-13, the County received a full year of funding plus a one-time reimbursement of \$0.9 million from the State compared to three quarters of funding in FY 2011-12.
- \$2.3 million increase in State realignment revenues for child welfare services. The realignment is based on sales tax collected. The increase was caused partly by sales tax growth and partly by 12 months allocation rather than ten months in FY 2011-12.
- \$1.1 million increase in State realignment revenues for County's Local Health and Welfare Trust Fund. The allocation, as mandated by the State Welfare and Institutions Code Section 17603, is based on sales tax and vehicle license fees collected by the State. The increase was primarily due to sales tax growth from improved economy.

Revenues from *Property Taxes and Property Transfer Taxes* increased by \$51.7 million, or 14%. Most of the increase was due to the following:

- \$19.5 million increase from the former redevelopment agencies (RDAs), mainly due to the following two events:
  - In 2011 the State passed a legislation mandating all RDAs be dissolved by February 1, 2012. Under this legislation, monies historically distributed to the former RDAs are now transferred to the Redevelopment Property Tax Trust Fund (RPTTF). After disbursing the administrative costs to the County, pass-through payments to taxing entities, and payments to the Successor Agencies for outstanding obligations incurred by the former RDAs, any residual balances in the RPTTF are distributed to local taxing agencies. The outstanding obligations of the former RDAs declined and resulted in a \$1.8 million increase in the County's share of residual balances.
  - In FY 2012-13, the former RDAs began to turn over any unencumbered cash after dissolution to the County. The unencumbered cash was subsequently distributed to the taxing entities that financed the former RDAs. The County's share of these one-time monies was approximately \$17.7 million.
- \$24.9 million increase in excess Educational Revenue Augmentation Fund (ERAF). Local taxing entities are mandated to shift a portion of its property tax dollars to the Educational Revenue Augmentation Fund (ERAF). ERAF is used to fund school districts up to its minimum State-guaranteed amounts. The difference between the minimum State guaranteed amount and local property tax revenues is the amount a school district can receive from ERAF. Any money remaining in ERAF (referred to as "Excess ERAF") is refunded back to the contributing local taxing agencies. Excess ERAF increased in FY 2012-13 because school districts received more local property tax revenues and therefore required less ERAF. In the proposed State budget for FY 2013-14, the Governor proposed to reform funding formulas for K-12 education by collapsing K-12 revenue limits and most categorical program funding into one formula that could have a negative impact on the County's excess revenues. The potential fiscal impacts of the Governor's proposal to the County cannot be determined at this time.
- \$9.6 million increase in secured property taxes. The increase is in line with growth in secured property tax assessments and a result of having issued less in refunds.
- \$3.1 million decrease in other property taxes, primarily due to a \$1.4 million decrease in Property Tax In Lieu of Vehicle License Fee and a \$1.7 million in Tax Equity Apportionment (TEA) payments to qualified cities. Under the Revenue and Tax Code 98-98.2, cities are entitled to receive a minimum of 7% property tax generated within the cities' boundaries. If any cities receive less than 7% of property tax generated, the County General Fund is required to compensate the cities for the shortage through TEA payments. For FY 2012-13, four cities received TEA payments from the County, which included Half Moon Bay, Portola Valley, Woodside, and Colma.

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Revenues from *All Other Taxes* increased by \$21.4 million, or 80%, primarily due to the following factors:

- \$14.6 million increase from “Measure A” sales taxes. In November 2012, San Mateo County voters approved a measure that increases the sales tax throughout the County by half a cent for the next 10 years (Measure A). Revenues from Measure A will be used to help fund county critical facilities and services such as child abuse prevention, 911 dispatch, maintaining safe hospital rooms for low-income population, and other County services.
- \$7.9 million increase in Vehicle Rental Business License Tax (VRBLT). In June 2012, with the voters’ approval the County adopted an ordinance to levy a business license tax on operators of vehicle rental businesses in the unincorporated area of the County. The VRBLT was imposed at a rate of 2.5% on the gross receipts of vehicle rental businesses in the unincorporated areas effective July 1, 2012.

Revenues from *Unrestricted interest and investment earnings* decreased by \$6.7 million, or 64%, primarily due to the following factors:

- \$4.6 million decrease in investment pool earnings. The average investment return from the County’s investment pool was 0.70% for FY 2012-13 compared to 0.99% for FY 2011-12.
- \$2.3 million decrease was due to depreciation in fair value of pool investments, which was offset by a \$0.2 million increase in other interest income.

Revenues from *Miscellaneous revenues* increased by \$2.6 million, or 11%, primarily due to the following factors:

- \$2.0 million increase in miscellaneous revenues was due to partial recoveries of losses from the bankruptcy settlement of Lehman Brothers Holdings Incorporation (Lehman), with \$1.1 million allocated to the General Fund and \$0.9 million to the remaining governmental funds. In FY 2008-09, the County’s investment pool experienced a sizable loss of \$155 million from the Lehman’s bankruptcy in September 2008. After years of united efforts with other creditors, the County was able to seek partial recoveries from the liquidation of Lehman’s liquidated assets.

**Analysis of Governmental Activities – Expenses**

Expenses for *Public protection* increased by \$7.0 million, or 2%, primarily caused by the following factors:

- \$2.8 million increase in Sheriff’s payroll and benefits. As mentioned earlier, the Sheriff’s Office agreed to take over the law enforcement unit of the City of Millbrae effective March 2012. In FY 2012-13, the Sheriff’s Office incurred a full-year of payroll and benefit expenses compared to four months in FY 2011-12.
- \$1.6 million increase in Sheriff’s expenses in relation to the Bay Area Urban Security Initiative program administered by the Sheriff’s Office. This program is dedicated to help high-threat, high-density urban areas prepare for the acts of terrorism by addressing their needs in building and sustaining capabilities to respond to threats.
- \$1.1 million increase in depreciation expenses primarily caused by additions of equipment in FY 2012-13 and software at the fourth quarter of FY 2011-12.

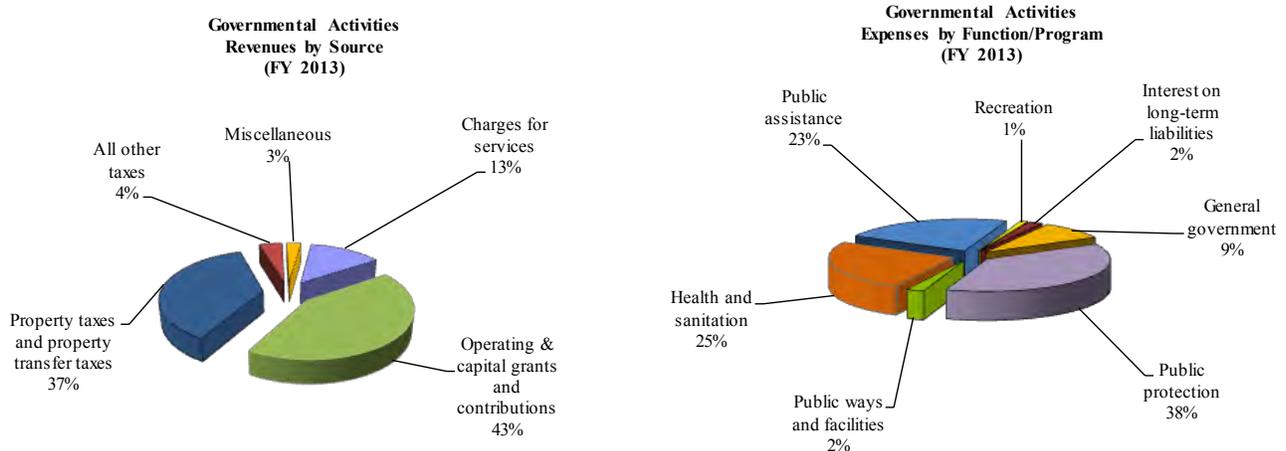
Expenses for *Health and sanitation* increased by \$2.9 million, or 1%, primarily due to the following:

- \$2.8 million increase in services and supplies caused by the expansion of Mental Health Services Act (MHSA) Full Service Partnership contracted services. MHSA provides increased resources to support county mental health programs and monitor progress toward statewide goals for children, transition age youth, adults, older adults and families.
- \$1.1 million increase in other charges resulted from increased client placements at State hospitals. Placement in State hospitals is based on the higher level of care that the County does not provide or arrangements made by courts.

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*Transfers out increased* by \$17.4 million, or 34%, primarily due to increased General Fund subsidies of \$18.2 million to the Medical Center to support the transition of Burlingame Long-Term Care (BLTC) operation. In June 2012, the Medical Center entered into a management agreement with Brius, LLC to manage and operate the BLTC business from July 15, 2012 through September 30, 2015. Brius, LLC assumes all operating profits and losses, but operates under the Medical Center's license. After the term of this agreement expires, the intent is for Brius, LLC to take over the BLTC operation under its own license.

For the fiscal year ended June 30, 2013, revenues and expenses for governmental activities are as follows:



**Business-type Activities.** The net position for business-type activities increased \$12.1 million from the prior fiscal year with an ending balance of \$142.7 million. Reasons for such increase are discussed below.

**Analysis of Business-type Activities – Revenues and Expenses**

**Medical Center.** The Medical Center's net position increased by \$14.1 million to \$73.7 million from \$59.6 million last year. The Medical Center reported an operating loss of \$59.5 million, which represents the difference between total operating revenues and total operating expenses. This balance was comprised of net patient service revenues, program revenues, and other operating revenues, net of expenses incurred to perform those services. This year, as in prior years, the Medical Center's operating loss is subsidized by the County General Fund revenues of \$78.6 million, and most of the subsidies were dedicated to mandated care for the uninsured and indigent population. Overall, the Medical Center's operating loss remains almost the same when compared to the \$59.8 million for the previous year.

Below is a snapshot of the Medical Center's operating results:

- Total operating revenues reported were \$173.5 million, which decreased by \$20.2 million from the prior year. This total included \$84.9 million from net patient service revenues, \$74.1 million from other program revenues, and \$14.5 million from other sources. The following are the key components accounting for the decrease:
  - \$21.6 million decrease in net charges for services primarily caused by 11% decrease in Medi-Cal charges for services due to the disposal of operations for BLTC in mid-July of 2013, and a 2% increase in overall percentage of write-offs (which included contractual, bad debts, and administrative write-offs) to 74% from 72% for the previous year.
  - \$0.5 million increase in other program revenues due to increased funding from State Supplemental Programs.
  - \$0.9 million increase in other revenues primarily due to a \$2.2 million increase in revenues from foundations offset by a \$1.3 million decrease in sale of drugs and medical supplies.

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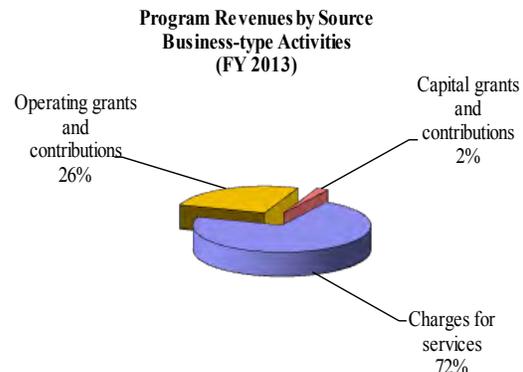
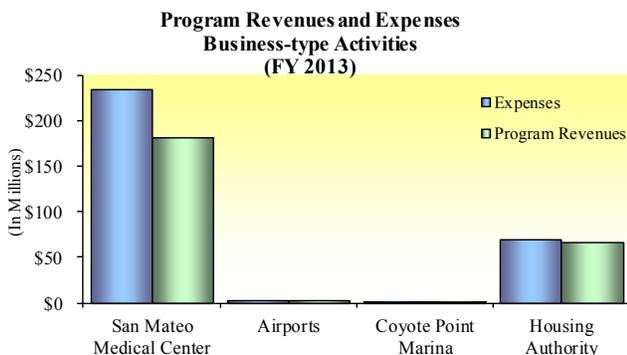
- Total operating expenses reported were \$233.0 million, which decreased by \$20.5 million from the prior year. The key factors for the decrease include the following:
  - \$18.0 million decrease in employee salaries and benefits, primarily attributed to the elimination of 230 positions from the disposal of operations BLTC facility.
  - \$1.1 million decrease in supplies due to a \$2.4 million decrease in medical/dental supplies from the disposal of BLTC operations, offset by a \$1.0 million increase in prosthesis and \$0.7 million in general surgical supplies due to more surgeries performed.
  - \$2.9 million decrease in other fees and purchased services, primarily due to a \$1.6 million decrease in automation charges and a \$1.6 million decrease in county facility rental charges offset by a \$1.1 million increase in software license expense. Payments for software licenses were previously paid by the County Information Services Department but transitioned to the Medical Center during the fiscal year, thus causing the decrease in the automation charges and the increase in software license expense.
  - \$2.6 million increase in contract provider services due to a \$1.0 million increase in contract nursing, \$0.8 million increase in hospital and operation services, and \$0.5 million increase in contract medical group expenses. Additionally, the Emergency, Acute Psychiatric, Surgery, Intensive Care, Psychiatric Emergency Services, and Medical-Surgery departments used more contracted labor to backfill for absences.

Total net nonoperating revenues were \$2.4 million, which increased by \$2.0 million compared to the previous year. The increase was mainly due to a \$2.5 million of management services income from the differential payment that was agreed upon by the Medical Center and Brius LLC as part of the Operations Management Agreement. Under this Agreement, if the actual daily Medi-Cal rate for services at the BLTC increase over the Distinct Part Nursing Facilities base rate for room and board, fifty percent of such increase will be retained by the Medical Center and fifty percent by Brius, LLC.

Furthermore, in FY 2012-13 the Medical Center received additional General Fund subsidies of \$18.2 million to support the disposal of Burlingame Long-Term Care (BLTC) operation discussed earlier on page 12. As a result of this disposal of operation, the Medical Center recognized a direct cost of \$2.8 million caused mainly by salaries and benefits incurred and capital assets transferred to Brius, LLC during the period of such disposal.

**Housing Authority.** The Housing Authority's net position decreased by \$0.5 million. Its overall revenues decreased by \$6.0 million to \$70.1 million from \$76.1 million last year. Subsidies and grants decreased \$5.2 million, primarily due to decreased federal funding and recapture by the U.S. Department of Housing and Urban Development of housing assistance payment (HAP) funds from prior years. Other revenues decreased \$0.8 million due to the reduction of Port-In HAP payments (reimbursements from other housing authorities whose participants ported to the Housing Authority). Its overall expenses remained consistent at \$70.6 million.

Expenses for business-type activities are distributed as follows:



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**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

**Governmental funds.** As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of unrestricted resources. Such information is useful in assessing the County's financing requirements. In particular, unrestricted fund balance at the end of the fiscal year may serve as a useful measure of the County's net resources available for spending.

As of June 30, 2013, the County's governmental funds reported combined fund balances of \$600 million at year-end, an increase of \$133 million, or 29%, compared to the prior fiscal year. Approximately 61% of the combined amount, or \$363 million, constitutes fund balance that is available for appropriation in the upcoming year. The remainder of the fund balance totaling \$237 million is nonspendable and restricted, including \$29 million "not in spendable form" for items that are not expected to be converted into cash such as inventories and long-term loans, and \$208 million restricted for specific purposes.

The *General Fund* is the primary operating fund of the County. At June 30, 2013, the General Fund's total assigned and unassigned (*unrestricted*) fund balance was \$348 million with total fund balance at \$437 million. As a measure of liquidity, total assigned and unassigned fund balance as well as total fund balance can be compared to total fund expenditures. Total assigned and unassigned balance represents 44% of total fund expenditures, and total fund balance represents 55% of the same amount. The overall fund balance in the General Fund has increased \$128 million during the current fiscal year.

For the fiscal years ended June 30, 2013 and 2012, revenues for the General Fund are distributed as follows:

**General Fund - Revenues by Source**  
**(In Thousands)**

Revenues by Source	FY 2013		FY 2012		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 440,808	42%	\$ 367,234	39%	\$ 73,574	20%
Licenses and permits	6,250	1%	5,891	1%	359	6%
Intergovernmental	457,867	44%	433,201	46%	24,666	6%
Charges for services	94,266	9%	98,155	10%	(3,889)	-4%
Fines, forfeitures, and penalties	9,958	1%	10,532	1%	(574)	-5%
Rents and concessions	1,613	0%	1,510	0%	103	7%
Investment income	3,401	0%	8,157	1%	(4,756)	-58%
Other	26,850	3%	23,489	2%	3,361	14%
Total	<u>\$ 1,041,013</u>	<u>100%</u>	<u>\$ 948,169</u>	<u>100%</u>	<u>\$ 92,844</u>	<u>10%</u>

**General Fund Revenues.** Significant changes in revenues are as follows:

*Taxes* increased by \$73.6 million, or 20%, primarily resulted from the following:

- \$18.7 million increase came from the former Redevelopment Agencies (RDAs), \$1.5 million from the General Fund's share of residual RPTFF balances, and \$17.2 million in recoupment of unencumbered cash from the former RDAs. See explanations on page 10.
- \$17.1 million in excess Educational Revenue Augmentation Fund (ERAF). See explanations on page 10.
- \$8.9 million increase in secured property taxes. See explanations on page 10.
- \$14.6 million increase in the sales and use tax revenues from the County's Measure A that was passed by the voters in 2012. See explanations on page 11.
- \$7.9 million in Vehicle Rental Business License Tax. See explanations on page 11.

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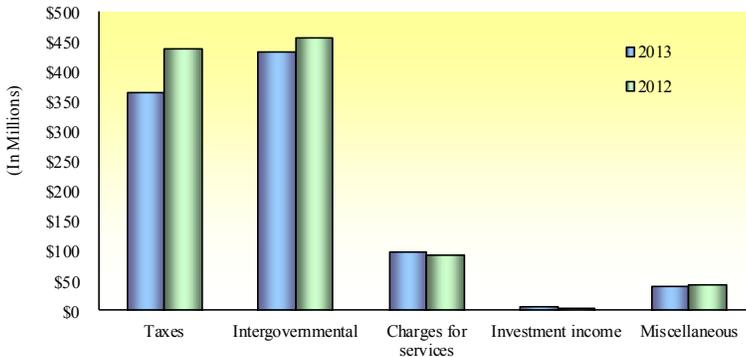
*Intergovernmental revenue* increased by \$24.7 million, or 6%. Explanations on pages 9-10 under operating grants and contributions also apply here. The difference is mainly due to the timing in revenue recognition. Revenues in the governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available within two months after year-end. Revenues not available within this period are deferred. On the contrary, revenues in the statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when they are earned, regardless when the related cash flows take place.

*Investment income* decreased by \$4.8 million, or 58%, primarily due to the following:

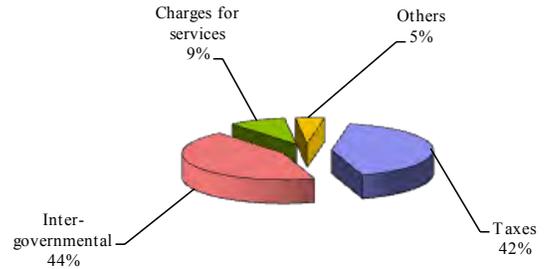
- \$3.0 million decrease attributed to the decline in investment pool earnings. The average investment return from the County's investment pool decreased to 0.70% for FY 2012-13 from 0.99% for FY 2011-12.
- \$2.1 million decrease was due to depreciation in fair value of pool investments.

*Other revenues* increased by \$3.4 million, or 14%. See explanations on page 11.

**General Fund - Revenues by Source**



**General Fund - Revenues by Source (FY 2013)**



For the fiscal years ended June 30, 2013 and 2012, expenditures for the General Fund are distributed as follows:

**General Fund - Expenditures by Function**  
 (In Thousands)

Expenditures by Function	FY 2013		FY 2012		Increase/(Decrease)	
	Amount	Percent of Total	Amount (As restated)	Percent of Total	Amount	Percent of Change
General government	\$ 69,279	9%	\$ 69,303	9%	\$ (24)	0%
Public protection	320,517	40%	317,074	40%	3,443	1%
Health and sanitation	205,650	26%	203,066	26%	2,584	1%
Public assistance	184,840	23%	187,570	24%	(2,730)	-1%
Recreation	8,005	1%	8,222	1%	(217)	-3%
Capital outlay	6,815	1%	7,336	1%	(521)	-7%
Debt services	3	0%	3	0%	-	---
<b>Total</b>	<b>\$ 795,109</b>	<b>100%</b>	<b>\$ 792,574</b>	<b>100%</b>	<b>\$ 2,535</b>	<b>0%</b>

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
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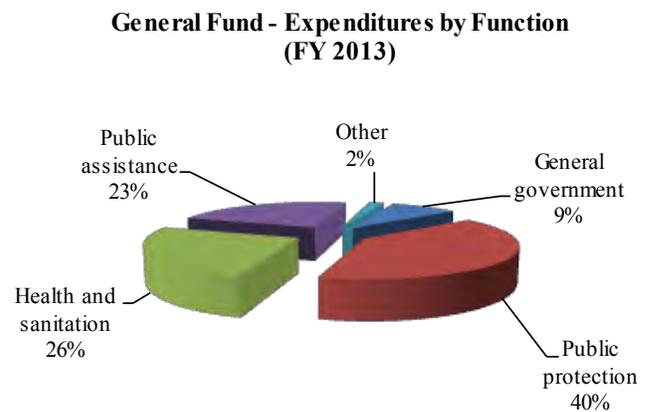
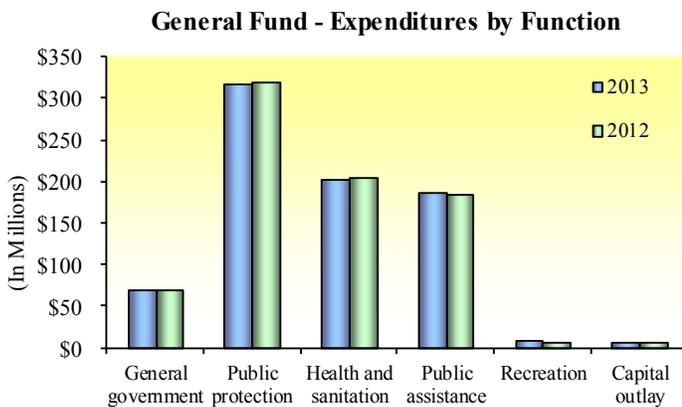
**General Fund Expenditures.** Significant changes in expenditures are as follows:

Expenditures for *Public Protection* increased by \$3.4 million, or 1%, primarily due to the following factors:

- \$2.8 million increase in Sheriff's payroll and benefits. See explanations on page 11.
- \$1.6 million increase in Sheriff's expenses in relation to the Bay Area Urban Security Initiative program administered by the Sheriff's Office. See explanations on page 11.

Expenditures for *Health and Sanitation* increased by \$2.6 million, or 1%. See explanations on pages 11.

Expenditures for *Public Assistance* decreased by \$2.7 million, or 1%, primarily from a \$2.5 million decrease in services and supplies incurred by the Eligibility Determination Division of the Human Services Agency.



**Joint Powers Financing Authority** is a major governmental fund. The JPFA's fund balance decreased by \$0.6 million, primarily due to a \$0.8 million project outlay in a major upgrade to the Sheriff's radio network. This upgrade will improve public safety by reinforcing regional interoperability with other governmental agencies. The project is estimated to cost \$20 million and is/will be financed by various funding sources including \$3.5 million bond proceeds from the 2001 Lease Revenue Bonds (which was issued to fund the construction of existing Sheriff's radio system and other projects).

**Nonmajor governmental funds** cover all special revenue funds, the other debt service fund, and all capital projects funds. These funds reported an aggregated increase of \$5.9 million in fund balance.

*Special Revenue Funds* reported an overall increase of \$6.3 million in fund balance, primarily caused by operating results from the following:

- *Road Fund's* fund balance decreased by \$0.6 million, mainly due to increased contract services for road improvement and maintenance projects.
- *County Fire Protection Fund's* fund balance increased by \$0.8 million, mainly attributed to increased property tax revenues from housing rebound.
- *Sewer and Sanitation Fund's* fund balance increased by \$2.2 million, mostly caused by decreases in operating expenses.
- *Flood Control Zone Fund's* fund balance increased by \$2.2 million. The increase was mainly due to zero capital outlays in FY 2012-13 after the completion of the Spruce Avenue wall repair in Colma Creek in FY 2011-12.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2013

- *County Half-Cent Transportation Fund's fund balance increased by \$0.9 million. Out of the \$2.4 million half-cent transportation sales tax revenues received, about \$1.5 million was allocated to local agencies for programs dedicated to improve safety and reduce traffic.*
- *Solid Waste Fund's fund balance increased by \$0.8 million. The charges for services collected were able to cover overall operating expenditures with a surplus.*
- *IHSS Public Authority Fund's fund balance decreased by \$1.0 million. Reimbursements from the Federal government and the State increased by \$1.5 million due to significant increases in service providers' health benefits and additional reimbursement beyond the "Maintenance of Effort" limit in FY 2012-13. The increase, together with the County's contribution, was insufficient to absorb the overall program expenditures.*

*Other Debt Service Fund* reported a net increase of \$0.5 million in fund balance because total contributions from departments for debt services were slightly higher than the total debt service requirements.

*Capital Projects Funds* reported an overall decrease of \$0.9 million in fund balance, primarily caused by a \$0.9 million decrease in federal grant as the American Recovery and Reinvestment Act (ARRA) stimulus funding ended in the previous year. In FY 2010-11 the County purchased four real properties on Chemical Way in Redwood City for the construction of a new jail (the Woodhouse project). As the project was underway, the overall capital outlays in the Other Capital Projects Fund increased by \$10 million, including \$1.2 million in getting these sites ready for use, \$8.0 million in construction, and \$0.8 million in other expenses during FY 2012-13. The increase was entirely offset by the County's contribution of \$10 million.

**Proprietary funds.** The County's proprietary funds provide the same type of information that can be found in the government-wide financial statements, but in more detail.

*Enterprise Funds.* Discussion on the major enterprise funds (Medical Center and Housing Authority) can be found in the business-type activities section. Nonmajor enterprise funds, Airports and Coyote Point Marina, were able to operate at nearly break-even with an overall increase of \$0.1 million in net position.

*Internal Service Funds.* Internal service funds reported an overall increase of \$3.8 million in net position. Below are the key factors attributed to the increase.

- *Fleet Maintenance Fund's net position increased \$1.1 million, mainly caused by increased chargebacks from departments.*
- *Workers' Compensation Insurance Fund's net position decreased \$2.4 million. The County is self-insured for workers' compensation losses. Premiums collected during FY 2012-13 were insufficient to offset operating expenses, resulting in a net decrease in net position.*
- *Long-Term Disability Fund's net position increased \$4.2 million. The increase was mainly due to a \$3.9 million negative increment to the estimated claims liability and related claim expenses. Prior to 2008, long-term disability was continued until age 65 for every employee. During 2008, the County determined that practice was inconsistent with the policy language. The policy states that long-term disability benefits should terminate once an employee separates from service for any reason. Because of such determination, the County elected to "grandfather" employees who were participating in the long-term disability program prior to 2008. Since 2008, employees are explicitly advised that benefits will terminate upon separate of service. The County also decided to write down the estimated claims liability in the current fiscal year to reflect the correct interpretation of the policy language.*
- *Employee Benefits Fund's net position increased \$1.0 million. The premiums collected from departments totaling \$94.3 million and miscellaneous revenues of \$0.4 million were able to cover expenses of \$93.6 million, leaving a surplus of \$1.0 million.*

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2013

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund's final budget exceeded the original budget by \$8.1 million, or 0.6%, for the fiscal year ended June 30, 2013. Supplemental appropriations were sponsored through unanticipated revenues. In most cases, unanticipated revenues were appropriated within the receiving budget units to supplement operating outlays in the same accounting period.

The General Fund received \$8.3 million of unanticipated revenues in FY 2012-13, which included the following:

- \$1.8 million increased funding from the Urban Areas Security Initiative (a federal program of the U.S. Department of Homeland Security) for target hardening and physical security enhancements in specific eligible urban areas that are at high risk of terrorist attack.
- \$1.5 million increased federal funding from the U.S. Department of Housing and Urban Development for community development projects.
- \$1.4 million from the U.S. Department of Labor Employment and Training Administration to support pilot programs and innovative approaches for the design/delivery employment and training services. The objective is to improve the performance of public workforce system in the long-run.
- \$0.8 million from non-departmental budget unit to fund the County's fire engine at Station 17 for the last three quarters in FY 2012-13.
- \$2.8 million came from various revenue sources of individually insignificant amounts.

Actual General Fund revenues exceeded budgeted by \$27.6 million, or 2.8%. Approximately \$59.0 million came from taxes and \$0.4 million from licenses, permits, and franchises. The excess was partially offset by negative budget variances from the remaining revenue sources.

Actual General Fund expenditures were below budgeted by \$305.9 million, or 23.9%. The unspent appropriations can be found in the following areas:

- \$166.5 million unspent appropriations in contingencies due to cognizant long-term financial planning.
- \$82.4 million unspent appropriations in services and supplies. Information System Department recorded a total of \$16.5 million in unspent appropriations from project deferral; Human Services Agency \$11.6 million from lower than expected demand for contract, administrative, and other general services; Sheriff's Office \$11.7 million from prudent spending; non-departmental budget unit \$19.4 million from pragmatic spending; and \$23.2 million from other budget units.
- \$31.2 million unspent appropriations in salaries and benefits primarily due to vacant positions.
- \$41.2 million unspent appropriations in other charges caused mainly by lower than projected outlays or caseloads from the Probation, Behavior Health, and Human Services Agency.
- \$5.3 million unspent appropriations in other financing uses. Contributions to capital projects were below anticipated, primarily due to lingering progress on multi-year, multi-phase projects currently underway, especially the jail and parks projects.
- \$4.0 million unspent appropriations in capital outlays mainly due to projects not yet started or completed.

The overall unspent appropriation discussed above was offset by unrealized intrafund transfers (reimbursements from General Fund departments) of \$24.7 million.

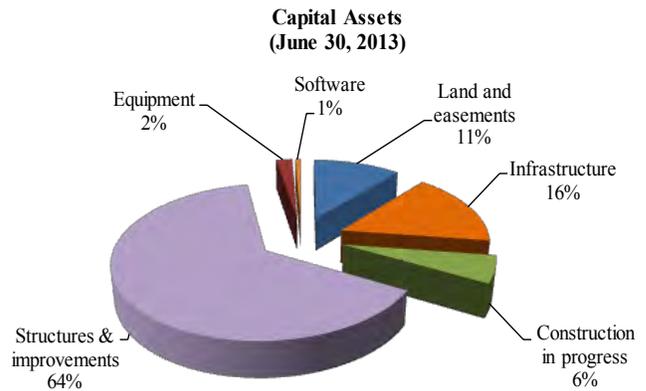
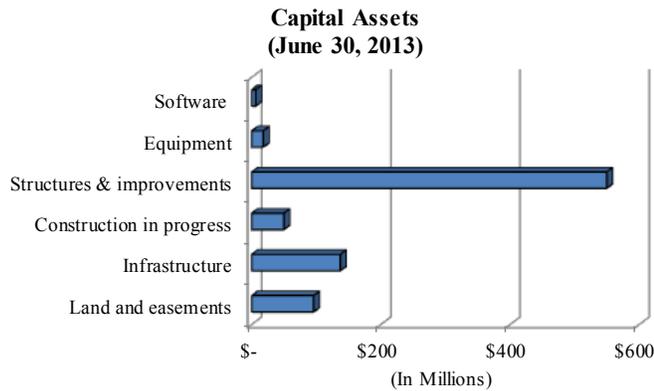
**COUNTY OF SAN MATEO**  
**Management’s Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2013

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** The County’s capital assets include land and easements, infrastructure, construction in progress, structures and improvements, equipment, and software. As of June 30, 2013, the County’s total investment in capital assets increased to \$856 million from \$841 million. The County’s capital assets as of June 30, 2013 and 2012, are comprised of the following:

	<b>Capital Assets Net of Accumulated Depreciation (In Thousands)</b>							
	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2013	2012	2013	2012	2013	2012	Amount	Percentage
Land and easements	\$ 85,550	\$ 84,404	\$ 10,147	\$ 10,147	\$ 95,697	\$ 94,551	\$ 1,146	1%
Infrastructure	137,118	131,876	-	-	137,118	131,876	5,242	4%
Construction in progress	45,531	35,201	4,114	3,312	49,645	38,513	11,132	29%
Structures & improvements	509,031	515,755	40,330	39,863	549,361	555,618	(6,257)	-1%
Equipment	11,186	11,397	6,463	6,554	17,649	17,951	(302)	-2%
Software	1,176	709	5,280	2,167	6,456	2,876	3,580	124%
<b>Total</b>	<b>\$ 789,592</b>	<b>\$ 779,342</b>	<b>\$ 66,334</b>	<b>\$ 62,043</b>	<b>\$ 855,926</b>	<b>\$ 841,385</b>	<b>\$ 14,541</b>	<b>2%</b>

The County’s capital assets are comprised of and distributed as follows:



Additional information on the County’s capital assets can be found in Note 8 on pages 59-60 of this report.

Major capital asset events during the current fiscal year included the following:

- \$11.3 million in the new jail construction that is currently under construction.
- \$0.5 million in upgrading the heating, ventilation, and air conditioning systems for the Maguire correctional facilities and the Medical Center.

Infrastructure assets reported under the modified approach are not subject to depreciation per GASB Statement No. 34. The County reports its maintained pavement subsystem of the road network totaling \$82.6 million using the modified approach. The County manages its maintained pavement subsystem of the road network using the Metropolitan Transportation Commission’s Pavement Management Program (Program). This Program establishes a Pavement Condition Index (PCI) on a scale of zero to one hundred (0 – 100) for each road segment. Roads with a PCI of 40 or higher are considered in “Fair” or better condition, and roads with a PCI of 55 or higher in “Good” or better condition. The County policy requires that at least 75 percent of its primary maintained road subsystem (roads with structural sections) be maintained at a PCI of 55 or higher, and at least 65 percent of its secondary maintained pavement subsystem (roads without structural sections) at a PCI of 40 or higher.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2013

A complete condition assessment on the County's maintained pavement subsystem is performed every three years. From the latest complete condition assessment in FY 2012-13, the County's maintained pavement subsystem was rated at a PCI of 74 based on a weighted average by area for the primary roads and 58 for the secondary roads.

PCI Condition Rating	2013		2010		2007	
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
<b>Primary:</b>						
Good to excellent (55-100)	139.19	89.3%	138.22	88.8%	137.62	87.7%
Substandard to fair (0-54)	16.73	10.7%	17.35	11.2%	19.22	12.3%
Total	<u>155.92</u>	<u>100.0%</u>	<u>155.57</u>	<u>100.0%</u>	<u>156.84</u>	<u>100.0%</u>
<b>Secondary:</b>						
Fair to excellent (40-100)	128.16	80.3%	117.05	73.2%	118.16	75.0%
Substandard (0-39)	31.36	19.7%	42.77	26.8%	39.41	25.0%
Total	<u>159.52</u>	<u>100.0%</u>	<u>159.82</u>	<u>100.0%</u>	<u>157.57</u>	<u>100.0%</u>

The main facility of the Youth Services Center was completed in September 2006 and the Receiving Home in January 2010. The current project underway at the Youth Services Center includes the Loop Road Security project. A risk assessment feasibility study for security improvements along Loop Road was conducted in 2009 and recommended constructing perimeter fencing, gates, controls and associated appurtenances, lighting, communications, and video surveillance. The estimated overall construction budget has been set at \$1.1 million. As of June 30, 2013 there are no immediate plans to begin construction and delivery of the final Group Home.

On April 27, 2010, the County's Board adopted a resolution to construct the San Mateo County Radio Interoperable Communications System (SMIRC). This new system will improve public safety communications, as well as enhancing regional interoperability with surrounding counties, state and federal public safety agencies. SMIRC will also begin to replace the existing radio network that is nearing the end of its useful life. Tentatively, SMIRC will be partially funded by the unspent bond proceeds totaling \$3.5 million from the 2001 Lease Revenue Bonds.

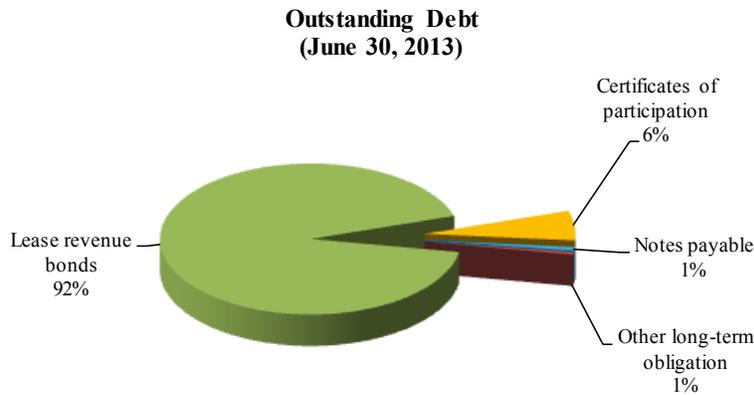
**Long-term debt.** The County's total debt decreased \$15.1 million, or 4%, to \$351.2 million as of June 30, 2013. The decrease is mainly caused by the \$14.1 million scheduled retirement of outstanding debts. County Ordinance No. 3773 limits the County annual debt service to 4% of the average annual County total budget for the current and the preceding four fiscal years. The debt service limit for FY 2012-13 was \$72 million. The amount applicable to the debt service limit was \$29 million, which was \$43 million, or 60%, less than authorized.

As indicated in the table below, the County's total debt is primarily comprised of \$324 million in lease revenue bonds, \$22 million in certificates of participation, \$3 million in notes payable, and \$2 million in other long-term obligations.

	<b>Outstanding Debt (In Thousands)</b>							
	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2013 (As restated)	2012	2013	2012	2013	2012	Amount	Percentage
Lease revenue bonds (including accreted interest)	\$ 324,091	\$ 337,513	\$ -	\$ -	\$ 324,091	\$ 337,513	\$ (13,422)	-4%
Certificates of participation	22,322	22,709	-	-	22,322	22,709	(387)	-2%
Notes payable	124	134	2,818	3,139	2,942	3,273	(331)	-10%
Other long-term obligations	1,887	2,894	-	-	1,887	2,894	(1,007)	-35%
Total	<u>\$ 348,424</u>	<u>\$ 363,250</u>	<u>\$ 2,818</u>	<u>\$ 3,139</u>	<u>\$ 351,242</u>	<u>\$ 366,389</u>	<u>\$ (15,147)</u>	<u>-4%</u>

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2013

The County's debts as of June 30, 2013, are distributed as follows:



*Additional information on the County's long-term debt can be found in Note 10 on pages 61-64 of this report.*

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

In the context of an improving local economy, the County's budget for FY 2013-14 was prepared in consideration of the following economic factors:

- The County's unemployment rate for June 2013 was 5.4%, a significant decrease from 6.7% a year ago because of the continuing economic recovery.
- The median sales price for a single family residence in San Mateo County increased by 22% from June 2012 to June 2013. Increases in property values generate higher property tax revenues and reduce the number of property reassessment appeal filings.
- The overall office vacancy rate decreased to 13.6% in the 4<sup>th</sup> quarter of 2012 from 16.7% in the 4<sup>th</sup> quarter of 2010, with a corresponding increase in the average asking rate.
- The airport activity at the San Francisco International Airport directly impacts the County's unsecured property tax and sales tax revenues as a significant portion of these revenues are derived from businesses at San Francisco International Airport. Total annual airport passengers increased by 9.3% to 41.1 million for November 2012 from 37.6 million for November 2011.
- San Mateo County's personal income increased 4.5% to \$69.6 per capita in 2011 from \$66.6 per capita in 2010. Data for 2012 and 2013 are not yet available.
- The Governor's proposal to reform funding formulas for K-12 schools could reduce excess ERAF reverting to the County in future years. The fiscal impact to the County cannot be determined at this time and therefore has neutral impact on the FY 2013-14's budget.
- The financial effect on the County from the expansion of Affordable Care Act (ObamaCare) by January 1, 2014, is far too early to know. The County, tentatively, expects this Act to have a neutral financial impact on the County's Health System until more information becomes available.

In September 2013, the County Board adopted a \$2.2 billion spending plan with 5,298 positions for FY 2013-14, an increase of about \$0.3 billion and 171 positions over last year's. The County Board approved a tentative budget at about \$1.93 billion for FY 2014-15 as the County has implemented a two year budget cycle for the first time. The change provides more time for departments to focus on service delivery and achieve goals.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2013

**REQUEST FOR INFORMATION**

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Controller, 555 County Center, 4<sup>th</sup> Floor, Redwood City, CA 94063.

SamCERA, Housing Authority, First 5, and HPSM issue separate financial reports that can be obtained by writing to:

- SamCERA at 100 Marine Parkway, Suite 125, Redwood Shores, CA 94065
- Housing Authority of the County of San Mateo at 264 Harbor Boulevard, Building A, Belmont, CA 94002
- First 5 San Mateo County at 1700 S. El Camino Real, Suite 405, San Mateo, CA 94402
- Health Plan of San Mateo at 701 Gateway Blvd., Suite 400, South San Francisco, CA 94080



**Basic Financial Statements -**  
Government-Wide Financial Statements

**COUNTY OF SAN MATEO**  
**Statement of Net Position**  
**June 30, 2013**  
**(In Thousands)**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	First 5 San Mateo County	Health Plan of San Mateo (December 31, 2012)
<b>ASSETS</b>					
Cash and investments	\$ 666,490	\$ 59,128	\$ 725,618	\$ 23,369	\$ 160,918
Restricted cash and investments	25,722	861	26,583	-	-
Restricted assets	-	-	-	-	300
Receivables (net)	146,009	9,403	155,412	1,321	9,669
Due from other governmental agencies	189,849	38,716	228,565	-	29,331
Inventories	564	3,254	3,818	-	-
Other assets	4,640	8,587	13,227	-	5,521
Internal balances	3,120	(3,120)	-	-	-
Notes/Loan receivable	-	5,270	5,270	-	-
Net OPEB asset	101,405	23,934	125,339	165	-
Capital assets:					
Nondepreciable	213,666	14,261	227,927	-	-
Depreciable, net	575,926	52,073	627,999	-	4,116
Total assets	<u>1,927,391</u>	<u>212,367</u>	<u>2,139,758</u>	<u>24,855</u>	<u>209,855</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Unamortized losses on refunding of debts	7,607	-	7,607	-	-
Total deferred outflows of resources	<u>7,607</u>	<u>-</u>	<u>7,607</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>					
Accounts payable	43,212	11,181	54,393	2,509	568
Medical claims payable	-	-	-	-	72,667
Provider incentives payable	-	-	-	-	598
Payable from restricted cash and investments	-	266	266	14	-
Accrued interest payable	7,644	62	7,706	-	-
Accrued salaries and benefits	10,720	3,046	13,766	-	-
Accrued liabilities	218	31	249	-	43,289
Due to other governmental agencies	25,034	43,258	68,292	-	4,983
Unearned revenues	50,896	503	51,399	-	-
Deposits	140	4	144	-	-
Long-term liabilities:					
Net OPEB obligation - due beyond one year	-	453	453	-	-
Lease revenue bonds					
Due within one year	14,472	-	14,472	-	-
Due beyond one year	309,619	-	309,619	-	-
Certificates of participation					
Due within one year	407	-	407	-	-
Due beyond one year	21,915	-	21,915	-	-
Notes payable					
Due within one year	-	313	313	-	-
Due beyond one year	124	2,505	2,629	-	-
Other long-term obligations					
Due within one year	422	-	422	128	-
Due beyond one year	1,465	-	1,465	-	-
Estimated claims					
Due within one year	12,212	12	12,224	-	-
Due beyond one year	34,306	657	34,963	-	-
Compensated absences					
Due within one year	25,226	5,872	31,098	10	-
Due beyond one year	8,044	1,474	9,518	-	-
Total liabilities	<u>566,076</u>	<u>69,637</u>	<u>635,713</u>	<u>2,661</u>	<u>122,105</u>
<b>NET POSITION</b>					
Net investment in capital assets	482,077	63,516	545,593	-	4,116
Restricted for:					
Social services	53,336	-	53,336	-	-
Emergency medical services	3,019	-	3,019	-	-
Public safety	1,226	-	1,226	-	-
Road improvement	30,161	-	30,161	-	-
Public facilities	4,794	-	4,794	-	-
Sewer maintenance	16,396	-	16,396	-	-
Flood control	15,327	-	15,327	-	-
Lighting maintenance	10,326	-	10,326	-	-
Highway and transportation improvement	2,268	-	2,268	-	-
Waste management	3,279	-	3,279	-	-
Debt services	60,726	-	60,726	-	-
Capital projects	3,595	-	3,595	-	-
Other purposes	3,267	524	3,791	-	300
Unrestricted	679,125	78,690	757,815	22,194	83,334
Total net position	<u>\$ 1,368,922</u>	<u>\$ 142,730</u>	<u>\$ 1,511,652</u>	<u>\$ 22,194</u>	<u>\$ 87,750</u>

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SAN MATEO**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Functions/Programs:</b>				
<b>Primary government</b>				
Governmental activities:				
General government	\$ 78,988	\$ 33,015	\$ 19,412	\$ 907
Public protection	337,059	35,822	148,429	-
Public ways and facilities	20,248	2,432	20,649	-
Health and sanitation	224,045	72,773	117,313	-
Public assistance	201,087	4,273	174,408	-
Recreation	8,621	2,028	18	-
Interest on long-term liabilities	16,292	-	-	-
Total governmental activities	886,340	150,343	480,229	907
Business-type activities:				
San Mateo Medical Center	234,736	173,494	2,533	5,459
Airports	2,841	2,505	-	-
Coyote Point Marina	826	1,000	-	137
Housing Authority	70,578	3,647	63,595	11
Total business-type activities	308,981	180,646	66,128	5,607
Total primary government	\$ 1,195,321	\$ 330,989	\$ 546,357	\$ 6,514
<b>Component units:</b>				
First 5 San Mateo County	\$ 9,241	6,645	-	-
Health Plan of San Mateo	\$ 471,033	481,533	-	-
General revenues:				
Taxes:				
Property taxes				
Property transfer taxes				
Sales and use taxes				
Property tax in-lieu of sales taxes				
Transient occupancy taxes				
Aircraft taxes				
Other taxes				
Unrestricted interest and investment earnings				
Miscellaneous				
Special item				
Transfers				
Total general revenues, special item, and transfers				
Change in net position				
Net position, beginning of year, as previously reported				
Prior year adjustment due to implementation of GASB 65				
Net position, beginning of year, as restated				
Net position, end of year				

The notes to the basic financial statements are an integral part of this statement.

(Continued)





## **Basic Financial Statements -**

Fund Financial Statements

**COUNTY OF SAN MATEO**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**  
**(In Thousands)**

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and investments	\$ 456,081	\$ 11,737	\$ 133,778	\$ 601,596
Restricted cash and investments	-	25,722	-	25,722
Receivables (net):				
Accounts	19,796	-	56	19,852
Interest	13,388	27	178	13,593
Taxes	15,070	-	957	16,027
Mortgages	68,836	-	-	68,836
Advances	1,773	-	-	1,773
Other	25,814	-	8	25,822
Due from other funds	6,536	-	654	7,190
Due from other governmental agencies	183,861	-	3,952	187,813
Prepaid items	903	-	-	903
Inventories	84	-	343	427
Advances to other funds	4,138	-	-	4,138
Total assets	<u>\$ 796,280</u>	<u>\$ 37,486</u>	<u>\$ 139,926</u>	<u>\$ 973,692</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 32,069	\$ 803	\$ 8,031	\$ 40,903
Accrued salaries and benefits	10,466	-	209	10,675
Accrued liabilities	120	-	98	218
Due to other funds	3,868	-	2,334	6,202
Due to other governmental agencies	25,034	-	-	25,034
Unearned revenues	49,575	-	1,128	50,703
Deposits	-	-	46	46
Total liabilities	<u>121,132</u>	<u>803</u>	<u>11,846</u>	<u>133,781</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	824	-	52	876
Unavailable revenue - intergovernmental revenues	84,481	-	-	84,481
Unavailable revenue - mortgages and related interest	78,492	-	-	78,492
Unavailable revenue - excess ERAF	53,333	-	-	53,333
Unavailable revenue - SB 90	15,622	-	-	15,622
Unavailable revenue - others	5,424	-	1,765	7,189
Total deferred inflows of resources	<u>238,176</u>	<u>-</u>	<u>1,817</u>	<u>239,993</u>
<b>FUND BALANCES</b>				
<b>Nonspendable:</b>				
Inventories	84	-	343	427
Prepaid items	903	-	-	903
Long-term interfund advances	4,138	-	-	4,138
Long-term receivables	23,392	-	-	23,392
<b>Restricted:</b>				
Social services	53,336	-	-	53,336
Emergency medical services	3,019	-	-	3,019
Public safety	1,226	-	-	1,226
Road improvement	-	-	30,161	30,161
Public facilities	-	-	4,794	4,794
Sewer maintenance	-	-	16,396	16,396
Flood control	-	-	15,327	15,327
Lighting maintenance	-	-	10,326	10,326
Highway and transportation improvement	-	-	2,268	2,268
Waste management	-	-	3,279	3,279
Debt service	-	36,683	24,043	60,726
Parks acquisition and development	-	-	2,641	2,641
Courthouse construction	-	-	954	954
Miscellaneous purposes	2,538	-	729	3,267
<b>Assigned:</b>				
Purchase on order	3,060	-	-	3,060
Purchase of countywide radio system	1,873	-	-	1,873
Out of home replacement	793	-	-	793
Miscellaneous purposes	464	-	15,730	16,194
<b>Unassigned</b>	342,146	-	(728)	341,418
Total fund balances	<u>436,972</u>	<u>36,683</u>	<u>126,263</u>	<u>599,918</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 796,280</u>	<u>\$ 37,486</u>	<u>\$ 139,926</u>	<u>\$ 973,692</u>

**COUNTY OF SAN MATEO**  
**Reconciliation of the Governmental Funds Balance Sheet to**  
**the Government-wide Statement of Net Position**  
**June 30, 2013**  
**(In Thousands)**

**Fund balances - total governmental funds (page 26)** \$ 599,918

Amounts reported for governmental activities in the statement of net position are different because:

Deferred outflow of resources in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	7,607
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	786,508
Net OPEB asset is not a financial resource and, therefore, is not reported in the governmental funds.	100,722
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized in the governmental funds.	239,993
Internal service funds are used by management to charge the costs of management of fleet maintenance, Tower Road construction, workers' compensation, long-term disability, employee benefits, and personal injury and property damage to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.	23,342
Interest payable on long-term liabilities does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.	(7,644)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Lease revenue bonds	\$ (324,091)
Certificates of participation	(22,322)
Notes payable	(124)
Other long-term obligations	(1,887)
Compensated absences	(33,100)
	(381,524)

**Net position of governmental activities (page 23)** \$ 1,368,922

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SAN MATEO**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
<b>Revenues:</b>				
Taxes	\$ 440,808	\$ -	\$ 16,347	\$ 457,155
Licenses and permits	6,250	-	2,832	9,082
Intergovernmental	457,867	-	32,375	490,242
Charges for services	94,266	-	20,674	114,940
Fines, forfeitures and penalties	9,958	-	2,451	12,409
Rents and concessions	1,613	-	95	1,708
Investment income	3,401	545	(215)	3,731
Other revenues	26,850	98	2,658	29,606
Total revenues	<u>1,041,013</u>	<u>643</u>	<u>77,217</u>	<u>1,118,873</u>
<b>Expenditures:</b>				
Current:				
General government	69,279	160	3,463	72,902
Public protection	320,517	-	8,345	328,862
Public ways and facilities	-	-	19,599	19,599
Health and sanitation	205,650	-	16,844	222,494
Public assistance	184,840	-	15,618	200,458
Recreation	8,005	-	-	8,005
Capital outlay	6,815	901	26,668	34,384
Debt service:				
Principal	-	13,635	10	13,645
Interest	3	16,911	-	16,914
Total expenditures	<u>795,109</u>	<u>31,607</u>	<u>90,547</u>	<u>917,263</u>
Excess (deficiency) of revenues over (under) expenditures	<u>245,904</u>	<u>(30,964)</u>	<u>(13,330)</u>	<u>201,610</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	3	-	-	3
Transfers in	814	30,362	54,743	85,919
Transfers out	<u>(118,898)</u>	<u>-</u>	<u>(35,560)</u>	<u>(154,458)</u>
Total other financing sources (uses)	<u>(118,081)</u>	<u>30,362</u>	<u>19,183</u>	<u>(68,536)</u>
<b>Net change in fund balances</b>	127,823	(602)	5,853	133,074
Fund balances - beginning	<u>309,149</u>	<u>37,285</u>	<u>120,410</u>	<u>466,844</u>
Fund balances - end	<u>\$ 436,972</u>	<u>\$ 36,683</u>	<u>\$ 126,263</u>	<u>\$ 599,918</u>

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SAN MATEO**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Government-wide Statement of Activities**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

**Net change in fund balances - total governmental funds (page 28)** \$ 133,074

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over the assets' estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets and infrastructure	\$ 34,384	
Expenditures not subject to capitalization	(4,984)	
The net effect of various miscellaneous transactions involving capital assets such as sales, retirements, trade-ins, and donations	(290)	
Less current year depreciation	<u>(18,197)</u>	10,913

Unavailable revenues are reported as deferred inflows of revenues in the governmental funds, but are recognized as revenues in the statement of activities. 8,383

Repayment of long-term liabilities are expenditures in the governmental funds, but reduces long-term liabilities in the statement of net position.

Payments towards:		
Lease revenue bonds	13,250	
Certificates of participation	385	
Notes payable	10	
Other long-term obligation - capital lease	<u>32</u>	13,677

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 governmental funds.

Amortization of bond discount	(5)	
Amortization of bond premium	544	
Amortization of loss on refunding of debt	(353)	
Change in accrued interest payable	331	
Accretion of capital appreciation bonds	(365)	
Change in net OPEB asset	774	
Change in long-term liabilities	975	
Change in compensated absences	<u>22</u>	1,923

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues of certain activities of the internal service funds are reported with governmental activities. 5,381

**Change in net position of governmental activities (page 25)** \$ 173,351

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SAN MATEO**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2013**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 32,972	\$ 25,509	\$ 647	\$ 59,128	\$ 64,894
Restricted cash and investments	-	337	524	861	-
Receivables (net):					
Accounts	6,543	127	36	6,706	16
Grant	1,590	-	-	1,590	-
Interest	-	41	2	43	90
Other	939	125	-	1,064	-
Due from other funds	2,610	-	13	2,623	613
Due from other governmental agencies	37,802	897	17	38,716	2,036
Inventories	3,254	-	-	3,254	137
Note receivable - current	-	4	-	4	-
Other assets	7,513	129	-	7,642	3,734
Total current assets	<u>93,223</u>	<u>27,169</u>	<u>1,239</u>	<u>121,631</u>	<u>71,520</u>
Noncurrent assets:					
Notes receivable	200	2,380	-	2,580	-
Loan receivable	2,690	-	-	2,690	-
Interest receivable	56	-	-	56	-
Deposits	885	-	-	885	-
Net OPEB asset	23,631	-	303	23,934	683
Capital assets:					
Nondepreciable:					
Land	841	1,128	8,178	10,147	-
Construction in progress	3,472	-	642	4,114	105
Depreciable:					
Structures and improvements	8,661	22,914	41,990	73,565	1,085
Equipment	14,889	1,038	179	16,106	20,786
Software	12,987	-	-	12,987	9
Less accumulated depreciation	(17,852)	(18,035)	(14,698)	(50,585)	(18,901)
Total capital assets	<u>22,998</u>	<u>7,045</u>	<u>36,291</u>	<u>66,334</u>	<u>3,084</u>
Total noncurrent assets	<u>50,460</u>	<u>9,425</u>	<u>36,594</u>	<u>96,479</u>	<u>3,767</u>
Total assets	<u>143,683</u>	<u>36,594</u>	<u>37,833</u>	<u>218,110</u>	<u>75,287</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	11,001	95	85	11,181	2,307
Payable from restricted cash and investments	-	266	-	266	-
Accrued interest payable	-	-	62	62	-
Accrued salaries and benefits	2,943	75	28	3,046	44
Accrued liabilities	-	31	-	31	-
Due to other funds	3,601	-	-	3,601	623
Due to other governmental agencies	43,187	71	-	43,258	-
Unearned revenues	422	77	-	499	193
Notes payable - current	-	-	313	313	-
Compensated absences - current	5,535	273	64	5,872	90
Estimated claims - current	-	12	-	12	12,212
Total current liabilities	<u>66,689</u>	<u>900</u>	<u>552</u>	<u>68,141</u>	<u>15,469</u>
Noncurrent liabilities:					
Advances from other funds	2,000	777	-	2,777	1,361
Unearned revenues	-	-	4	4	-
Deposits	-	-	4	4	94
Net OPEB obligation - noncurrent	-	453	-	453	-
Notes payable - noncurrent	-	187	2,318	2,505	-
Compensated absences - noncurrent	1,296	128	50	1,474	80
Estimated claims - noncurrent	-	657	-	657	34,306
Total noncurrent liabilities	<u>3,296</u>	<u>2,202</u>	<u>2,376</u>	<u>7,874</u>	<u>35,841</u>
Total liabilities	<u>69,985</u>	<u>3,102</u>	<u>2,928</u>	<u>76,015</u>	<u>51,310</u>
<b>NET POSITION</b>					
Invested in capital assets, net of related debt	22,998	6,858	33,660	63,516	3,084
Restricted:					
Airport management by FAA	-	-	524	524	-
Unrestricted	50,700	26,634	721	78,055	20,893
Total net position	<u>\$ 73,698</u>	<u>\$ 33,492</u>	<u>\$ 34,905</u>	<u>142,095</u>	<u>\$ 23,977</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds  
Net position of business-type activities (page 23) 635  
\$ 142,730

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SAN MATEO**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
<b>Operating revenues:</b>					
Charges for services	\$ 332,499	\$ 3,647	\$ 1,000	\$ 337,146	\$ 121,552
Less:					
Contractual allowances	(235,906)	-	-	(235,906)	-
Provision for doubtful accounts	(11,697)	-	-	(11,697)	-
Net charges for services	84,896	3,647	1,000	89,543	121,552
Other program revenues:					
Supplemental programs	54,703	-	-	54,703	-
Medical managed care	16,732	-	-	16,732	-
Sales tax	2,681	-	-	2,681	-
Other operating revenues:					
Rent and concessions	-	-	2,505	2,505	-
Revenue from other County agencies	1,749	-	-	1,749	-
Revenue from foundations	6,304	-	-	6,304	-
Sales of drugs and medical supplies, fees, and others	6,429	-	-	6,429	-
Miscellaneous	-	2,711	76	2,787	1,353
Total operating revenues	173,494	6,358	3,581	183,433	122,905
<b>Operating expenses:</b>					
Salaries and benefits	132,619	4,662	1,380	138,661	2,497
Pharmaceutical drugs	9,624	-	-	9,624	-
Supplies	10,327	-	-	10,327	-
Contract provider services	33,773	-	-	33,773	-
Other fees and purchased services	31,966	-	-	31,966	-
General and administrative	12,612	5,456	1,264	19,332	12,359
Benefits and claims	-	-	-	-	14,375
Insurance premiums	-	-	-	-	88,293
Depreciation and amortization	2,067	463	844	3,374	1,457
Housing assistance payments	-	59,997	-	59,997	-
Total operating expenses	232,988	70,578	3,488	307,054	118,981
Operating income (loss)	(59,494)	(64,220)	93	(123,621)	3,924
<b>Nonoperating revenues (expenses):</b>					
State and federal grants	-	63,595	-	63,595	-
Management services	2,533	-	-	2,533	-
Loss from disposal of capital assets	(33)	-	-	(33)	-
Investment income	2	171	-	173	-
Investment loss/Interest expense	(146)	-	(174)	(320)	(86)
Total nonoperating revenues (expenses), net	2,356	63,766	(174)	65,948	(86)
Income (loss) before capital contributions, transfers, and special item	(57,138)	(454)	(81)	(57,673)	3,838
Capital contributions	5,459	-	148	5,607	-
Transfers in	78,558	-	12	78,570	53
Transfers out	(10,000)	-	-	(10,000)	(84)
Special item	(2,806)	-	-	(2,806)	-
<b>Change in net position</b>	14,073	(454)	79	13,698	3,807
Net position - beginning	59,625	33,946	34,826		20,170
Net position - end	\$ 73,698	\$ 33,492	\$ 34,905		\$ 23,977
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(1,574)	
Change in net position of business-type activities (page 25)				\$ 12,124	

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SAN MATEO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo	Other		Internal	
	Medical Center	Housing Authority	Enterprise Funds	Total	Service Funds
<b>Cash flows from operating activities</b>					
Cash receipts from customers	\$ 172,068	\$ 6,512	\$ 3,557	\$ 182,137	\$ -
Cash receipts from interfund services provided	-	-	-	-	121,982
Cash paid to suppliers of goods and services	(96,759)	(3,517)	(1,305)	(101,581)	(98,534)
Cash paid to employees for services	(136,021)	(4,561)	(1,360)	(141,942)	(2,526)
Cash paid for housing assistance	-	(62,322)	-	(62,322)	-
Cash paid for judgments and claims	-	-	-	-	(18,363)
Net cash provided by (used in) operating activities	<u>(60,712)</u>	<u>(63,888)</u>	<u>892</u>	<u>(123,708)</u>	<u>2,559</u>
<b>Cash flows from noncapital financing activities</b>					
County subsidy transfers	78,558	-	-	78,558	-
Transfers received from other funds	-	-	12	12	53
Transfers paid to other funds	(10,000)	-	-	(10,000)	(84)
Loan from other funds	1,106	-	-	1,106	-
Loan repayments to other funds	(1,000)	-	-	(1,000)	-
Cash received from management service income	2,533	-	-	2,533	-
Interest income	2	-	-	2	-
State and federal grant receipts	-	65,063	-	65,063	-
Net cash provided by (used in) noncapital financing activities	<u>71,199</u>	<u>65,063</u>	<u>12</u>	<u>136,274</u>	<u>(31)</u>
<b>Cash flows from capital and related financing activities</b>					
Acquisition of capital assets	(7,036)	(727)	(659)	(8,422)	(794)
Proceeds from sale of capital assets	165	-	-	165	-
Capital contribution	5,459	-	148	5,607	-
Loan repayments to other funds	-	(7)	-	(7)	-
Payment on long-term liabilities	-	-	(320)	(320)	-
Interest paid on long-term liabilities	-	(23)	(139)	(162)	-
Net cash used in capital and related financing activities	<u>(1,412)</u>	<u>(757)</u>	<u>(970)</u>	<u>(3,139)</u>	<u>(794)</u>
<b>Cash flows from investing activities</b>					
Principal received from loans and investments	-	4	-	4	-
Cash disbursed for loans	(2,690)	(1,859)	-	(4,549)	-
Interest received from loans	-	4	-	4	-
Investment income received	-	205	1	206	5
Investment expense paid	(146)	-	-	(146)	(49)
Net cash provided by (used in) investing activities	<u>(2,836)</u>	<u>(1,646)</u>	<u>1</u>	<u>(4,481)</u>	<u>(44)</u>
Net increase (decrease) in cash and cash equivalents	6,239	(1,228)	(65)	4,946	1,690
Cash and cash equivalents, beginning	26,733	27,074	1,236	55,043	63,204
Cash and cash equivalents, end	<u>\$ 32,972</u>	<u>\$ 25,846</u>	<u>\$ 1,171</u>	<u>\$ 59,989</u>	<u>\$ 64,894</u>
<b>Financial statement presentation:</b>					
Cash and cash equivalents	\$ 32,972	\$ 25,509	\$ 647	\$ 59,128	\$ 64,894
Cash and equivalents - restricted	-	337	524	861	-
Cash and cash equivalents, end	<u>\$ 32,972</u>	<u>\$ 25,846</u>	<u>\$ 1,171</u>	<u>\$ 59,989</u>	<u>\$ 64,894</u>

(Continued)

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SAN MATEO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental Activities
	San Mateo	Housing Authority	Other	Total	Internal
	Medical Center		Enterprise Funds		Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>					
<b>Operating income (loss)</b>	\$ (59,494)	\$ (64,220)	\$ 93	\$ (123,621)	\$ 3,924
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	2,067	463	844	3,374	1,457
Special item - disposal of operations (operating activities)	(2,249)	-	-	(2,249)	-
Decrease (increase) in:					
Accounts receivable	6,512	7	12	6,531	24
Grant receivable	(898)	-	-	(898)	-
Other receivable	(52)	(103)	-	(155)	-
Due from other funds	(2,303)	-	(13)	(2,316)	(554)
Due from other governmental agencies	(22,386)	-	(17)	(22,403)	781
Deposits	112	-	-	112	-
Inventories	(358)	-	-	(358)	(14)
Net OPEB asset	(171)	-	(2)	(173)	(5)
Interest receivable	(56)	-	-	(56)	-
Other assets	(3,567)	(129)	-	(3,696)	(1,174)
Increase (decrease) in:					
Accounts payable	2,453	(43)	(41)	2,369	1,545
Accrued salaries and benefits	(45)	4	4	(37)	(9)
Accrued liabilities	-	(8)	-	(8)	-
Due to other funds	-	-	(2)	(2)	568
Due to other governmental agencies	20,679	71	-	20,750	-
Unearned revenues	72	(23)	(4)	45	19
Net OPEB obligation	-	75	-	75	-
Compensated absences	(1,028)	18	18	(992)	(15)
Estimated claims	-	-	-	-	(3,988)
Net cash provided by (used in) operating activities	<u>\$ (60,712)</u>	<u>\$ (63,888)</u>	<u>\$ 892</u>	<u>\$ (123,708)</u>	<u>\$ 2,559</u>
<b>Supplemental disclosure of noncash capital and related financing activities:</b>					
Disposal of capital assets related to Burlingame Long-Term Care	\$ 557	\$ -	\$ -	\$ 557	\$ -

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SAN MATEO**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2013**  
**(In Thousands)**

	SamCERA Pension Trust	Investment Trust	Agency Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and investments (in County investment pool)	\$ 1,024	\$ 1,951,839	\$ 311,919
Cash and investments (outside County investment pool)	38,381	-	-
Securities lending collateral (outside County investment pool)	136,413	-	-
Receivables (net):			
Due from broker for investments sold	139,326	-	-
Contributions	3,328	-	-
Interest	4,999	3,311	469
Taxes	-	-	123,794
Due from other governmental agencies	-	4,865	18,323
Prepaid expense	8	-	-
Net OPEB asset	457	-	-
Investments:			
Fixed income securities:			
Domestic	428,579	-	-
International	112,394	-	-
Equities:			
Domestic	1,135,856	-	-
International	494,940	-	-
Real estate	166,154	-	-
Private equities	64,325	-	-
Risk parity	157,444	-	-
Hedge funds	73,718	-	-
Commodities	69,083	-	-
Other assets	-	109	51,832
Total assets	<u>3,026,429</u>	<u>1,960,124</u>	<u>\$ 506,337</u>
<b>LIABILITIES</b>			
Accounts payable	2,519	1,497	\$ -
Due to broker for investments purchased	154,293	-	-
Securities lending collateral (outside County investment pool) - due to borrowers	136,413	-	-
Due to other governmental agencies	-	1,645	74,482
Other liabilities	5,379	4,708	-
Fiduciary liabilities	-	-	431,855
Total liabilities	<u>298,604</u>	<u>7,850</u>	<u>\$ 506,337</u>
<b>NET POSITION</b>			
Net position held in trust for pension benefits/investment pool participants	<u>\$ 2,727,825</u>	<u>\$ 1,952,274</u>	

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF SAN MATEO**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	SamCERA Pension Trust	Investment Trust
	<u>          </u>	<u>          </u>
<b>ADDITIONS</b>		
Contributions:		
Employer contributions	\$ 144,308	\$ -
Plan member contributions	55,408	-
Contributions to investment pool	-	3,479,835
Total contributions	<u>199,716</u>	<u>3,479,835</u>
Net investment income:		
Net appreciation (depreciation) in fair value of investments	293,808	(13,025)
Investment income	55,102	50,844
Investment expense	(21,927)	-
Securities lending activities:		
Securities lending income	403	-
Securities lending expenses	219	-
Total net investment income	<u>327,605</u>	<u>37,819</u>
Other additions	<u>160</u>	<u>-</u>
Total additions	<u>527,481</u>	<u>3,517,654</u>
<b>DEDUCTIONS</b>		
Benefits and refunds paid to plan members and beneficiaries:		
Service retirement benefits	131,639	-
Disability retirement benefits	16,705	-
Death and other benefits	922	-
Withdrawals of members' contributions	5,750	-
Total benefits and refunds paid to plan members and beneficiaries	<u>155,016</u>	<u>-</u>
Distributions from investment pool	-	3,395,527
Administrative expenses	4,914	-
Other expense	30	-
Total deductions	<u>159,960</u>	<u>3,395,527</u>
<b>Change in net position</b>	367,521	122,127
Net position - beginning	<u>2,360,304</u>	<u>1,830,147</u>
Net position - end	<u>\$ 2,727,825</u>	<u>\$ 1,952,274</u>

The notes to the basic financial statements are an integral part of this statement.



## **Basic Financial Statements -**

Notes to the Basic Financial Statements

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

**NOTE 1 – THE FINANCIAL REPORTING ENTITY**

**(a) Reporting Entity**

The County of San Mateo, California (County), a Charter County, is a legal subdivision of the State of California established by an Act of the State Legislature in 1856. The County is governed by a five-member Board of Supervisors (County Board) with legislative and executive control of the County. Major services provided by the County include law enforcement and legal justice, detention, social, health, hospital, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, though they are legally separate entities, are in substance part of the County's operations. Thus, blended component units are presented as funds of the County. The discretely presented component units, on the other hand, are reported in separate columns in the government-wide financial statements to emphasize that they are not considered as an integral part of the primary government.

The County's financial statements include all financial activities for which the primary government is financially accountable or closely related. The financial statements of the individual component units may be obtained by writing to the County of San Mateo, Controller's Office, 555 County Center, 4<sup>th</sup> Floor, Redwood City, California 94063.

**(b) Blended Component Units**

*San Mateo County Joint Powers Financing Authority*

The San Mateo County Joint Powers Financing Authority (JPFA), a joint exercise of powers agency organized under the laws of the State of California by agreements dated May 15, 1993, was formed to assist the County in the financing of public capital improvements. The County Board appointed a five-member board to set policies. The JPFA has no employees, and its daily operation is conducted by County employees or consultants. Because its financial and operational relationship with the County is closely integrated, the JPFA is reported as a major governmental fund in the County's basic financial statements. The JPFA issues a separate financial report that can be obtained by writing to the Office of the County Manager, 400 County Center, 1<sup>st</sup> Floor, Redwood City, California 94065.

*Housing Authority of the County of San Mateo*

The Housing Authority of the County of San Mateo (Housing Authority), established pursuant to the State Health and Safety Code by the County Board, provides housing assistance to low and moderate-income families at rents they can afford. Eligibility is determined by family composition and income in areas served by the Housing Authority. Most of the housing programs administered by the Housing Authority are funded by contributions from the U.S. Department of Housing and Urban Development (HUD) pursuant to the United States Housing Act of 1937 and the HUD Act. The Housing Authority's Board of Commissioners is composed of the same members as the County Board. Decisions affecting the Housing Authority are addressed as part of the Board's overall meeting. Thus, the Housing Authority is reported as a major enterprise fund in the County's basic financial statements. The Housing Authority issues a separate financial report that can be obtained by writing to Housing Authority of the County of San Mateo at 264 Harbor Boulevard, Building A, Belmont, California 94002.

*In-Home Supportive Services (IHSS) Public Authority*

The IHSS Public Authority assists IHSS clients in finding qualified caregivers. Though a legally separate entity, the IHSS Public Authority is programmatically integrated into the County service systems for seniors and persons with disabilities. The County Board serves as its governing body. Because of its prominent relationship with the County, the IHSS Public Authority is reported as a nonmajor governmental fund in the County's basic financial statements.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

*County Service Areas, Sewer and Sanitation, Flood Control, Lighting, and Other Special Districts*

The County Board, acting as a governing body, approves budgets, special taxes, and fees of the County Service Areas, Sewer and Sanitation, Flood Control, Lighting, and Other Special Districts (special districts). Each of these special districts is, in substance, an integral part of the County and is reported as a nonmajor special revenue fund in the County's basic financial statements.

**(c) Discretely Presented Component Units**

*First 5 San Mateo County*

The First 5 San Mateo County (First 5) was created in 1998 as an "agency" of the County with independent authority with the passage of Proposition 10, the California Children and Families First Act. This Act levied tobacco tax to support an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development to ensure that children are ready to enter school.

The primary role of First 5 is to ensure resources from the California Children and Families Trust Fund are allocated in a fiscally responsible manner. Its governing board consists of nine members, including County public officials and community leaders from the fields of early childhood education, healthcare, and family support. First 5 board members are appointed and can be removed at will by the County Board. If the County opts to dismiss First 5 in the future, all of the residual equity with First 5 must return to the State. Because First 5 has independent authority over its strategic plan and its governing board is not substantially the same of the County, First 5 is reported as a discretely presented component unit in the County's basic financial statements. First 5 issues a separate financial report that can be obtained by writing to First 5 San Mateo County at 1700 South El Camino Real, Suite 405, San Mateo, California 94402.

*Health Plan of San Mateo*

The San Mateo Health Commission and the San Mateo Community Health Authority, doing business as Health Plan of San Mateo (HPSM), was established by the County Board under an ordinance pursuant to Section 14087.51 and Section 14087.54 of the Welfare and Institutional Code, respectively, as a Health Insuring Organization. The majority of HPSM's revenues are generated from a contract with the State of California Medi-Cal Program and a contract with the Centers for Medicare and Medicaid Services (CMS) for a Medicare program.

HPSM is a legally separate entity governed by eleven Commissioners appointed by the County Board. Because the County Board has the ability to appoint and remove all the Commissioners at will, HPSM is included in the County's basic financial statements as a discretely presented component unit. HPSM is a nonprofit entity that is separate and apart from the County, and is not considered to be an agency, division, or department of the County. Furthermore, HPSM is not governed by, nor is it subject to, the Charter of the County and is not subject to the County's policies or operational rules. HPSM's debts are not expected to be repaid with County resources. Therefore, HPSM's data are presented separately from the data of the primary government.

HPSM is responsible for managing a capitated prepaid health care system for residents of the County who are eligible for various health care programs, including Medi-Cal; a Medicare Dual Eligible Special Needs Plan; Healthy Families; HealthWorx, an insurance program for In-Home Supportive Services employees, San Mateo County Extra Help employees, and certain City of San Mateo part-time and per diem employees; and Healthy Kids, a locally funded insurance product for children with family income levels of 400% of poverty or lower who do not qualify for Medi-Cal or Healthy Families. The State Healthy Families program is due to expire by July 2014, and children in the program are being transitioned to Medi-Cal coverage.

HPSM acquired a license under the Knox-Keene Health Care Services Plan Act, and is regulated by the State's Department of Health Care Services (DHCS), California's Department of Managed Health Care (DMHC), and the Centers for Medicare and Medicaid Services (CMS). HPSM issues a separate financial report that can be obtained by writing to HPSM at 701 Gateway Blvd., Suite 400, South San Francisco, CA 94080.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

**(d) Component Unit – Fiduciary in Nature**

*San Mateo County Employees' Retirement Association*

The San Mateo County Employees' Retirement Association (SamCERA) exists to serve as the administrator of the County's pension plan. SamCERA's management is vested in the Board of Retirement consisting of nine members. Pursuant to the County Employees Retirement Law of 1937, board members include the County Treasurer, two general members of SamCERA elected by their peers, four members appointed by the County Board, one member from SamCERA's safety members, and one member from the retirees. The Board of Retirement undertakes the administrative and fiduciary responsibility over the pension plan. Because of its fiduciary relationship with the County, SamCERA is a component unit of the County (fiduciary in nature) and reported as a pension trust fund in the County's basic financial statements. SamCERA issues a separate financial report that can be obtained by writing to SamCERA at 100 Marine Parkway, Suite 125, Redwood Shores, California 94065.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

***Government-wide Financial Statements***

The government-wide financial statements (i.e., the *statement of net position* and the *statement of activities*) report information on all of the non-fiduciary activities of the County and its component units. All fiduciary activities are reported only in the fund financial statements. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component units. Governmental activities, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees charged to external customers. Likewise, the County is reported separately from certain legally separate component units for which the County is financially accountable.

The *statement of activities* presents a comparison between direct expenses and program revenues for each different identifiable activity of the County's *business-type activities* and for each function of the County's *governmental activities*. Direct expenses are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Certain indirect costs, which cannot be identified and broken down, are included in the program expense reported for individual functions and activities. Interfund charges, which equal or approximate the external exchange value of services provided, are reported as program revenues. Interfund reimbursements, repayments from the funds responsible for particular expenses to the funds that initially paid for them, are treated as adjustments to expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the County's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

***Fund Financial Statements***

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, which are each displayed in a separate column. All remaining governmental and enterprise funds are respectively aggregated and

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

reported as nonmajor funds. Major individual governmental and enterprise funds are presented as separate columns in the fund financial statements.

The County reports the following major governmental funds:

- *General Fund* is the County's primary operating fund and accounts for all financial resources of the County, except those accounted for in another fund. The activities carried out by the General Fund include general government, public protection, health and sanitation, public assistance, and recreation services.
- *Joint Powers Financing Authority (JPFA)* accounts for debts issued to finance County-sponsored capital projects and debt service payments to creditors. The JPFA's revenues predominantly come from lease payments made by the County under a master facility lease.

The County reports the following major enterprise funds:

- San Mateo Medical Center (Medical Center) accounts for the hospital and clinical services provided to County residents. The Medical Center's revenues are principally fees for patient services; realignment revenues, subsidies from the General Fund, and payments from federal and State programs such as Medicare, Medi-Cal, and Short Doyle.
- Housing Authority accounts for various housing programs primarily funded by contributions from HUD and rent payments from tenants.

The County also reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet services, road maintenance or construction services (provided to departments or other governmental agencies), risk management services (including claims for workers' compensation, long-term disability, general liability, and personal injury and property damage) and employee benefits (including medical, vision, and dental) on a cost-reimbursement basis.
- *Fiduciary Funds* are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and other government units.

These funds include:

- *SamCERA Pension Trust Fund* accumulates contributions from the County, the San Mateo County Mosquito and Vector Control District, the Superior Courts of County of San Mateo, and their employees. Earnings from investments are credited to and disbursements are made from this fund for retirement, disability, death benefits (based on a defined benefit formula), and administrative expenses. This fund reports all assets of the SamCERA.
- *Investment Trust Fund* accounts for assets of legally separate entities (commonly known as *External Investment Pool*) being held by 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. The County Treasurer is obligated to disburse monies from these funds on demand at a maximum of 20% of the principal balance each month, exclusive of apportionment, payrolls and day-to-day operations. Additional requests for withdrawals must be specifically authorized by the County Treasurer.
- *Agency Funds* are custodial in nature and do not report operating results. These funds are used to account for assets held by the County as an agent for various local governments and individuals, such as the County Library Fund governed by the Board of San Mateo Joint Powers Authority; unapportioned taxes for other local governmental agencies; funds administered by the San Mateo County Superior Court; and funds held for the Public Administrator, Public Guardian, and other governmental agencies.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

During the course of operations, the County has activity between funds for various purposes through due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between those funds included in the governmental activities (i.e., the governmental and the internal service funds) are eliminated so that only the net amount is reported as internal balances in the governmental activities column. Similarly, balances between those funds included in the business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Certain activities occur during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between those funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between those funds included in the business-type activities are eliminated so that only the net amount is included as transfer in the business-type activities column.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, and the basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flows take place. Under the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from nonexchange transactions such as taxes, grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been met. Nonexchange transactions are those in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting method, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay for liabilities of the current period. The County considers revenues to be available if they are collected within the first two months (i.e. July and August) after year-end. Property and sales taxes, interest, certain state and federal grants, and charges for services are recognized if their receipt occurs within two months after year-end. Expenditures generally are recorded when liabilities are incurred, as under the accrual basis of accounting. However, expenditures for debt service, compensated absences, and claims and judgments are recorded only when payments are due. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The pension and investment trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but uses the accrual basis of accounting for reporting of its assets and liabilities.

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool to be cash equivalents.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

**2. Investments**

The County sponsors an investment pool to invest funds of the County and external public entities. The County's pool activity is governed by California Government Code Sections 27000.1 and 53607 as well as the County's Investment Policy, which delegate the County Treasurer to invest in securities issued by the United States, certain corporate bonds and notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, the State of California Local Agency Investment Fund, and securities lending transactions. SamCERA has its own investment policy and accounting policies for its investments that are separately discussed in Note 4.

Investment transactions are recorded on the trade date. Investments in nonparticipating interest-earning investment contracts are reported at cost; commercial paper that has a maturity of less than 90 days are reported at amortized cost; and all other investments are reported at fair value. The fair value represents the amount the County could reasonably expect to receive for an investment in a current sale between a willing buyer and seller. The fair value of investments is obtained by using quotations from independent published sources.

Participants' equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses, net of banking costs and administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains or losses are not apportioned to pool participants.

For the fiscal year ended June 30, 2013, the County Treasurer has not entered into any legally binding guarantees to support the participant equity in the investment pool. Income from pooled investments is allocated to individual funds or external participants based on each fund's or participant's average daily cash balance at quarter end in relation to the total pool investments. Investment income earned in agency funds with no interest earning requirements is assigned to the General Fund. Income from non-pooled investments is deposited into funds that provided the resources.

**3. Restricted Cash and Investments**

The County reports restricted cash and investments in the JPFA (governmental fund) and the Housing Authority and Airports (enterprise funds). Amounts reported in the JPFA are restricted for debt service payments. Amounts reported in Housing Authority consist of security deposits received from tenants at move-in and assistance payments for tenants who participate in the Family Self-Sufficiency (FFS) Program. The monies are either returned to tenants upon move-out or given to FFS participants upon graduation. Amounts reported in Airports are restricted for airport management imposed by the Federal Aviation Administration (FAA).

**4. Mortgages Receivable**

For the purpose of the fund financial statements, governmental fund expenditures arising from long-term loan subsidy programs are charged to operations upon funding. The loans are recorded, net of an estimated allowance for potentially uncollectible loans, as mortgages receivable with an offset to deferred inflows of resources. The balance of the mortgages receivable includes loans that may be forgiven if certain terms and conditions are being met. The County reported mortgages receivable of \$68.8 million, net of allowance of \$6.1 million, on the governmental fund balance sheet as of June 30, 2013.

**5. Inventories**

Inventories are stated at cost (first-in, first-out basis) for governmental funds and lower of average cost or fair value for proprietary funds. Inventories in the governmental funds are recorded as expenditures when consumed. Unconsumed inventories in the governmental funds are equally offset by nonspendable fund balance to indicate that portion of fund balance is not in spendable form. Inventories recorded in the proprietary funds primarily consist of maintenance and pharmaceutical supplies retained by the Medical Center. Inventories are expensed when supplies are consumed.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

**6. Capital Assets**

Capital assets, including public domain (except for the maintained pavement subsystem), are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value. The County defines capital assets as assets with an initial unit cost of more than \$5 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (for assets under capital leases) using the straight-line method over the lesser of their estimated useful live or the capital lease period in the government-wide financial statements and the proprietary funds. Estimated useful lives for the capital assets are as follows:

Infrastructure	20 to 50 years
Structures and improvements	50 years
Equipment	3 to 15 years
Software	3 to 5 years

The County has six networks of infrastructure assets: road, bridge, water and sewer, lighting, drainage, and flood control. The County’s maintained pavement subsystem has been classified as roads with or without formal structural sections and is reported using the modified approach. In FY 2012-13 the County performed a complete, physical assessment of the maintained pavement subsystem condition. The condition assessment is completed triennially.

Each road segment is rated and given a Pavement Condition Index (PCI) value from zero to one hundred (0 – 100). Roads with a PCI of 40 or higher are considered in a “Fair” or better condition. Roads with a PCI of 55 or higher are in a “Good” or better condition. The County’s policy is to maintain a minimum PCI of 40 for at least 65 percent of roads with no defined structural section (secondary roads), and a minimum PCI of 55 for at least 75 percent of roads with a defined structural section (primary roads). Under the modified approach, depreciation is not reported for this subsystem and all expenditures, except for betterments and major improvements, made to the subsystem are expensed.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives of the capital assets, 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.

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of June 30, 2013, the County has deferred outflows of resources related to the unamortized losses on refunding of debts. The losses on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources related to unavailable revenues reported under the modified accrual basis of accounting in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, advances from the federal and State, and other sources as appropriate. These amounts are deferred and recognized as revenues in the period the amounts become available.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

**8. Other Postemployment Benefits (OPEB)**

The County is not obligated to pay for unused sick leave if employees terminate employment prior to retirement, except for laid-off employees. Upon retirement, employees can convert their unused sick leave to postemployment healthcare benefits. The amount and duration of the County-paid benefits vary, depending on the bargaining units to which the employee belongs. See Note 14 for further discussion.

**9. Compensated Absences (Accrued Vacation, Compensatory Time, and Holiday)**

The County's policy allows employees to accumulate earned but unused vacation, compensatory, and holiday time, which are eligible for payment upon separation from the County service. The liability of such time is reported as incurred in the government-wide and proprietary fund financial statements. The liability for those amounts is recorded in the governmental funds only if the liability has matured as result of employee resignations or retirements. The liability for compensated absences includes the County's share of Social Security and Medicare contributions payable on behalf of the employees. Accumulated sick leave lapses when employees leave the County and, upon separation from service, no monetary obligation exists.

**10. Net Position**

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grand proceeds) and unrestricted resources. To determine the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The County considers restricted net position to have been depleted before unrestricted net position is applied.

**11. Fund Balance Policies**

Fund balance of governmental funds is reported in the following categories based on the nature of limitations confining the use of resources for specific purposes:

- *Nonspendable Fund Balance* – includes amounts that are (1) not in spendable form, or (2) 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 such as inventories, prepaid amounts, and long-term interfund advances and receivables.
- *Restricted Fund Balance* – includes amounts that can be spent only for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – represents amounts that can only be used for specific purposes through resolutions authorized by the County Board. Commitments can only be modified or lifted through Board resolutions.
- *Assigned Fund Balance* – comprises of amounts intended to be used by the County for specific purposes that are neither restricted nor committed. The County Manager and department heads can assign available fund balance to be used for specific purposes during budget identification. Budgets recommended by departments require the County's Board approval. Unlike commitments, assignments generally only exist temporarily. Further action is not needed to remove the assignment.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (committed, assigned, and unassigned fund balances). To determine the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The County considers restricted fund

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

balance to have been depleted before unrestricted fund balance is applied. Further, in circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

**D. Revenues and Expenditures/Expenses**

**1. Property Tax Levy, Collection, and Maximum Rates**

The State’s Constitution Article XIII A, commonly known as Proposition 13, provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless two-thirds of the voters have approved additional taxes be levied to fund general obligation bond debt service. Under Proposition 13, beginning with FY 1978-79, assessed value is calculated at 100% of market value and may be adjusted by no more than 2% per year unless the property is sold or transferred. In November 2000, California voters approved Proposition 39 that sets the approval threshold at 55% for school facilities related bonds.

The County is responsible for assessing, collecting, and distributing property taxes in accordance with State law. Property taxes are levied on both secured (real property) and unsecured (personal property other than land and buildings) property. Supplemental property taxes are assessed upon transfer of ownership in property or completion of new construction. The State legislature determines the method of distribution of receipts from a 1% tax levy among the County, cities, school districts, and other districts. For the fiscal year 2012-13, total net assessed property value was \$135 billion, after deducting redevelopment tax allocation increment of \$12 billion. On the government-wide financial statements, property tax revenues are recognized in the fiscal year for which they are levied. On the fund financial statements, property tax revenues are deferred if not received within two months after fiscal year-end. The County levies, bills, and collects taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/lien dates	January 1	January 1
Levy dates	On or before November 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent after	December 10 for November April 10 for February	August 31

Effective July 1, 1993, the County began apportioning secured property tax revenue in accordance with the alternate method of distribution, the Teeter Plan, as prescribed by Section 4717 of the California Revenue and Taxation Code. Under the Teeter Plan, the County allocates to local taxing agencies 100% of the secured property taxes billed. In return, the County retains penalties and interest on delinquent secured taxes in the Tax Loss Reserve Fund (TLRF). The primary purpose of TLRF is to cover losses that may occur as a result of special sales of tax-defaulted property. The County legally is required to maintain a minimum of 1% of the total tax levies on secured properties within the tax areas of participating entities, which was about \$17.5 million at June 30, 2013.

County management believes that any ownership rights to the TLRF the County may have are effective only upon a Board-approved transfer or to the extent of losses related to the sale of tax defaulted property. Balance in TLRF is being held in a custodial capacity for the participants in the County’s Teeter Plan and accounted for in an agency fund. The balance in the TLRF was \$119.9 million at June 30, 2013.

Pursuant to Section 97.2 (D)(4)(i) of the California Revenue and Taxation Code (Code), in 1992 the County established an agency fund, the Educational Revenue Augmentation Fund (ERAF), to redirect property tax from the County, cities, and special districts to public education programs. Each of these local agencies is required to shift an amount of property tax revenues prescribed by the Code to ERAF. Once school districts and programs are paid the maximum allowable, the Code requires the excess ERAF be refunded to these local agencies. The County General Fund received a total of \$98 million from the excess ERAF for the fiscal year ended June 30, 2013.

**COUNTY OF SAN MATEO**  
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**2. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. *Operating revenues*, such as charges for services, generally result from exchange transactions associated with the principal activity of each fund. The Medical Center particularly defines its operating revenues as deemed by management to be ongoing, major, or central to the provision of healthcare services. Its operating revenues are derived from direct patient care, other programs (such as supplemental program and medical managed program), and revenues from the sale of other goods and services. *Nonoperating revenues* are mainly derived from interest income, rent and concessions, County contributions, state and federal grants, and management services. *Operating expenses* include costs for providing services and delivering goods such as administrative expenses and depreciation on capital assets. All other expenses not meeting this definition are reported as *nonoperating expenses*.

**E. Estimates**

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

**F. Interfund Transactions**

Interfund transactions are reflected as loans, services provided or used, reimbursements, or transfers.

- Loans reported as receivables and payables are referred to as either “due to/from other funds” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the *governmental activities* and the *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 the applicable governmental funds to indicate that they are not spendable form.
- Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses.
- Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.
- All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

**G. Implementation of Governmental Accounting Standards Board (GASB) Statements**

1. **GASB Statement No. 61 – The Financial Reporting Entity: Omnibus.** In November 2010, GASB issued this Statement to modify existing requirements for the assessment of potential component units (as stated in GASB Statement No. 14 – *The Financial Reporting Entity* and Statement No. 34 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*) in determining what should be included in the financial reporting entity and financial reporting disclosure requirements. The County determined that HPSM is a discretely presented component unit of the County and; therefore, is separately reported in the County’s statement of net position. HPSM operates at a different fiscal period whose year-end occurs on December 31, rather than June 30 as the County’s, as particularly specified on the government-wide financial statements.

**COUNTY OF SAN MATEO**  
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2. **GASB Statement No. 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.** This Statement incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedures which does not conflict with or contradict other GASB pronouncements. The County incorporated this Statement in its financial statements for the fiscal year ended June 30, 2013. The implementation of this Statement did not have a significant impact on the County’s financial statements.
3. **GASB Statement No. 63 – The Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.** In June 2011, GASB released this Statement to provide financial reporting guidance for two new financial statement elements introduced in Concepts Statement No. 4, *Elements of Financial Statements* – deferred outflows of resources and deferred inflows of resources. *Deferred outflows of resources* are defined as a consumption of net assets that is applicable to a future reporting period. *Deferred inflows or resources* are defined as an acquisition of net assets that is applicable to a future reporting period. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. Accordingly, this Statement also amends the net asset reporting requirements in GASB Statement No. 34 by incorporating deferred outflows of resources and deferred inflows of resources into the residual measure as net position, rather than net assets. As of July 1, 2012, the County adopted the provisions of this Statement, which did not have a significant impact on the County’s financial statements.
4. **GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities.** In March 2013, GASB issued this Statement to establish accounting and financial reporting standards that reclassify certain items (that were previously reported as assets and liabilities) as deferred outflows of resources or deferred inflows of resources, and to recognize certain items (that were previously reported as assets and liabilities) as outflows of resources or inflows of resources. As of July 1, 2012, the County implemented this Statement and restated the beginning net position by \$5.7 million to write off the unamortized bond issuance costs that were previously reported as assets. Furthermore, unamortized losses on refunding of debts of \$7.6 million were reclassified from contra liabilities to deferred outflows of resources.

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Deficit Fund Equity**

At June 30, 2013, the IHSS Public Authority, the Tower Road Construction, the Workers’ Compensation Insurance, and the Long-Term Disability internal service funds reported net deficits of \$0.7 million, \$0.8 million, \$18.4 million, and \$2.5 million, respectively.

*IHSS Public Authority.* Reimbursements from the federal government and the State were insufficient to absorb the overall program expenditures incurred. The deficit is temporary and expected to be corrected next fiscal year.

*Tower Road Construction.* Projects undertaken by this fund were insufficient to generate enough revenues to cover overhead expenses. The County has taken steps to cure the financial imbalance through staffing and spending reductions, increased marketing efforts to internal and external customers, revamped organizational and business processes, increased service charge billing rates, and consolidated with another unit to reduce overhead expenses.

*Workers’ Compensation Insurance.* Premiums collected from departments have not been able to cover increased operating expenses for these funds. The County will continue to phase in premium rate increases to close the gap between ongoing revenues and expenses. The County will continue to participate in workers’ compensation reform efforts, manage claims actively, and work with departments to prevent future claims.

*Long-Term Disability.* Premiums collected from departments were insufficient to offset increased operating expenses in the past years. The County will continue to phase in premium rate increases and work with departments to inhibit growth in operating costs.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
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**NOTE 4 – CASH AND INVESTMENTS**

The County investment pool includes both voluntary and involuntary participation from external public entities. Certain special districts and entities are required under State statutes to maintain their cash surplus in the pool. The investment pool is not registered with the Securities and Exchange Commission as an investment company. Part of the JPFA's and SamCERA's cash and investments are deposited in and managed by outside financial institutions. As of June 30, 2013, the net asset value of involuntary participation in the investment pool was \$2.21 billion.

The investment pool activity is governed by the California Government Code and the County Investment Policy. The County Treasurer is responsible for managing the investment pool with deposits from the County, all County school districts, various districts, and some cities within the County pursuant to California Government Code Section 53600. The objectives of the County investment policy, in order of priority, are safety, liquidity, and yield. The pool attempts to match maturities with planned outlays and maximize the return on investment over various market cycles. Yield is considered only after safety and credit quality have been met, consistent with limiting risk and prudent investment principles. The County Board annually reviews the County Investment Policy, and all amendments to the policy require the County Board's approval.

In accordance with Article 6 Section 27131 of the California Government Code, the County Board established an eight-member County Treasury Oversight Committee (Oversight Committee) to oversee the management of public funds in the investment pool. The Oversight Committee meets at least three times annually to (1) evaluate general strategies, (2) monitor results, and (3) assess economic outlook, portfolio diversification, maturity structure, and potential risks to the funds. Monthly the County Treasurer prepares and submits a comprehensive investment report to the members of the County Board, the members of the Oversight Committee, and the investment pool participants. The report covers the type of investments in the pool, name of the issuer, maturity date, par value, actual cost, and fair value. Significant accounting policies for investments are discussed in Note 2.C.2. The maximum allowable maturity of instruments in the County pool at the time of investment is seven years and the maximum dollar weighted average maturity of the fund is three years.

<b>Cash and cash equivalents:</b>		<b>The County's Cash and investments are reported as follows:</b>	
Cash on hand - County	\$ 2,757	Primary government	\$ 752,201
Cash on hand - Agency funds	205	Discretely presented component unit - First 5	23,369
Cash in bank - JPFA	182	Discretely presented component unit - HPSM	160,918 <sup>2</sup>
Money market deposit accounts - JPFA	17,692	Pension trust fund	2,878,311
Money market mutual fund - JPFA	4,845	Investment trust fund	1,951,839
Cash and deposits - SamCERA	38,381	Agency funds	<u>311,919</u>
Deposit in earning credit plus account - County	99,987	Total cash and investments	<u>\$ 6,078,557</u>
Deposits - County	(15,110) <sup>1</sup>		
Cash deposits - HPSM	60,201 <sup>2</sup>		
Cash equivalents - HPSM	<u>27,866 <sup>2</sup></u>		
Total cash and cash equivalents	<u>237,006</u>		
<b>Investments:</b>			
In Treasurer's pool	2,957,949		
Perspective difference	(34) <sup>3</sup>		
With fiscal agents of the JPFA	9,008		
In SamCERA's portfolio	2,838,906		
In HPSM's portfolio	<u>35,722 <sup>2</sup></u>		
Total investments	<u>5,841,551</u>		
Total cash and investments	<u>\$6,078,557</u>		

<sup>1</sup> At year-end, the carrying amount of the County's cash deposits was \$(15,110) and the bank balance was \$35,496. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

<sup>2</sup> HPSM's cash and investments were as of December 31, 2012, since its year ended December 31, 2012.

<sup>3</sup> Perspective difference represents the difference between HPSM's participation in the Treasurer's pool at December 31, 2012 and June 30, 2013, which was \$37,129 and \$37,163, respectively.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
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**Investments**

The table below summarizes total investments reported as of June 30, 2013:

	<u>Interest Rates</u>	<u>Maturities</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
<b>Investments in Investment Pool</b>					
U.S. government securities	0.125% - 1.375%	1/15/14 - 9/30/18	\$ 390,000	\$ 384,201	3.59
U.S. government agency securities	0.000% - 2.25%	7/1/13 - 8/28/18	1,396,750	1,391,529	1.93
U.S. government agency securities - floating rate	0.194%	12/5/14	25,000	25,015	1.43
Corporate bonds	0.45% - 3.20%	9/16/13 - 6/24/18	464,750	465,394	2.52
Corporate covered bonds	0.625%	12/4/15	25,000	24,852	2.43
Corporate bonds - floating rate	0.09% - 1.00%	7/26/13 - 5/18/18	329,500	329,555	2.03
Local Agency Investment Fund	0.280%	8/1/13	38,000	38,000	0.09
Commercial paper	0.060% - .481%	7/2/13 - 2/3/14	198,000	197,903	0.14
Repurchase agreements	0.100%	7/1/13	101,500	101,500	0.00
<b>Total investments in investment pool</b>			<b>2,968,500</b>	<b>2,957,949</b>	<b>2.04</b>
<b>Investments outside of Investment Pool</b>					
<b><i>San Mateo Joint Powers Financing Authority</i></b>					
Federal Home Loan Mortgage Corporation - discount note			2,599	2,599	*
Republic National Bank - repurchase agreements			938	938	1.40
Investment contract			5,471	5,471	4.86
Subtotal			<b>9,008</b>	<b>9,008</b>	<b>3.10</b>
<b><i>San Mateo County Employees' Retirement Association</i></b>					
Fixed income securities:					
Agency & Agency collateralized mortgage obligations				19,615	17.85
Asset backed securities				9,041	9.51
Commercial mortgage backed securities				9,804	5.46
Agency mortgage backed securities				81,512	8.07
Non-agency mortgage backed securities				11,953	7.68
Corporate bonds				172,045	8.97
Preferred stock				401	*
Foreign				71,411	4.70
Government issues				1,914	21.79
Taxable municipal bonds				6,562	25.34
U.S. treasury securities				126,684	9.39
Commingled fixed income portfolio				30,031	*
Equities:					
Domestic				1,135,856	**
International				494,940	**
Real estate				166,154	**
Private equities				64,325	**
Risk parity				157,444	**
Hedge funds				73,718	**
Commodities				69,083	**
Securities lending collateral in short-term investment portfolio				136,413	**
Subtotal				<b>2,838,906</b>	<b>1.59</b>
<b><i>Health Plan of San Mateo</i></b> (as of December 31, 2012)					
Local Agency Investment Fund				23,472	**
U.S. agencies				12,250	0.03
Subtotal				<b>35,722</b>	<b>0.03</b>
<b>Total investments outside of investment pool</b>				<b>2,883,636</b>	
<b>Total investments</b>				<b>\$ 5,841,585</b>	

\* Weighted average maturity is less than 0.01 year.

\*\* Not applicable or not available.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
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**County Investment Pool**

California Government Code and the County Investment Policy govern the investment pool activity. The composition and value of investments in the County pool vary from time to time depending on cash flow needs of the County and pool participants as well as trading of securities.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years or less in accordance with its investment policy. At June 30, 2013, the investment pool had a weighted average maturity of 2.04 years and its investment in floating rate securities was \$330 million which are tied to the three-month London Interbank Offered Rate (LIBOR) index.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State law and the County's investment policy limit the County's investments in commercial paper to the rating of "A1" or better by Standard & Poor's, or "P1" or better by Moody's Investors Service, and corporate bonds to the rating of "A" or higher by both Standard & Poor's and Moody's Investors Service. No limits are placed on the U.S. government agency securities and U.S. Treasuries. The County's investment pool was unrated.

<u>Investment as of June 30, 2013</u>	<u>Standard &amp; Poor's Rating</u>	<u>% of Portfolio</u>
U.S. Government Securities		
U.S. Treasury Securities	AA+	12.99%
U.S. Government Agency Securities		
Federal Home Loan Bank	AA+	19.01%
Federal Home Loan Mortgage Corporation	AA+	15.62%
Federal Home Loan Mortgage Corporation - Floating rate	AA+	0.85%
Federal National Mortgage Association	AA+	11.37%
Federal Farm Credit Bank	AA+	1.05%
Corporate Bonds		
Corporate Covered Bonds	AAA	0.83%
Corporate Bonds	AAA	1.71%
Corporate Bonds	AA+	4.47%
Corporate Bonds	AA	2.11%
Corporate Bonds	AA-	4.57%
Corporate Bonds	A+	2.06%
Corporate Bonds	A	0.14%
Corporate Bonds	A-	0.67%
Corporate Bonds - Floating Rate Securities	AA+	2.20%
Corporate Bonds - Floating Rate Securities	AA	0.34%
Corporate Bonds - Floating Rate Securities	AA-	4.72%
Corporate Bonds - Floating Rate Securities	A+	3.21%
Corporate Bonds - Floating Rate Securities	A	0.68%
Local Agency Investment Fund	Note rated	1.28%
Commercial Paper	A-1+	1.69%
Commercial Paper	A-1	5.00%
Repurchase Agreements	AA+	3.43%
Total		<u>100.00%</u>

*Custodial Credit Risk for Deposits.* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The County's investment policy requires that deposits in banks must meet the requirements of California Government Code. Under this code, any deposits of more than \$0.25 million must be

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collateralized at 110% to 150% of the value of the deposit to guarantee the safety of the public funds. The first \$0.25 million of the County's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than the \$0.25 million insured amount are fully collateralized by Union Bank by pledging identifiable U.S. Government securities at 110% or more.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer of securities. State law and the County Investment Policy restrict the County's investments in U.S. Treasury Obligations to 100% of its portfolio (100% per issuer); Obligations of U.S. Agencies or government sponsored enterprises to 100% (40% per issuer); banker's acceptance to 15% (5% per issuer); collateralized time deposits within the State to 15 % (5% per issuer), negotiable certificates of deposit, corporate bonds and medium-term notes to 30% (5% per issuer); commercial paper to 40% (5% per issuer); repurchase agreements secured by U.S. Treasury or agency obligation to 100% (100% per issuer for U.S. Treasuries and 40% per issuer for agency obligations); shares of beneficial interest issued by diversified management companies as defined in Government Code section 53601 to 10% (5% per issuer); and mortgage backed securities to 20% (5% per issuer). As of June 30, 2013, the investment pool has more than 5% of its total investments with the following issuers as of June 30, 2013: 19% in Federal Home Loan Bank, 16% in Federal Home Loan Mortgage Corporation, and 11% in Federal National Mortgage Association.

*Foreign Currency Risk.* Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair values of an investment or deposit. The County investment policy does not include specific provisions to address foreign currency risk because the County does not invest in foreign securities.

The County's investment pool is invested in the State of California Local Agency Investment Fund (LAIF), which is part of the State of California Pooled Money Investment Account (PMIA). As of June 30, 2013, the PMIA balance was \$58.8 billion, of which 1.88% is in structured notes and medium-term asset backed securities, and 0.08% in short-term asset-backed commercial paper. The total amount invested by all public agencies in LAIF was \$21.2 billion, and the County's investment in LAIF was \$38 million. The value of the pool shares in LAIF is determined on an amortized cost basis, which approximates fair value. PMIA is not SEC-registered, but is required to invest according to the California Government Code. The average maturity of PMIA investments was 278 days as of June 30, 2013. The Local Investment Advisory Board, which consisted of five members designated by State statutes, has oversight responsibility for LAIF.

#### **JPFA's Investment Portfolio**

All moneys held by the JPFA's trustee are invested in "permitted investments" as defined in the Trust Agreement.

*Interest Rate Risk.* The JPFA has not adopted a formal policy that limits investment maturity as a means of managing its exposure to declines in fair values arising from increasing interest rates. As of June 30, 2013, the JPFA's investment portfolio had a weighted average maturity of 3.1 years.

*Credit Risk.* The JPFA's bond trust agreements include provisions which restrict the JPFA's investment in (a) money market mutual funds rated "AAM" or "AAM-G" by Standard & Poor's, or better; (b) repurchase agreements with any domestic bank the long-term debt of which is rated "AA" or better by Standard & Poor's; (c) specific obligations of government sponsored agencies which are not backed by the full faith and credit of the United State of America, including Federal Home Loan Mortgage Corporation, and (d) investment agreements.

As of June 30, 2013, the JPFA's money market mutual fund was rated "AAAm" by Standard & Poor's and "Aaa-mf" by Moody's Investors Service. The repurchase agreement with the Hong Kong and Shanghai Banking Corporation was rated "A1" by Moody's Investors Service and "AA-" by Standard & Poor's. The discount note with the Federal Home Loan Mortgage Corporation was rated "Aaa" by Moody's Investors Service. The investment contract with Financial Guaranty Insurance Company Capital Market Services Group was unrated.

**COUNTY OF SAN MATEO**  
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*Concentration of Credit Risk.* The JPFA places no limit on the amount invested in any one issuer. At June 30, 2013, the JPFA has \$0.9 million, or 10%, of its total investments in repurchase agreements with the Hong Kong and Shanghai Banking Corporation; \$2.6 million, or 29%, in a discount note with the Federal Home Loan Mortgage Corporation; and \$5.5 million, or 61%, in an investment contract with Financial Guaranty Insurance Company Capital Market Services Group.

**SamCERA's Investment Portfolio**

SamCERA's investments are managed by independent investment management firms subject to the guidelines and controls specified in the SamCERA's investment policy and contracts. SamCERA uses a third party institution to serve as an independent custodian over the pension plan's assets. The guidelines stipulate the investment style, performance objective, performance benchmarks, and portfolio characteristics.

*Derivatives.* SamCERA's investment contains various derivative positions as of and for the year ended June 30, 2013, primarily in swaps and foreign currency forward positions. In comparison to SamCERA's total investments at fair value, the fair value of SamCERA's derivative positions as of June 30, 2013 is not material. SamCERA held derivatives with a notional amount of \$114.7 million and a fair value of \$1.8 million at June 30, 2013. Changes in fair value during FY2012-13 are reported in the statement of changes in fiduciary net position as a component of investment income. No derivatives were held that would be classified as hedging derivatives – all are classified as investment derivatives.

The fair values of the derivatives are determined using a pricing service and validated by SamCERA's custodians. Management of SamCERA accepts these valuations. Further disclosure on the derivative positions held at fiscal year-end are contained in the table below.

<u>Investment Derivatives as of June 30, 2013</u>	<u>Notional Value</u>	<u>Fair Value</u>
Credit default swaps bought	\$ 856	\$ 79
Fixed income futures long	7,000	-
Fixed income futures short	(12,400)	-
Fixed income options written	(800)	(406)
Futures option written	(51)	(67)
Foreign currency forward contracts	120,098	2,144
Total	<u>\$ 114,703</u>	<u>\$ 1,750</u>

*Currency forward Contracts.* SamCERA's investment managers use forward currency contracts to control currency exposure and facilitate the settlement of international security purchase and sale transactions. These contracts are agreements to exchange different currencies at specified rates and settlement dates. Differences between the contract and market exchange rates at settlement result in gains or losses, which are included in net investment income. Risks may arise from the possible inability of counterparties to meet the terms of their contracts and from movements in exchange and interest rates. The fair values of currency forward contracts are determined using a proprietary pricing service, which uses published foreign exchange rates as the primary source. The fair values of credit default swaps, interest rate swaps, warrants, and "to-be-announced" transactions are determined by the custodian pricing vehicles.

*Interest Rate Risk.* SamCERA has investments in six fixed income portfolios containing individual debt securities as well as investments in external investment pools containing debt securities. SamCERA's investment policy does not have a formal policy that limits investment duration as a means of managing its exposure to fair value losses arising from increasing interest rates. SamCERA's active bond portfolios that reside in separate accounts are generally managed to duration limits that are within a very narrow band (typically +/- 20% or +/-1 year) to their respective benchmark.

**COUNTY OF SAN MATEO**  
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*Credit Risk.* SamCERA’s investment policy seeks to maintain a diversified portfolio of fixed income instruments to obtain the highest total return for the fund at an acceptable level of risk within the asset class. To control credit risk, credit quality guidelines have been established for separately managed accounts. The table below summarizes the credit breakdown of SamCERA’s investments in bonds.

Credit Risk	Active Management	Commingled Management
AAA	0.5%	0.3%
AA	34.8%	3.3%
A	1.8%	0.0%
BBB	4.5%	0.6%
Less than BBB	6.4%	74.9%
Not rated	52.0%	20.9%
	100.0%	100.0%

*Credit Risk - Derivatives.* SamCERA is exposed to credit risk on investment derivatives that are traded over the counter and are reported in asset positions. Derivatives exposed to credit risk include credit default and interest rate swaps, currency forward contracts, rights, warrants and “to-be-announced” transactions. To minimize credit risk exposure, SamCERA’s investment managers continuously monitor credit rating of counterparties. Should there be a counterparty failure, SamCERA would be exposed to the loss of fair value of derivatives that are in asset positions and any collateral provided to the counterparty, net of the effect of applicable netting arrangements. SamCERA has no general investment policy with respect to netting arrangements or collateral requirements. Netting arrangements legally provide SamCERA with a right of offset in the event of bankruptcy or default by the counterparty.

*Concentration of Credit Risk.* SamCERA’s investment policy states no investment shall constitute more than 5% of investable assets.

*Custodial Credit Risk - Deposits.* SamCERA has no general policy on custodial credit risk for deposits. SamCERA maintains operation cash deposits to support day-to-day cash management requirements. At June 30, 2013, cash held with a financial institution in a pooled money market fund totaled \$1.2 million and cash held in the County’s investment pool was \$1.0 million. The deposits are not exposed to custodial credit risk as they are eligible and covered by insurance in accordance with applicable law and FDIC rules and regulations.

*Custodial Credit Risk - Investments.* The individual investment guidelines for each investment manager require that managed investments be held in the name of SamCERA. The master custodian may rely on sub-custodians. The custodial requirement does not apply to real estate investments and investments in pools. As of June 30, 2013, SamCERA had no investments that were exposed to custodial credit risk because all securities held by SamCERA’s custodian bank are in SamCERA’s name. SamCERA does not have a general policy addressing custodial credit risk.

*Custodial Credit Risk - Derivatives.* As of June 30, 2013, SamCERA’s derivatives were not subject to custodial credit risk. However, they are subject to other risks.

*Foreign Currency Risk.* SamCERA’s investment policy states that forward currency contracts and currency futures are permitted for defensive currency hedging to mitigate foreign currency risk on the portfolio.

*Foreign Currency Risk - Foreign Exchange Contracts.* Foreign currency contracts are subject to foreign currency risk. Foreign exchange contracts include forward contracts and spot contracts. Currency forward contracts are derivatives and generally serve to hedge or offset the impact of foreign currency exchange rate fluctuations on the reported U.S. dollar fair value of investments denominated in foreign currencies. Spot contracts are generally used when SamCERA is required to make or receive payments in a foreign currency. Spot contracts are agreements to buy or sell a certain amount of foreign currency at the current market rate, for settlement in two business days.

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**For the Fiscal Year Ended June 30, 2013**  
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The table below shows the fair value of investments that are exposed to foreign currency risk as of June 30, 2013, by investment type and currency denomination in U.S. dollars.

Currency	Common Stock	Corporate Bonds	Credit Default Swaps	Foreign Currency	Government Issues	Short-Term Investment Funds	Total
Australian Dollar	\$ 20,077	\$ -	\$ -	\$ 46	\$ 261	\$ -	\$ 20,384
Brazilian Real	-	-	-	84	2,792	-	2,876
Canadian Dollar	1,970	-	-	43	2,916	-	4,929
Danish Krone	7,510	-	-	-	-	-	7,510
Euro Currency	80,253	1,660	18	2,092	14,877	-	98,900
Ghana Cedi	-	-	-	43	3,534	-	3,577
Hong Kong Dollar	7,015	-	-	-	-	-	7,015
Hungarian Forint	-	-	-	1	5,671	-	5,672
Indonesian Rupiah	-	-	-	106	2,863	-	2,969
Israeli Shekel	-	-	-	-	4,797	-	4,797
Japanese Yen	58,580	-	-	160	-	-	58,740
Malaysian Ringgit	-	-	-	219	9,422	-	9,641
Mexican Peso	-	-	-	405	7,030	-	7,435
New Taiwan Dollar	-	-	-	2,583	-	-	2,583
New Zealand Dollar	2,472	-	-	-	-	-	2,472
Philippine Peso	-	-	-	145	5,097	-	5,242
Polish Zloty	-	-	-	147	4,168	-	4,315
Pound Sterling	74,886	143	-	348	-	-	75,377
Singapore Dollar	9,519	-	-	-	-	-	9,519
South African Rand	1,465	-	-	-	-	-	1,465
South Korean Won	-	-	-	192	15,382	-	15,574
Swedish Krona	13,556	-	-	-	-	-	13,556
Swiss Franc	28,979	-	-	-	-	-	28,979
Turkish Ura	1,990	-	-	-	-	-	1,990
Ukraine Hryvna	-	984	-	-	-	-	984
Uruguayan Peso	-	21	-	15	7,524	239	7,799
Total	<u>\$ 308,272</u>	<u>\$ 2,808</u>	<u>\$ 18</u>	<u>\$ 6,629</u>	<u>\$ 86,334</u>	<u>\$ 239</u>	<u>\$ 404,300</u>

**Securities Lending Activity.** Beginning on July 1, 2007, the Board of Retirement authorized SamCERA to participate in a securities lending program. Security lending transactions are short-term collateralized loans of SamCERA securities for the purpose of generating additional investment income. SamCERA has a securities lending agreement in place that authorizes the securities lending agent to lend SamCERA securities to broker-dealers and banks pursuant to a loan agreement. In each securities lending transaction, SamCERA receives either cash or non-cash collateral. SamCERA invests the cash and receives earnings on it in exchange for paying a loan rebate fee to the borrower. In the case of non-cash collateral, the borrower also pays SamCERA a loan premium.

For the year ended June 30, 2013, SamCERA's securities lending agent lent SamCERA securities to borrowers under the securities lending agreement. In return, SamCERA received cash, securities issued or guaranteed by the United States government, and sovereign debt or irrevocable bank letters of credit as collateral. As SamCERA did not have the ability to pledge or sell collateral securities delivered absent a borrower default, such non-cash collateral is not reported on the statement of fiduciary position.

Borrowers were required to deliver collateral equal to: (a) loaned securities denominated in U.S. dollars or sovereign debt issued by foreign governments, with a margin of at least 102% of the market value of the loaned securities; and (b) loaned securities not denominated in U.S. dollars, or whose primary trading market was not located in the United States, with a margin of at least 105% of the market value of the loaned securities. Borrowers were required to maintain the designated margin percentage of collateral on a daily basis.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

SamCERA did not impose any restrictions for the fiscal year ended June 30, 2013, on the amount of loans that the securities lending agent made on its behalf. The securities lending agent indemnified SamCERA by agreeing to purchase replacement securities or supplement the amount of cash collateral in the event the borrower failed to return the loaned securities and the collateral was inadequate to replace the securities lent or the borrower failed to pay SamCERA for any income distributions on loaned securities. There were no losses during the fiscal year ended June 30, 2013, resulting from a default of the borrowers or the securities lending agent.

SamCERA and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders had in a short-term investment pool managed by the securities lending agent. As of June 30, 2013, this investment pool had an average duration of 59 days, and an average weighted maturity of 33 days.

As the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. For the fiscal year ended June 30, 2013, SamCERA had no credit risk exposure to borrowers because, for each borrower, the value of borrower collateral held exceeded the value of the securities on loan to the borrower. As of June 30, 2013, SamCERA had securities on loan with a total value of \$132.6 million, and the cash and other collateral held against the loaned securities of \$136.4 million.

*Security Lending Collateral Interest Rate Risk.* Cash collateral from loans of securities is invested in the State Street Navigator Securities Lending Prime Portfolio. The portfolio's average effective duration is restricted to 90 days or less. As of June 30, 2013, the actual effective duration was 33 days.

*Security Lending Collateral Credit Risk.* All of the cash collateral received for securities lending is invested in the State Street Navigator Securities Lending Prime Portfolio, which is not rated by credit rating agencies. All investments will qualify as "eligible securities" within the meaning of Rule 2(a)-7 of the Investment Companies Act of 1940. The portfolio seeks to maintain a stable net asset value per share of one dollar by valuing its portfolio using an amortized cost method and will comply with the requirements of Rule 2(a)-7.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

**County Investment Pool Condensed Financial Information**

Below is the condensed statement of the investment pool as of June 30, 2013:

**Statement of Net Position**

**Assets:**

U.S. government securities	\$	384,201
U.S. government agency securities		1,391,529
U.S. government agency securities - floating rate		25,015
Corporate bonds		465,394
Corporate covered bonds		24,852
Corporate bonds - floating rate		329,555
Local Agency Investment Fund		38,000
Commerical papers		197,903
Repurchase agreements		101,500
Total investments		2,957,949
Other assets		8,285
Pool deposits		35,496
Total assets		3,001,730

**Liabilities:**

Unfunded checks and warrants		50,606
Other liabilities		7,850
Total liabilities		58,456

**Net Position:**

Equity of internal pool participants		991,000
Equity of external pool participants		1,952,274
Total net position		\$ 2,943,274

**Statement of Changes in Net Position**

Net position at July 1, 2012	\$	2,697,781
Net change in investments by pool participants		245,493
Net position at June 30, 2013		\$ 2,943,274

The net position composition of the equity of external pool participants is as follows:

Participant units outstanding (one dollar par value)	\$	2,956,299
Undistributed and unrealized gain		(13,025)
Net position at June 30, 2013		\$ 2,943,274

Participant net position at fair value price per share (\$2,943,274 divided by 2,956,299 units)	\$	0.9956
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**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

**NOTE 5 – RECEIVABLES**

As of June 30, 2013, receivables of the County’s major funds, nonmajor funds in aggregate, and internal service funds in aggregate, including allowances for uncollectible accounts, are listed below. The General Fund has a net receivable of \$144.7 million, of which \$101 million is not expected to be collected within the next twelve months.

<u>Governmental Activities</u>	General Fund	JPFA	Nonmajor Governmental Funds	Internal Service Funds	Total
Accounts	\$ 241,530	\$ -	\$ 208	\$ 16	\$ 241,754
Interest	13,823	27	180	90	14,120
Taxes	24,714	-	1,571	-	26,285
Mortgages	74,897	-	-	-	74,897
Advances	1,773	-	-	-	1,773
Other	25,814	-	8	-	25,822
Gross receivables	382,551	27	1,967	106	384,651
Less: allowances for uncollectibles	(237,874)	-	(768)	-	(238,642)
Total receivables, net	<u>\$ 144,677</u>	<u>\$ 27</u>	<u>\$ 1,199</u>	<u>\$ 106</u>	<u>\$ 146,009</u>

<u>Business-type Activities</u>	Medical Center	Housing Authority	Nonmajor Enterprise Funds	Total
Accounts	\$ 66,741	\$ 127	\$ 490	\$ 67,358
Grant	1,590	-	-	1,590
Interest	-	41	2	43
Other	939	125	-	1,064
Gross receivables	69,270	293	492	70,055
Less: allowances for uncollectibles	(60,198)	-	(454)	(60,652)
Total receivables, net	<u>\$ 9,072</u>	<u>\$ 293</u>	<u>\$ 38</u>	<u>\$ 9,403</u>

**NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables may result from services rendered by one fund to another fund, or from interfund loans. “Due from” and “due to” balances are generally used to reflect short-term interfund receivables and payables whereas “advance to” and “advance from” balances are for long-term.

***Due to/from other funds***

All the interfund balances presented below resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

The table below summarizes the County's interfund receivables and payables as of June 30, 2013:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 2,320
	Medical Center	3,600
	Internal Service Funds	616
		<u>6,536</u>
Nonmajor Governmental Funds	General Fund	651
	Nonmajor Governmental Funds	2
	Internal Service Funds	1
		<u>654</u>
Medical Center	General Fund	2,600
	Nonmjr Governmental Funds	10
		<u>2,610</u>
Nonmajor Enterprise Funds	General Fund	12
	Nonmjr Governmental Funds	1
		<u>13</u>
Internal Service Funds	General Fund	605
	Nonmajor Governmental Funds	1
	Medical Center	1
	Internal Service Funds	6
		<u>613</u>
	Total	<u>\$ 10,426</u>

***Advances to/from other funds***

Advances from the General Fund are comprised of the following as of June 30, 2013:

- \$2.0 million outstanding advance arising from a \$5 million loan to the Medical Center for the purchase of diagnostic equipment in January 2000.
- \$0.8 million outstanding advance resulted from a \$0.1 million loan in January 1995 and a \$0.7 million loan in July 2003 to the Housing Authority for the development of affordable rental housing for low-income households.
- \$1.4 million outstanding advance resulted from three separate advances (\$0.3 million in June 2009, \$0.5 million in June 2010, and \$0.6 million in June 2011) to the Tower Road Construction Fund to cover cash deficits at year-end.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Medical Center	\$ 2,000
	Housing Authority	777
	Internal Service Fund	1,361
	Total	<u>\$ 4,138</u>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

**NOTE 7 – INTERFUND TRANSFERS**

Transfers are indicative of funding for capital projects, lease or debt service payments, subsidies, and revenue reallocations. The following schedules briefly summarize the County’s transfer activities:

**(a) Between Governmental and Business-type Activities:**

Transfer from	Transfer To	Amount	Purpose
General Fund	Medical Center	\$ 77,570	Provide subsidy to support indigent healthcare as budgeted.
		82	Provide funds for new mammography equipment.
		4	Render award to recognize exceptional program performance.
		888	Provide subsidy to finance retiree health benefits.
	Subtotal	<u>78,544</u>	
General Fund	Nonmajor enterprise funds	12	Provide subsidy to finance retiree health benefits.
Medical Center	General Fund	400	Transfer funds to Health Services to cover loss from disallowed claims.
Medical Center	Nonmajor governmental funds	9,372	Transfer funds to cover lease payments.
	Nonmajor governmental funds	201	Transfer funds to finance capital projects.
	Internal service funds	27	Provide subsidy to finance an Ergo Remodel project.
	Subtotal	<u>9,600</u>	
Internal Service Funds	Medical Center	14	Transfer funds to pay for renovation at clinic.
	Total	<u>\$ 88,570</u>	

**(b) Between Funds within Governmental Activities<sup>(1)</sup>:**

Transfer from	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 17,689	Transfer funds to finance capital projects.
		17,513	Transfer funds to cover lease payments.
		3,702	Contribute funds to support in-home supportive services.
		1,253	Transfer funds to finance County Fire Protection services.
		150	Prepare to apply funds from the Water & Resource Control Board.
		9	Provide subsidy for automatic gates installation at Grand Yard.
	Subtotal	<u>40,316</u>	
General Fund	Internal Service Funds	26	Provide subsidy to finance retiree health benefits.
Nonmajor Governmental Funds	Nonmajor Governmental Funds	3,943	Transfer funds to cover lease payments.
		896	Transfer funds to finance capital projects.
		9	Provide subsidy for automatic gates installation at Grand Yard.
	Subtotal	<u>4,848</u>	
Nonmajor Governmental Funds	General Fund	350	Provide funds to Health Services to cover loss from disallowed claims.
Nonmajor Governmental Funds	JPFA	30,362	Transfer funds to cover debt service payments.
Internal Service Funds	General Fund	45	Provide funds to support Sheriff's driver's training program.
		19	Transfer funds to finance equipment purchases at Coroner's Office.
	Subtotal	<u>64</u>	
Internal Service Funds	Nonmajor Governmental Funds	3	Transfer funds to cover lease payments.
		3	Transfer funds to finance capital projects.
	Subtotal	<u>6</u>	
	Total	<u>\$ 75,972</u>	

<sup>(1)</sup> In the consolidation of the governmental activities, these transfers are eliminated in the government-wide statement of activities.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

**NOTE 8 – CAPITAL ASSETS**

Capital asset activities for the fiscal year ended June 30, 2013, are as follows:

	Balance July 1, 2012	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2013
<b>Governmental activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land and easements	\$ 84,404	\$ 1,146	\$ -	\$ -	\$ 85,550
Infrastructure - maintained road subsystem	77,253	-	-	5,332	82,585
Construction in progress	35,201	26,513	-	(16,183)	45,531
Total capital assets, not being depreciated	<u>196,858</u>	<u>27,659</u>	<u>-</u>	<u>(10,851)</u>	<u>213,666</u>
<i>Capital assets, being depreciated:</i>					
Infrastructure	80,587	-	-	1,559	82,146
Structures and improvements	653,735	8	-	5,544	659,287
Equipment	82,572	5,015	(4,248)	(5)	83,334
Software	4,847	623	-	422	5,892
Total capital assets, being depreciated	<u>821,741</u>	<u>5,646</u>	<u>(4,248)</u>	<u>7,520</u>	<u>830,659</u>
<i>Less accumulated depreciation for:</i>					
Infrastructure	(25,964)	(1,649)	-	-	(27,613)
Structures and improvements	(137,980)	(12,276)	-	-	(150,256)
Equipment	(71,175)	(5,131)	4,153	5	(72,148)
Software	(4,138)	(578)	-	-	(4,716)
Total accumulated depreciation	<u>(239,257)</u>	<u>(19,634)</u>	<u>4,153</u>	<u>5</u>	<u>(254,733)</u>
Total capital assets, being depreciated, net	<u>582,484</u>	<u>(13,988)</u>	<u>(95)</u>	<u>7,525</u>	<u>575,926</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 779,342</u>	<u>\$ 13,671</u>	<u>\$ (95)</u>	<u>\$ (3,326)</u>	<u>\$ 789,592</u>
<b>Business-type activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 10,147	\$ -	\$ -	\$ -	\$ 10,147
Construction in progress	3,312	3,525	(24)	(2,699)	4,114
Total capital assets, not being depreciated	<u>13,459</u>	<u>3,525</u>	<u>(24)</u>	<u>(2,699)</u>	<u>14,261</u>
<i>Capital assets, being depreciated:</i>					
Structures and improvements	71,712	682	(172)	1,343	73,565
Equipment	15,516	1,072	(968)	486	16,106
Software	8,974	3,143	-	870	12,987
Total capital assets, being depreciated	<u>96,202</u>	<u>4,897</u>	<u>(1,140)</u>	<u>2,699</u>	<u>102,658</u>
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(31,849)	(1,405)	19	-	(33,235)
Equipment	(8,962)	(1,069)	388	-	(9,643)
Software	(6,807)	(900)	-	-	(7,707)
Total accumulated depreciation	<u>(47,618)</u>	<u>(3,374)</u>	<u>407</u>	<u>-</u>	<u>(50,585)</u>
Total capital assets, being depreciated, net	<u>48,584</u>	<u>1,523</u>	<u>(733)</u>	<u>2,699</u>	<u>52,073</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 62,043</u>	<u>\$ 5,048</u>	<u>\$ (757)</u>	<u>\$ -</u>	<u>\$ 66,334</u>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

**Depreciation**

Depreciation expense was charged to various functions as follows:

<u>Governmental Activities</u>	
General government	\$ 3,591
Public protection	9,142
Public ways and facilities	692
Health and sanitation	2,514
Public assistance	1,525
Recreation	733
Depreciation on capital assets held by the County's internal service funds are charged to various functions based on their usage of the assets.	1,437
Total depreciation - governmental activities	<u>\$ 19,634</u>

**Capital Project Commitments**

The main facility of the Youth Services Center was completed in September 2006 and the Receiving Home in January 2010. The demolition of the old Hillcrest Facility and re-sculpting of the Berm were completed November 2011. The current project underway at the Youth Services Center includes the Loop Road Security project. A risk assessment feasibility study for security improvements along Loop Road was conducted in 2009 and recommended constructing perimeter fencing, gates, controls and associated appurtenances, lighting, communications, and video surveillance. The estimated overall construction budget has been set at \$1.1 million. As of June 30, 2013 there are no immediate plans to begin construction and delivery of the final Group Home.

On April 27, 2010, the County's Board adopted a resolution to construct the San Mateo County Radio Interoperable Communications System (SMIRC). This new system will improve public safety communications, as well as enhancing regional interoperability with surrounding counties, state and federal public safety agencies. SMIRC will also begin to replace the existing radio network that is nearing the end of its useful life. SMIRC will be partially funded by the unspent bond proceeds totaling \$3.5 million (\$1.3 million restricted for capital projects and \$2.8 million unrestricted) from the 2001 Lease Revenue Bonds.

**NOTE 9 – LEASES**

The County occupies a number of non-County owned office buildings and facilities to conduct its business under non-cancelable operating leases. Total rental paid for these leases was approximately \$10.9 million for the fiscal year ended June 30, 2013, and the future minimum lease payments are as follows:

<u>Governmental Activities</u>		<u>Business-type Activities</u>	
Fiscal year ending June 30,		Fiscal year ending June 30,	
2014	\$ 10,513	2014	\$ 2,021
2015	10,100	2015	2,036
2016	9,576	2016	1,688
2017	9,195	2017	1,801
2018	6,980	2018	1,818
2019-2023	12,257	2019-2023	7,480
2024-2028	5,906	2024-2028	8,671
2029-2033	5,875	2029-2033	10,052
2034-2038	5,875	2034-2038	11,653
2039-2041	3,525	2039-2041	4,715
Total	<u>\$ 79,802</u>	Total	<u>\$ 51,935</u>

The County also leases various County-owned properties to other entities under non-cancelable operating leases. Income from these rental activities amounted to \$0.6 million for the fiscal year ended June 30, 2013.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

**NOTE 10 - LONG-TERM LIABILITIES**

The County's long-term liabilities as of June 30, 2013, are as follows:

<u>Type of indebtedness (purpose)</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2013</u>
<b>Lease Revenue Bonds:</b>					
<b><u>1993 Issue</u></b>					
Purpose: To defease 1991 Certificates of Participation and finance the costs of a parking garage and jail.					
Term Current Interest Bonds	7/1/13 - 7/1/16	6.50%	\$3,290 - \$3,975	\$ 36,170	\$ 14,500
Term Current Interest Bonds	7/1/17 - 7/1/21	5% - 6%	\$4,230 - \$5,205	23,520	23,520
1993 Issue				<u>59,690</u>	<u>38,020</u>
<b><u>1993 Issue - Satellite Clinic</u></b>					
Purpose: To finance a portion of the costs of constructing and equipping the North County Satellite Clinic and an adjacent parking structure.					
Serial Capital Appreciation Bonds	9/1/17 - 9/1/26	5.9% - 6%	\$188 - \$233	2,085	2,085
Accreted interest on capital appreciation bonds				8,941	4,313
1993 Issue - Satellite Clinic				<u>11,026</u>	<u>6,398</u>
<b><u>1997 Issue</u></b>					
Purpose: To finance the costs of constructing, furnishing and equipping an office building, and partial defeasance of the 1994 Issue.					
Term Current Interest Bonds	7/15/27 - 7/15/28	5.125%	\$1,540 - \$1,640	3,180	3,180
Term Current Interest Bonds	7/15/29 - 7/15/32	5.125%	\$1,745 - \$2,095	7,670	7,670
1997 Issue				<u>10,850</u>	<u>10,850</u>
<b><u>1999 Issue</u></b>					
Purpose: To finance a portion of the costs of completing the Health Center and partial defeasance of the 1993, 1994, and 1995 Issues.					
Term Current Interest Bonds	7/15/27 - 7/15/29	5%	\$2,405 - \$7,985	12,815	12,815
1999 Issue				<u>12,815</u>	<u>12,815</u>
<b><u>2001 Issue</u></b>					
Purpose: To finance a portion of acquisition costs of a microwave and law enforcement mutual aid communications system, a sheriff's radio system, and the costs of acquisition and construction of a forensics laboratory and a coroner's office.					
Series A Current Interest Bonds	7/15/13 - 7/15/21	4% - 4.75%	\$220 - \$1,665	21,470	7,590
Series A Term Interest Bonds	7/15/22 - 7/15/31	4.75%	\$230 - \$355	2,900	2,900
Series B Current Interest Bonds	7/15/13 - 7/15/21	4.1% - 4.75%	\$225 - \$320	4,270	2,640
Series B Term Interest Bonds	7/15/22 - 7/15/26	4.875%	\$340 - \$410	1,865	1,865
Series B Term Interest Bonds	7/15/27 - 7/15/31	5%	\$430 - \$525	2,385	2,385
2001 Issue				<u>32,890</u>	<u>17,380</u>
<b><u>2008 Issue</u></b>					
Purpose: To provide funds, together with other available moneys, to redeem the 2003 Bonds.					
Series A Current Interest Bonds	7/15/13 - 7/15/25	4% - 5%	\$2,990 - \$5,205	62,480	51,590
Term Interest Bonds	7/15/26 - 7/15/28	5.25%	\$5,465 - \$6,070	17,295	17,295
Term Interest Bonds	7/15/29 - 7/15/33	5%	\$6,390 - \$7,805	35,405	35,405
Term Interest Bonds	7/15/34 - 7/15/36	5%	\$8,205 - \$9,070	25,900	25,900
2008 Issue				<u>141,080</u>	<u>130,190</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

Type of indebtedness (purpose)	Maturities	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2013
<b><u>2009 Issue</u></b>					
Purpose: To provide funds, together with other available moneys, to refund a portion of the outstanding 1997 Bonds and the outstanding 1999 Bonds (collectively, the "Prior Bonds"), to pay for costs of issuance of the 2009 Bonds, and to pay for other costs relating to the refunding of the Prior Bonds.					
Serial Current Interest Bonds	7/15/13 - 7/15/17	4% - 5%	\$5,765 - \$6,145	\$ 46,130	\$ 31,015
Serial Current Interest Bonds	7/15/18 - 7/15/26	5% - 5.25%	\$6,475 - \$8,990	69,375	69,375
2009 Issue				<u>115,505</u>	<u>100,390</u>
<b>Total lease revenue bonds and accreted interest on capital appreciation bonds</b>				<u>383,856</u>	<u>316,043</u>
<b>Certificates of Participation:</b>					
<b><u>1997 Issue</u></b>					
Purpose: To finance the design, construction and installation of storm water, and flood control improvements located in the Colma Creek Flood Control Zone.					
Term Certificates	8/1/13 - 8/1/17	5.25%	\$360 - \$440	2,000	2,000
Term Certificates	8/1/18 - 8/1/32	5.125%	\$465 - \$935	10,145	10,145
1997 certificates of participation				<u>12,145</u>	<u>12,145</u>
<b><u>2004 Issue</u></b>					
Purpose: To finance the acquisition, design, construction, improvement, and installation of certain improvements to the flood control system.					
Serial Certificates	8/1/13 - 8/1/25	3.25% - 4.5%	\$45 - \$70	975	715
Term Certificates	8/1/26 - 8/1/29	4.75%	\$70 - \$85	310	310
Term Certificates	8/1/30 - 8/1/34	4.75%	\$85 - \$1,140	2,500	2,500
Term Certificates	8/1/35 - 8/1/39	5%	\$1,195 - \$1,450	6,595	6,595
2004 certificates of participation				<u>10,380</u>	<u>10,120</u>
<b>Total certificates of participation</b>				<u>22,525</u>	<u>22,265</u>
<b>Total long-term liabilities</b>				406,381	338,308
<b>Notes Payable:</b>					
<b>Department of Housing</b>					
Housing Development Loan	8/1/14	-	-	124	124
<b>Total governmental activities</b>				<u>\$ 406,505</u>	<u>\$ 338,432</u>
<b><u>Business-type Activities</u></b>					
<b>Notes Payable:</b>					
<b>Coyote Point Marina</b>					
Department of Boating and Waterways	8/1/13 - 8/1/29	4.5%	\$14 - \$77	\$ 3,184	\$ 690
<b>Housing Authority</b>					
California Housing Finance Agency	5/20/57	-	-	49	39
Downey Savings and Loan Bank <sup>a</sup>	2/28/16	-	-	148	148
<b>Airports</b>					
Department of Transportation	2/7/13 - 2/7/23	4.78%	\$207 - \$362	4,000	1,941
<b>Total business-type activities</b>				<u>\$ 7,381</u>	<u>\$ 2,818</u>

<sup>a</sup> This note will become due and payable upon unauthorized sale or transfer of the El Camino Real Project or violation of the related Housing Loan Agreement. The entire principal amount of the note will be forgiven in 15 years from the completion date of the Project as long as no default has occurred under the loan agreement.

**COUNTY OF SAN MATEO**  
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The table below summarizes changes in the County's long-term liabilities for the fiscal year ended June 30, 2013. The beginning balance of the long-term liabilities has been restated to reflect effects from the implementation of GASB Statement No. 65.

	Balance July 1, 2012 (As Restated)	Additions/ Accretions	Retirements	Balance June 30, 2013	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Lease revenue bonds	\$ 324,980	\$ -	\$ (13,250)	\$ 311,730	\$ 13,935
Accreted interest on capital appreciation bonds	3,948	365	-	4,313	-
Add: unamortized premium	8,678	-	(542)	8,136	542
Less: unamortized discount	(93)	-	5	(88)	(5)
Lease revenue bonds, net	<u>337,513</u>	<u>365</u>	<u>(13,787)</u>	<u>324,091</u>	<u>14,472</u>
Certificates of participation	22,650	-	(385)	22,265	405
Add: unamortized premium	59	-	(2)	57	2
Certificates of participation, net	<u>22,709</u>	<u>-</u>	<u>(387)</u>	<u>22,322</u>	<u>407</u>
Notes payable	134	-	(10)	124	-
Other long-term obligations	2,894	-	(1,007)	1,887	422
Estimated claims	50,506	14,375	(18,363)	46,518	12,212
Compensated absences	<u>33,307</u>	<u>23,875</u>	<u>(23,912)</u>	<u>33,270</u>	<u>25,226</u>
<b>Total Governmental Activities</b>	<u>\$ 447,063</u>	<u>\$ 38,615</u>	<u>\$ (57,466)</u>	<u>\$ 428,212</u>	<u>\$ 52,739</u>
<b>Business-type Activities:</b>					
Notes payable	\$ 3,139	\$ 11	\$ (332)	\$ 2,818	\$ 313
Net OPEB Obligation	378	75	-	453	-
Estimated claims	681	-	(12)	669	12
Compensated absences	<u>8,338</u>	<u>5,267</u>	<u>(6,259)</u>	<u>7,346</u>	<u>5,872</u>
<b>Total Business-type Activities</b>	<u>\$ 12,536</u>	<u>\$ 5,353</u>	<u>\$ (6,603)</u>	<u>\$ 11,286</u>	<u>\$ 6,197</u>

Resources used to finance long-term liabilities of governmental and business-type activities are as follows:

- The *lease revenue bonds* are payable by a pledge of revenues from the base rental payments payable by the County, pursuant to the Master Facility Lease Agreements between the JPFA and the County for the use of equipment and facilities acquired or constructed by the JPFA. Under California law, the County cannot make lease payments until the County has constructive use or occupancy of the property being financed. Once construction is completed, the leases act like direct financing leases with lease payments equal to debt service payments. Total debt service requirements remaining on the lease revenue bonds is \$482 million payable through July 15, 2036. For the current year, principal and interest paid by the JPFA totaled \$13.3 million and \$15.8 million, respectively.
- The *certificates of participation* are payable by a pledge of revenues from the installment payments payable by the County Flood Control District, pursuant to Installment Payment Agreements between the JPFA and the County. Total debt service requirements remaining on the certificates of participation is \$41 million payable through August 1, 2039. For the current year principal and interest paid by the JPFA totaled \$0.4 million and \$1.1 million, respectively.
- *Notes payable* to the Department of Water Resources are funded by County Service Area special revenue fund; other notes payable under business-type activities are funded separately by respective enterprise funds.
- *Other long-term obligation* is financed by the General Fund.
- *Net OPEB obligation* is financed by the Housing Authority.
- *Estimated claims* are liquidated by charges for services collected through individual internal service funds and reserves of the Housing Authority.

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- *Compensated absences* are financed by governmental funds (General Fund and individual special revenue funds) and enterprise funds (Medical Center, Housing Authority, Airports, and Coyote Point Marina) that are responsible for the charges.

Annual debt service requirements for the governmental activities as of June 30, 2013, are summarized as follows:

<u>Fiscal Year Ended June 30,</u>	<b>Governmental Activities</b>						
	<u>Lease Revenue Bonds</u>			<u>Certificates of Participation</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 13,935	\$ -	\$ 15,028	\$ 405	\$ 1,107	\$ -	\$ -
2015	13,800	-	14,348	425	1,086	-	-
2016	14,490	-	13,658	445	1,064	124	-
2017	15,235	-	12,932	470	1,041	-	-
2018	15,388	692	12,211	490	1,016	-	-
2019-2023	80,985	4,100	49,185	2,860	4,673	-	-
2024-2028	73,097	4,149	30,868	3,660	3,853	-	-
2029-2033	51,095	-	14,635	4,685	2,798	-	-
2034-2038	33,705	-	3,476	5,995	1,480	-	-
2039-2040	-	-	-	2,830	143	-	-
<b>Total requirements</b>	<b>311,730</b>	<b>8,941</b>	<b>166,341</b>	<b>\$ 22,265</b>	<b>\$ 18,261</b>	<b>\$ 124</b>	<b>\$ -</b>
Less: unaccrued interest	-	(4,628)	-				
<b>Total</b>	<b>\$ 311,730</b>	<b>\$ 4,313</b>	<b>\$ 166,341</b>				

Annual debt service requirements for the business-type activities as of June 30, 2013, are summarized as follows:

<u>Fiscal Year Ended June 30,</u>	<b>Business-type Activities</b>	
	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 313	\$ 121
2015	421	107
2016	491	91
2017	359	75
2018	376	57
2019-2023	537	113
2024-2028	218	53
2029-2033	64	7
2034-2038	-	-
2039-2043	-	-
2044-2048	-	-
2049-2053	-	-
2054-2057	39	-
<b>Total requirements</b>	<b>\$ 2,818</b>	<b>\$ 624</b>

**Legal Debt Service Limit**

The County's annual legal debt service limit shall not exceed 4% of the average annual County budget for the current and the preceding four fiscal years, and shall be for non-voter approved debt that is the obligation of the County. The County's legal debt service limit was \$72 million for the fiscal year ended June 30, 2013.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
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**NOTE 11 – NET POSITION**

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets (net of related outstanding debt), restricted, and unrestricted.

- *Investment in Capital Assets* groups all capital assets, including infrastructure, into one component of net position. 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.
- *Restricted Net Position* reflects net position that is subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.
  - Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources and includes a *legally enforceable* requirement that those resources be used only for the specific purposes stipulated in the legislation.
  - A legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor. As of June 30, 2013, restricted net position for the governmental activities was \$208 million as reported on the government-wide statement of net position, and approximately \$91 million of which was restricted by enabling legislation.
- *Unrestricted Net Position* represents net position of the County that is not restricted for any project or purpose.

**NOTE 12 – FUND BALANCES**

The County Board adopted the County Reserves Policy in April 1999. The policy was created to help reduce the negative impact on the County in times of economic uncertainty and potential losses of funding from other governmental agencies. On February 9, 2010, the County Board approved a revised policy to keep pace with the current fiscal environment. County reserves are generally restricted for one-time purposes or as part of multi-year financial plan to balance the budget. The revised policy establishes minimum requirements for General Fund departmental reserves, General Fund non-departmental reserves, service department reserves and Non-General Fund department reserves, including guidelines for the use of these funds. On January 31, 2011, the Board authorized the use of 50% of future excess ERAF proceeds for ongoing purposes. The current ERAF reserves and 50% of future proceeds can only be used for one-time purposes as described in the County Reserves Policy.

**General Fund Departmental Reserve Requirements**

General Fund departments are required to maintain reserves at a minimum of two percent (2%) of Net Appropriations. In general, departmental reserves are restricted to one-time emergencies, unanticipated mid-year losses of funding, short-term coverage of costs associated with unanticipated caseload increases, and short-term coverage of costs to avoid employee layoffs in the presence of a long-term financial plan. One-time funds will not be used to fund ongoing operations, except for a multi-year financial plan to balance expenditures and reserves.

Departments must obtain approval from the County Manager prior to using reserves that will reduce the reserve below the two percent requirement. Excess fund balance at year end must first be used to replenish the minimum reserve requirement. Departments that are unable to demonstrate progress towards achieving the two percent requirement will be subject to enhanced fiscal oversight.

Fund balance in excess of two percent minimum departmental reserves can only be allocated to the following: one-time purposes, purchase of capital assets, sinking fund for future replacement of assets, deferred maintenance, one-time departmental projects, reserve for audit disallowances, local match for grants, seed money for new departmental programs with ongoing funding sources and outcome measures, and short-term coverage of operational costs to maintain program integrity and prevent employee layoffs. Unexpended one-time funds from deferred and incomplete projects are carried over to the next fiscal year at 100% of the amount not spent.

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**General Fund Non-departmental Reserve Requirements**

General Fund non-departmental reserve requirements are classified into five categories:

1. *General Fund Reserves* – should be maintained at a minimum of five percent (5%) of total General Fund Net Appropriations for one-time purposes or as part of a multi-year financial plan to balance the County’s budget. The five percent requirement may include Excess ERAF reserves. Excess fund balance at year end should first be used to replenish “Appropriation for Contingencies” and next the minimum of the five percent requirement.
2. *Appropriation for Contingencies* – should be maintained at three percent (3%) of total General Fund Net Appropriations for one-time emergencies and economic uncertainties. Excess fund balance at year end must be first used to replenish this amount to achieve the highest possible credit rating.
3. *Reserve for Capital Improvements* – should be maintained at a minimum of \$2 million to preserve the County’s capital assets. The reserve will be appropriated annually to finance countywide capital improvements as specified in the five-year County’s Capital Improvement plan. This plan will be updated annually during the budget process.
4. *Reserve for Countywide Automation Projects* – should be maintained at a minimum of \$2 million to support automation projects that will generate long-term ongoing savings and reductions to net county cost.
5. *Reserve in Excess of Above Requirements* – can only be allocated for the following one-time or short-term purposes:
  - Capital and technology improvements;
  - Reduction of unfunded liabilities, including Retirement and Retiree Health obligations;
  - Debt retirement;
  - Productivity enhancements;
  - Cost avoidance projects;
  - Litigation;
  - Local match for grants involving multiple departments;
  - Innovation and Entrepreneurial Fund to create one-time and short term incentives for team efforts that generate ongoing savings or revenues in new and creative ways, including one-time investments in infrastructure and other areas with established parameters regarding payback periods and returns on investments;
  - Seed money for new programs involving multiple departments with future ongoing funding sources and outcome measures; and
  - Other purposes deemed to be fiscally prudent for the County as identified and recommended by the County Manager’s Office to the Board.

General Fund departmental and non-departmental reserves are reported within unassigned fund balances because they do not meet the criteria to be reported within the restricted or committed classifications.

**Service Departments and Non-General Fund Departments**

Following the end of each fiscal year, the Service Charges Committee will evaluate the fund balance generated by service departments and recommend how the balance be used.

- Internal Service Funds can maintain reserve balances for future purposes including, but not limited to, vehicle and equipment replacement costs and risk management claims.

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- Enterprise Funds and Special Revenue Funds should generate revenue sufficient, as a goal, to support the full operating costs of these funds above and beyond General Fund subsidy or contribution levels approved by the County Board.

**NOTE 13 – EMPLOYEES’ RETIREMENT PLANS**

**San Mateo County Employees’ Retirement Association**

***(a) Plan Description***

*General.* The San Mateo County Employees’ Retirement Association (SamCERA) is a cost-sharing multiple-employer, defined benefit pension plan that provides benefits for substantially all permanent employees of the County (primary employer), the Superior Courts of County of San Mateo, and the San Mateo County Mosquito and Vector Control District. SamCERA was founded in 1944 under the authority granted by Article XVI of the Constitution of the State of California and the County Employees’ Retirement Law of 1937 (the 1937 Act), and is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

Management of SamCERA is vested in the Board of Retirement consisting of nine members. SamCERA’s operation is governed by the 1937 Act and the by-laws, procedures, and policies adopted by the Board of Retirement. Pursuant to the County Employees Retirement Law of 1937, board members include the County Treasurer, two general members of SamCERA elected by their peers, four members appointed by the County Board, one member from SamCERA’s safety members, and one member from the retirees.

The Board of Retirement undertakes the administrative and fiduciary responsibility over the pension plan. As of June 30, 2013, the total number of plan participants was 10,621, of which 10,039 were County employees, 553 Court employees, and 29 Mosquito and Vector Control District employees. SamCERA issues a publicly available financial report that can be obtained by writing to the San Mateo County Employees’ Retirement Association, 100 Marine Parkway, Suite 125, Redwood Shores, California 94065.

*Benefit Provisions.* SamCERA provides service retirement, disability, and death benefits to plan members and beneficiaries based on defined benefit formulas using final average compensation, years of service, and age factors to calculate benefits payable. SamCERA has seven tiers that cover members classified as general, safety, or probation, and provides annual cost-of-living adjustments upon retirement to members of Tiers 1, 2, 4, 5, 6, and 7. The benefits of Tier 3 are reduced by a portion of Social Security benefits received by the member. The 1937 Act vests the County Board with the authority to initiate benefits, while Government Code Section 31592.2 empowers the Board of Retirement to provide certain ad hoc benefits when the Section 31592 reserve exceeds 1% of assets.

Members in Tiers 1, 2, 4, 5, and 6 with 10 years of continuous service (permanent part-time employees need equivalent of 5 years of full-time service and 10 years of membership) may retire at age 50. Members in Tier 3 with 10 years of continuous service may retire at age 55. Members in Tier 7 with 5 years of service may retire at age 52.

General members in Tiers 1, 2, 4, 5, and 6 may retire at any age after 30 years of service. Safety members and Probation members may retire at any age after 20 years of service. A member who leaves county service may withdraw his or her contributions, plus any accumulated interest. Members with five years of service, permanent part-time employees with five years of full-time service, or non-contributory members (Tier 3) with 10 years of service, may elect a deferred retirement when terminating their employment with the County.

***(b) Summary of Significant Accounting Policies***

*Basis of Accounting.* SamCERA follows the accounting principles and reporting guidelines as set forth by GASB. Its financial statements are prepared using the accrual basis of accounting. Investment income is recognized when it is earned, and expenses are recognized when they are incurred. Contributions are recognized when they are due, and benefits and refunds are recognized when payable under the terms of each tier. SamCERA is an independent public

**COUNTY OF SAN MATEO**  
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employee retirement system with its own governing board. SamCERA's financial statements are reported in the County's financial report as a pension trust fund. SamCERA's management is responsible for maintaining appropriate controls and preparing the SamCERA's financial reports.

*Cash.* Cash is pooled with other funds of the county or custodians, when appropriate, so as to earn a higher rate of return than could be earned by investing the funds individually. All highly liquid investments with maturities of three months or less when purchased, in addition to the pooled cash with the County and custodians, are considered cash equivalents.

*Investments.* The Board of Retirement has exclusive control of SamCERA's investments. The 1937 Act authorizes the Board of Retirement to invest, or delegate the authority to invest, the assets of SamCERA in any investment allowed by statutes and deemed prudent in the informed opinion of the Board of Retirement. SamCERA records investment transactions on the trade date. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. An independent appraisal is obtained once every quarter to determine the fair market value of the real estate assets.

Interest income is recognized as it accrues. Dividend income is recognized when the dividends are declared. Realized and unrealized gains (or losses) on investments are combined and reported together as the net appreciation (or depreciation) in the fair value of investments.

*Security Lending Activity.* Security lending transactions are short-term collateralized loans of SamCERA securities for the purpose of generating additional investment income. For each lending transaction, SamCERA receives either cash collateral or non-cash collateral. The underlying securities out on loan are reported on SamCERA's statements of plan net position as if the lending transaction had not occurred.

In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transaction*, cash collateral held (or any security that can be sold or pledged without a default by the borrower) is separately reported on the statements of fiduciary net position among the current assets. A corresponding liability of an equal amount, which represents the obligation to return the cash collateral, is reported as a liability. Non-cash collateral held and the corresponding liability are not reported on the statement of fiduciary net position.

*Foreign Currency Transactions.* Gains and losses resulting from foreign currency transactions are recorded as a component of investment income. Gains and losses from translation of international investments at fiscal year-end rates of exchange are included in investment income. Forward currency contracts are used by investment managers to control currency exposure and facilitate the settlement of international security purchase and sale transactions. These contracts are agreements to exchange different currencies at specified rates and settlement dates. Differences between the contract and market exchange rates at settlement result in gains and losses, which are included in net investment income. Risks may arise from the possible inability of counterparties to meet the terms of their contracts and from movements in exchange and interest rates.

**(c) Funding Policy**

The 1937 Act established the basic obligations for employers and members to make contributions to the pension trust fund. The employer and member contribution rates are based on recommendations made by an independent actuary and adopted by the Board of Retirement. The participating employers are required by statutes to contribute the amounts necessary to fund the estimated benefits accruing to SamCERA members not otherwise funded by member contributions or expected investment earnings. Employer contribution rates for each tier are determined pursuant to Government Code Section 31453 of the 1937 Act. Contribution rates are actuarially determined using the entry age normal method and consist of an amount for normal cost, the estimated amount necessary to finance benefits earned by members during the year, and an amount required to amortize the unfunded actuarial accrued liability (UAAL).

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***(d) Annual Pension Cost***

For the fiscal year ended June 30, 2013, the County's annual pension cost approximated to the annual required contributions of \$144 million determined by the actuarial valuation as of June 30, 2012, using the entry age normal actuarial cost method. The actuarial assumptions included 7.50% annual investment rate of return, 3.25% annual inflation rate, 3.75% annual payroll increases, and 4.95% average annual projected salary increases attributed to inflation of 3.75% and adjustments for merit and longevity of 1.20%.

Beginning with the June 30, 2008 actuarial valuation, SamCERA converted to closed 15-year layered amortization methodology. Under this method, the original UAAL is amortized over 15 years as of the valuation date. Future actuarial gains and losses are amortized over the new 15-year periods. The weighted average employer contribution rate was 37.47% of the covered payroll, and the weighted average member contribution rate was 10.55%. The UAAL is being amortized as a level percentage of projected payroll over the new 15-year periods. The table below presents three-year trend information for the employer contribution:

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/2011	\$150,475	100%
6/30/2012	150,950	100%
6/30/2013	144,308	100%

***(e) Funded Status and Funding Progress***

The plan was 73.3% funded as of June 30, 2013, the most recent actuarial valuation date. The actuarial value of assets was \$2.62 billion, the actuarial accrued liability for benefits \$3.57 billion, and the UAAL \$0.95 billion. The actuarial assets were valued using a "five-year smoothed market with 20% corridor" method. The annual covered payroll (annual payroll of active employees covered by the plan) was \$0.41 billion. The ratio of the UAAL to the annual covered payroll was 234.47%. The schedule of funding progress, presented 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 over time relative to the actuarial accrued liability for benefits.

**Housing Authority of the County of San Mateo**

The Housing Authority, a blended component unit and a major enterprise fund of the County, has its own employees and participates in a defined contribution retirement plan administered by The Variable Annuity Life Insurance Company. Employees with more than six months of service can participate in the plan. This plan provides an individual account for each participant. The amount a participant will receive depends solely on the amount contributed to the participant's account plus earnings from investments of those contributions.

The Housing Authority is required to deposit an amount as set forth in the plan to employee accounts. Employer contributions are vested 20% for each year of service of the individual employee until the employee becomes fully vested after five years. Under this plan, management employees do not need to make contributions. The Housing Authority contributes 14% of the gross salary monthly for management. The plan had 44 active participants as of June 30, 2013. During the fiscal year ended June 30, 2013, the Housing Authority contributed \$347 to its retirement plan. Monthly contributions made by the Housing Authority and its non-management employees are as follows:

Years of Service	Percentage of Gross Salaries	
	Employees	Housing Authority
Over 6 months	4.5%	9.5%
Over 5 years	3.5%	10.5%
Over 10 years	2.5%	11.5%
Over 15 years	2.0%	12.0%

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**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS**

**County of San Mateo**

**Plan Description.** The County administers a postemployment benefit (OPEB) sick leave conversion Retiree Health Plan (a single-employer defined benefit plan). This plan provides healthcare benefits to members who retire from the County and are eligible to receive a pension from SamCERA. Eligible retirees may elect to continue healthcare coverage in the County health plan and convert their sick leave balance at retirement to a County-paid monthly benefit that will partially fund their retiree health premiums.

The duration and amount of the County-paid benefits varies based on the amount of sick leave at retirement, the date of hire, the date of retirement, and the bargaining group to which the retiree belongs. After the County-paid benefits expire, the retirees may continue coverage in the County health plans at their own expense. Benefit provisions are established and may be amended through negotiations between the County and the bargaining units during each bargaining period. The plan does not cover employees of the Housing Authority nor issues a separate financial report.

The County contracts with Kaiser and Blue Shield Health Plans to provide health coverage to its active members and pre-Medicare retirees (under age 65 and not covered by Medicare). The insurers charge the same premium for actives and retirees without Medicare; therefore, an implicit County subsidy of retiree premium exists. The implicit subsidy is determined by the difference between the true costs of the benefits and the actual premiums paid. Retiree health premiums would be significantly higher if premiums were determined without regard to active claims experience because health claim costs generally increase with age. GASB Statement No. 45 requires that the value of the implicit subsidy be recognized as a liability in valuations of OPEB costs.

The County contracts with Kaiser, Secure Horizons, and Blue Shield to provide supplemental health coverage for retirees enrolled in Medicare. Medical premiums for retirees enrolled in Medicare are not based on blended active experience; therefore, implicit subsidy does not exist in premiums for retirees enrolled in Medicare and receiving supplemental health coverage.

The County prefunds its OPEB obligations through the California Employers' Retiree Benefits Trust (CERBT), an irrevocable trust fund that allows public employers to prefund the future cost of their retiree health insurance benefits and other postemployment benefits for their covered employees or retirees. The CERBT's administrator, the California Public Employees' Retirement System (CalPERS), issues a publicly available financial report consisting of financial statements and required supplementary information for CERBT in aggregate. The report may be obtained by writing to CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811.

**Funding Policy.** The current funding policy of the County is to contribute the annual required contribution each year. Contribution requirements or amendments for members and the County are established through negotiations with individual bargaining units. For the fiscal year ended June 30, 2013, the County contributed \$20.9 million, or 100% of the annual required contribution to the Retiree Health Plan.

**Annual OPEB Cost and Net OPEB Asset.** The County's annual OPEB cost consists of: (1) the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, (2) one year's interest on the beginning balance of the net OPEB asset, and (3) an 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 a closed 30-year period from July 1, 2005. The remaining amortization period as of June 30, 2013, is 22 years.

The County currently has a net OPEB asset as a result of the contribution in FY 2007-08. If the County does not set aside funds equal to the ARC (less current year benefit payments made directly by the County) each year, then the ARC (less benefit payments) will offset the net OPEB asset that has accumulated on the County's statement of net position. Similarly, if the County sets aside funds greater than the ARC each year, it will increase the net OPEB asset on the County's statement of net position.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
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The information presented in this section is based on the valuation as of June 30, 2013. The following table shows the components of the County's annual OPEB cost for the year, the amount contributed to the plan, and changes in the County's net OPEB asset:

Annual required contribution	\$ 20,905
Interest on prior year net OPEB asset	(8,825)
Adjustment to annual required contribution	<u>7,867</u>
Annual OPEB cost	19,947
Contribution made	<u>(20,905)</u>
Increase in net OPEB asset	(958)
Net OPEB asset - beginning of year	<u>(125,003)</u>
Net OPEB asset - end of year	<u><u>\$ (125,961)</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the current and prior two years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2011	\$ 15,722	110.7%	\$ (123,846)
6/30/2012	18,282	106.3%	(125,003)
6/30/2013	19,947	104.8%	(125,961)

The table below shows how the total net OPEB asset as of June 30, 2013, is distributed. SamCERA's and First 5's employees are County employees and thereby eligible for postemployment health benefits.

	Net OPEB Obligation (Asset)
Governmental Activities	\$ (101,405)
Business-type Activities	(23,934)
SamCERA	(457)
First 5 San Mateo County	<u>(165)</u>
	<u><u>\$ (125,961)</u></u>

**Funded Status and Funding Progress.** The unfunded actuarial accrued liability is being amortized as a level of percentage of expected payroll on a closed basis over 30 years, beginning July 1, 2005. The table below indicates the funded status of the Retiree Health Plan as of June 30, 2013, the most recent actuarial valuation date.

Actuarial accrued liability (AAL)	\$ 319,359
Actuarial value of plan assets	<u>192,789</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 126,570</u></u>
Funded ratio (actuarial value of plan assets/AAL)	60.4%
Annual covered payroll (active plan members)	\$ 452,750
UAAL as a percentage of annual covered payroll	28.0%

**Actuarial Methods and Assumptions.** Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented 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 over time relative to the actuarial accrued liabilities for benefits.

**COUNTY OF SAN MATEO**  
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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The Entry Age Normal Cost Method was used for the June 30, 2013 valuation. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percent of expected salary for each year of employment between entry age (age at hire) and assumed exit (maximum retirement age).

An excise tax for high cost health coverage, or “Cadillac” health plans was included in the Patient Protection and Affordable Care Act (ACA) passed into law in March 2010. The provision levies 40% tax on the value of health plan costs that exceed certain thresholds for single coverage or family coverage. If, between 2010 and 2018, the cost of health care insurance rises more than 55%, the threshold for the excise tax will be adjusted.

GASB Statement No. 45 indicates that the projection of benefits should include all benefits to be provided to retirees in accordance with the current “substantive” plan at the time of valuation. Presumably, the County will assume all of the increased costs for the excise tax. For this reason, the actuary has not included the value of the excise tax in the June 30, 2013 valuation. The valuation also assumes that there will be no changes to the current law and that there will be no changes in plan design to help mitigate the impact of the tax.

Actuarial assumptions for the June 30, 2013 valuation included an annual investment rate of return of 6.81%, price inflation of 2.75%, dental cost trend of 5%, vision cost trend of 5%, and projected payroll increases of 3%. The health cost trend has been adjusted to reflect the costs expected to emerge as the result of ACA. The actuarial assumption for health cost trend is 8.3% for year 2013-14, 6.3% for 2014-15, 5.9% for 2015-16, and gradually reduced to reach an ultimate rate of 4.6% after year 2070-71. Future increases in retiree sick leave conversion benefits vary among various bargaining groups under the County’s latest bargaining agreements. Demographic assumptions regarding retirement, disability, and turnover are based on statistics from the June 30, 2013 pension valuation for SamCERA.

**Housing Authority of the County of San Mateo**

**Plan Description.** The Housing Authority maintains a separate OPEB sick leave conversion retiree health plan (a single-employer defined benefit plan). This plan provides healthcare benefits to members who directly retire from the Housing Authority on or after age 55 with 5 years of service. Retirees receive health coverage based on the unused sick leave at retirement. The Housing Authority joined the Teamsters Healthcare Fund in March 2006 to provide health coverage for its employees and retirees. This fund adjusts premium rates in October of each year.

**Funding Policy.** Contribution requirements for the members and the Housing Authority are established through a Memorandum of Understanding between the Housing Authority and its employees. For each eight hours of unused sick leave, the Housing Authority will contribute \$0.165 towards the monthly health premiums for non-management retirees and their eligible dependents until the unused sick leave is fully depleted. The contribution increases to \$0.197 monthly if 45% or more of the sick leave earned over the employee’s employment remains unused at retirement. The retiree may choose to convert more sick leave hours each month for higher payments. For each eight hours of unused sick leave, the Housing Authority will pay for the entire cost of monthly health premiums for management retirees and their eligible dependents until the unused sick leave is fully exhausted.

**Annual OPEB Cost and Net OPEB Obligation.** The Housing Authority uses the Entry Age Normal cost method to determine its OPEB obligations. Under this method, the actuarial present value of projected benefits of each individual included in the valuation is allocated as a level of percentage of expected salary for each year of employment between entry age and assumed exit. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date is called the unfunded actuarial accrued liability (UAAL). In determining the annual required contribution, the UAAL is amortized as a level dollar over an “open” 30 years.

**COUNTY OF SAN MATEO**  
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**For the Fiscal Year Ended June 30, 2013**  
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The table below summarizes the position of the Housing Authority's OPEB plan for the fiscal year ended June 30, 2013.

Annual required contribution	\$ 96
Interest on prior year net OPEB obligation	14
Adjustment to annual required contribution	(20)
Annual OPEB cost	90
Contribution made	(15)
Increase in net OPEB obligation	75
Net OPEB obligation - beginning of year	378
Net OPEB obligation - end of year	\$ 453

The Housing Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and prior three years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011 *	\$ 90	14.6%	\$ 293
6/30/2012	99	14.1%	378
6/30/2013	90	16.7%	453

\* The Housing Authority changed its OPEB valuation method from the Projected Unit Benefit Cost Method to the Entry Age Normal Cost Method.

**Funded Status and Funding Progress.** The unfunded actuarial accrued liability is amortized as a level dollar over an "open" 30 years. The table below indicates the funded status as of July 1, 2013, the most recent actuarial valuation date.

Actuarial accrued liability (AAL)	\$ 1,584
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 1,584
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Annual covered payroll (active plan members)	\$ 3,328
UAAL as a percentage of annual covered payroll	47.6%

**Actuarial Methods and Assumptions.** The Entry Age Aost method was used for the valuation at July 1, 2013. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees. The actuarial assumptions included a 3.75% return on investment and the medical inflation rate of 7% for FY 2012-13 (6.75% for FY2013-14 and 6.50% for FY 2014-15) with an underlying general inflation rate at 2.75%.

The demographic assumptions (including termination, retirement, and mortality), the sick leave accrual rate, and the sick leave usage rate are updated in each new valuation to determine the actuarial present value of projected benefits. The schedule of funding progress, presented 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 over time relative to the actuarial accrued liabilities for benefits.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

**NOTE 15 – RISK MANAGEMENT**

**County.** 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 disaster. For most insurable risks, the County, except for the Housing Authority, is self-insured except for excess insurance coverage provided by commercial insurance companies that are limited to the following:

- Real and personal property in excess of \$100 per incident, but limited to a maximum of \$500,000.
- Earthquake in excess of \$250 or 5% of the replacement value, whichever is more per incident, but limited to a maximum of \$25,000 in aggregate.
- Flood damage in excess of 5% of the replacement value per location, but limited to a maximum of \$25,000 in aggregate.
- General liability in excess of \$1,000 per incident, but limited to a maximum of \$55,000.
- Workers’ compensation in excess of \$1,000 per incident including statutorily required limits.
- Auto liability in excess of \$1,000 per incident, but limited to a maximum of \$55,000.
- Malpractice in excess of \$500 per incident, but limited to a maximum of \$25,000 per claim and aggregate.

The County currently reports its risk management activities in the internal service funds, which include Workers’ Compensation Insurance, Long-term Disability, and Personal Injury and Property Damage Funds. All of the County funds participate in the County self-insured programs and make payments to the corresponding internal service fund based on estimated costs to pay for prior and current years’ claims.

The estimated claims liability of \$46,518, as reported in the internal service funds at June 30, 2013, is based on requirements of GASB Statements No. 10 and 30. Under these statements, the County is required to report a liability for claims if, prior to issuance of the financial statements, information indicates that the liability is probable and the amount of loss can be reasonably estimated. About \$43,142 of the \$46,518 reported was actuarially determined at a discount rate of 2%. The actuarially determined liability (which covers workers’ compensation losses, general liability, and automobile liability) includes allocated loss adjustment expenses, case reserves, development of known claims, and incurred but not reported claims.

Settled claims have not exceeded the commercial coverage in any of the past three fiscal years and there has not been a significant reduction in coverage in FY 2012-13. As of June 30, 2013, the Long-term Disability fund recognized a negative increment of \$3,944 in estimated claims liability. As a result, this fund reported a negative expense of \$3,229 in benefits and claims. Changes to the claims liability for FY2011-12 and FY2012-13 are as follows:

Liability at June 30, 2011	\$ 50,837
Current year claims and changes in estimates	16,573
Payments on claims	<u>(16,904)</u>
Liability at June 30, 2012	50,506
Current year claims and changes in estimates	14,375
Payments on claims	<u>(18,363)</u>
Liability at June 30, 2013	<u>\$ 46,518</u>

**Housing Authority.** The Housing Authority is exposed to all common perils associated with the ownership and rental of real estate properties. Management has established a risk management program to minimize loss occurrence and to transfer risk through various levels of insurance.

The Housing Authority is a member of Housing Authority Insurance Group (HAIG). Through HAIG, the Housing Authority maintains liability coverage for Commercial and Auto claims up to \$10 million and for public officials and

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
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employment practice up to \$1 million (defense only). All other common perils such as business, auto, and flood (where applicable) are insured through commercial insurance carriers. For fiscal year ended June 30, 2013, the Housing Authority paid \$121 towards premium and received surplus distribution of \$17 from HAIG.

**NOTE 16 – COMMITMENTS AND CONTINGENCIES**

**Grants**

Grant monies, which represent reimbursement for costs incurred in certain federal and State programs administered by the County, are recognized as revenues when received. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures that may be disallowed by the grantor cannot be determined at this time. The County expects such amounts, if any, to be immaterial.

**Encumbrances**

The County uses “encumbrances” to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve portion of applicable appropriations. Encumbrances still open at year end are not accounted for as expenditures and liabilities but, rather, as assigned fund balance. As of June 30, 2013, the County’s General Fund had a total of \$2.5 million in encumbrances, which were reported as assigned fund balance on the government fund balance sheet.

**Medical Center Third-Party Reimbursement Agreement**

The Medical Center provides services to patients covered by various reimbursement programs. The principal programs include the State of California Medi-Cal program, Health Plan of San Mateo (HPSM) managed care, and Medicare.

*California’s Medi-Cal Waiver.* In 2006, the State implemented a payment program, entitled “Medi-Cal Hospital/Uninsured Demonstration Project” (Demonstration), to pay selected hospitals, including the Medical Center, for hospital care provided to Medi-Cal and uninsured patients. The Demonstration was negotiated between the State of California’s Department of Health Care Services (DHCS) and the federal Centers for Medicare and Medicaid Services (CMS), which covered the period from July 1, 2005 to August 31, 2010.

CMS granted DHCS a 60-day extension to extend the Demonstration waiver until October 31, 2010. Beginning November 1, 2010, California was granted a renewal of the section 1115 Medicaid Demonstration, which is now titled “California’s Bridge to Reform” (Bridge to Reform). The Bridge to Reform waiver covers the period from November 1, 2010 through October 31, 2015. The renewal extends the prior “Medi-Cal Hospital/Uninsured Care Waiver”.

Under the Demonstration, payments for public hospitals were comprised of: (1) fee-for-service (FFS) cost-based reimbursement for inpatient hospital services (exclusive of physician component); (2) Medicare Disproportionate Share Hospital (DSH) payments; (3) distribution from a newly created pool of federal funding for uninsured care known as the Safety Net Care Pool (SNCP); (4) unreimbursed cost of physician and non-physician practitioner cost; and (5) cost applicable to the Coverage Initiative. The nonfederal share of these five types is provided by the public hospitals, primarily through certified public expenditures (CPE) whereby the hospital expends its local funding for services to draw down the federal financial participation (FFP). The match was initially at 50% from July 1, 2009, through September 30, 2009. Starting October 1, 2009 through June 30, 2010, there was a temporary enhancement of the FFP rate of 11.59% for a total of 61.59% which reverted back to 50% as of July 1, 2010, and forward. For the inpatient hospital cost-based reimbursement, each hospital provides its own CPE and receives the resulting federal match. For the DSH and SNCP distributions, the CPEs of all the public hospitals are used in the aggregate to draw down the federal match.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

Under the Bridge to Reform, payments for the public hospitals are essentially comprised of: (1) to (4) discussed above, (5) Low Income Health Expansion, which includes the Medicaid Expansion Coverage and Health Care Coverage Initiative previously called Coverage Initiative, and (6) Delivery System Reform Incentive Pool program, which is a subset of the SNCP. The nonfederal share of these payments is provided by the public hospitals, primarily through CPE whereby the hospital expends its local funding for services to draw down the FFP. For the inpatient hospital cost-based reimbursement, each hospital provides its own CPE and receives the resulting federal match. For the DSH and SNCP distributions, the CPEs of all the public hospitals are used in the aggregate to draw down the federal match.

The Demonstration waiver prioritizes payments so that, to the extent possible, total payments to hospitals are at a minimum baseline reimbursement level. For public hospitals, the baseline level is determined and satisfied on a hospital-specific basis. The Bridge to Reform waiver does not utilize a minimum baseline approach; alternatively, reimbursement is based on a mix of allocable CPE at the hospital specific level, at a total public hospital CPE level, and intergovernmental transfers (IGTs).

All CPEs reported by the Medical Center will be subject to State and Federal audit and final reconciliation. If at the end of the final reconciliation process it is determined that the Medical Center's claimed CPEs resulted in an overpayment by the State, the Medical Center may be required to return the overpayment whether or not they received the federal matching funds.

Payments to private and non-designated public DSH hospitals that exceed the aggregate baseline are considered stabilization funds and are included in the allocation of stabilization among all waiver hospitals based on State law. Stabilization is distributed to the designated public hospitals from the SNCP. The non-federal share of these funds is based on CPEs for services and as such is subject to interim and final cost settlement.

**Health Plan of San Mateo.** HPSM, a managed care plan under contract by the State, reimburses the Medical Center directly for services provided to Medi-Cal patients. The Medical Center receives a fixed monthly premium payment for each patient enrolled. Further, effective January 1, 2006, HPSM contracted with the Federal government to provide services to Medicare HMO patients, a program called Care Advantage. The Medical Center contracted with HPSM for this program to be reimbursed the same amount as Traditional Medicare reimburses the Medical Center. The Medical Center received a total of \$16.7 million in fiscal year 2013 from HPSM, which includes \$14.0 million in a managed care IGT, \$2.4 million in capitation revenue, and \$0.3 million for pay-for-performance revenue all of which is reported as a component of Other Program revenues – Medi-Cal managed care on the Statement of Revenues, Expenses and Changes in Net Position.

**Medicare.** Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Medical Center is reimbursed for Graduate Medical Education and Disproportionate Share Hospital amounts at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audit thereof by the Medicare fiscal intermediary. At June 30, 2013, the last Medical Center Medicare cost report audited by the fiscal intermediary was for June 30, 2002. Medicare revenue is presented as part of net patient service revenue on the Statement of Revenues, Expenses and Changes in Net Position.

#### **Medical Center Net Patient Service Revenue**

The Medical Center provides healthcare services primarily to County residents. Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payers, and others for services rendered; including a provision for doubtful accounts and estimated retroactive adjustment agreements with federal and state government programs and other third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlement are determined. Net patient service revenue is presented as part of the "Net charges for services" on the Statement of Revenues of Revenues, Expenses and Changes in Net Position for the Proprietary Funds.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

**Charity Care**

The Medical Center provides treatment to all patients regardless of their ability to pay. Throughout the admission, billing and collection processes, certain patients are identified by the Medical Center as qualifying for the charity-discounted-health program. Once a patient is determined to be eligible for the Medical Center program, the patient's account is classified as charity-discounted care. Costs are the basis for valuing charity care. The cost of charity care provided was approximately \$186.1 million for the year ended June 30, 2013. The total cost estimate is based on a ratio of cost to charge basis, where costs are allocated as a percentage of payer mix. The net cost of charity-discount care is determined by the total charity care cost less payer revenue, patient-related revenue due to sliding-scale payments, and other patient-specific sources, was \$76.7 million for the year ended June 30, 2013.

Certain claims, suits and complaints arising in the ordinary course of business have been filed or are pending against the County related to the Medical Center. In the opinion of County management, such claims if disposed of unfavorably, would not have a material adverse effect on the financial position or changes in financial position of the Medical Center and are considered in the loss reserves and actuarial valuations of the County's self-insurance program.

**Burlingame Long Term Care Facility**

The Medical Center entered into an agreement with Brius, LLC on June 19, 2012 with the intent to transfer management of the BLTC facility. In case Brius LLC fails to operate the BLTC facility in a manner consistent with quality and other operational metrics, management of the day-to-day operations will revert back to the Medical Center.

**Housing Authority of the County of San Mateo**

The Housing Authority is a party, among other responsible parties, to a claim by the California Department of Toxic Substances Control (DTSC), for clean-up costs for the Midway Village and Bayshore Park in Daly City, California. Other parties named included City of Daly City, California and Pacific Gas and Electric Company (collectively referred to as the Parties including the Housing Authority and DTSC).

In November 2008, the Parties entered into a Release and Settlement Agreement (the Agreement) under which the Parties agreed that the payments made pursuant to the Agreement represent a good faith compromise of disputed claims and that the compromise represents a fair, reasonable, and equitable discharge of the claim in the Agreement. Pursuant to the Agreement, on or before 15 years from the effective date (November 2008) of the Agreement, the Authority and the City of Daly City, California shall jointly and severally pay DTSC's Response Costs in an amount of \$1 million, except that the Response Costs shall be reduced based on the time period of payments (as defined in the Agreement).

In addition to the Response Costs, the Housing Authority and Daly City shall jointly and severally pay to DTSC a "carrying charge" of \$24 per year until the Response Cost payment is fully paid. At June 30, 2013, the Housing Authority accrued \$0.7 million to address the contingent liability discussed earlier. This amount is presented as current and non-current estimated claims in the Statement of Position.

**Genentech Tax Settlement**

In April 2011, the County settled property tax claims brought by Genentech that the company paid excess taxes for the years 1990 through 1999. The original dispute arose when Genentech challenged the methodology used to determine the taxable value of its land, buildings, fixtures, and equipment. The settlement resolved all claims spanning 10 years and brought to an end years of litigation. The County agreed to credit Genentech with \$26.5 million in property taxes plus interest over six years. During the year, the County paid \$6.4 million, and the remaining balance of \$13.4 million will be paid as follows: \$3.5 million for FY 2013-14, \$3.4 million for FY 2014-15, \$3.3 million for FY 2015-16, and \$3.2 million for FY 2016-17, respectively.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
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Property tax paid in San Mateo County is distributed to schools, cities and redevelopment agencies, the County, and special districts such as for flood control and mosquito abatement. Refunds of property tax overpayments are collected from these entities as determined by the County's Property Tax Division. Total tax refund due from the County to Genentech is approximately \$1.9 million as of June 30, 2013, and is recorded as other long-term obligation in the statement of net position.

**Pending Litigation**

The County is a defendant in several lawsuits arising in the normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the County, the loss has been accrued in the accompanying financial statements. Litigation where loss to the County is reasonably possible has not been accrued. County management and Counsel estimate that such loss was about \$0.9 million as of June 30, 2013.

**NOTE 17 – SPECIAL ITEM**

On June 19, 2012, the Medical Center entered into a management agreement with Brius, LLC to manage the Burlingame Long Term Care (BLTC) facility from July 15, 2012 through September 30, 2015. During this period, Brius, LLC assumes all operating profits and losses, but operates under the Medical Center license. After the term of this agreement expires, the intent is for Brius, LLC to take over operation of the BLTC facility under its own license. As a result of the disposal of operation, the Medical Center recognized a direct cost of \$2.8 million mainly caused by salaries and benefits incurred and capital assets transferred to Brius, LLC during the period of such disposal. The cost was reported as a special item on the statement of revenues, expenses, and changes in fund net position.

**NOTE 18 – SUBSEQUENT EVENT**

In August of 2013, the County issued 2003 Lease Revenue Bonds totaling \$40 million (the "2013 Bonds"). Together with other available moneys, the 2013 Bonds is intended (1) to refund outstanding 1997, 1999, and 2001 lease revenues bonds, (2) to provide funds totaling \$4 million for the replacement of the Skylonda Fire Station (Station #58), and (3) to pay for the cost of issuance of the 2013 Bonds. The replacement of the fire station will be a 6,000 square feet, pre-fabricated steel structure with modified interior and tenant improvements to house two paid engine companies. The station will serve the communities of Skylonda, Kings Mountain, La Honda, Upper Woodside, Alpine Road, Middleton Tract and Skyline Boulevard.

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
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**(In Thousands)**

**1. INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH**

The County’s infrastructure assets are recorded at historical cost in the government-wide financial statements as required by the Governmental Accounting Standards Board (GASB) Statement No. 34. The maintained road subsystem of the road network, with a total value of \$82.6 million at June 30, 2013, is reported under the modified approach and is not subject to depreciation under GASB Statement No. 34.

The County manages its maintained pavement subsystem of the road network using the Metropolitan Transportation Commission’s Pavement Management Program (Program). This Program establishes a Pavement Condition Index (PCI) on a scale from zero to one hundred (0 – 100) for each road segment. The pavement of roads with a PCI of 40 or higher is considered in a “Fair” or better condition, and roads with a PCI of 55 or higher in a “Good” or better condition. The County requires that at least 75 percent of the primary maintained road subsystem (roads with structural sections) be maintained at a PCI of 55 or higher, and at least 65 percent of the secondary maintained pavement subsystem (roads without structural sections) at a PCI of 40 or higher.

A complete condition assessment is determined triennially. The latest complete condition assessment was completed in FY 2012-13. According to the assessment report, the County’s maintained pavement subsystem was rated at a PCI of 74 on a weighted by area average for the primary roads and 58 for the secondary roads. The condition of the primary road subsystems deteriorated slightly and the secondary subsystems improved slightly when compared to that of FY 2009-10.

PCI Condition Rating	2013		2010		2007	
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
<b>Primary:</b>						
Good to excellent (55-100)	139.19	89.3%	138.22	88.8%	137.62	87.7%
Substandard to fair (0-54)	16.73	10.7%	17.35	11.2%	19.22	12.3%
Total	<u>155.92</u>	<u>100.0%</u>	<u>155.57</u>	<u>100.0%</u>	<u>156.84</u>	<u>100.0%</u>
<b>Secondary:</b>						
Fair to excellent (40-100)	128.16	80.3%	117.05	73.2%	118.16	75.0%
Substandard (0-39)	31.36	19.7%	42.77	26.8%	39.41	25.0%
Total	<u>159.52</u>	<u>100.0%</u>	<u>159.82</u>	<u>100.0%</u>	<u>157.57</u>	<u>100.0%</u>

For the fiscal year ended June 30, 2013, the actual maintenance and preservation cost exceeded the estimated costs by \$379. The variance was mainly due to additional funding from Proposition 1B for the maintenance and improvement of local transportation facilities.

Fiscal Year Ended June 30,	Maintenance and Perservation Cost		
	Estimated	Actual	Variance
2009	\$ 4,320	\$ 4,509	\$ (189)
2010	3,900	3,850	50
2011	3,425	3,931	(506)
2012	5,943	5,736	207
2013	5,731	6,110	(379)

**2. SCHEDULE OF FUNDING PROGRESS - PENSION**

The schedule of funding progress presents a consolidated snapshot of SamCERA’s ability to meet current and future liabilities with plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan’s level of assets to liabilities, an important indicator to determine the financial health of the pension plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited) – (continued)**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

SamCERA issues a publicly available financial report that can be obtained by writing to the San Mateo County Employees' Retirement Association, 100 Marine Parkway, Suite 125, Redwood Shores, California 94065. The actuarial value of assets as a percentage of the actuarial accrued liability (the funded ratio) and the unfunded actuarial accrued liability as a percentage of the annual covered payroll are obtained from SamCERA's audited financial reports. The table below presents three-year historical information about the funding status of the County's pension plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
6/30/2011	\$ 2,405,140	\$ 3,246,727	\$ 841,587	74.1%	\$ 424,061	198.46%
6/30/2012	2,480,271	3,442,553	962,282	72.0%	419,779	229.24%
6/30/2013	2,618,639	3,572,750	954,111	73.3%	406,921	234.47%

**3. SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS**

The table below presents historical information about the funding status of the County's OPEB plan with the California Employers' Retiree Benefits Trust (CERBT). CalPERS, the administrator of the CERBT, issues a publicly available financial report consisting of financial statements and required supplementary information for CERBT in aggregate. The report may be obtained by writing to CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
1/1/2011	\$ 153,171	\$ 243,149	\$ 89,978	63.0%	\$ 451,307	19.9%
6/30/2011	167,852	267,927	100,075	62.6%	465,111	21.5%
6/30/2013	192,789	319,359	126,570	60.4%	452,750	28.0%

The table below presents historical information about the funding status of the Housing Authority's OPEB plan. The Housing Authority issues a publicly available financial report that can be obtained by writing to Housing Authority of the County of San Mateo at 264 Harbor Boulevard, Building A, Belmont, California 94002.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
7/1/2011	\$ -	\$ 1,158	\$ 1,158	0.0%	\$ 2,997	38.6%
7/1/2012	-	1,159	1,159	0.0%	3,184	36.4%
7/1/2013	-	1,584	1,584	0.0%	3,328	47.6%



**Required Supplementary Information**  
**(Unaudited)**



General Fund

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 289,929	\$ 289,751	\$ (178)	\$ 196,958	\$ (92,793)
<b>Resources (inflows):</b>					
Taxes	352,157	352,157	-	411,122	58,965
Licenses, permits and franchises	5,816	5,816	-	6,240	424
Fines, forfeitures and penalties	8,736	8,914	178	8,808	(106)
Use of money and property	7,186	7,186	-	5,740	(1,446)
Intergovernmental revenues	414,809	420,666	5,857	412,650	(8,016)
Charges for services	107,754	108,293	539	92,643	(15,650)
Interfund revenue	65,432	66,182	750	60,245	(5,937)
Miscellaneous revenue	21,824	21,958	134	21,502	(456)
Other financing sources	172	967	795	816	(151)
Amounts available for appropriation	983,886	992,139	8,253	1,019,766	27,627
<b>Charges to appropriations (outflows):</b>					
<b><u>General Government</u></b>					
<b>Board of Supervisors - Special Projects</b>					
Services and supplies	26	26	-	30	(4)
Total Board of Supervisors - Special Projects	26	26	-	30	(4)
<b>Board of Supervisors - District 1</b>					
Salaries and benefits	651	651	-	633	18
Services and supplies	69	69	-	41	28
Other charges	40	40	-	35	5
Total Board of Supervisors - District 1	760	760	-	709	51
<b>Board of Supervisors - District 2</b>					
Salaries and benefits	651	651	-	623	28
Services and supplies	70	70	-	39	31
Other charges	40	40	-	38	2
Total Board of Supervisors - District 2	761	761	-	700	61
<b>Board of Supervisors - District 3</b>					
Salaries and benefits	651	651	-	445	206
Services and supplies	70	70	-	38	32
Other charges	40	40	-	37	3
Total Board of Supervisors - District 3	761	761	-	520	241
<b>Board of Supervisors - District 4</b>					
Salaries and benefits	651	651	-	467	184
Services and supplies	70	70	-	55	15
Other charges	40	40	-	40	-
Total Board of Supervisors - District 4	761	761	-	562	199
<b>Board of Supervisors - District 5</b>					
Salaries and benefits	651	651	-	521	130
Services and supplies	70	70	-	31	39
Other charges	40	40	-	27	13
Other financing uses	-	-	-	11	(11)
Total Board of Supervisors - District 5	761	761	-	590	171

(continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>County Manager/Clerk of the Board</b>					
Salaries and benefits	4,353	4,353	-	4,155	198
Services and supplies	4,444	4,444	-	2,022	2,422
Other charges	744	744	-	615	129
Fixed assets	15	15	-	-	15
Other financing uses	-	-	-	69	(69)
Intrafund transfers	(283)	(283)	-	(137)	(146)
Contingencies	220	220	-	-	220
Total County Manager/Clerk of the Board	9,493	9,493	-	6,724	2,769
<b>Special Services</b>					
Salaries and benefits	617	617	-	424	193
Services and supplies	207	207	-	51	156
Other charges	15,134	15,134	-	14,765	369
Intrafund transfers	(11,611)	(11,611)	-	(12,619)	1,008
Contingencies	119	119	-	-	119
Total Special Services	4,466	4,466	-	2,621	1,845
<b>Assessor-Clerk-Recorder</b>					
Salaries and benefits	15,150	15,130	(20)	13,950	1,180
Services and supplies	3,955	4,265	310	4,034	231
Other charges	2,140	2,140	-	1,279	861
Fixed assets	374	362	(12)	339	23
Other financing uses	-	-	-	710	(710)
Intrafund transfers	(2,223)	(2,223)	-	(2,328)	105
Contingencies	1,469	1,469	-	-	1,469
Total Assessor-Clerk-Recorder	20,865	21,143	278	17,984	3,159
<b>Controller's Office</b>					
Salaries and benefits	5,871	5,866	(5)	5,140	726
Services and supplies	562	840	278	490	350
Other charges	2,704	2,826	122	2,554	272
Fixed assets	24	24	-	(24)	48
Other financing uses	-	-	-	236	(236)
Intrafund transfers	(59)	(199)	(140)	(142)	(57)
Contingencies	1,000	1,004	4	-	1,004
Total Controller's Office	10,102	10,361	259	8,254	2,107
<b>Tax Collector/Treasurer</b>					
Salaries and benefits	7,099	7,099	-	5,936	1,163
Services and supplies	2,722	2,722	-	1,027	1,695
Other charges	1,091	1,091	-	804	287
Other financing uses	-	-	-	227	(227)
Intrafund transfers	(3,076)	(3,076)	-	(3,124)	48
Contingencies	2,070	2,070	-	-	2,070
Total Tax Collector/Treasurer	9,906	9,906	-	4,870	5,036
<b>County Counsel</b>					
Salaries and benefits	8,589	8,589	-	7,633	956
Services and supplies	1,360	1,360	-	1,006	354
Other charges	450	450	-	425	25
Fixed assets	160	160	-	-	160
Other financing uses	-	-	-	18	(18)
Intrafund transfers	(1,815)	(1,815)	-	(2,216)	401
Contingencies	1,418	1,418	-	-	1,418
Total County Counsel	10,162	10,162	-	6,866	3,296

(continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Human Resources</b>					
Salaries and benefits	8,966	8,904	(62)	8,466	438
Services and supplies	2,208	2,228	20	2,031	197
Other charges	702	764	62	747	17
Other financing uses	-	-	-	17	(17)
Intrafund transfers	(1,706)	(1,706)	-	(1,343)	(363)
Contingencies	500	500	-	-	500
Total Human Resources	10,670	10,690	20	9,918	772
<b>Information Services</b>					
Salaries and benefits	20,487	20,487	-	18,923	1,564
Services and supplies	46,262	46,405	143	29,925	16,480
Other charges	1,376	1,376	-	1,154	222
Fixed assets	3,049	3,049	-	925	2,124
Other financing uses	286	286	-	498	(212)
Intrafund transfers	(51,246)	(51,389)	(143)	(36,166)	(15,223)
Contingencies	3,181	3,181	-	-	3,181
Total Information Services	23,395	23,395	-	15,259	8,136
<b>Public Works</b>					
Salaries and benefits	21,007	21,007	-	19,867	1,140
Services and supplies	15,375	15,757	382	13,264	2,493
Other charges	4,615	4,761	146	3,370	1,391
Fixed assets	336	347	11	41	306
Other financing uses	-	1	1	711	(710)
Intrafund transfers	(17,758)	(18,296)	(538)	(17,551)	(745)
Contingencies	1,346	1,346	-	-	1,346
Total Public Works	24,921	24,923	2	19,702	5,221
<b>Non-Departmental Services</b>					
Salaries and benefits	4,100	4,100	-	4,015	85
Services and supplies	32,220	37,065	4,845	17,706	19,359
Other charges	4,250	5,480	1,230	2,747	2,733
Other financing uses	42,662	43,565	903	24,185	19,380
Intrafund transfers	(653)	(653)	-	(655)	2
Contingencies	110,101	102,851	(7,250)	-	102,851
Total Non-Departmental Services	192,680	192,408	(272)	47,998	144,410
<b>Total General Government</b>					
	320,490	320,777	287	143,307	177,470
<b>Public Protection</b>					
<b>Public Safety Communication</b>					
Salaries and benefits	8,194	8,877	683	8,877	-
Services and supplies	539	539	-	486	53
Other charges	425	425	-	408	17
Other financing uses	-	-	-	14	(14)
Intrafund transfers	(247)	(247)	-	(228)	(19)
Contingencies	380	-	(380)	-	-
Total Public Safety Communication	9,291	9,594	303	9,557	37

(continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Agricultural Commissioner</b>					
Salaries and benefits	3,723	3,723	-	3,690	33
Services and supplies	198	191	(7)	113	78
Other charges	616	616	-	555	61
Other financing uses	-	9	9	15	(6)
Contingencies	261	261	-	-	261
Total Agricultural Commission	4,798	4,800	2	4,373	427
<b>Grand Jury</b>					
Salaries and benefits	56	56	-	50	6
Services and supplies	467	519	52	519	-
Other charges	1	1	-	1	-
Total Grand Jury	524	576	52	570	6
<b>Message Switch</b>					
Services and supplies	450	450	-	417	33
Other charges	271	271	-	267	4
Fixed assets	-	150	150	104	46
Intrafund transfers	(169)	(169)	-	(181)	12
Contingencies	833	683	(150)	-	683
Total Message Switch	1,385	1,385	-	607	778
<b>Criminal Division</b>					
Salaries and benefits	23,116	23,141	25	21,584	1,557
Services and supplies	1,345	1,361	16	1,070	291
Other charges	1,646	1,656	10	1,448	208
Fixed assets	-	34	34	27	7
Other financing uses	-	-	-	146	(146)
Intrafund transfers	(369)	(369)	-	(369)	-
Contingencies	276	276	-	-	276
Total Criminal Division	26,014	26,099	85	23,906	2,193
<b>Child Support Services</b>					
Salaries and benefits	10,251	10,196	(55)	9,345	851
Services and supplies	421	466	45	440	26
Other charges	944	954	10	627	327
Other financing uses	-	-	-	324	(324)
Intrafund transfers	(138)	(138)	-	-	(138)
Total Child Support Services	11,478	11,478	-	10,736	742
<b>County Support of Courts</b>					
Salaries and benefits	465	465	-	464	1
Services and supplies	1,202	1,102	(100)	650	452
Other charges	19,103	19,203	100	19,351	(148)
Other financing uses	-	-	-	7	(7)
Total County Support of Courts	20,770	20,770	-	20,472	298
<b>Private Defender Program</b>					
Services and supplies	16,449	16,860	411	16,860	-
Other charges	61	61	-	16	45
Other financing uses	-	-	-	46	(46)
Total Private Defender Program	16,510	16,921	411	16,922	(1)

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Sheriff</b>					
Salaries and benefits	141,844	140,868	(976)	135,313	5,555
Services and supplies	26,154	25,448	(706)	13,709	11,739
Other charges	18,663	18,841	178	17,691	1,150
Fixed assets	4,861	7,460	2,599	7,032	428
Other financing uses	905	2,430	1,525	1,343	1,087
Intrafund transfers	(2,511)	(2,946)	(435)	(1,278)	(1,668)
Contingencies	7,238	7,238	-	-	7,238
Total Sheriff	197,154	199,339	2,185	173,810	25,529
<b>Probation</b>					
Salaries and benefits	53,152	53,152	-	51,288	1,864
Services and supplies	23,877	23,877	-	22,735	1,142
Other charges	16,320	16,320	-	7,903	8,417
Fixed assets	530	530	-	-	530
Other financing uses	-	-	-	7,921	(7,921)
Intrafund transfers	(17,739)	(17,739)	-	(17,718)	(21)
Contingencies	1,352	1,352	-	-	1,352
Total Probation	77,492	77,492	-	72,129	5,363
<b>Coroner's Office</b>					
Salaries and benefits	1,841	1,841	-	1,642	199
Services and supplies	731	733	2	551	182
Other charges	341	341	-	296	45
Fixed assets	-	42	42	42	-
Other financing uses	-	-	-	12	(12)
Contingencies	165	165	-	-	165
Total Coroner's Office	3,078	3,122	44	2,543	579
<b>Local Agency Formation Commission</b>					
Salaries and benefits	210	210	-	208	2
Services and supplies	52	52	-	26	26
Other charges	43	43	-	19	24
Intrafund transfers	(79)	(79)	-	(77)	(2)
Contingencies	33	33	-	-	33
Total Local Agency Formation Commission	259	259	-	176	83
<b>Fire Protection</b>					
Salaries and benefits	2	2	-	2	-
Services and supplies	5,284	6,034	750	5,891	143
Other charges	169	169	-	155	14
Fixed assets	50	50	-	-	50
Other financing uses	-	-	-	2	(2)
Total Fire Protection	5,505	6,255	750	6,050	205
<b>Planning</b>					
Salaries and benefits	6,404	6,404	-	6,029	375
Services and supplies	5,528	5,641	113	4,823	818
Other charges	582	582	-	499	83
Other financing uses	-	-	-	27	(27)
Intrafund transfers	(5,159)	(5,159)	-	(5,130)	(29)
Contingencies	417	417	-	-	417
Total Planning	7,772	7,885	113	6,248	1,637
<b>Total Public Protection</b>	<b>382,030</b>	<b>385,975</b>	<b>3,945</b>	<b>348,099</b>	<b>37,876</b>

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Health and Sanitation</b>					
<b>Health Services Administration</b>					
Salaries and benefits	2,621	2,621	-	2,475	146
Services and supplies	1,424	1,424	-	600	824
Other charges	1,314	1,314	-	1,093	221
Other financing uses	-	-	-	5	(5)
Intrafund transfers	(3,020)	(3,020)	-	(3,162)	142
Contingencies	86	-	(86)	-	-
Total Health Services Administration	2,425	2,339	(86)	1,011	1,328
<b>Health Policy Plan Promotion</b>					
Salaries and benefits	5,650	5,650	-	5,367	283
Services and supplies	8,055	8,065	10	7,154	911
Other charges	273	273	-	249	24
Intrafund transfers	(3,678)	(3,678)	-	(3,627)	(51)
Contingencies	274	224	(50)	-	224
Total Health Policy Plan Promotion	10,574	10,534	(40)	9,143	1,391
<b>Emergency Medical Services</b>					
Salaries and benefits	1,064	1,064	-	689	375
Services and supplies	4,331	4,331	-	198	4,133
Other charges	144	144	-	117	27
Other financing uses	-	-	-	2	(2)
Intrafund transfers	(125)	(125)	-	-	(125)
Total Emergency Medical Services	5,414	5,414	-	1,006	4,408
<b>Contributions to Medical Center</b>					
Other financing uses	77,570	77,652	82	77,652	-
Intrafund transfers	-	(82)	(82)	(82)	-
Total Contributions to Medical Center	77,570	77,570	-	77,570	-
<b>Environmental Health Services</b>					
Salaries and benefits	10,358	10,358	-	9,776	582
Services and supplies	2,289	2,291	2	1,931	360
Other charges	1,020	1,020	-	919	101
Intrafund transfers	(117)	(117)	-	-	(117)
Contingencies	2,542	1,342	(1,200)	-	1,342
Total Environmental Health Services	16,092	14,894	(1,198)	12,626	2,268
<b>Behavioral Health Services</b>					
Salaries and benefits	50,399	49,399	(1,000)	49,254	145
Services and supplies	52,087	53,502	1,415	50,007	3,495
Other charges	33,732	39,382	5,650	32,145	7,237
Fixed assets	-	8	8	8	-
Other financing uses	-	-	-	406	(406)
Intrafund transfers	(3,468)	(3,468)	-	(2,804)	(664)
Contingencies	3,521	-	(3,521)	-	-
Total Behavioral Health Services	136,271	138,823	2,552	129,016	9,807

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Public Health Services</b>					
Salaries and benefits	12,961	12,961	-	11,365	1,596
Services and supplies	10,286	10,660	374	10,421	239
Other charges	2,089	2,089	-	1,849	240
Other financing uses	-	-	-	29	(29)
Intrafund transfers	(3,165)	(3,165)	-	(1,384)	(1,781)
Contingencies	1,471	847	(624)	-	847
Total Public Health Services	23,642	23,392	(250)	22,280	1,112
<b>Family Health Services</b>					
Salaries and benefits	22,149	22,149	-	20,674	1,475
Services and supplies	3,520	3,520	-	3,137	383
Other charges	1,855	1,855	-	1,675	180
Fixed assets	63	63	-	-	63
Intrafund transfers	(1,261)	(1,261)	-	(743)	(518)
Contingencies	790	670	(120)	-	670
Total Family Health Services	27,116	26,996	(120)	24,743	2,253
<b>Correctional Health Services</b>					
Salaries and benefits	11,971	11,971	-	11,808	163
Services and supplies	4,650	4,650	-	4,455	195
Other charges	1,091	1,091	-	478	613
Intrafund transfers	(7,880)	(7,880)	-	(7,737)	(143)
Contingencies	252	232	(20)	-	232
Total Correctional Health Services	10,084	10,064	(20)	9,004	1,060
<b>Total Health and Sanitation</b>	<b>309,188</b>	<b>310,026</b>	<b>838</b>	<b>286,399</b>	<b>23,627</b>
<b>Public Assistance</b>					
<b>Aging &amp; Adult Services</b>					
Salaries and benefits	15,683	15,683	-	14,651	1,032
Services and supplies	4,441	4,441	-	3,427	1,014
Other charges	5,502	5,701	199	4,604	1,097
Other financing uses	-	-	-	23	(23)
Intrafund transfers	(3,219)	(3,219)	-	(2,756)	(463)
Contingencies	626	565	(61)	-	565
Total Aging & Adult Services	23,033	23,171	138	19,949	3,222
<b>In Home Support Services - Public Authority</b>					
Other charges	3,702	3,702	-	-	3,702
Other financing uses	-	-	-	3,702	(3,702)
Total In Home Support Services - Public Authority	3,702	3,702	-	3,702	-
<b>Human Services Agency</b>					
Salaries and benefits	84,503	84,691	188	78,556	6,135
Services and supplies	48,340	49,520	1,180	37,970	11,550
Other charges	73,809	73,809	-	63,712	10,097
Fixed assets	150	150	-	-	150
Other financing uses	293	293	-	525	(232)
Intrafund transfers	(25,970)	(25,970)	-	(21,902)	(4,068)
Contingencies	6,041	6,041	-	-	6,041
Total Human Services Agency	187,166	188,534	1,368	158,861	29,673

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Department of Housing</b>					
Salaries and benefits	1,715	1,815	100	1,533	282
Services and supplies	647	647	-	235	412
Other charges	5,545	6,944	1,399	5,902	1,042
Intrafund transfers	(100)	(100)	-	-	(100)
Contingencies	37	37	-	-	37
Total Department of Housing	7,844	9,343	1,499	7,670	1,673
<b>Total Public Assistance</b>	221,745	224,750	3,005	190,182	34,568
<b>Recreation</b>					
<b>Parks &amp; Recreation</b>					
Salaries and benefits	6,083	5,919	(164)	5,555	364
Services and supplies	1,686	1,651	(35)	1,648	3
Other charges	824	1,023	199	1,006	17
Other financing uses	-	-	-	15	(15)
Intrafund transfers	(205)	(205)	-	(205)	-
Contingencies	171	171	-	-	171
Total Parks & Recreation	8,559	8,559	-	8,019	540
<b>Total Recreation</b>	8,559	8,559	-	8,019	540
<b>Contingencies</b>					
Contingencies	31,803	31,803	-	-	31,803
<b>Total Contingencies</b>	31,803	31,803	-	-	31,803
Total charges to appropriations	1,273,815	1,281,890	8,075	976,006	305,884
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 240,718	\$ 240,718

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

**Explanation of Differences between Budgetary Inflows and GAAP Revenues:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (page 81)	\$ 1,019,766
Differences - budget to GAAP:	
Reimbursements are inflows of budgetary resources but are used to offset expenditures for financial reporting purposes.	(60,245)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(814)
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	(3)
Receipts from County Agency subfunds are not budgeted but are reported as General Fund revenues for financial reporting purposes.	<u>82,309</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 28)	<u><u>\$ 1,041,013</u></u>

**Explanation of Differences between Budgetary Outflows and GAAP Expenditures:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule (page 88)	\$ 976,006
Differences - budget to GAAP:	
Expenditures offset by reimbursements for financial reporting purposes are outflows of budgetary appropriations.	(60,245)
Encumbrances for supplies and services ordered but not received are reported in the year the orders are placed for budgetary purposes, but in the year the supplies and services are received for financial reporting purposes.	(3,254)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(118,898)
Disbursements from County Agency subfunds are not budgeted but are reported as General Fund expenditures for financial reporting purposes.	<u>1,500</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 28)	<u><u>\$ 795,109</u></u>

See Notes to the Budgetary Comparison Schedule.

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Note to the Budgetary Comparison Schedule – General Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

**BUDGETARY BASIS OF ACCOUNTING**

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County is required to prepare a balanced budget for each fiscal year on or before August 30. The County Board of Supervisors (County Board) generally passes a resolution in June extending the due date to October 2. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County Board.

For the FY 2012-13 Recommended Budget and previous recommended budgets, the County Manager prepared and submitted the recommended budget document to the County Board in late May. In late June, public hearings were held to provide the general public with an opportunity to speak on any budget items before the County Board. The recommended budget, once adopted, was uploaded to the County's financial system in early July so that budget monitoring for the new fiscal year could begin. After fiscal year-end closing activities were completed and the State Budget was approved, the County Manager submitted to the County Board final adjustments to the recommended budget as a result of state budget adjustments for a final budget hearing in September. Changes approved by the County Board were included in the adopted budget approved on or before October 2. As a side note, the County has implemented a two year budget process beginning with the FY 2013-14 and 2014-15 budgets. The goal is to provide the County with more time focusing on its performance and improvement initiatives.

An operating budget is adopted each fiscal year for all governmental funds except for the JPFA and certain other special revenue funds. Expenditures are controlled at the object level within each budget unit of the County. The object level within a budget unit is the legal level of budgetary control at which the County's management may not reallocate resources without specific approval. Pursuant to the County Board Resolution, the County Manager is authorized to approve transfers and revision of appropriations under \$50 within a single budget unit as deemed necessary and appropriate. Amendments or transfers of appropriations in excess of \$50 between object levels within the same budget unit, or any transfers of appropriations between departments or funds, must be authorized by the County Manager's Office and approved by the County Board. Supplemental appropriations, normally financed by unanticipated revenues, require the County Board's approval as well. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and as amended during the fiscal year through resolutions approved by the County Board.

The County uses an encumbrance system as an extension of normal budgetary accounting for all governmental funds except for the JPFA to control expenditures. Under the encumbrance system, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered in order to reserve that portion of applicable appropriations. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year-end; encumbered appropriations at year-end are carried forward in the ensuing year's budget and reported in the original budget column. The budgets for governmental funds may include an object level known as "intrafund transfers" in the charges to appropriations. This object level is an accounting mechanism used by the County to show reimbursements between operations within the same fund such as the General Fund.

The amounts reported on the budgetary basis differ from the basis used to present the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Annual budgets are prepared using the modified accrual basis of accounting except that (1) current year encumbrances are budgeted as expenditures, (2) reimbursements for amount disbursed on behalf of other governmental funds are reported as resources and related expenditures as charges to the appropriations, (3) certain transactions are accounted for in different periods between budgetary and GAAP reporting basis, and (4) transactions from sub-funds reclassified from County Agency funds are reported in GAAP reporting basis.



## **Combining and Individual Fund Statements and Schedules**



## Nonmajor Governmental Funds

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2013**  
**(In Thousands)**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 97,837	\$ 24,018	\$ 11,923	\$ 133,778
Receivables (net):				
Accounts	30	-	26	56
Interest	143	25	10	178
Taxes	957	-	-	957
Other	8	-	-	8
Due from other funds	648	-	6	654
Due from other governmental agencies	3,952	-	-	3,952
Inventories	343	-	-	343
Total assets	<u>\$ 103,918</u>	<u>\$ 24,043</u>	<u>\$ 11,965</u>	<u>\$ 139,926</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,628	\$ -	\$ 4,403	\$ 8,031
Accrued salaries and benefits	209	-	-	209
Accrued liabilities	4	-	94	98
Due to other funds	2,333	-	1	2,334
Unearned revenues	1,102	-	26	1,128
Deposits	46	-	-	46
Total liabilities	<u>7,322</u>	<u>-</u>	<u>4,524</u>	<u>11,846</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	52	-	-	52
Unavailable revenue - others	1,765	-	-	1,765
	<u>1,817</u>	<u>-</u>	<u>-</u>	<u>1,817</u>
<b>FUND BALANCES</b>				
Nonspendable	343	-	-	343
Restricted:				
Road improvement	30,161	-	-	30,161
Public facilities	4,794	-	-	4,794
Sewer maintenance	16,396	-	-	16,396
Flood control	15,327	-	-	15,327
Lighting maintenance	10,326	-	-	10,326
Highway and transportation improvement	2,268	-	-	2,268
Waste management	3,279	-	-	3,279
Debt services	-	24,043	-	24,043
Parks acquisition and development	-	-	2,641	2,641
Courthouse construction	-	-	954	954
Miscellaneous purposes	729	-	-	729
Assigned	11,884	-	3,846	15,730
Unassigned	(728)	-	-	(728)
Total fund balances	<u>94,779</u>	<u>24,043</u>	<u>7,441</u>	<u>126,263</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 103,918</u>	<u>\$ 24,043</u>	<u>\$ 11,965</u>	<u>\$ 139,926</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues:</b>				
Taxes	\$ 16,347	\$ -	\$ -	\$ 16,347
Licenses and permits	2,832	-	-	2,832
Intergovernmental	31,649	-	726	32,375
Charges for services	18,345	-	2,329	20,674
Fines, forfeitures and penalties	2,451	-	-	2,451
Rents and concessions	95	-	-	95
Investment income	(102)	(84)	(29)	(215)
Other	899	109	1,650	2,658
Total revenues	<u>72,516</u>	<u>25</u>	<u>4,676</u>	<u>77,217</u>
<b>Expenditures:</b>				
Current:				
General government	3,435	28	-	3,463
Public protection	8,345	-	-	8,345
Public ways and facilities	19,599	-	-	19,599
Health and sanitation	16,844	-	-	16,844
Public assistance	15,618	-	-	15,618
Capital outlay	5,618	-	21,050	26,668
Debt service:				
Principal	10	-	-	10
Total expenditures	<u>69,469</u>	<u>28</u>	<u>21,050</u>	<u>90,547</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,047</u>	<u>(3)</u>	<u>(16,374)</u>	<u>(13,330)</u>
<b>Other financing sources (uses):</b>				
Transfers in	5,124	30,830	18,789	54,743
Transfers out	<u>(1,880)</u>	<u>(30,362)</u>	<u>(3,318)</u>	<u>(35,560)</u>
Total other financing sources	<u>3,244</u>	<u>468</u>	<u>15,471</u>	<u>19,183</u>
<b>Net change in fund balances</b>	6,291	465	(903)	5,853
Fund balances - beginning	<u>88,488</u>	<u>23,578</u>	<u>8,344</u>	<u>120,410</u>
Fund balances - end	<u>\$ 94,779</u>	<u>\$ 24,043</u>	<u>\$ 7,441</u>	<u>\$ 126,263</u>

## COUNTY OF SAN MATEO

### Nonmajor Governmental Funds

#### Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. The County's nonmajor special revenue funds include the following:

*Road Fund* – is responsible for routine and emergency road maintenance, performing inspections and issuing permits, constructing and installing sidewalks, signs, road markings, and landscaping maintenance. Revenues primarily come from state highway user taxes and federal grants.

*County Fire Protection Fund* – provides for fire protection services to both cities and unincorporated areas in the County. Revenues are derived from property taxes on all parcels within the County's fire protection districts.

*County Service Area Fund* – accounts for special district funds that provide refuse disposal, water, and lighting maintenance services to specific areas in the County. Revenues are derived from user charges and property taxes.

*Sewer and Sanitation Fund* – accounts for special district funds that support construction and maintenance of reliable sanitary sewer systems, providing sensitive sewage treatment and disposal to sewer and sanitary districts within the County. Revenues come from user charges and property taxes.

*Flood Control Zone Fund* – accounts for special district funds that support various flood control projects within the flood control districts. This fund is financed through property taxes, certificates of participation, and state and federal grants.

*Lighting Districts Fund* – accounts for special district funds that enhance the safety of residents and businesses by providing adequate lighting systems to street lighting districts within the County. Property taxes are the primary source of revenue.

*Emergency Medical Services Fund* – was established under Senate Bill 12/612 (Maddy legislation) to provide financial assistance for individuals and is used to pay physicians for uncompensated emergency care and hospitals providing disproportionate emergency and trauma care. This fund is financed by a special assessment imposed on court fines, forfeitures, and traffic school fees.

*County Half-Cent Transportation Fund* – accounts for a ½ cent sales tax revenue approved by the voters of San Mateo County in 1988 and re-approved in 2004. This fund is restricted for transportation programs sponsored by County departments and outside agencies.

*County-Wide Road Improvement Fund* – accounts for mitigation fees imposed on building permits. Such fees are mainly used to finance road repairs for damages caused by new developments in areas where the mitigation fees are collected.

*Solid Waste Fund* – accounts for revenues from management and operation of solid waste facilities owned by the County as well as aids from federal, state, and other local agencies. Revenues are primarily from licenses and permits. Expenditures are specifically restricted for resource conservation programs.

*IHSS Public Authority Fund* – provides for assistance in finding qualified In-Home Supportive Services (IHSS) personnel, and training of as well as support for providers and recipients of IHSS via the maintenance of a registry and referral system. This fund is primarily financed by state grants.

*Other Special Revenue Funds* – account for activities of several Special Revenue Funds, which include Fish and Game, Off-Highway Vehicle License Fees, Highlands Landscape Maintenance District, Water District, Redevelopment Agency, Drainage Districts, and Alameda Tree Maintenance District.

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2013**  
**(In Thousands)**

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
<b>ASSETS</b>							
Cash and investments	\$ 26,862	\$ 3,941	\$ 7,723	\$ 17,196	\$ 15,264	\$ 10,294	\$ 2,818
Receivables (net):							
Accounts	-	-	18	-	-	-	12
Interest	37	4	11	26	22	16	5
Taxes	-	373	218	41	248	72	-
Other	8	-	-	-	-	-	-
Due from other funds	115	-	30	415	46	28	-
Due from other governmental agencies	1,580	113	3	137	138	210	185
Inventories	343	-	-	-	-	-	-
Total assets	<u>\$ 28,945</u>	<u>\$ 4,431</u>	<u>\$ 8,003</u>	<u>\$ 17,815</u>	<u>\$ 15,718</u>	<u>\$ 10,620</u>	<u>\$ 3,020</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 664	\$ -	\$ 919	\$ 1,195	\$ 13	\$ 12	\$ -
Accrued salaries and benefits	160	-	-	16	-	-	-
Accrued liabilities	-	-	-	-	-	-	-
Due to other funds	74	1,561	2	32	3	3	-
Unearned revenues	112	449	198	36	224	65	12
Deposits	42	-	4	-	-	-	-
Total liabilities	<u>1,052</u>	<u>2,010</u>	<u>1,123</u>	<u>1,279</u>	<u>240</u>	<u>80</u>	<u>12</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - property taxes	-	20	12	2	14	4	-
Unavailable revenue - others	-	-	3	138	137	210	-
	<u>-</u>	<u>20</u>	<u>15</u>	<u>140</u>	<u>151</u>	<u>214</u>	<u>-</u>
<b>FUND BALANCES</b>							
Nonspendable							
Inventories	343	-	-	-	-	-	-
Restricted:							
Road improvement	26,686	-	-	-	-	-	-
Public facilities	-	-	4,794	-	-	-	-
Sewer maintenance	-	-	-	16,396	-	-	-
Flood control	-	-	-	-	15,327	-	-
Lighting maintenance	-	-	-	-	-	10,326	-
Highway and transportation improvement	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-
Miscellaneous purposes	-	-	-	-	-	-	-
Assigned	864	2,401	2,071	-	-	-	3,008
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>27,893</u>	<u>2,401</u>	<u>6,865</u>	<u>16,396</u>	<u>15,327</u>	<u>10,326</u>	<u>3,008</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 28,945</u>	<u>\$ 4,431</u>	<u>\$ 8,003</u>	<u>\$ 17,815</u>	<u>\$ 15,718</u>	<u>\$ 10,620</u>	<u>\$ 3,020</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2013**  
**(In Thousands)**

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	IHSS Public Authority	Other Special Revenue	Total	
\$ 2,379	\$ 3,470	\$ 6,868	\$ 294	\$ 728	\$ 97,837	<b>ASSETS</b>
-	-	-	-	-	30	Cash and investments
3	5	10	2	2	143	Receivables (net):
-	-	-	-	5	957	Accounts
-	-	-	-	-	8	Interest
2	-	12	-	-	648	Taxes
-	-	-	1,583	3	3,952	Other
-	-	-	-	-	343	Due from other funds
<u>\$ 2,384</u>	<u>\$ 3,475</u>	<u>\$ 6,890</u>	<u>\$ 1,879</u>	<u>\$ 738</u>	<u>\$103,918</u>	Due from other governmental agencies
						Inventories
						Total assets
\$ 52	\$ -	\$ 49	\$ 724	\$ -	\$ 3,628	<b>LIABILITIES</b>
3	-	19	11	-	209	Accounts payable
4	-	-	-	-	4	Accrued salaries and benefits
57	-	3	598	-	2,333	Accrued liabilities
-	-	-	-	6	1,102	Due to other funds
-	-	-	-	-	46	Unearned revenues
<u>116</u>	<u>-</u>	<u>71</u>	<u>1,333</u>	<u>6</u>	<u>7,322</u>	Deposits
						Total liabilities
-	-	-	-	-	52	<b>DEFERRED INFLOWS OF RESOURCES</b>
-	-	-	1,274	3	1,765	Unavailable revenue - property taxes
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,274</u>	<u>3</u>	<u>1,817</u>	Unavailable revenue - others
						<b>FUND BALANCES</b>
-	-	-	-	-	343	Nonspendable
						Inventories
-	3,475	-	-	-	30,161	Restricted:
-	-	-	-	-	4,794	Road improvement
-	-	-	-	-	16,396	Public facilities
-	-	-	-	-	15,327	Sewer maintenance
-	-	-	-	-	10,326	Flood control
2,268	-	-	-	-	2,268	Lighting maintenance
-	-	3,279	-	-	3,279	Highway and transportation improvement
-	-	-	-	729	729	Waste management
-	-	3,540	-	-	11,884	Miscellaneous purposes
-	-	-	(728)	-	(728)	Assigned
<u>2,268</u>	<u>3,475</u>	<u>6,819</u>	<u>(728)</u>	<u>729</u>	<u>94,779</u>	Unassigned
						Total fund balances
<u>\$ 2,384</u>	<u>\$ 3,475</u>	<u>\$ 6,890</u>	<u>\$ 1,879</u>	<u>\$ 738</u>	<u>\$103,918</u>	Total liabilities, deferred inflows of resources, and fund balances

**COUNTY OF SAN MATEO**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
<b>Revenues</b>							
Taxes	\$ -	\$ 5,232	\$ 3,060	\$ 819	\$ 3,996	\$ 1,068	\$ -
Licenses and permits	153	-	115	-	-	-	-
Intergovernmental	20,649	36	19	4	69	4	-
Charges for services	1,789	296	1,454	12,409	-	84	-
Fines, forfeitures and penalties	-	-	-	-	-	-	2,449
Rents and concessions	59	31	-	-	5	-	-
Investment income	(31)	(4)	(8)	(25)	(19)	(7)	-
Other	96	7	84	176	105	44	49
Total revenues	<u>22,715</u>	<u>5,598</u>	<u>4,724</u>	<u>13,383</u>	<u>4,156</u>	<u>1,193</u>	<u>2,498</u>
<b>Expenditures</b>							
Current:							
General government	-	-	2,931	-	-	504	-
Public protection	-	6,045	1,827	-	473	-	-
Public ways and facilities	18,125	-	-	-	-	-	-
Health and sanitation	-	-	-	10,910	-	-	2,346
Public assistance	-	-	-	-	-	-	-
Capital outlay	5,233	-	115	270	-	-	-
Debt service:							
Principal	-	-	10	-	-	-	-
Total expenditures	<u>23,358</u>	<u>6,045</u>	<u>4,883</u>	<u>11,180</u>	<u>473</u>	<u>504</u>	<u>2,346</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(643)</u>	<u>(447)</u>	<u>(159)</u>	<u>2,203</u>	<u>3,683</u>	<u>689</u>	<u>152</u>
<b>Other financing sources (uses)</b>							
Transfers in	19	1,253	150	-	-	-	-
Transfers out	(7)	-	-	(10)	(1,512)	-	-
Total other financing sources (uses)	<u>12</u>	<u>1,253</u>	<u>150</u>	<u>(10)</u>	<u>(1,512)</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(631)</u>	<u>806</u>	<u>(9)</u>	<u>2,193</u>	<u>2,171</u>	<u>689</u>	<u>152</u>
Fund balances - beginning	<u>28,524</u>	<u>1,595</u>	<u>6,874</u>	<u>14,203</u>	<u>13,156</u>	<u>9,637</u>	<u>2,856</u>
Fund balances - end	<u>\$ 27,893</u>	<u>\$ 2,401</u>	<u>\$ 6,865</u>	<u>\$ 16,396</u>	<u>\$ 15,327</u>	<u>\$ 10,326</u>	<u>\$ 3,008</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	IHSS Public Authority	Other Special Revenue	Total	
\$ 2,137	\$ -	\$ -	\$ -	\$ 35	\$ 16,347	<b>Revenues</b>
-	-	2,564	-	-	2,832	Taxes
-	-	150	10,718	-	31,649	Licenses and permits
50	380	1,618	258	7	18,345	Intergovernmental
-	-	1	-	1	2,451	Charges for services
-	-	-	-	-	95	Fines, forfeitures and penalties
(3)	(3)	(2)	-	-	(102)	Rents and concessions
186	17	87	45	3	899	Investment income
2,370	394	4,418	11,021	46	72,516	Other
						Total revenues
-	-	-	-	-	3,435	<b>Expenditures</b>
-	-	-	-	-	8,345	Current:
1,473	1	-	-	-	19,599	General government
-	-	3,587	-	1	16,844	Public protection
-	-	-	15,339	279	15,618	Public ways and facilities
-	-	-	-	-	5,618	Health and sanitation
-	-	-	-	-	10	Public assistance
1,473	1	3,587	15,339	280	69,469	Capital outlay
						Debt service:
						Principal
						Total expenditures
897	393	831	(4,318)	(234)	3,047	Excess (deficiency) of revenues over (under) expenditures
-	-	-	3,702	-	5,124	<b>Other financing sources (uses)</b>
-	-	-	(351)	-	(1,880)	Transfers in
-	-	-	3,351	-	3,244	Transfers out
						Total other financing sources (uses)
897	393	831	(967)	(234)	6,291	<b>Net change in fund balances</b>
1,371	3,082	5,988	239	963	88,488	Fund balances - beginning
\$ 2,268	\$ 3,475	\$ 6,819	\$ (728)	\$ 729	\$ 94,779	Fund balances - end

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Road Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 27,104	\$ 27,104	\$ -	\$ 26,377	\$ (727)
<b>Resources (inflows):</b>					
Licenses, permits and franchises	160	160	-	153	(7)
Use of money and property	180	180	-	28	(152)
Intergovernmental revenues	24,537	24,537	-	20,649	(3,888)
Charges for services	24	24	-	1,789	1,765
Interfund revenue	1,067	1,067	-	-	(1,067)
Miscellaneous revenue	152	152	-	96	(56)
Other financing source	-	-	-	19	19
Amounts available for appropriation	<u>26,120</u>	<u>26,120</u>	<u>-</u>	<u>22,734</u>	<u>(3,386)</u>
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Salaries and benefits	9,378	9,378	-	8,538	840
Services and supplies	22,785	17,660	(5,125)	10,461	7,199
Other charges	1,155	1,155	-	954	201
Fixed assets	450	5,575	5,125	5,233	342
Other financing uses	-	-	-	7	(7)
Intrafund transfers	-	-	-	(1,828)	1,828
Contingencies	19,206	19,206	-	-	19,206
Non-General Fund Reserves	250	250	-	-	250
Total charges to appropriations	<u>53,224</u>	<u>53,224</u>	<u>-</u>	<u>23,365</u>	<u>29,859</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,746</u>	<u>\$ 25,746</u>

**Explanation of Differences between Budgetary Inflows and GAAP Revenues:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 22,734
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes	<u>(19)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 22,715</u>

**Explanation of Differences between Budgetary Outflows and GAAP Expenditures:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 23,365
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(7)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 23,358</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Fire Protection Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 1,579	\$ 1,579	\$ -	\$ 1,595	\$ 16
<b>Resources (inflows):</b>					
Taxes	4,444	4,444	-	5,232	788
Use of money and property	42	42	-	27	(15)
Intergovernmental revenues	30	30	-	36	6
Charges for services	275	275	-	296	21
Miscellaneous revenue	19	19	-	7	(12)
Other financing source	503	1,253	750	1,253	-
Amounts available for appropriation	5,313	6,063	750	6,851	788
<b>Charges to appropriations (outflows):</b>					
Public protection					
Services and supplies	5,505	6,255	750	6,045	210
Non-General Fund Reserves	1,387	1,387	-	-	1,387
Total charges to appropriations	6,892	7,642	750	6,045	1,597
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 2,401	\$ 2,401

**Explanation of Differences between Budgetary Inflows and GAAP Revenues:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 6,851
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes	(1,253)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 5,598

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Service Area Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 6,839	\$ 6,861	\$ 22	\$ 6,874	\$ 13
<b>Resources (inflows):</b>					
Taxes	2,879	2,879	-	3,060	181
Licenses, permits and franchises	86	86	-	115	29
Use of money and property	54	54	-	(8)	(62)
Intergovernmental revenues	18	18	-	19	1
Charges for services	1,373	1,373	-	1,454	81
Interfund revenue	59	59	-	-	(59)
Miscellaneous revenue	-	-	-	84	84
Other Financing Sources	-	150	150	150	-
Amounts available for appropriation	4,469	4,619	150	4,874	255
<b>Charges to appropriations (outflows):</b>					
General government and public protection					
Services and supplies	4,429	4,579	150	4,637	(58)
Other charges	264	286	22	230	56
Fixed assets	-	-	-	113	(113)
Intrafund transfers	-	-	-	(97)	97
Contingencies	4,841	4,841	-	-	4,841
Non-general fund reserves	1,774	1,774	-	-	1,774
Total charges to appropriations	11,308	11,480	172	4,883	6,597
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 6,865	\$ 6,865

**Explanation of Differences between Budgetary Inflows and GAAP Revenues:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,874
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes	(150)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 4,724

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Sewer and Sanitation Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 15,167	\$ 15,625	\$ 458	\$ 14,203	\$ (1,422)
<b>Resources (inflows):</b>					
Taxes	525	525	-	819	294
Use of money and property	67	67	-	(25)	(92)
Intergovernmental revenues	3	3	-	4	1
Charges for services	10,371	10,371	-	12,409	2,038
Interfund revenue	1,116	1,116	-	-	(1,116)
Miscellaneous revenue	-	-	-	176	176
Other financing sources	211	211	-	-	(211)
Amounts available for appropriation	<u>12,293</u>	<u>12,293</u>	<u>-</u>	<u>13,383</u>	<u>1,090</u>
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	926	926	-	842	84
Services and supplies	12,856	12,856	-	8,976	3,880
Other charges	632	1,842	1,210	1,093	749
Fixed assets	6,392	6,392	-	269	6,123
Other financing uses	211	211	-	10	201
Intrafund transfers	(995)	(995)	-	-	(995)
Contingencies	7,438	6,686	(752)	-	6,686
Total charges to appropriations	<u>27,460</u>	<u>27,918</u>	<u>458</u>	<u>11,190</u>	<u>16,728</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,396</u>	<u>\$ 16,396</u>

**Explanation of Differences between Budgetary Outflows and GAAP Expenditures:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 11,190
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(10)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 11,180</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Flood Control Zone Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 13,095	\$ 13,436	\$ 341	\$ 13,156	\$ (280)
<b>Resources (inflows):</b>					
Taxes	2,668	2,668	-	3,996	1,328
Use of money and property	84	84	-	(14)	(98)
Intergovernmental revenues	21	21	-	69	48
Miscellaneous revenue	-	-	-	105	105
Other financing sources	1,450	1,450	-	-	(1,450)
Amounts available for appropriation	<u>4,223</u>	<u>4,223</u>	<u>-</u>	<u>4,156</u>	<u>(67)</u>
<b>Charges to appropriations (outflows):</b>					
Public protection					
Services and supplies	2,331	2,331	-	231	2,100
Other charges	823	1,164	341	242	922
Fixed assets	1,500	1,500	-	-	1,500
Other financing uses	2,962	2,962	-	1,512	1,450
Contingencies	9,702	9,702	-	-	9,702
Total charges to appropriations	<u>17,318</u>	<u>17,659</u>	<u>341</u>	<u>1,985</u>	<u>15,674</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,327</u>	<u>\$ 15,327</u>

**Explanation of Differences between Budgetary Outflows and GAAP Expenditures:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,985
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(1,512)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 473</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Lighting Districts Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 9,594	\$ 9,629	\$ 35	\$ 9,637	\$ 8
<b>Resources (inflows):</b>					
Taxes	655	655	-	1,068	413
Use of money and property	51	51	-	(7)	(58)
Intergovernmental revenues	4	4	-	4	-
Charges for services	-	-	-	84	84
Miscellaneous revenue	-	-	-	44	44
Amounts available for appropriation	<u>710</u>	<u>710</u>	<u>-</u>	<u>1,193</u>	<u>483</u>
<b>Charges to appropriations (outflows):</b>					
General government					
Services and supplies	897	897	-	504	393
Other charges	-	35	35	-	35
Intrafund transfers	(95)	(95)	-	-	(95)
Contingencies	9,502	9,502	-	-	9,502
Total charges to appropriations	<u>10,304</u>	<u>10,339</u>	<u>35</u>	<u>504</u>	<u>9,835</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,326</u>	<u>\$ 10,326</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Emergency Medical Services Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 2,845	\$ 2,845	\$ -	\$ 2,856	\$ 11
<b>Resources (inflows):</b>					
Fines, forfeitures and penalties	2,431	2,431	-	2,449	18
Use of money and property	32	32	-	-	(32)
Miscellaneous revenue	17	17	-	49	32
Amounts available for appropriation	<u>2,480</u>	<u>2,480</u>	<u>-</u>	<u>2,498</u>	<u>18</u>
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Services and supplies	2,666	2,666	-	2,346	320
Non-general fund reserves	2,659	2,659	-	-	2,659
Total charges to appropriations	<u>5,325</u>	<u>5,325</u>	<u>-</u>	<u>2,346</u>	<u>2,979</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,008</u>	<u>\$ 3,008</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Half-Cent Transportation Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 1,365	\$ 1,365	\$ -	\$ 1,371	\$ 6
<b>Resources (inflows):</b>					
Taxes	1,865	1,865	-	2,137	272
Use of money and property	-	-	-	(3)	(3)
Charges for services	75	75	-	50	(25)
Miscellaneous revenue	-	-	-	186	186
Amounts available for appropriation	<u>1,940</u>	<u>1,940</u>	<u>-</u>	<u>2,370</u>	<u>430</u>
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Salaries and benefits	190	190	-	161	29
Services and supplies	2,449	2,449	-	1,199	1,250
Other charges	666	666	-	113	553
Total charges to appropriations	<u>3,305</u>	<u>3,305</u>	<u>-</u>	<u>1,473</u>	<u>1,832</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,268</u>	<u>\$ 2,268</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County-Wide Road Improvement Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 3,069	\$ 3,069	\$ -	\$ 3,082	\$ 13
<b>Resources (inflows):</b>					
Use of money and property	13	13	-	(3)	(16)
Charges for services	262	262	-	380	118
Miscellaneous revenue	-	-	-	17	17
Amounts available for appropriation	<u>275</u>	<u>275</u>	<u>-</u>	<u>394</u>	<u>119</u>
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Services and supplies	64	64	-	1	63
Non-general fund reserves	3,280	3,280	-	-	3,280
Total charges to appropriations	<u>3,344</u>	<u>3,344</u>	<u>-</u>	<u>1</u>	<u>3,343</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,475</u>	<u>\$ 3,475</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Solid Waste Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 5,963	\$ 5,963	\$ -	\$ 5,988	\$ 25
<b>Resources (inflows):</b>					
Licenses, permits and franchises	2,467	2,467	-	2,564	97
Fines, forfeitures & penalties	-	-	-	1	1
Use of money and property	22	22	-	(2)	(24)
Intergovernmental revenues	192	192	-	150	(42)
Charges for services	65	65	-	1,618	1,553
Interfund revenue	1,992	1,992	-	-	(1,992)
Miscellaneous revenue	-	-	-	87	87
Amounts available for appropriation	<u>4,738</u>	<u>4,738</u>	<u>-</u>	<u>4,418</u>	<u>(320)</u>
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	1,355	1,355	-	203	1,152
Services and supplies	5,554	5,554	-	3,384	2,170
Other charges	61	61	-	-	61
Contingencies	2,723	2,723	-	-	2,723
Non-general fund reserves	1,008	1,008	-	-	1,008
Total charges to appropriations	<u>10,701</u>	<u>10,701</u>	<u>-</u>	<u>3,587</u>	<u>7,114</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,819</u>	<u>\$ 6,819</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**In-Home Supportive Services Public Authority Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 1,201	\$ 1,201	\$ -	\$ 239	\$ (962)
<b>Resources (inflows):</b>					
Intergovernmental revenues	12,950	13,969	1,019	10,718	(3,251)
Interfund Revenue	4,052	4,052	-	258	(3,794)
Miscellaneous revenue	-	-	-	45	45
Other financing sources	-	-	-	3,702	3,702
Amounts available for appropriation	<u>17,002</u>	<u>18,021</u>	<u>1,019</u>	<u>14,723</u>	<u>(3,298)</u>
<b>Charges to appropriations (outflows):</b>					
Public assistance					
Salaries and benefits	688	688	-	516	172
Services and supplies	4,387	5,406	1,019	4,466	940
Other charges	11,928	11,928	-	10,357	1,571
Other Financing Uses	-	350	350	351	(1)
Non-general fund reserves	1,200	850	(350)	-	850
Total charges to appropriations	<u>18,203</u>	<u>19,222</u>	<u>1,019</u>	<u>15,690</u>	<u>3,532</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (728)</u>	<u>\$ (728)</u>

**Explanation of Differences between Budgetary Inflows and GAAP Revenues:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 14,723
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	<u>(3,702)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 11,021</u>

**Explanation of Differences between Budgetary Inflows and GAAP Revenues:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 15,690
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes	<u>(351)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 15,339</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b><u>Drainage Districts</u></b>					
<b>Budgetary fund balance, July 1</b>	\$ 419	\$ 419	\$ -	\$ 17	\$ (402)
Resources (inflows):					
Taxes	21	21	-	27	6
Use of money and property	2	2	-	-	(2)
Miscellaneous revenue	-	-	-	2	2
Amounts available for appropriation	<u>23</u>	<u>23</u>	<u>-</u>	<u>29</u>	<u>6</u>
Charges to appropriations (outflows):					
Health and Sanitation					
Services and supplies	67	67	-	1	66
Contingencies	<u>375</u>	<u>375</u>	<u>-</u>	<u>-</u>	<u>375</u>
Total charges to appropriations	<u>442</u>	<u>442</u>	<u>-</u>	<u>1</u>	<u>441</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45</u>	<u>\$ 45</u>
<b><u>Highlands Landscape Maintenance District</u></b>					
<b>Budgetary fund balance, July 1</b>	\$ 81	\$ 81	\$ -	\$ 285	\$ 204
Resources (inflows):					
Taxes	7	7	-	8	1
Amounts available for appropriation	<u>7</u>	<u>7</u>	<u>-</u>	<u>8</u>	<u>1</u>
Charges to appropriations (outflows):					
General government					
Services and supplies	5	5	-	-	5
Non-general fund reserves	<u>83</u>	<u>83</u>	<u>-</u>	<u>-</u>	<u>83</u>
Total charges to appropriations	<u>88</u>	<u>88</u>	<u>-</u>	<u>-</u>	<u>88</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 293</u>	<u>\$ 293</u>
<b><u>Alameda Tree Maintenance District</u></b>					
<b>Budgetary fund balance, July 1</b>	\$ 56	\$ 56	\$ -	\$ 8	\$ (48)
Resources (inflows):					
Charges for services	7	7	-	7	-
Amounts available for appropriation	<u>7</u>	<u>7</u>	<u>-</u>	<u>7</u>	<u>-</u>
Charges to appropriations (outflows):					
General government					
Services and supplies	13	13	-	-	13
Contingencies	<u>50</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
Total charges to appropriations	<u>63</u>	<u>63</u>	<u>-</u>	<u>-</u>	<u>63</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ 15</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b><u>Fish and Game Fund</u></b>					
<b>Budgetary fund balance, July 1</b>	\$ 79	\$ 79	\$ -	\$ 233	\$ 154
Resources (inflows):					
Fines, forfeitures, and penalties	2	2	-	1	(1)
Use of money and property	1	1	-	-	(1)
Amounts available for appropriation	3	3	-	1	(2)
Charges to appropriations (outflows):					
General government					
Services and supplies	68	68	-	-	68
Non-general fund reserves	14	14	-	-	14
Total charges to appropriations	82	82	-	-	82
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234</u>	<u>\$ 234</u>

**Total - Other Special Revenue Funds**

<b>Budgetary fund balance, July 1</b>	\$ 635	\$ 635	\$ -	\$ 543	\$ (92)
Resources (inflows)	40	40	-	45	5
Charges to appropriations (outflows)	675	675	-	1	674
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 587</u>	<u>\$ 587</u>

**Explanation of Differences between Budgetary Inflows and GAAP Revenues:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 45
Differences - budget to GAAP:	
Receipts from other special revenue funds, not budgeted	1
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 46</u>

**Explanation of Differences between Budgetary Outflows and GAAP Expenditures:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1
Differences - budget to GAAP:	
Disbursements from other special revenue funds, not budgeted	279
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 280</u>

**COUNTY OF SAN MATEO**

**Nonmajor Governmental Funds**

**Debt Service Fund**

Debt Service Fund is used to account for the accumulation of resources for, and payment of, principal and interest on the County's general long-term debt.

*Other Debt Service Fund* – was established to centrally budget all County debt service payments. Amounts are transferred into this fund from various funding sources before payments are made.

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 16,948	\$ 16,948	\$ -	\$ 23,578	\$ 6,630
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	(84)	(84)
Interfund revenue	12,058	12,058	-	-	(12,058)
Miscellaneous revenue	-	-	-	109	109
Other financing sources	18,656	18,656	-	30,830	12,174
Amount available for appropriation	<u>30,714</u>	<u>30,714</u>	<u>-</u>	<u>30,855</u>	<u>141</u>
<b>Charges to appropriations (outflows):</b>					
Other charges	30,651	30,651	-	28	30,623
Other financing uses	-	-	-	30,362	(30,362)
Non-general fund reserves	17,011	17,011	-	-	17,011
Total charges to appropriations	<u>47,662</u>	<u>47,662</u>	<u>-</u>	<u>30,390</u>	<u>17,272</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,043</u>	<u>\$ 24,043</u>

**Explanation of Differences between Budgetary Inflows and GAAP Revenues:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 30,855
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(30,830)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ 25</u>

**Explanation of Differences between Budgetary Outflows and GAAP Expenditures:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 30,390
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(30,362)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ 28</u>

## COUNTY OF SAN MATEO

### Nonmajor Governmental Funds

#### Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition of land or the acquisition and construction of major facilities other than those financed by the proprietary funds.

*Parks Acquisition Fund* – is used for the acquisition of land for the County Park System and the development of County park facilities. Revenues in this fund initially came from a one-time sale of land at San Bruno Mountain. Current revenues come from grants and interest earnings.

*Criminal Facility Fund* – was established to support construction, reconstruction, expansion, improvement, operation or maintenance of criminal justice facilities. For every \$10 of all criminal and traffic fines, and bail and imposed penalties; a \$2.25 penalty assessment is added to the fines and placed into this fund. A penalty assessment of \$1.50 is put into this fund for every parking offense paid. The County's Probation Department also deposits \$1 into this fund for every \$10 in fines collected pursuant to Government Code 76004.

*Courthouse Construction Fund* – was established to finance construction and rehabilitation of courtrooms. Revenues for this fund are identical to the Criminal Facility Construction Fund above.

*Other Capital Projects Fund* – was established to centrally budget other capital improvement projects in the County.

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2013**  
**(In Thousands)**

	<u>Parks Acquisition</u>	<u>Criminal Facility</u>	<u>Courthouse Construction</u>	<u>Other Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and investments	\$ 2,692	\$ 1,706	\$ 953	\$ 6,572	\$ 11,923
Accounts receivable	-	13	13	-	26
Interest receivable	3	3	1	3	10
Due from other funds	-	-	-	6	6
Total assets	<u>\$ 2,695</u>	<u>\$ 1,722</u>	<u>\$ 967</u>	<u>\$ 6,581</u>	<u>\$ 11,965</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 54	\$ -	\$ -	\$ 4,349	\$ 4,403
Accrued liabilities	-	-	-	94	94
Due to other funds	-	-	-	1	1
Deferred revenues	-	13	13	-	26
Total liabilities	<u>54</u>	<u>13</u>	<u>13</u>	<u>4,444</u>	<u>4,524</u>
<b>FUND BALANCES</b>					
Restricted:					
Parks acquisition and development	2,641	-	-	-	2,641
Courthouse construction	-	-	954	-	954
Assigned	-	1,709	-	2,137	3,846
Total fund balances	<u>2,641</u>	<u>1,709</u>	<u>954</u>	<u>2,137</u>	<u>7,441</u>
Total liabilities, deferred inflow and fund balances	<u>\$ 2,695</u>	<u>\$ 1,722</u>	<u>\$ 967</u>	<u>\$ 6,581</u>	<u>\$ 11,965</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	<u>Parks Acquisition</u>	<u>Criminal Facility</u>	<u>Courthouse Construction</u>	<u>Other Capital Projects</u>	<u>Total</u>
<b>Revenues:</b>					
Intergovernmental	\$ 717	\$ -	\$ -	\$ 9	\$ 726
Charges for services	-	1,160	1,160	9	2,329
Investment income	(4)	1	(2)	(24)	(29)
Other	1,617	5	18	10	1,650
Total revenues	<u>2,330</u>	<u>1,166</u>	<u>1,176</u>	<u>4</u>	<u>4,676</u>
<b>Expenditures:</b>					
Capital outlay	1,383	-	-	19,667	21,050
Total expenditures	<u>1,383</u>	<u>-</u>	<u>-</u>	<u>19,667</u>	<u>21,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>947</u>	<u>1,166</u>	<u>1,176</u>	<u>(19,663)</u>	<u>(16,374)</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	18,789	18,789
Transfers out	(891)	(1,100)	(1,327)	-	(3,318)
Total other financing sources (uses)	<u>(891)</u>	<u>(1,100)</u>	<u>(1,327)</u>	<u>18,789</u>	<u>15,471</u>
<b>Net change in fund balances</b>	56	66	(151)	(874)	(903)
Fund balances - beginning	<u>2,585</u>	<u>1,643</u>	<u>1,105</u>	<u>3,011</u>	<u>8,344</u>
Fund balances- end	<u>\$ 2,641</u>	<u>\$ 1,709</u>	<u>\$ 954</u>	<u>\$ 2,137</u>	<u>\$ 7,441</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Parks Acquisition Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 2,574	\$ 2,574	\$ -	\$ 2,585	\$ 11
<b>Resources (inflows):</b>					
Use of money and property	25	25	-	(4)	(29)
Intergovernmental revenues	1,378	2,278	900	717	(1,561)
Miscellaneous revenue	-	751	751	1,617	866
Amounts available for appropriation	<u>1,403</u>	<u>3,054</u>	<u>1,651</u>	<u>2,330</u>	<u>(724)</u>
<b>Charges to appropriations (outflows):</b>					
Services and supplies	168	231	63	204	27
Fixed assets	-	1,635	1,635	1,179	456
Other financing uses	2,956	2,909	(47)	891	2,018
Non-general fund reserves	853	853	-	-	853
Total charges to appropriations	<u>3,977</u>	<u>5,628</u>	<u>1,651</u>	<u>2,274</u>	<u>3,354</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,641</u>	<u>\$ 2,641</u>

**Explanation of Differences between Budgetary Outflows and GAAP Expenditures:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,274
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(891)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 1,383</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Criminal Facility Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 1,636	\$ 1,636	\$ -	\$ 1,643	\$ 7
<b>Resources (inflows):</b>					
Use of money and property	19	19	-	1	(18)
Charges for services	1,200	1,200	-	1,160	(40)
Miscellaneous revenue	-	-	-	5	5
Amounts available for appropriation	<u>1,219</u>	<u>1,219</u>	<u>-</u>	<u>1,166</u>	<u>(53)</u>
<b>Charges to appropriations (outflows):</b>					
Other financing uses	1,100	1,100	-	1,100	-
Non-general fund reserves	1,755	1,755	-	-	1,755
Total charges to appropriations	<u>2,855</u>	<u>2,855</u>	<u>-</u>	<u>1,100</u>	<u>1,755</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,709</u>	<u>\$ 1,709</u>

**Explanation of Differences between Budgetary Outflows and GAAP Expenditures:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,100
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(1,100)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ -</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Courthouse Construction Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 1,101	\$ 1,101	\$ -	\$ 1,105	\$ 4
<b>Resources (inflows):</b>					
Use of money and property	12	12	-	(2)	(14)
Charges for services	1,200	1,200	-	1,160	(40)
Miscellaneous revenue	-	-	-	18	18
Amounts available for appropriation	<u>1,212</u>	<u>1,212</u>	<u>-</u>	<u>1,176</u>	<u>(36)</u>
<b>Charges to appropriations (outflows):</b>					
Other charges	862	862	-	-	862
Other financing uses	465	465	-	1,327	(862)
Non-general fund reserves	986	986	-	-	986
Total charges to appropriations	<u>2,313</u>	<u>2,313</u>	<u>-</u>	<u>1,327</u>	<u>986</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 954</u>	<u>\$ 954</u>

**Explanation of Differences between Budgetary Outflows and GAAP Expenditures:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,327
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(1,327)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ -</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 3,286	\$ 3,286	\$ -	\$ 3,011	\$ (275)
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	(24)	(24)
Intergovernmental revenues	-	-	-	9	9
Charges for services	-	-	-	9	9
Interfund revenues	1,022	1,022	-	-	(1,022)
Miscellaneous revenue	-	-	-	10	10
Other financing sources	78,736	78,737	1	18,789	(59,948)
Amounts available for appropriation	<u>79,758</u>	<u>79,759</u>	<u>1</u>	<u>18,793</u>	<u>(60,966)</u>
<b>Charges to appropriations (outflows):</b>					
Services and supplies	2,340	2,340	-	146	2,194
Fixed assets	80,009	80,010	1	19,521	60,489
Contingencies	695	695	-	-	695
Total charges to appropriations	<u>83,044</u>	<u>83,045</u>	<u>1</u>	<u>19,667</u>	<u>63,378</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,137</u>	<u>\$ 2,137</u>

**Explanation of Differences between Budgetary Inflows and GAAP Revenues:**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 18,793
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(18,789)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 4</u>



## Nonmajor Enterprise Funds

## COUNTY OF SAN MATEO

### **Nonmajor 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 (including depreciation and amortization) to the general public be financed primarily through user charges on a continuing basis; or where the County has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

*Airports Fund* – was established to provide for operations and maintenance of San Carlos and Half Moon Bay aviation facilities. Revenues are derived from facility rental and federal aid.

*Coyote Point Marina Fund* – provides and maintains a fully utilized recreational facility for the boating public. Revenues arise from berth and facility rentals as well as interest earnings.

**COUNTY OF SAN MATEO**  
**Combining Statement of Fund Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2013**  
**(In Thousands)**

	Airports	Coyote Point Marina	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 62	\$ 585	\$ 647
Restricted cash and investments	524	-	524
Receivables (net):			
Accounts	14	22	36
Interest	1	1	2
Due from other funds	12	1	13
Due from other governmental agencies	17	-	17
Total current assets	630	609	1,239
Noncurrent assets:			
Net OPEB asset	184	119	303
Capital assets:			
Nondepreciable:			
Land	6,844	1,334	8,178
Construction in progress	431	211	642
Depreciable:			
Structures and improvements	28,943	13,047	41,990
Equipment	73	106	179
Less accumulated depreciation	(8,625)	(6,073)	(14,698)
Total capital assets	27,666	8,625	36,291
Total noncurrent assets	27,850	8,744	36,594
Total assets	28,480	9,353	37,833
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	82	3	85
Accrued interest payable	36	26	62
Accrued salaries and benefits	22	6	28
Notes payable - current	287	26	313
Compensated absences - current	57	7	64
Total current liabilities	484	68	552
Noncurrent liabilities:			
Unearned revenues	4	-	4
Deposits	-	4	4
Notes payable - noncurrent	1,654	664	2,318
Compensated absences - noncurrent	30	20	50
Total noncurrent liabilities	1,688	688	2,376
Total liabilities	2,172	756	2,928
<b>NET POSITION</b>			
Net investment in capital assets	25,725	7,935	33,660
Restricted for airport management by FAA	524	-	524
Unrestricted	59	662	721
Total net position	\$ 26,308	\$ 8,597	\$ 34,905

**COUNTY OF SAN MATEO**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services	\$ 30	\$ 970	\$ 1,000
Rent and concessions	2,481	24	2,505
Miscellaneous	70	6	76
Total operating revenues	<u>2,581</u>	<u>1,000</u>	<u>3,581</u>
<b>Operating expenses:</b>			
Salaries and benefits	1,112	268	1,380
General and administrative	1,008	256	1,264
Depreciation and amortization	581	263	844
Total operating expenses	<u>2,701</u>	<u>787</u>	<u>3,488</u>
Operating income (loss)	<u>(120)</u>	<u>213</u>	<u>93</u>
<b>Nonoperating expenses:</b>			
Interest expense	<u>(143)</u>	<u>(31)</u>	<u>(174)</u>
Total nonoperating expenses	<u>(143)</u>	<u>(31)</u>	<u>(174)</u>
Income (loss) before capital contributions and transfers	(263)	182	(81)
Capital contributions	137	11	148
Transfers in	<u>9</u>	<u>3</u>	<u>12</u>
<b>Change in net position</b>	(117)	196	79
Net position - beginning	<u>26,425</u>	<u>8,401</u>	<u>34,826</u>
Net position - end	<u>\$ 26,308</u>	<u>\$ 8,597</u>	<u>\$ 34,905</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Airports	Coyote Point Marina	Total
<b>Cash flows from operating activities</b>			
Cash receipts from customers	\$ 2,560	\$ 997	\$ 3,557
Cash paid to suppliers of goods and services	(1,046)	(259)	(1,305)
Cash paid to employees for services	(1,090)	(270)	(1,360)
Net cash provided by operating activities	424	468	892
<b>Cash flows from noncapital financing activities</b>			
Transfers received from other funds	9	3	12
Net cash provided by noncapital financing activities	9	3	12
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	(557)	(102)	(659)
Capital contributions from other governments	137	11	148
Principal paid on long-term liabilities	(273)	(47)	(320)
Interest paid on long-term liabilities	(106)	(33)	(139)
Net cash used in capital and related financing activities	(799)	(171)	(970)
<b>Cash flows from investing activities</b>			
Investment income received	1	-	1
Net cash provided by investing activities	1	-	1
Net increase (decrease) in cash and cash equivalents	(365)	300	(65)
Cash and cash equivalents, beginning	951	285	1,236
Cash and cash equivalents, end	\$ 586	\$ 585	\$ 1,171
<b>Financial statement presentation:</b>			
Cash and cash equivalents	\$ 62	\$ 585	\$ 647
Cash and equivalents - restricted	524	-	524
Cash and cash equivalents, end	\$ 586	\$ 585	\$ 1,171
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
<b>Operating income (loss)</b>	\$ (120)	\$ 213	\$ 93
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	581	263	844
Decrease (increase) in:			
Accounts receivable	15	(3)	12
Due from other funds	(12)	(1)	(13)
Due from other governmental agencies	(17)	-	(17)
Net OPEB assets	(1)	(1)	(2)
Increase (decrease) in:			
Accounts payable	(38)	(3)	(41)
Accrued salaries and benefits	4	-	4
Due to other funds	(2)	-	(2)
Unearned revenues	(4)	-	(4)
Compensated absences	19	(1)	18
Refundable deposits	(1)	1	-
Net cash provided by operating activities	\$ 424	\$ 468	\$ 892



Internal Service Funds

## COUNTY OF SAN MATEO

### **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 by the County include the following:

*Fleet Maintenance Fund* – provides vehicle and equipment acquisition, replacement, maintenance, repair, and fuel services to all County agencies. Full service repair facilities are operated in Belmont and Redwood City.

*Tower Road Construction Fund* – provides quality, cost-effective maintenance, repair and renovation of County facilities to ensure a safe, accessible, efficient and attractive environment for the public and all County employees. This unit also offers remodeling and craft services beyond the scope of building maintenance to the County and other government agencies; as well as capital project management, support, and maintenance services to the lighting districts on a fee for service basis.

*Self-Insurance Funds* – are established to account for administrative costs and claim payments under various self-insurance programs. Revenues are primarily from premiums paid by participating funds and income on investments. The insurance programs include the following:

- Workers' Compensation Insurance – provides medical benefits to employees for work-related injuries and illnesses.
- Long-Term Disability – provides long-term disability benefits for permanent employees who have worked for the County for three years and at least 20 hours per week.
- Personal Injury and Property Damage – provides insurance coverage for general liability (including errors and omissions) and automobile liability.

*Employee Benefits Fund* – is established to account for costs associated with providing comprehensive benefits, services, and programs to eligible employees, retirees, and their dependents that meet their needs. Revenues are primarily derived from contributions paid by individual funds.

**COUNTY OF SAN MATEO**  
**Combining Statement of Fund Net Position**  
**Internal Service Funds**  
**June 30, 2013**  
**(In Thousands)**

	Fleet Maintenance	Tower Road Construction	Workers' Compensation Insurance	Long-Term Disability	Personal Injury and Property Damage	Employee Benefits	Total
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 9,060	\$ 165	\$ 22,586	\$ 433	\$ 10,809	\$ 21,841	\$ 64,894
Receivables (net):							
Accounts	5	11	-	-	-	-	16
Interest	13	-	33	-	17	27	90
Due from other funds	505	83	25	-	-	-	613
Due from other governmental agencies	-	-	-	-	-	2,036	2,036
Inventories	137	-	-	-	-	-	137
Other assets	-	-	766	-	2,968	-	3,734
Total current assets	<u>9,720</u>	<u>259</u>	<u>23,410</u>	<u>433</u>	<u>13,794</u>	<u>23,904</u>	<u>71,520</u>
Noncurrent assets:							
Net OPEB asset	239	444	-	-	-	-	683
Capital assets:							
Nondepreciable:							
Construction in progress	105	-	-	-	-	-	105
Depreciable:							
Structures and improvements	1,085	-	-	-	-	-	1,085
Equipment	20,762	24	-	-	-	-	20,786
Software	9	-	-	-	-	-	9
Less accumulated depreciation	(18,877)	(24)	-	-	-	-	(18,901)
Total capital assets	<u>3,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,084</u>
Total noncurrent assets	<u>3,323</u>	<u>444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,767</u>
Total assets	<u>13,043</u>	<u>703</u>	<u>23,410</u>	<u>433</u>	<u>13,794</u>	<u>23,904</u>	<u>75,287</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	272	11	179	14	1,363	468	2,307
Accrued salaries and benefits	22	22	-	-	-	-	44
Due to other funds	1	9	175	-	169	269	623
Unearned revenues	-	17	113	-	63	-	193
Compensated absences - current	38	52	-	-	-	-	90
Estimated claims - current	-	-	10,238	715	848	411	12,212
Total current liabilities	<u>333</u>	<u>111</u>	<u>10,705</u>	<u>729</u>	<u>2,443</u>	<u>1,148</u>	<u>15,469</u>
Noncurrent liabilities:							
Advances from other funds	-	1,361	-	-	-	-	1,361
Deposits	94	-	-	-	-	-	94
Compensated absences - noncurrent	59	21	-	-	-	-	80
Estimated claims - noncurrent	-	-	31,147	2,183	976	-	34,306
Total noncurrent liabilities	<u>153</u>	<u>1,382</u>	<u>31,147</u>	<u>2,183</u>	<u>976</u>	<u>-</u>	<u>35,841</u>
Total liabilities	<u>486</u>	<u>1,493</u>	<u>41,852</u>	<u>2,912</u>	<u>3,419</u>	<u>1,148</u>	<u>51,310</u>
<b>NET POSITION</b>							
Net investment in capital assets	3,084	-	-	-	-	-	3,084
Unrestricted	9,473	(790)	(18,442)	(2,479)	10,375	22,756	20,893
Total net position	<u>\$ 12,557</u>	<u>\$ (790)</u>	<u>\$ (18,442)</u>	<u>\$ (2,479)</u>	<u>\$ 10,375</u>	<u>\$ 22,756</u>	<u>\$ 23,977</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Fleet Maintenance	Tower Road Construction	Workers' Compensation Insurance	Long-Term Disability	Personal Injury and Property Damage	Employee Benefits	Total
<b>Operating revenues:</b>							
Charges for services	\$ 6,577	\$ 1,672	\$ 12,123	\$ 834	\$ 6,095	\$ 94,251	\$ 121,552
Miscellaneous	154	-	224	109	484	382	1,353
Total operating revenues	<u>6,731</u>	<u>1,672</u>	<u>12,347</u>	<u>943</u>	<u>6,579</u>	<u>94,633</u>	<u>122,905</u>
<b>Operating expenses:</b>							
Salaries and benefits	1,237	1,260	-	-	-	-	2,497
General and administrative	2,894	233	2,741	-	2,393	4,098	12,359
Benefits and claims	-	-	11,548	(3,229)	769	5,287	14,375
Insurance premiums	-	-	369	-	3,752	84,172	88,293
Depreciation	1,457	-	-	-	-	-	1,457
Total operating expenses	<u>5,588</u>	<u>1,493</u>	<u>14,658</u>	<u>(3,229)</u>	<u>6,914</u>	<u>93,557</u>	<u>118,981</u>
Operating income (loss)	<u>1,143</u>	<u>179</u>	<u>(2,311)</u>	<u>4,172</u>	<u>(335)</u>	<u>1,076</u>	<u>3,924</u>
<b>Nonoperating expenses</b>							
Investment loss	(11)	(1)	(24)	-	(4)	(46)	(86)
Total nonoperating expenses	<u>(11)</u>	<u>(1)</u>	<u>(24)</u>	<u>-</u>	<u>(4)</u>	<u>(46)</u>	<u>(86)</u>
Income (loss) before transfers	1,132	178	(2,335)	4,172	(339)	1,030	3,838
Transfers in	13	13	27	-	-	-	53
Transfers out	(6)	-	(59)	-	(19)	-	(84)
<b>Change in net position</b>	1,139	191	(2,367)	4,172	(358)	1,030	3,807
Net position - beginning	<u>11,418</u>	<u>(981)</u>	<u>(16,075)</u>	<u>(6,651)</u>	<u>10,733</u>	<u>21,726</u>	<u>20,170</u>
Net position - end	<u>\$ 12,557</u>	<u>\$ (790)</u>	<u>\$ (18,442)</u>	<u>\$ (2,479)</u>	<u>\$ 10,375</u>	<u>\$ 22,756</u>	<u>\$ 23,977</u>



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**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	Fleet Maintenance	Tower Construction	Workers' Compensation Insurance	Long-Term Disability
<b>Cash flows from operating activities</b>				
Cash received from interfund services provided	\$ 6,286	\$ 1,578	\$ 11,556	\$ 977
Cash payment to suppliers of goods and services	(2,923)	(201)	(2,813)	(1)
Cash payment to employees for services	(1,243)	(1,283)	-	-
Cash payment for judgments and claims	-	-	(11,291)	(715)
Net cash provided by (used in) operating activities	<u>2,120</u>	<u>94</u>	<u>(2,548)</u>	<u>261</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers received from other funds	13	13	27	-
Transfers paid to other funds	(6)	-	(59)	-
Net cash provided by (used in) noncapital financing activities	<u>7</u>	<u>13</u>	<u>(32)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition of capital assets	(794)	-	-	-
Net cash used in capital and related financing activities	<u>(794)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>				
Investment income received	-	-	-	-
Investment expense paid	(8)	(1)	(3)	-
Net cash provided by (used in) investing activities	<u>(8)</u>	<u>(1)</u>	<u>(3)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,325	106	(2,583)	261
Cash and cash equivalents, beginning	7,735	59	25,169	172
Cash and cash equivalents, end	<u>\$ 9,060</u>	<u>\$ 165</u>	<u>\$ 22,586</u>	<u>\$ 433</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
<b>Operating income (loss)</b>	\$ 1,143	\$ 179	\$ (2,311)	\$ 4,172
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,457	-	-	-
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	1	(11)	-	34
Due from other funds	(446)	(83)	(25)	-
Due from other government agencies	-	-	-	-
Inventories	(14)	-	-	-
Net OPEB assets	(2)	(3)	-	-
Other assets	-	-	(766)	-
Increase (decrease) in:				
Accounts payable	(13)	6	145	(1)
Accrued salaries and benefits	(3)	(6)	-	-
Due to other funds	(2)	9	148	-
Unearned revenues	-	17	4	-
Compensated absences	(1)	(14)	-	-
Estimated claims	-	-	257	(3,944)
Net cash provided by (used in) operating activities	<u>\$ 2,120</u>	<u>\$ 94</u>	<u>\$ (2,548)</u>	<u>\$ 261</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

Personal Injury and Property Damage	Employee Benefits	Total
\$ 6,171	\$ 95,414	\$ 121,982
(4,711)	(87,885)	(98,534)
-	-	(2,526)
(1,067)	(5,290)	(18,363)
<u>393</u>	<u>2,239</u>	<u>2,559</u>
-	-	53
(19)	-	(84)
<u>(19)</u>	<u>-</u>	<u>(31)</u>
-	-	(794)
<u>-</u>	<u>-</u>	<u>(794)</u>
5	-	5
-	(37)	(49)
<u>5</u>	<u>(37)</u>	<u>(44)</u>
379	2,202	1,690
10,430	19,639	63,204
<u>\$ 10,809</u>	<u>\$ 21,841</u>	<u>\$ 64,894</u>

**Cash flows from operating activities**

Cash received from interfund services provided  
Cash payment to suppliers of goods and services  
Cash payment to employees for services  
Cash payment for judgments and claims  
Net cash provided by (used in) operating activities

**Cash flows from noncapital financing activities**

Transfers received from other funds  
Transfers paid to other funds  
Net cash provided by (used in) noncapital financing activities

**Cash flows from capital and related financing activities**

Acquisition of capital assets  
Net cash used in capital and related financing activities

**Cash flows from investing activities**

Investment income received  
Investment expense paid  
Net cash provided by (used in) investing activities

Net increase (decrease) in cash and cash equivalents  
Cash and cash equivalents, beginning  
Cash and cash equivalents, end

**Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:**

\$ (335)	\$ 1,076	\$ 3,924
-	-	1,457
-	-	24
-	-	(554)
-	781	781
-	-	(14)
-	-	(5)
(408)	-	(1,174)
1,267	141	1,545
-	-	(9)
169	244	568
(2)	-	19
-	-	(15)
(298)	(3)	(3,988)
<u>\$ 393</u>	<u>\$ 2,239</u>	<u>\$ 2,559</u>

**Operating income (loss)**

Adjustments to reconcile operating income (loss)  
to net cash provided by (used in) operating activities:

Depreciation  
Changes in operating assets and liabilities:  
Decrease (increase) in:  
Accounts receivable  
Due from other funds  
Due from other government agencies  
Inventories  
Net OPEB assets  
Other assets

Increase (decrease) in:  
Accounts payable  
Accrued salaries and benefits  
Due to other funds  
Unearned revenues  
Compensated absences  
Estimated claims

Net cash provided by (used in) operating activities



Fiduciary Funds

## COUNTY OF SAN MATEO

### Fiduciary Funds

#### Trust Funds

*Investment Trust (External Investment Pool).* The external investment pool is made up of three separate funds: Special Districts under Local Board, School Districts, and Other Investment Trust. These funds account for assets, primarily cash and investments in the County's investment pool, owned by legally separate entities such as school and community colleges, special districts governed by local boards, regional boards and authorities, and pass through funds for tax collections for cities. Under sections 27133(h) and 27136 of the California Government Code, funds deposited in the County pool may be reclaimed at the rate of 20% of the principal balance per month, exclusive of apportionment, payroll and day-to-day operations, unless specifically authorized by the Treasurer.

#### Agency Funds

*County Library Fund* – is governed by the Board of the San Mateo Joint Powers Authority (JPA). The Board has twelve members, one from each of the eleven cities and one from the County Board of Supervisors. JPA, primarily financed by property taxes, provides library services to eleven cities and all unincorporated areas within the County.

*Unapportioned Taxes Fund* – accounts for property tax receipts awaiting apportionment to other local governmental agencies.

*Trial Courts Operation Fund* – is solely financed by the State of California and administered by the San Mateo County Superior Court. Expenditures from this fund require written authorization from the Court's Presiding Judge or his/her designee. The County only holds a custodial relationship to this fund.

*Public Administrator Fund* – accounts for all assets under the control of the Public Administrator. The County holds the assets in a fiduciary capacity.

*Public Guardian Fund* – accounts for all assets under the control of the Public Guardian. The County holds the assets in a fiduciary capacity.

*Other Agency Fund* – accounts for assets held for other governmental agencies and entities by the County in a fiduciary capacity.

**COUNTY OF SAN MATEO**  
**Combining Statement of Fiduciary Net Position**  
**Investment Trust Funds**  
**June 30, 2013**  
**(In Thousands)**

	<b>External Investment Pool</b>			<b>Total</b>
	Special Districts under <u>Local Board</u>	School Districts	Other Investment Trust	
<b>ASSETS</b>				
Cash and investments	\$ 192,978	\$ 1,131,235	\$ 627,626	\$ 1,951,839
Interest receivable	302	1,648	1,361	3,311
Due from other governmental agencies	4,865	-	-	4,865
Other assets	107	2	-	109
Total assets	<u>198,252</u>	<u>1,132,885</u>	<u>628,987</u>	<u>1,960,124</u>
<b>LIABILITIES</b>				
Accounts payable	318	-	1,179	1,497
Due to other governmental agencies	-	1,645	-	1,645
Other liabilities	4,708	-	-	4,708
Total liabilities	<u>5,026</u>	<u>1,645</u>	<u>1,179</u>	<u>7,850</u>
<b>NET POSITION</b>				
Net position held in trust for investment pool participants	<u>\$ 193,226</u>	<u>\$ 1,131,240</u>	<u>\$ 627,808</u>	<u>\$ 1,952,274</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Investment Trust Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	<b>External Investment Pool</b>			<b>Total</b>
	Special Districts under Local Board	School Districts	Other Investment Trust	
<b>ADDITIONS</b>				
Contributions:				
Contributions to investment pool	\$ 292,170	\$ 2,791,191	\$ 396,474	\$ 3,479,835
Net investment income:				
Net depreciation in fair value of investments	(1,439)	(6,881)	(4,705)	(13,025)
Investment income	1,443	6,941	42,460	50,844
Total net investment income	4	60	37,755	37,819
Total additions	292,174	2,791,251	434,229	3,517,654
<b>DEDUCTIONS</b>				
Distribution from investment pool	294,875	2,717,295	383,357	3,395,527
<b>Change in net position</b>	(2,701)	73,956	50,872	122,127
Net position - beginning	195,927	1,057,284	576,936	1,830,147
Net position - end	\$ 193,226	\$ 1,131,240	\$ 627,808	\$ 1,952,274

**COUNTY OF SAN MATEO**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Addition</u>	<u>Deletion</u>	<u>Balance</u> <u>June 30, 2013</u>
<b><u>COUNTY LIBRARY</u></b>				
Assets:				
Cash and investments	\$ 13,843	\$ 22,953	\$ 18,548	\$ 18,248
Interest receivable	27	23	27	23
Taxes receivable, net	1,174	1,233	1,174	1,233
Due from other governmental agencies	1,388	1,636	1,388	1,636
Other assets	1,655	2,107	700	3,062
Total assets	<u>\$ 18,087</u>	<u>\$ 27,952</u>	<u>\$ 21,837</u>	<u>\$ 24,202</u>
Liabilities:				
Fiduciary liabilities	\$ 18,087	\$ 51,305	\$ 45,190	\$ 24,202
Total liabilities	<u>\$ 18,087</u>	<u>\$ 51,305</u>	<u>\$ 45,190</u>	<u>\$ 24,202</u>
<b><u>UNAPPORTIONED TAXES</u></b>				
Assets:				
Cash and investments	\$ 131,842	\$ 3,801,023	\$ 3,811,797	\$ 121,068
Interest receivable	187	155	188	154
Due from other governmental agencies	1,047	1,645	1,047	1,645
Other assets	-	68	-	68
Total assets	<u>\$ 133,076</u>	<u>\$ 3,802,891</u>	<u>\$ 3,813,032</u>	<u>\$ 122,935</u>
Liabilities:				
Due to other governmental agencies	\$ 62,650	\$ 73,088	\$ 62,650	\$ 73,088
Fiduciary liabilities	70,426	4,235,579	4,256,158	49,847
Total liabilities	<u>\$ 133,076</u>	<u>\$ 4,308,667</u>	<u>\$ 4,318,808</u>	<u>\$ 122,935</u>
<b><u>TRIAL COURTS OPERATION</u></b>				
Assets:				
Cash and investments	\$ 1,812	\$ 32,347	\$ 32,472	\$ 1,687
Interest receivable	5	3	5	3
Other assets	1,109	2	-	1,111
Total assets	<u>\$ 2,926</u>	<u>\$ 32,352</u>	<u>\$ 32,477</u>	<u>\$ 2,801</u>
Liabilities:				
Fiduciary liabilities	\$ 2,926	\$ 64,836	\$ 64,961	\$ 2,801
Total liabilities	<u>\$ 2,926</u>	<u>\$ 64,836</u>	<u>\$ 64,961</u>	<u>\$ 2,801</u>
<b><u>PUBLIC ADMINISTRATOR</u></b>				
Assets:				
Cash and investments	\$ 6,965	\$ 27,451	\$ 15,708	\$ 18,708
Interest receivable	-	34	34	-
Other assets	10,787	4,847	8,354	7,280
Total assets	<u>\$ 17,752</u>	<u>\$ 32,332</u>	<u>\$ 24,096</u>	<u>\$ 25,988</u>
Liabilities:				
Fiduciary liabilities	\$ 17,752	\$ 20,403	\$ 12,167	\$ 25,988
Total liabilities	<u>\$ 17,752</u>	<u>\$ 20,403</u>	<u>\$ 12,167</u>	<u>\$ 25,988</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2013**  
**(In Thousands)**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Addition</u>	<u>Deletion</u>	<u>Balance</u> <u>June 30, 2013</u>
<b><u>PUBLIC GUARDIAN</u></b>				
Assets:				
Cash and investments	\$ 23,213	\$ 38,367	\$ 41,704	\$ 19,876
Interest receivable	49	32	49	32
Other assets	30,597	3,900	1,974	32,523
Total assets	<u>\$ 53,859</u>	<u>\$ 42,299</u>	<u>\$ 43,727</u>	<u>\$ 52,431</u>
Liabilities:				
Due to other governmental agencies	\$ 1,189	\$ 1,007	\$ 1,189	\$ 1,007
Fiduciary liabilities	52,670	60,606	61,852	51,424
Total liabilities	<u>\$ 53,859</u>	<u>\$ 61,613</u>	<u>\$ 63,041</u>	<u>\$ 52,431</u>
<b><u>OTHER AGENCY</u></b>				
Assets:				
Cash and investments	\$ 89,907	\$ 5,557,547	\$ 5,515,122	\$ 132,332
Interest receivable	340	354	437	257
Taxes receivable, net	114,833	124,411	116,683	122,561
Due from other governmental agencies	11,499	15,042	11,499	15,042
Other assets	30,614	20,350	43,176	7,788
Total assets	<u>\$ 247,193</u>	<u>\$ 5,717,704</u>	<u>\$ 5,686,917</u>	<u>\$ 277,980</u>
Liabilities:				
Due to other governmental agencies	\$ 891	\$ 276	\$ 780	\$ 387
Fiduciary liabilities	246,302	5,851,756	5,820,465	277,593
Total liabilities	<u>\$ 247,193</u>	<u>\$ 5,852,032</u>	<u>\$ 5,821,245</u>	<u>\$ 277,980</u>
<b><u>TOTALS</u></b>				
Assets:				
Cash and investments	\$ 267,582	\$ 9,479,688	\$ 9,435,351	\$ 311,919
Receivables:				
Interest	608	601	740	469
Taxes, net	116,007	125,644	117,857	123,794
Due from other governmental agencies	13,934	18,323	13,934	18,323
Other assets	74,762	31,274	54,204	51,832
Total assets	<u>\$ 472,893</u>	<u>\$ 9,655,530</u>	<u>\$ 9,622,086</u>	<u>\$ 506,337</u>
Liabilities:				
Due to other governmental agencies	\$ 64,730	\$ 74,371	\$ 64,619	\$ 74,482
Fiduciary liabilities	408,163	10,284,485	10,260,793	431,855
Total liabilities	<u>\$ 472,893</u>	<u>\$ 10,358,856</u>	<u>\$ 10,325,412</u>	<u>\$ 506,337</u>



**STATISTICAL SECTION**  
**(Unaudited)**

# COUNTY OF SAN MATEO

## Statistical Section

This part of the County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

### **Financial Trends**

This segment contains trend information to help the reader understand how the County's financial performance and has changed over time.

### **Revenue Capacity**

This segment includes information to help the reader assess the County's most significant local revenue source, property tax.

### **Debt Capacity**

This segment presents information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

### **Economic & Demographic Information**

This segment depicts demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

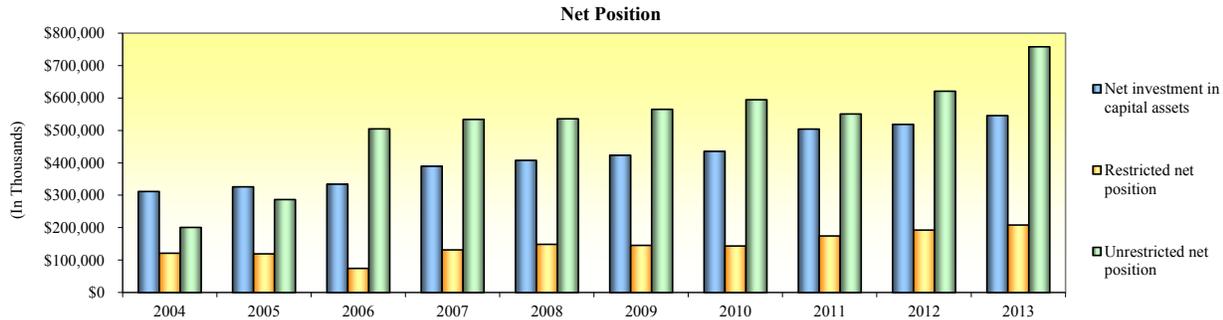
### **Operating Information**

This segment displays service and capital asset data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

**Sources:** Unless otherwise stated, the information in this section is derived from the comprehensive annual financial reports for the relevant years.

**COUNTY OF SAN MATEO**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
**(In Thousands)**

	As of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>										
Net investment in capital assets <sup>1</sup>	\$ 271,872	\$ 287,265	\$ 292,983	\$ 342,916	\$ 360,632	\$ 375,392	\$ 381,801	\$ 449,235	\$ 459,511	\$ 482,077
Restricted for:										
Government programs <sup>3</sup>	45,207	60,012	68,414	91,179	102,966	82,421	99,319	108,657	126,227	143,399
Capital projects	-	-	4,574	-	-	6,315	3,231	3,718	3,675	3,595
Debt service	71,958	58,217	65	40,248	38,158	46,504	40,605	61,056	60,863	60,726
Unrestricted	219,281	302,777	514,597	525,709	503,969	511,196	538,887	481,004	550,999	679,125
Subtotal governmental activities net position	608,318	708,271	880,633	1,000,052	1,005,725	1,021,828 <sup>5</sup>	1,063,843	1,103,670	1,201,275	1,368,922
<b>Business-type Activities</b>										
Net investment in capital assets	39,797	38,771	41,223	46,614	47,003	47,946	53,559	54,851	58,904	63,516
Restricted for:										
Housing assistance programs	4,167	1,127	1,506	167	7,595	10,263	444	1,095	1,886	-
Miscellaneous purposes	-	-	-	-	-	-	-	-	-	524
Unrestricted (Deficit)	(18,445)	(16,007)	(9,901)	8,107	31,759	53,741	55,625	69,588	69,816	78,690
Subtotal business-type activities net position	25,519	23,891	32,828	54,888	86,357	111,950	109,628	125,534	130,606	142,730
<b>Primary Government</b>										
Net investment in capital assets	311,669	326,036	334,206	389,530	407,635	423,338	435,360	504,086	518,415	545,593
Restricted for:										
Special purposes	45,207	60,012	68,414	91,179	102,966	82,421	99,319	108,657	126,227	143,399
Capital projects	-	-	4,574	-	-	6,315	3,231	3,718	3,675	3,595
Debt service	71,958	58,217	65	40,248	38,158	46,504	40,605	61,056	60,863	60,726
Housing assistance programs	4,167	1,127	1,506	167	7,595	10,263	444	1,095	1,886	-
Miscellaneous purposes	-	-	-	-	-	-	-	-	-	524
Total restricted	121,332	119,356	74,559	131,594	148,719	145,503	143,599	174,526	192,651	208,244
Unrestricted	200,836	286,770	504,696 <sup>4</sup>	533,816	535,728	564,937	594,512	550,592	620,815	757,815
Total primary government net position <sup>2</sup>	\$ 633,837	\$ 732,162	\$ 913,461	\$ 1,054,940	\$ 1,092,082	\$ 1,133,778	\$ 1,173,471	\$ 1,229,204	\$ 1,331,881	\$ 1,511,652
Percent of increase (decrease) in primary government net position	3.48%	15.51%	24.76%	15.49%	3.52%	3.82%	3.50%	4.75%	8.35%	13.50%



Source: Government-Wide Financial Statements - Comprehensive Annual Financial Reports, County of San Mateo, California

Notes:

<sup>1</sup> Capital assets include land, easements, infrastructure, construction in progress, structures & improvements, equipment, and software.

<sup>2</sup> Accounting standards require that net position be reported in three components in the government-wide financial statements: net investment in capital assets, restricted, and unrestricted. Net position is considered restricted only when an external party, such as the state or federal government, places a restriction on how the resources may be used, or through enabling legislation enacted by the County.

<sup>3</sup> Net position is restricted for specific purposes as indicated on the Statement of Net Position.

<sup>4</sup> Substantial increase in net position for governmental and business-type activities is partially due to reporting postemployment healthcare benefits under GASB Statement No. 45 instead of GASB Statement No. 16.

<sup>5</sup> The FY2008-09's total primary government net position was restated to conform to the "retroactive adjustment" requirements under GASB Statement No. 53.



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**COUNTY OF SAN MATEO**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
**(In Thousands)**

	<b>Fiscal Year Ended June 30,</b>									
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012**</b>	<b>2013</b>
<b>Expenses</b>										
<u>Governmental activities:</u>										
General government	\$ 60,845	\$ 60,798	\$ 68,175	\$ 67,730	\$ 65,188	\$ 84,171	\$ 71,316	\$ 68,325	\$ 78,215	\$ 78,988
Public protection	242,405	243,797	253,800	277,542	294,239	297,357	308,208	329,087	330,062	337,059
Public ways and facilities	22,657	19,938	19,701	18,617	20,312	27,453	18,771	19,089	19,358	20,248
Health and sanitation	157,452	170,679	173,311	200,441	235,782	241,519	229,477	214,952	221,129	224,045
Public assistance	182,914	184,150	195,258	151,594	201,221	195,507	201,823	207,316	199,789	201,087
Education	145	151	142	-	-	-	-	-	-	-
Recreation	7,397	7,401	8,032	8,302	8,839	8,704	9,316	9,608	8,538	8,621
Interest on long-term debt	17,023	19,019	19,459	19,244	20,126	19,677	15,829	18,185	16,841	16,292
Total governmental activities expenses	<u>690,838</u>	<u>705,933</u>	<u>737,878</u>	<u>743,470</u>	<u>845,707</u>	<u>874,388</u>	<u>854,740</u>	<u>866,562</u>	<u>873,932</u>	<u>886,340</u>
<u>Business-type activities:</u>										
San Mateo Medical Center	164,972	178,500	188,920	207,729	221,318	225,876	232,530	241,028	251,626	234,736
Airports	1,706	1,654	1,753	2,146	2,482	2,427	2,879	2,598	2,763	2,841
Coyote Point Marina	1,250	1,045	1,330	1,252	1,403	1,271	1,143	1,067	1,066	826
Housing Authority	71,776	69,899	64,615	59,509	58,947	63,029	65,919	68,728	70,553	70,578
Total business-type activities expenses	<u>239,704</u>	<u>251,098</u>	<u>256,618</u>	<u>270,636</u>	<u>284,150</u>	<u>292,603</u>	<u>302,471</u>	<u>313,421</u>	<u>326,008</u>	<u>308,981</u>
Total primary government expenses	<u>\$ 930,542</u>	<u>\$ 957,031</u>	<u>\$ 994,496</u>	<u>\$ 1,014,106</u>	<u>\$ 1,129,857</u>	<u>\$ 1,166,991</u>	<u>\$ 1,157,211</u>	<u>\$ 1,179,983</u>	<u>\$ 1,199,940</u>	<u>\$ 1,195,321</u>
<b>Program Revenues</b>										
<u>Governmental activities:</u>										
Charges for services										
General government	\$ 33,083	\$ 33,089	\$ 31,903	\$ 28,864	\$ 21,505	\$ 41,007	\$ 28,104	\$ 29,180	\$ 29,011	\$ 33,015
Public protection	28,093	30,603	29,831	30,864	28,849	29,314	32,776	36,881	35,478	35,822
Public ways and facilities	3,047	3,544	3,451	2,968	4,281	6,149	3,318	3,808	2,123	2,432
Health and sanitation	44,528	47,634	49,094	53,143	62,959	71,051	71,795	62,483	74,523	72,773
Public assistance	4,953	4,297	7,160	6,750	5,083	4,254	4,374	4,922	4,605	4,273
Recreation	1,361	1,262	1,266	1,364	1,450	1,791	2,054	1,641	2,253	2,028
Operating grants and contributions *	368,896	382,115	392,847	414,761	408,626	385,104	379,714	408,092	446,884	480,229
Capital grants and contributions	3,304	10,130	13,068	1,769	750	-	-	-	-	907
Total governmental activities program revenues	<u>487,265</u>	<u>512,674</u>	<u>528,620</u>	<u>540,483</u>	<u>533,503</u>	<u>538,670</u>	<u>522,135</u>	<u>547,007</u>	<u>594,877</u>	<u>631,479</u>
<u>Business-type activities:</u>										
Charges for services										
San Mateo Medical Center	97,307	112,751	123,695	110,826	104,927	126,039	131,370	121,074	124,285	173,494
Airports	1,817	1,888	1,904	2,077	2,236	2,503	2,609	2,771	2,589	2,505
Coyote Point Marina	1,047	1,101	1,192	1,165	1,137	1,108	1,064	1,132	1,198	1,000
Housing Authority	1,444	1,979	1,932	1,727	1,890	1,979	2,002	2,196	3,586	3,647
Operating grants and contributions	75,280	75,310	73,128	103,700	106,474	107,735	96,936	138,510	138,170	66,128
Capital grants and contributions	3,680	8,618	5,385	8,357	5,398	4,805	4,579	4,514	5,939	5,607
Total business-type activities program revenues	<u>180,575</u>	<u>201,647</u>	<u>207,236</u>	<u>227,852</u>	<u>222,062</u>	<u>244,169</u>	<u>238,560</u>	<u>270,197</u>	<u>275,767</u>	<u>252,381</u>
Total primary government program revenues	<u>\$ 667,840</u>	<u>\$ 714,321</u>	<u>\$ 735,856</u>	<u>\$ 768,335</u>	<u>\$ 755,565</u>	<u>\$ 782,839</u>	<u>\$ 760,695</u>	<u>\$ 817,204</u>	<u>\$ 870,644</u>	<u>\$ 883,860</u>
<b>Net Expense <sup>1</sup></b>										
Governmental activities	\$ (203,573)	\$ (193,259)	\$ (209,258)	\$ (202,987)	\$ (312,204)	\$ (335,718)	\$ (332,605)	\$ (319,555)	\$ (279,055)	\$ (254,861)
Business-type activities	(59,129)	(49,451)	(49,382)	(42,784)	(62,088)	(48,434)	(63,911)	(43,224)	(50,241)	(56,600)
Total primary government net expenses	<u>\$ (262,702)</u>	<u>\$ (242,710)</u>	<u>\$ (258,640)</u>	<u>\$ (245,771)</u>	<u>\$ (374,292)</u>	<u>\$ (384,152)</u>	<u>\$ (396,516)</u>	<u>\$ (362,779)</u>	<u>\$ (329,296)</u>	<u>\$ (311,461)</u>

Source: Government-Wide Financial Statements - Comprehensive Annual Financial Reports, County of San Mateo, California

Notes:

\* In prior years pass-through payments from redevelopment agencies were reported as part of the property tax revenues. Starting FY 2011-12 these payments were reported under "intergovernmental revenues" as operating grants.

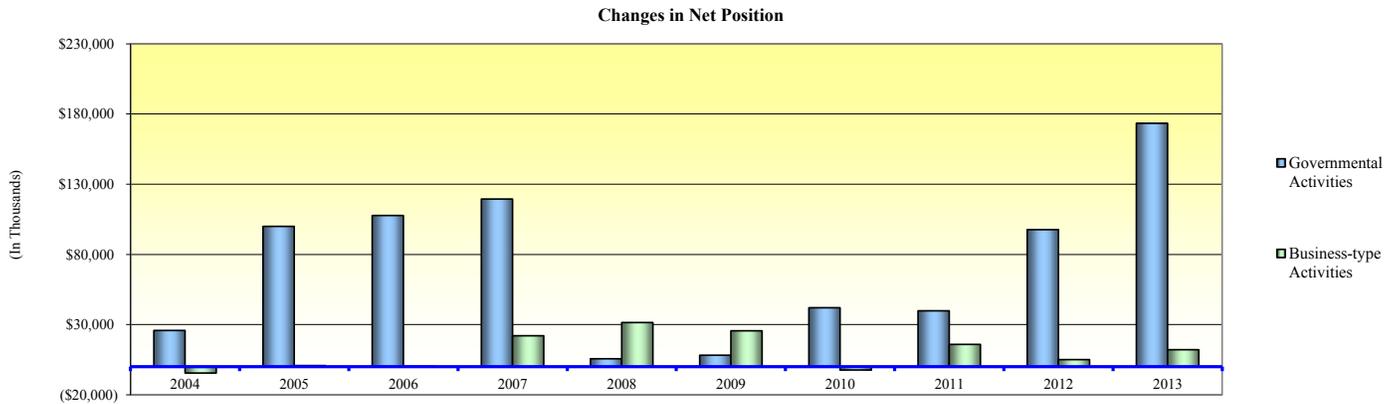
\*\* Reclassifications were made to the FY 2011-12 data to conform with the current year presentation.

<sup>1</sup> Net expense is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses are net expenses, indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program.

(Continued)

**COUNTY OF SAN MATEO**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
**(In Thousands)**

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012**	2013
<b>General Revenues and Other Changes in Net Position</b>										
<u>Governmental activities:</u>										
Taxes:										
Property taxes	\$ 176,853	\$ 218,188	\$ 298,368	\$ 295,134	\$ 326,757	\$ 370,695	\$ 372,312	\$ 356,011	\$ 360,310	\$ 410,907
Property transfer taxes	7,003	8,111	8,487	8,192	6,011	3,842	4,829	5,018	5,651	6,725
Sales and use taxes	15,762	16,061	12,986	13,544	14,896	16,479	14,579	16,395	18,869	31,290
Property tax in-lieu of sales taxes	-	-	3,878	4,164 <sup>2</sup>	4,569	4,880	4,372	4,772	5,560	6,247
Transient occupancy taxes	632	815	839	842	667	1,016	966	928	1,221	1,172
Aircraft taxes	1,017	814	821	1,287	1,680	1,517	1,631	857	1,091	1,576
Other taxes	-	2	5	4	23	13	75	43	2	7,907
Motor vehicle in-lieu taxes	52,799	58,033	- <sup>3</sup>	-	-	-	-	-	-	-
Unrestricted interest and investment earnings	6,995	20,369	19,059	40,750	31,473	(641) <sup>4</sup>	11,916	10,008	10,602	3,863
Securities lending activities:										
Securities lending income	850	1,895	3,689	4,245	2,750	375	47	34	-	-
Securities lending expenses	(720)	(1,761)	(3,569)	(4,139)	(2,362)	(291)	(38)	(29)	-	-
Miscellaneous	20,293	20,707	21,680	20,301	21,123	25,564	22,599	20,873	24,483	27,095
Special items	-	-	-	-	-	(8,139)	-	-	-	-
Transfers	(52,082)	(50,022)	(49,291)	(61,918)	(89,710)	(71,397)	(58,668)	(55,528)	(51,129)	(68,570)
Total governmental activities	229,402	293,212	316,952	322,406	317,877	343,913	374,620	359,382	376,660	428,212
<u>Business-type activities:</u>										
Unrestricted interest and investment earnings	252	258	286	626	890	(524)	235	279	372	173
Securities lending activities:										
Securities lending income	16	30	83	139	133	26	3	2	-	-
Securities lending expenses	(12)	(27)	(80)	(137)	(115)	(21)	(2)	(2)	-	-
Miscellaneous	2,300	-	-	2,298	2,939	3,149	2,685	3,323	3,812	2,787
Special item	-	-	-	-	-	-	-	-	-	(2,806)
Transfers	52,082	50,022	49,291	61,918	89,710	71,397	58,668	55,528	51,129	68,570
Total business-type activities	54,638	50,283	49,580	64,844	93,557	74,027	61,589	59,130	55,313	68,724
Total primary government	\$ 284,040	\$ 343,495	\$ 366,532	\$ 387,250	\$ 411,434	\$ 417,940	\$ 436,209	\$ 418,512	\$ 431,973	\$ 496,936
<b>Change in Net Position</b>										
Governmental activities	\$ 25,829	\$ 99,953	\$ 107,694	\$ 119,419	\$ 5,673	\$ 8,195	\$ 42,015	\$ 39,827	\$ 97,605	\$ 173,351
Business-type activities	(4,491)	832	198	22,060	31,469	25,593	(2,322)	15,906	5,072	12,124
Total primary government	\$ 21,338	\$ 100,785	\$ 107,892	\$ 141,479	\$ 37,142	\$ 33,788	\$ 39,693	\$ 55,733	\$ 102,677	\$ 185,475



Notes:

<sup>2</sup> This amount reflected the County's share of revenues from "Triple Flip", a State legislation enacted to replace 0.25% sales tax revenue to local governments via a temporary reduction to the Educational Revenue Augmentation Fund (ERAF) until the State's recovery loan is fully paid.

<sup>3</sup> In prior years, vehicle license fee (VLF) was based on the original VLF and reported as motor vehicle in-lieu taxes. Starting in FY 2005-06, VLF was calculated using the prior year's VLF amount plus the local increases in assessed valuations of property and was reported as property tax revenue.

<sup>4</sup> Investments in the County investment pool experienced a sharp decline in value due to the Lehman loss. The financial recession further reduced the County's cash and investments in the investment pool. Lower investment value and diminished investment return resulted in a sizable decrease in interest and investment earnings.

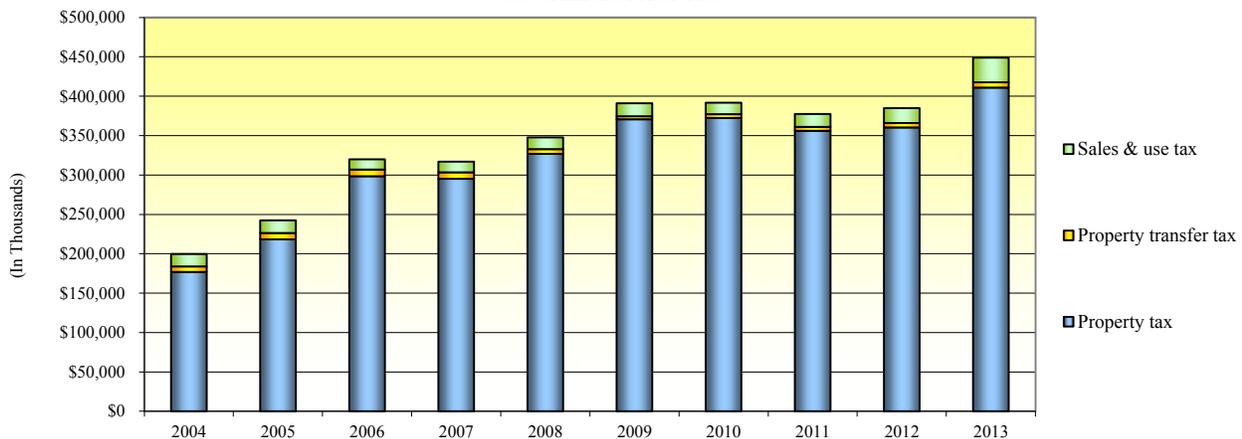
**COUNTY OF SAN MATEO**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
**(In Thousands)**

Fiscal Year	Property tax							Total
	Property * Property	Transfer	Sales and Use	in-lieu of Sales Tax	Transient Occupancy	Aircraft	Other	
2004	\$ 176,853	\$ 7,003	\$ 15,762	\$ -	\$ 632	\$ 1,017	\$ -	\$ 200,250
2005	218,188 <sup>1</sup>	8,111	16,061	-	815	814	2	243,991
2006	298,368 <sup>2</sup>	8,487	12,986	3,878 <sup>3</sup>	839	821	5	325,384
2007	295,134	8,192	13,544	4,164	842	1,287	4	323,167
2008	326,757	6,011	14,896	4,569	667	1,680	23	354,603
2009	370,695	3,842	16,479	4,880	1,016	1,517	13	398,442
2010	372,312	4,829	14,579	4,372	966	1,631	75	398,764
2011	356,011	5,018	16,395	4,772	928	857	43	384,024
2012	360,310	5,651	18,869	5,560	1,221	1,091	2	392,704
2013	410,907	6,725	31,290 <sup>4</sup>	6,247	1,172	1,576	7,907 <sup>5</sup>	465,824

**Change**

<b>2004 - 2013</b>	132.3%	-4.0%	98.5%	n/a	85.4%	55.0%	n/a	132.6%
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**Tax Revenues by Source  
Governmental Activities**



Source: Controller's Office - County of San Mateo, California

Notes:

\* In prior years pass-through payments from redevelopment agencies were reported as part of the property tax revenues. Starting FY 2011-12 these payments were reported under "intergovernmental revenues" as operating grants.

<sup>1</sup> The County realized approximately \$41 million more in property tax rebates from ERAF in FY 2004-05, which accounted for most of the increase.

<sup>2</sup> In FY 2004-05, vehicle license fee (VLF) was based on the original VLF and reported as intergovernmental revenues. Starting in FY 2005-06, VLF was calculated using the prior year's VLF amount plus the local increases in the assessed valuations of property and was reported as property tax revenue.

<sup>3</sup> This amount reflected the County's share of revenues from "Triple Flip", a State legislation enacted to replace 0.25% sales tax revenue to local governments through a temporary reduction to ERAF until the State's recovery loan is fully paid.

<sup>4</sup> In November 2012, San Mateo County voters approved a measure that increases the sales tax throughout the County by half a cent for the next 10 years (Measure A). Revenues from Measure A will be used to help fund county critical facilities and services.

<sup>5</sup> In June 2012, with the voters' approval, the County adopted an ordinance to levy a business license tax on operators of vehicle rental businesses in the unincorporated area of the County. The Vehicle Rental Business License Tax was imposed at a rate of 2.5% on the gross receipts of vehicle rental businesses in the unincorporated areas effective July 1, 2012.

n/a - not applicable

**COUNTY OF SAN MATEO**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*  
**(In Thousands)**

<b>Fund Balance</b>	<b>As of June 30,</b>				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>General Fund</b>					
Reserved for:					
Encumbrances	\$ 2,902	\$ 3,070	\$ 3,737	\$ 3,209	\$ 2,385
Inventories and advances	22,141	14,771	26,092	5,943	5,929
Unreserved	<u>219,529</u>	<u>290,471</u>	<u>332,479</u>	<u>324,074</u>	<u>265,544</u>
Total general fund	<u>244,572</u>	<u>308,312</u>	<u>362,308</u>	<u>333,226</u>	<u>273,858</u>
<b>All Other Governmental Funds</b>					
Reserved for:					
Encumbrances	2,373	287	21	-	-
Debt service	71,958	58,217	65,244	69,893	68,431
Inventories and advances	3,393	3,420	3,404	431	359
Capital projects	121,796	92,606	30,314	16,698	18,863
Unreserved:					
Special revenue	51,132	51,073	45,542	51,230	57,886
Capital projects	<u>9,187</u>	<u>8,939</u>	<u>10,570</u>	<u>9,830</u>	<u>10,393</u>
Total all other governmental funds	<u>259,839</u>	<u>214,542</u>	<u>155,095</u>	<u>148,082</u>	<u>155,932</u>
<b>Total Governmental Funds <sup>2</sup></b>					
Reserved for:					
Encumbrances	5,275	3,357	3,758	3,209	2,385
Debt service	71,958	58,217	65,244	69,893	68,431
Inventories and advances	25,534	18,191	29,496	6,374	6,288
Capital projects	121,796	92,606	30,314	16,698	18,863
Unreserved:					
General Fund	219,529	290,471	332,479	324,074	265,544
Special revenue	51,132	51,073	45,542	51,230	57,886
Capital projects	<u>9,187</u>	<u>8,939</u>	<u>10,570</u>	<u>9,830</u>	<u>10,393</u>
Total governmental funds	<u>\$ 504,411</u>	<u>\$ 522,854</u>	<u>\$ 517,403</u>	<u>\$ 481,308</u>	<u>\$ 429,790</u>

<b>Fund Balance</b>	<b>As of June 30,</b>				
	<b>2009 <sup>2</sup></b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013 <sup>1</sup></b>
<b>General Fund</b>					
Nonspendable	\$ 7,154	\$ 10,666	\$ 12,099	\$ 27,124	\$ 28,517
Restricted	31,668	33,466	35,653	46,149	60,119
Committed	789	1,834	1,572	-	-
Assigned	38,583	92,881	1,763	4,590	6,190
Unassigned	<u>179,281</u>	<u>146,759</u>	<u>194,868</u>	<u>231,286</u>	<u>342,146</u>
Total general fund	<u>257,475</u>	<u>285,606</u>	<u>245,955</u>	<u>309,149</u>	<u>436,972</u>
<b>All Other Governmental Funds</b>					
Nonspendable	588	352	410	354	343
Restricted	103,572	109,689	137,778	144,616	147,601
Committed	25,310	25,283	-	-	-
Assigned	15,926	15,281	14,567	12,725	15,730
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(728)</u>
Total all other governmental funds	<u>145,396</u>	<u>150,605</u>	<u>152,755</u>	<u>157,695</u>	<u>163,674</u>
<b>Total Governmental Funds <sup>2</sup></b>					
Nonspendable	7,742	11,018	12,509	27,478	28,860
Restricted	135,240	143,155	173,431	190,765	207,720
Committed	26,099	27,117	1,572	-	-
Assigned	54,509	108,162	16,330	17,315	21,920
Unassigned	<u>179,281</u>	<u>146,759</u>	<u>194,868</u>	<u>231,286</u>	<u>341,418</u>
Total governmental funds	<u>\$ 402,871</u>	<u>\$ 436,211</u>	<u>\$ 398,710</u>	<u>\$ 466,844</u>	<u>\$ 599,918</u>

Source: Governmental Funds Financial Statements - Comprehensive Annual Financial Reports, County of San Mateo, California

Notes:

<sup>1</sup> Substantial increase in fund balance is explained in the Management's Discussion and Analysis.

<sup>2</sup> Governmental funds include general fund, special revenue funds, debt service funds, and capital projects funds.

<sup>3</sup> The County early implemented GASB Statement No. 54 under which governmental fund balances were reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.

**COUNTY OF SAN MATEO**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*  
**(In Thousands)**

	Fiscal Year Ended June 30,										10 Year % of Increase/ Decrease
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
<b>Revenues</b>											
Taxes *	\$ 200,766	\$ 225,830	\$ 317,504	\$ 329,142	\$ 347,205	\$ 391,006	\$ 401,382	\$ 389,130	\$ 381,743	\$ 457,155	127.71%
Licenses and permits	8,829	11,683	12,814	11,900	11,311	10,168	9,578	8,498	8,692	9,082	2.87%
Intergovernmental *	406,135	437,231	386,003	405,455	387,475	392,320	392,303	403,907	463,959	490,242	20.71%
Charges for services	89,131	91,147	102,524	92,011	109,150	115,807	107,466	112,039	118,445	114,940	28.96%
Fines, forfeitures and penalties	9,589	8,831	9,285	9,806	10,114	11,108	13,052	14,904	12,967	12,409	29.41%
Rents and concessions	1,017	1,005	914	1,123	1,194	1,347	1,181	1,960	1,599	1,708	67.94%
Investment income (loss)	6,983	19,359	18,267	33,538	28,294	(860)	9,707	8,328	10,127	3,731	-46.57%
Securities lending activities:											
Securities lending income	783	1,894	3,203	3,872	2,474	333	40	29	-	-	-100.00%
Securities lending expenditures	(663)	(1,760)	(3,098)	(3,775)	(2,124)	(257)	(32)	(25)	-	-	-100.00%
Other revenues	30,537	29,885	26,300	17,863	34,157	27,806	28,385	25,266	24,340	29,606	-3.05%
Total revenues	<u>753,107</u>	<u>825,105</u>	<u>873,716</u>	<u>900,935</u>	<u>929,250</u>	<u>948,778</u>	<u>963,062</u>	<u>964,036</u>	<u>1,021,872</u>	<u>1,118,873</u>	48.57%
<b>Expenditures</b>											
Current:											
General government	55,000	58,591	62,912	60,688	73,916	75,222	73,680	60,788	62,548	72,902	** 32.55%
Public protection	231,717	236,522	246,166	268,318	282,132	288,697	290,931	323,469	335,123	328,862	** 41.92%
Public ways and facilities	21,434	18,852	18,829	17,962	19,489	26,672	18,171	18,512	18,906	19,599	-8.56%
Health and sanitation	153,376	166,250	168,658	195,995	230,028	237,758	238,572	211,873	221,383	222,494	45.06%
Public assistance	181,075	181,769	192,731	206,289	193,902	206,098	190,352	208,747	202,959	200,458	10.70%
Education	145	118	141	-	-	-	-	-	-	-	-100.00%
Recreation	6,682	6,566	7,310	7,609	8,084	8,638	8,727	9,110	8,222	8,005	19.80%
Capital outlay	34,802	72,262	77,000	41,286	18,978	16,079	15,761	83,093	23,238	34,384	-1.20%
Debt service:											
Principal	7,756	7,172	7,052	8,200	11,322	11,713	12,003	11,874	12,990	13,645	75.93%
Interest	16,892	18,515	19,804	19,015	20,005	16,991	16,145	18,562	17,542	16,914	0.13%
Payment to bond refunding escrow	-	-	-	-	-	778	4,454	-	-	-	n/a
Bond issuance costs	4,077	480	-	-	-	1,328	1,094	-	-	-	n/a
Total expenditures	<u>712,956</u>	<u>767,097</u>	<u>800,603</u>	<u>825,362</u>	<u>857,856</u>	<u>889,974</u>	<u>869,890</u>	<u>946,028</u>	<u>902,911</u>	<u>917,263</u>	28.66%
Excess of revenues over expenditures	40,151	58,008	73,113	75,573	71,394	58,804	93,172	18,008	118,961	201,610	402.13%
<b>Other financing sources (uses)</b>											
Proceeds from sale of capital assets	-	2	46	2	2	2	2	5	23	3	n/a
Issuance of lease revenue bonds/ certificates of participation (COP)	155,350	10,380	-	-	-	-	-	-	-	-	n/a
Issuance of refunding bonds	7,805	-	-	-	-	141,080	115,505	-	-	-	n/a
Premium on lease revenue bonds/COP	342	75	-	-	-	1,703	8,438	-	-	-	n/a
Discount on lease revenue bonds/COP	-	-	-	-	-	-	-	-	-	-	n/a
Payment to bond refunding escrow/agent	(7,823)	-	-	-	-	(148,972)	(124,860)	-	-	-	n/a
Capital leases	-	-	-	30	-	-	-	-	-	-	n/a
Capital contribution	-	-	-	-	750	-	-	-	-	-	n/a
Transfers in	57,790	53,485	53,632	60,441	156,378	85,614	72,613	131,685	75,426	85,919	48.67%
Transfers out	(119,822)	(103,507)	(132,242)	(172,141)	(163,580)	(157,011)	(131,530)	(187,199)	(126,276)	(154,458)	28.91%
Total other financing sources (uses)	<u>93,642</u>	<u>(39,565)</u>	<u>(78,564)</u>	<u>(111,668)</u>	<u>(6,450)</u>	<u>(77,584)</u>	<u>(59,832)</u>	<u>(55,509)</u>	<u>(50,827)</u>	<u>(68,536)</u>	-173.19%
<b>Change in fund balances before special item</b>	133,793	18,443	(5,451)	(36,095)	64,944	(18,780)	33,340	(37,501)	68,134	133,074	0.54%
Special item	-	-	-	-	(116,462)	(8,139)	-	-	-	-	n/a
<b>Net change in fund balances</b>	<u>\$ 133,793</u>	<u>\$ 18,443</u>	<u>\$ (5,451)</u>	<u>\$ (36,095)</u>	<u>\$ (51,518)</u>	<u>\$ (26,919)</u>	<u>\$ 33,340</u>	<u>\$ (37,501)</u>	<u>\$ 68,134</u>	<u>\$ 133,074</u>	-0.54%
<b>Debt service as a percentage of noncapital expenditures</b>	3.63%	3.70%	3.71%	3.47%	3.73%	3.28%	3.30%	3.53%	3.47%	3.46%	

Source: Governmental Funds Financial Statements - Comprehensive Annual Financial Reports, County of San Mateo, California

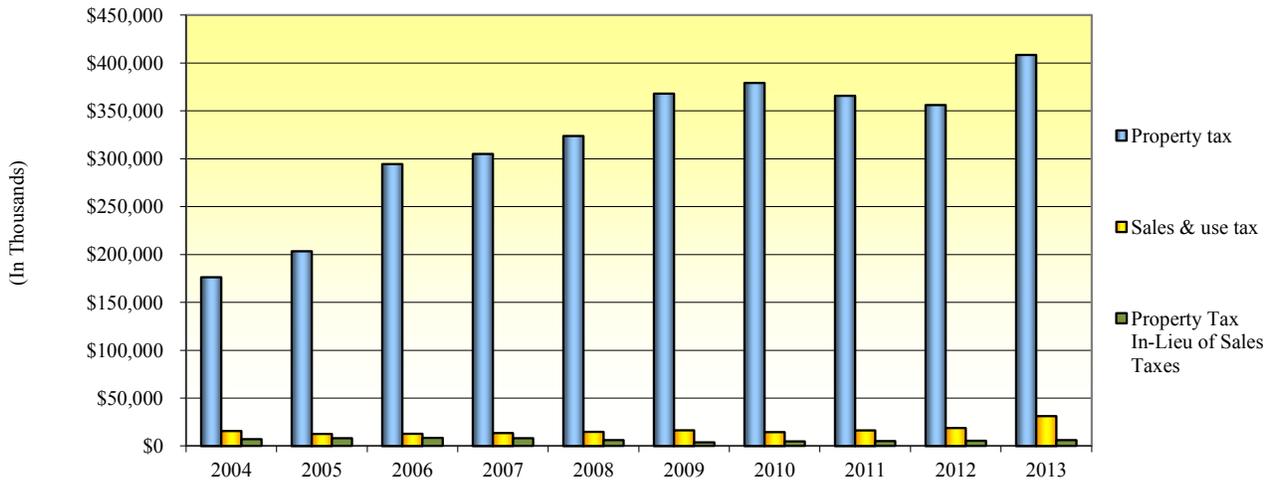
\* Prior to FY 2011-12 pass-through payments from RDAs were reported as part of property taxes. Starting FY 2011-12 these payments were reported under intergovernmental revenues.

\*\* Historically, General Fund departments in various programs/functions moved their shares of debt service payments and 10% surcharges (as "program expenses") to a "general government" program (as "intrafund revenues"). This program then transferred the departments' contributions to the County's Debt Service and Capital Projects Funds (as "transfers-out") accordingly. The 10% surcharge was split equally between Debt Service Fund and Capital Project Fund. Beginning in FY 2012-13, departments directly transferred their shares to these two funds (as "transfers out" in lieu of "program expenses"). This new method essentially changed the way expenses were recorded and reported in FY 2012-13.

**COUNTY OF SAN MATEO**  
**Governmental Fund Tax Revenues by Source**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*  
**(In Thousands)**

Fiscal Year	Property*	Sales & Use	Aircraft	Property Tax In-Lieu of Sales Taxes	All Other Taxes	Total
2004	\$ 176,351	\$ 15,762	\$ 1,017	\$ 7,003	\$ 632	\$ 200,765
2005	203,499	12,706	814	8,111	700	225,830
2006	294,569	12,855	821	8,487	772	317,504
2007	305,146	13,607	1,289	8,193	907	329,142
2008	323,897	14,867	1,680	6,011	750	347,205
2009	368,152	16,479	1,517	3,842	1,016	391,006
2010	379,302	14,579	1,631	4,829	1,041	401,382
2011	365,889	16,395	857	5,018	971	389,130
2012	356,221	18,869	1,091	5,560	2	381,743
2013	408,569	31,290	1,576	6,247	9,473	457,155
<b>10 year % of change</b>	131.7%	98.5%	55.0%	-10.8%	1398.9%	127.7%

**Tax Revenues by Source**  
**Governmental Funds**

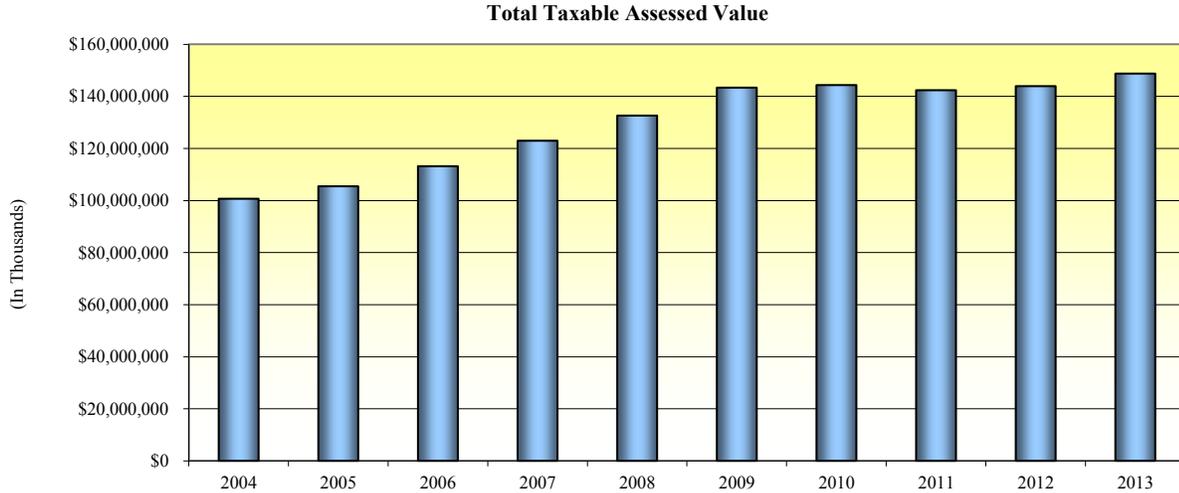


Source: Governmental Funds Financial Statements - Comprehensive Annual Financial Reports, County of San Mateo, California

\* Prior to FY 2011-12 pass-through payments from Redevelopment Agencies were reported as part of the property tax revenues. Starting FY 2011-12 these payments were reported under "intergovernmental revenues" as operating grants.

**COUNTY OF SAN MATEO**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(In Thousands)**

<b>Fiscal Year</b>	<b>Real Property <sup>2</sup></b>	<b>Personal Property</b>	<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value <sup>1</sup></b>	<b>% of Change Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
2004	\$ 96,465,383	\$ 7,468,918	\$ 3,271,733	\$ 100,662,568	5%	1%
2005	102,268,521	6,406,818	3,222,916	105,452,423	5%	1%
2006	110,747,828	6,034,679	3,626,924	113,155,583	7%	1%
2007	120,723,432	6,178,495	3,952,784	122,949,143	9%	1%
2008	130,015,063	6,723,347	4,140,836	132,597,574	8%	1%
2009	139,551,172	8,122,323	4,341,148	143,332,347	8%	1%
2010	140,933,698	7,953,401	4,569,501	144,317,598	1%	1%
2011	140,260,986	6,591,402	4,513,149	142,339,239	-1%	1%
2012	142,561,543	6,193,886	4,849,067	143,906,362	1%	1%
2013	146,967,831	6,381,748	4,624,208	148,725,371	3%	1%
<b>10 year % of Change</b>	52.35%	-14.56%	41.34%	47.75%		



Source: Assessor's Office - County of San Mateo, California

Notes:

<sup>1</sup> Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the base for valuation of property that is subject to taxes at the full cash value that appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased to reflect:

- a) annual inflation up to 2%,
- b) current market value at time of ownership change, and
- c) market value for new construction.

<sup>2</sup> Estimated actual value of taxable property in the County is not reassessed annually. Reassessment normally occurs when ownership changes.

**COUNTY OF SAN MATEO**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(rate per \$100 of assessed value)**

<b>Fiscal Year</b>	<b>Direct Rate <sup>1</sup></b>	<b>Overlapping Rates <sup>2</sup></b>			<b>Total</b>
	<b>County General</b>	<b>Local Special Districts</b>	<b>Schools</b>	<b>Cities</b>	
2004	1.0000	0.0026	0.0515	0.0036	1.0577
2005	1.0000	0.0032	0.0487	0.0053	1.0572
2006	1.0000	0.0030	0.0508	0.0048	1.0586
2007	1.0000	0.0030	0.0679	0.0046	1.0755
2008	1.0000	0.0039	0.0633	0.0044	1.0716
2009	1.0000	0.0039	0.0707	0.0042	1.0788
2010	1.0000	0.0045	0.0756	0.0039	1.0840
2011	1.0000	0.0048	0.0797	0.0036	1.0881
2012	1.0000	0.0049	0.0877	0.0036	1.0962
2013	1.0000	0.0053	0.0859	0.0034	1.0946

Source: Controller's Office - County of San Mateo, California

Notes:

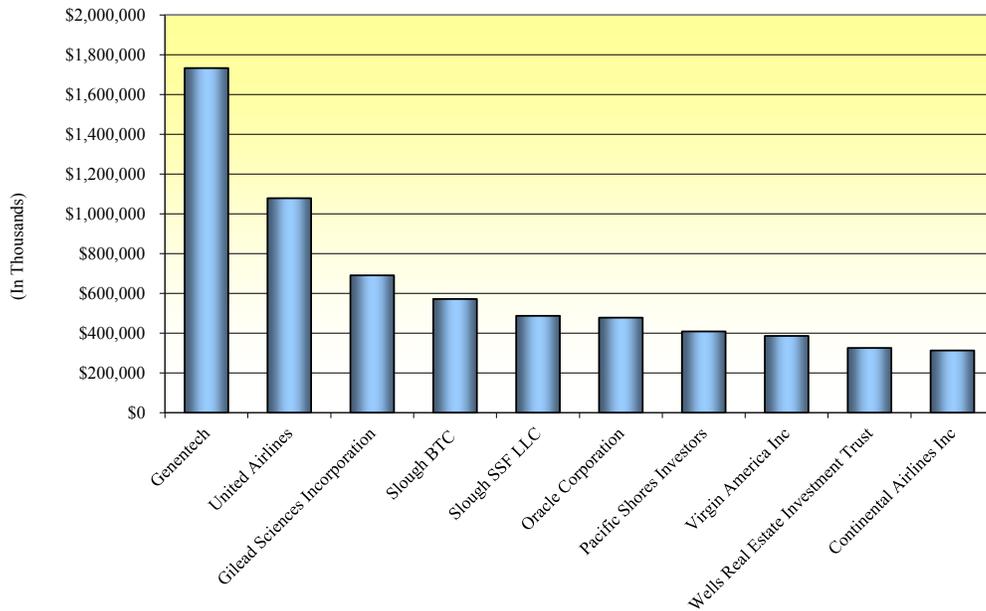
<sup>1</sup> On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, that limits the taxing power of California public agencies. Legislation enacted to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) which provides that notwithstanding any other law, local agencies may not levy property taxes except to pay debt service on indebtedness approved by voters prior to July 1, 1978. Proposition 13 allows each county to levy a maximum tax of \$1 per \$100 of full cash value. Full cash value is equivalent to assessed value pursuant to Statutes of 1978, Senate Bill 1656.

<sup>2</sup> These overlapping rates are in addition to the County rate, but only apply to taxpayers within the borders of the local special districts, schools, and cities that lie within the County.

**COUNTY OF SAN MATEO**  
**Principal Property Assesseees**  
**As of January 1, 2013 and January 1, 2004**  
**(In Thousands)**

Assessee	Nature of Business	As of January 1, 2013			As of January 1, 2004		
		Taxable Assessed Value <sup>1</sup>	Rank	Percentage of Total Taxable Assessed Value <sup>2</sup>	Taxable Assessed Value <sup>1</sup>	Rank	Percentage of Total Taxable Assessed Value
Genentech	Biotechnology	\$ 1,732,000	1	1.16%	\$ 1,340,591	2	1.40%
United Airlines	Air Carrier	1,077,864	2	0.72%	2,559,383	1	2.68%
Gilead Sciences Incorporation	Biopharmaceutical	690,124	6	0.46%	---	---	---
Slough BTC	Lease	571,241	3	0.38%	208,480	10	0.22%
Slough SSF LLC	Lease	486,639	4	0.33%	---	---	---
Oracle Corporation	Software	477,493	5	0.32%	526,111	4	0.55%
Pacific Shores Investors	Investment	408,204	7	0.27%	304,886	8	0.32%
Virgin America Inc	Air Carrier	385,701	8	0.26%	---	---	---
Wells Real Estate Investment Trust	Real estate	325,159	9	0.22%	---	---	---
Continental Airlines Inc	Air Carrier	312,497	10	0.21%	---	---	---
Pacific Gas & Electric	Utilities	---	---	---	555,795	3	0.58%
Sun Microsystems	Computer products	---	---	---	383,592	6	0.40%
American Airlines	Air Carrier	---	---	---	320,133	7	0.34%
Pacific Bell (AT&T)	Telephone	---	---	---	431,389	5	0.45%
Tyco Electronics Corp	Electronics	---	---	---	224,744	9	0.24%
<b>Total</b>		<b>\$ 6,466,922</b>		<b>4.37%</b>	<b>\$ 6,855,104</b>		<b>7.18%</b>

**Principal Property Assesseees**  
**As of January 1, 2013**



Source: Assessor's Office - County of San Mateo, California

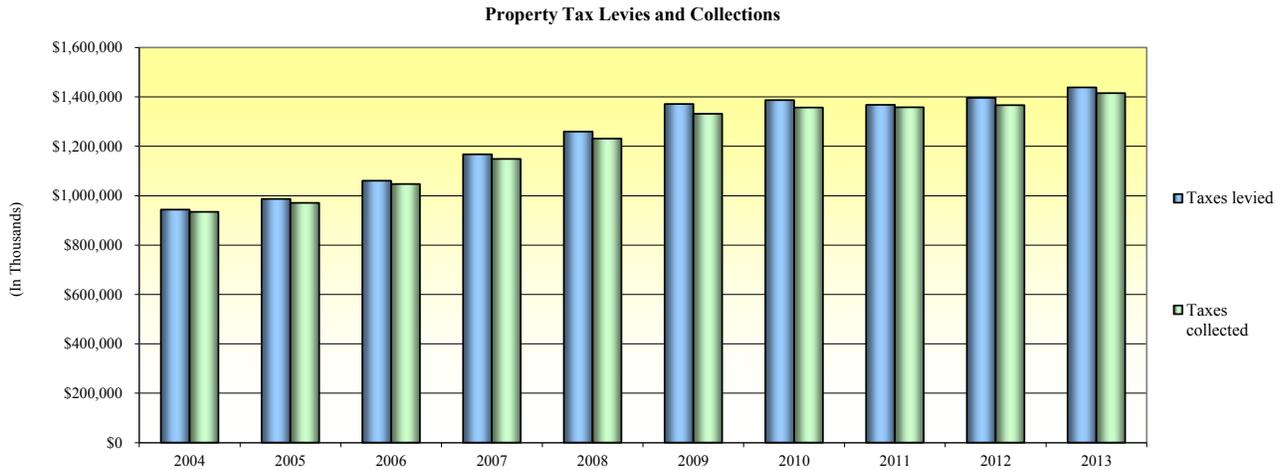
Notes:

<sup>1</sup> Taxable assessed value includes both real and personal properties.

<sup>2</sup> Total taxable assessed value as of January 1, 2013, was about \$149 billion.

**COUNTY OF SAN MATEO**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(In Thousands)**

Fiscal Year	Total Tax Levy for the Fiscal Year					Collected within the Fiscal Year of the Levy		Total Collections to Date		
	General Levy <sup>1</sup>	Debt Service Levy <sup>2</sup>				Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
	Countywide	Local Special Districts	Schools	Cities	Total <sup>3</sup>					
2004	\$ 884,688	\$ 2,663	\$ 52,478	\$ 3,663	\$ 943,492	\$ 933,285	98.92%	\$ 1,094	\$ 934,379	99.03%
2005	926,041	3,354	51,713	5,605	986,713	968,038	98.11%	2,673	970,711	98.38%
2006	992,334	3,395	59,123	5,546	1,060,398	1,045,517	98.60%	1,576	1,047,093	98.75%
2007	1,079,958	3,705	77,821	5,781	1,167,265	1,147,755	98.33%	986	1,148,741	98.41%
2008	1,163,392	5,268	84,542	5,930	1,259,132	1,230,054	97.69%	847	1,230,901	97.76%
2009	1,258,424	5,695	101,079	6,012	1,371,210	1,330,807	97.05%	621	1,331,428	97.10%
2010	1,266,244	6,455	108,530	5,659	1,386,888	1,356,170	97.79%	565	1,356,735	97.83%
2011	1,248,931	6,750	107,189	4,826	1,367,696	1,356,075	99.15%	1,771	1,357,846	99.28%
2012	1,260,058	5,834	125,107	5,107	1,396,106	1,362,328	97.58%	4,067	1,366,395	97.87%
2013	1,302,080	7,952	123,352	4,878	1,438,262	1,415,076	98.39%	n/a	1,415,076	98.39%



Source: Assessor's Office - County of San Mateo, California

Notes:

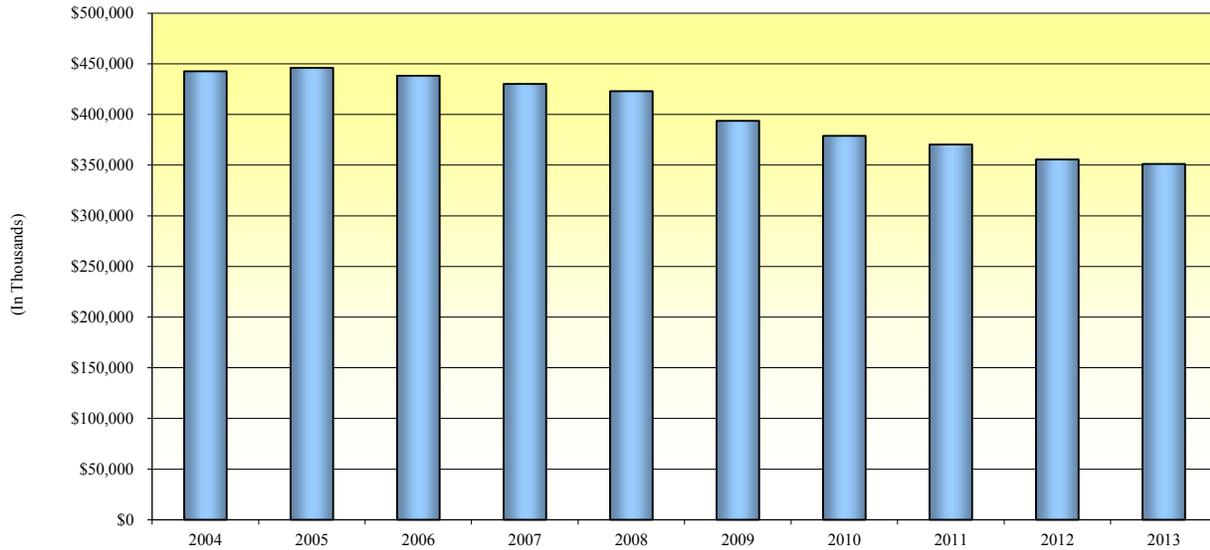
- <sup>1</sup> Figures show general tax dollars from secured, unsecured, homeowners, unitary and utility assessment rolls after tax shifts to schools.
- <sup>2</sup> Figures represent debt service levy for the local taxing agencies.
- <sup>3</sup> Total taxes levied for each fiscal year are based on the original property value assessment rolls provided by the County Assessor's Office.

n/a - Information is unavailable

**COUNTY OF SAN MATEO**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(In Thousands)**

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income	Total Outstanding Debt Per Capita (In Absolute \$)
	Lease Revenue Bonds <sup>1</sup>	Certificates of Participation <sup>2</sup>	Notes Payable	Other Long-term Obligation	Subtotal	Notes Payable	Other Long-term Obligation	Subtotal			
2004	\$ 425,932	\$ 14,725	\$ 399	\$ -	\$ 441,056	\$ 1,591	\$ 27	\$ 1,618	\$ 442,674	1.10%	\$ 616
2005	419,323	24,939	358	-	444,620	1,455	30	1,485	446,105	1.02%	620
2006	411,942	24,687	316	-	436,945	1,314	5	1,319	438,264	0.92%	606
2007	404,301	24,390	271	15	428,977	1,206	-	1,206	430,183	0.85%	591
2008	393,565	24,083	224	7	417,879	5,133	-	5,133	423,012	0.83%	574
2009	364,423	23,760	191	-	388,374	4,868	508	5,376	393,750	0.79%	528
2010	350,322	23,428	173	89	374,012	4,595	345	4,940	378,952	0.77%	502
2011	339,076	23,076	154	4,047	366,353	3,863	181	4,044	370,397	0.73%	511
2012	326,750	22,709	134	2,894	352,487	3,139	-	3,139	355,626	n/a	488
2013	324,091	22,322	124	1,887	348,424	2,818	-	2,818	351,242	n/a	477

**County Debt**



Source: County Comprehensive Annual Financial Reports.

Notes:

<sup>1</sup> Lease revenue bonds are limited obligations of the San Mateo County Joint Powers Financing Authority (JPFA) payable solely from, and secured by, revenues of the JPFA, which primarily consist of base rental payments receivable from the County under a Master Facility Lease.

<sup>2</sup> Certificates of participation represent shares of lease-purchase payments from the Colma Creek Flood Control District via the JPFA. These tax-exempt certificates are sold publicly and privately to investors.

**COUNTY OF SAN MATEO**  
**Direct and Overlapping Debt**  
**As of June 30, 2013**  
**(In Thousands)**

Assessed valuation (including unitary utility valuation)	\$149,629,538		
<b>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</b>		<b>Estimated Percentage Applicable<sup>1</sup></b>	<b>Estimated Share of Overlapping Debt<sup>4</sup></b>
	<b>Debt Outstanding</b>		
<b>Direct General Fund Obligation Debt</b>			
San Mateo County General Fund Obligations	\$ 324,091	100.00%	\$ 324,091
San Mateo County Flood Control District Certificates of Participation	22,322	100.00%	22,322
Notes payable	2,942	100.00%	2,942
Other long-term obligation	1,887	100.00%	1,887
<b>Total direct debt</b>	351,242		351,242
<b>Overlapping General Fund Obligation Debt</b>			
<i>Cities</i>			
City of Burlingame General Fund and Pension Obligations	42,260	100.00%	42,260
City of Daly City Pension Obligations	29,810	100.00%	29,810
City of Pacifica General Fund Obligations and Pension Obligations	34,885	100.00%	34,885
City of San Mateo General Fund Obligations	37,050	100.00%	37,050
Other City General Fund and Pension Obligations	76,264	100.00%	76,264
<i>Special Districts</i>			
Midpeninsula Regional Open Space Park General Fund Obligations	135,650	31.14%	42,241
Granada Sanitary District Certificates of Participation	350	100.00%	350
Menlo Park Fire Protection District Certificates of Participation	11,755	100.00%	11,755
<i>School Districts</i>			
San Mateo County Board of Education Certificates of Participation	11,455	100.00%	11,455
South San Francisco Unified School District Certificates of Participation	1,094	100.00%	1,094
Portola Valley School District Certificates of Participation	2,569	100.00%	2,569
Redwood City School District General Fund Obligations	1,509	100.00%	1,509
San Bruno School District General Fund Obligations	5,020	100.00%	5,020
<b>Total overlapping general fund obligation debt</b>	389,671		296,262
<b>Overlapping Tax and Assessment Debt</b>			
<i>Cities</i>	65,250	100.00%	65,250
<i>Special Districts</i>			
Montara Sanitary District	13,255	100.00%	13,255
Community Facilities Districts	86,480	100.00%	86,480
1915 Act Bonds	19,476	100.00%	19,476
<i>School Districts</i>			
San Mateo Community College District	580,660	100.00%	580,660
Cabrillo Unified School District	29,820	100.00%	29,820
La Honda-Pescadero Unified School District	5,417	100.00%	5,417
South San Francisco School District	124,575	100.00%	124,575
Jefferson Union High School District	150,199	100.00%	150,199
San Mateo Union High School District	453,412	100.00%	453,412
Sequoia Union High School District	336,340	100.00%	336,340
Burlingame School District	87,067	100.00%	87,067
Hillsborough School District	56,921	100.00%	56,921
Jefferson School District	63,400	100.00%	63,400
Menlo Park City School District	95,983	100.00%	95,983
Millbrae School District	49,015	100.00%	49,015
Redwood City School District	43,696	100.00%	43,696
San Carlos School District	72,211	100.00%	72,211
San Mateo - Foster City School District	191,512	100.00%	191,512
Other School District	189,669	100.00%	189,669
<b>Total overlapping tax and assessment debt</b>	2,714,358		2,714,358
<b>Overlapping Tax Increment Debt</b>	321,767	100.00%	321,767
<b>Total overlapping debt</b>	3,425,796		3,332,387
<b>Total direct and overlapping debt</b>	\$ 3,777,038 <sup>2</sup>		\$ 3,683,629
Ratio of total direct and overlapping debt to adjusted assessed value:	2.52%		
Ratio of total overlapping tax increment debt to redevelopment incremental assessed value <sup>3</sup> of \$12,666,524	2.54%		

Source: California Municipal Statistics, Inc.

<sup>1</sup> Percentage of overlapping agency's assessed valuation located within the boundaries of the county.

<sup>2</sup> This total excludes enterprise revenue, mortgage revenue, tax and revenue anticipation notes, and non-bonded capital lease obligations.

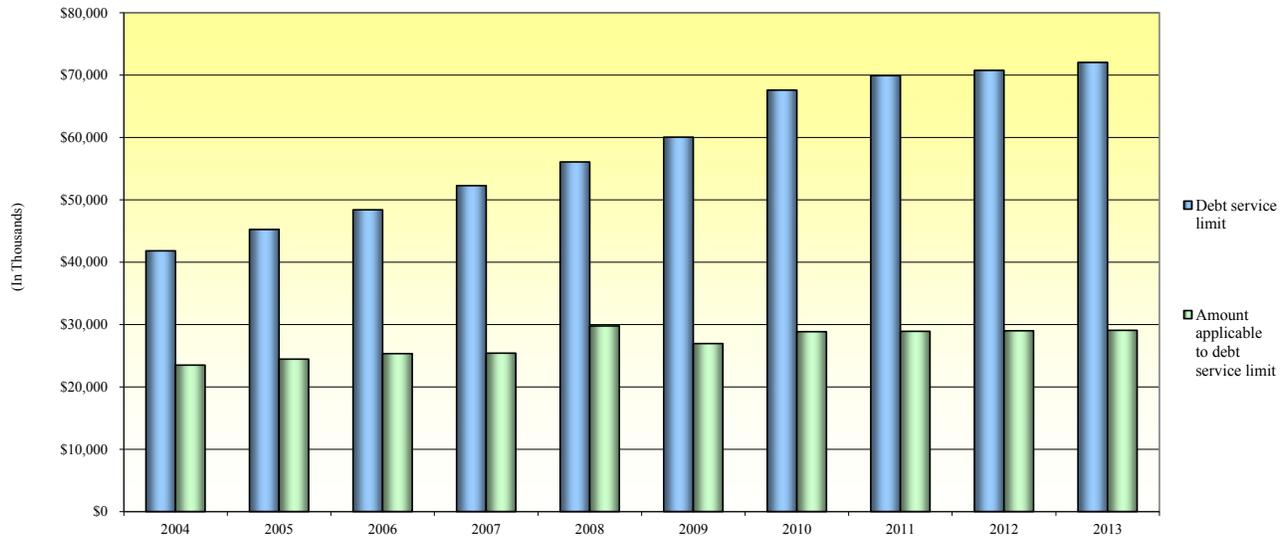
<sup>3</sup> Redevelopment incremental valuation refers to the difference between base year assessed value and current year assessed value of properties in areas designated for redevelopment.

<sup>4</sup> Overlapping debt refers to liability incurred by a municipality or local government body in partly or fully financing projects falling in the jurisdiction of such other bodies.

**COUNTY OF SAN MATEO**  
**Legal Debt Service Margin Information**  
**Last Ten Fiscal Years**  
**(In Thousands)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Average Annual County budget <sup>1</sup> for the current and preceding four fiscal years	\$ 1,045,364	\$ 1,131,000	\$ 1,209,880	\$ 1,306,666	\$ 1,401,783	\$ 1,501,054	\$ 1,689,809	\$ 1,747,657	\$ 1,768,913	\$ 1,800,809
Legal debt service limit <sup>2</sup> 4% of average county annual budget for the current and preceding four fiscal years	41,815	45,240	48,395	52,267	56,071	60,042	67,592	69,906	70,757	72,032
Less: Amount applicable to debt service limit <sup>3</sup>	(23,486)	(24,448)	(25,328)	(25,403)	(29,762)	(26,940)	(28,847)	(28,904)	(28,996)	(29,065)
Legal debt service margin	<u>\$ 18,329</u>	<u>\$ 20,792</u>	<u>\$ 23,067</u>	<u>\$ 26,864</u>	<u>\$ 26,309</u>	<u>\$ 33,102</u>	<u>\$ 38,745</u>	<u>\$ 41,002</u>	<u>\$ 41,761</u>	<u>\$ 42,967</u>
Legal debt service margin as a percentage of debt service limit	43.83%	45.96%	47.66%	51.40%	46.92%	55.13%	57.32%	58.65%	59.02%	59.65%

**Legal Debt Service Limit**



Source: County's Adopted Budget Books

Notes:

<sup>1</sup> The annual County budget represents the adopted annual budget of all funds in the County.

<sup>2</sup> County Ordinance No. 3773 requires the Board of Supervisors establish the County debt service limit annually. Under this ordinance, the debt service limit shall not exceed 4% of the average annual County budget for the current and the preceding four fiscal years, and shall be for non-voter approved debt that is the obligation of the County. The debt service limit does not apply to certificates of participation for the Colma Creek Flood Control District.

<sup>3</sup> The information reflects debt service payments towards non-voter approved debt that is the obligation of the County.

**COUNTY OF SAN MATEO**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**  
**(In Thousands)**

Fiscal Year	Available Revenue	Debt Service		Coverage ratio <sup>1</sup>	Available Revenue	Debt Service		Coverage ratio	
		Principal	Interest			Principal	Interest		
<b>1993 Lease Revenue Bonds</b>					<b>1997 Certificates of Participation</b>				
<b>Purpose:</b>	Defeased 1991 Certificates of Participation and financed the costs of a parking garage and jail.				Financed storm water and flood control improvements in Colma Creek Flood Control Zone.				
<b>Funding Source:</b>	General Fund and Criminal Justice Facilities Fund.				Colma Creek Flood Control District.				
2004	\$ 3,284	\$ 2,160	\$ 1,310	0.95	\$ 982	\$ 230	\$ 752	1.00	
2005	4,404	1,825	2,909	0.93	982	240	742	1.00	
2006	4,445	1,825	2,909	0.94	981	250	731	1.00	
2007	2,620	-	2,909	0.90	979	260	719	1.00	
2008	2,620	-	2,909	0.90	977	270	707	1.00	
2009	2,620	-	2,909	0.90	979	285	695	1.00	
2010	5,097	2,560	2,825	0.95	976	295	681	1.00	
2011	5,085	2,720	2,654	0.95	976	310	666	1.00	
2012	5,087	2,905	2,472	0.95	975	325	650	1.00	
2013	5,073	3,085	2,276	0.95	979	345	634	1.00	
<b>1997 Lease Revenue Bonds</b>					<b>1999 Lease Revenue Bonds</b>				
<b>Purpose:</b>	Financed the costs of construction, furnishing and equipping an office building, and partial defeasance of the 1994 Issue.				Financed a portion of the costs of completing the Health Center and partial defeasance the 1993, 1994 and 1995 Issues.				
<b>Funding Source:</b>	General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.				General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.				
2004	\$ 3,443	\$ 490	\$ 3,022	0.98	\$ 5,782	\$ 390	\$ 5,393	1.00	
2005	3,384	530	3,009	0.96	6,004	630	5,374	1.00	
2006	5,571	2,915	2,934	0.95	6,021	670	5,351	1.00	
2007	5,706	3,060	2,802	0.97	6,383	1,065	5,318	1.00	
2008	5,725	3,220	2,661	0.97	6,401	1,125	5,276	1.00	
2009	5,880	3,385	2,495	1.00	6,429	1,205	5,224	1.00	
2010	4,806	3,605	1,201	1.00	4,207	1,290	2,917	1.00	
2011	556	-	556	1.00	641	-	641	1.00	
2012	556	-	556	1.00	641	-	641	1.00	
2013	556	-	556	1.00	641	-	641	1.00	
<b>2001 Lease Revenue Bonds</b>					<b>2004 Certificates of Participation</b>				
<b>Purpose:</b>	Financed a portion of costs of acquisition of a microwave and law enforcement mutual aid communications system and a sheriff's radio system; and the costs of the acquisition and construction of a forensics laboratory and coroner's office.				Financed the acquisition, design, construction, improvement, and installation of certain improvements to the flood control system.				
<b>Funding Source:</b>	General Fund, Crime Lab fees, and Cities.				Colma Creek Flood Control District.				
2004	\$ 2,647	\$ 1,340	\$ 1,309	1.00	\$ -	\$ -	\$ -	-	
2005	2,651	1,380	1,272	1.00	-	-	-	-	
2006	2,647	1,415	1,232	1.00	501	-	501	1.00	
2007	2,654	1,465	1,189	1.00	535	35	500	1.00	
2008	2,653	1,510	1,143	1.00	535	35	500	1.00	
2009	2,647	1,555	1,092	1.00	534	35	499	1.00	
2010	2,646	1,610	1,036	1.00	532	35	497	1.00	
2011	2,653	1,680	973	1.00	536	40	496	1.00	
2012	2,646	1,740	906	1.00	535	40	495	1.00	
2013	2,650	1,815	835	1.00	533	40	493	1.00	
<b>2008 Lease Revenue Bonds</b>					<b>2009 Lease Revenue Bonds</b>				
<b>Purpose:</b>	Provided funds, together with other available moneys, to redeem the 2003 Lease Revenue Bonds and to pay the termination payment for the 2003 interest swap agreements.				Provided funds to refund a portion of outstanding 1997 Bonds and the outstanding 1999 Bonds, to pay for costs of issuance of the 2009 Bonds, and to pay for other costs relation to the refunding.				
<b>Funding Source:</b>	County departments occupying the facilities.				General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.				
2009	\$ 2,230	\$ -	\$ 2,230	1.00	\$ -	\$ -	\$ -	-	
2010	9,298	2,590	6,708	1.00	-	-	-	-	
2011	9,205	2,665	6,630	0.99	10,434	4,440	5,993	1.00	
2012	9,294	2,760	6,534	1.00	10,486	5,200	5,286	1.00	
2013	9,297	2,875	6,422	1.00	10,530	5,475	5,055	1.00	

Sources:

Available revenue - per contributions from responsible departments.

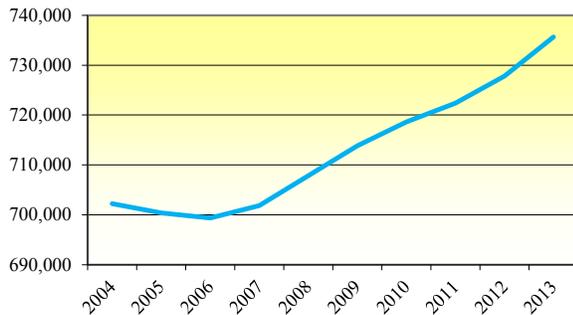
Principal and interest - per debt service schedules.

<sup>1</sup> Debt service payments not covered by available revenues were funded by amounts available in the interest, revenue, or reserve funds with Trustee.

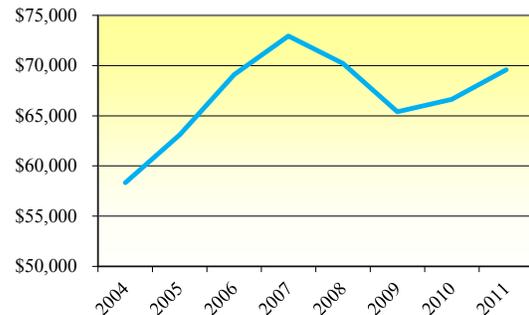
**COUNTY OF SAN MATEO**  
**Demographic and Economic Statistics**  
**Last Ten Years**

<b>Year</b>	<b>Population<sup>1</sup></b> (January 1st)	<b>Total Personal Income<sup>5</sup></b> (in millions)	<b>Per Capita Personal Income<sup>5</sup></b>	<b>Median Age<sup>4</sup></b>	<b>K-12 Public School Enrollment<sup>2</sup></b>	<b>Average Unemployment Rate<sup>3</sup></b>
2004	702,254	\$ 40,273	\$ 58,353	38.6	88,477	4.9%
2005	700,350	43,554	63,115	39.2	88,273	4.3%
2006	699,347	47,696	69,107	39.4	88,350	3.7%
2007	701,838	50,610	72,941	39.7	88,479	3.9%
2008	707,820	49,417	70,211	39.9	88,974	4.7%
2009	713,818	46,681	65,414	38.9	89,971	8.9% <sup>6</sup>
2010	718,614	47,947	66,629	39.3	91,371	9.0%
2011	722,372	50,597	69,577	39.4	92,097	8.4%
2012	727,795	n/a	n/a	n/a	93,674	6.7%
2013	735,678	n/a	n/a	n/a	93,931	5.4%

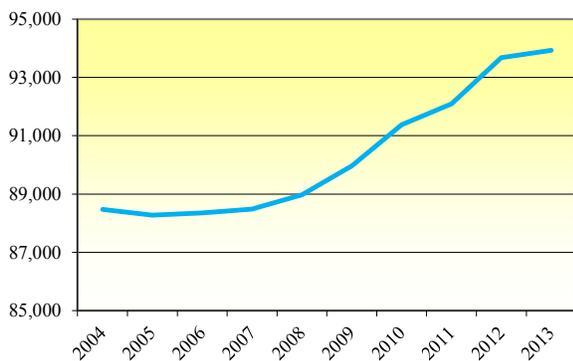
**Population**



**Per Capita Personal Income**



**K-12 Public School Enrollment**



**Average Unemployment Rate**



**Sources:**

- <sup>1</sup> Data include retroactive revisions by the State of California Department of Finance, Demographic Research Unit.
- <sup>2</sup> Data include retroactive revisions by the State of California Department of Education.
- <sup>3</sup> Data include retroactive revisions by the State of California Employment Development Department. Unemployment rates are non-seasonally adjusted for June.
- <sup>4</sup> U.S. Census Bureau, American Community Survey.
- <sup>5</sup> Data include retroactive revisions by the U.S. Department of Commerce Bureau of Economic Analysis.
- <sup>6</sup> The sharp increase in the unemployment rate was caused by the global economic downturn.

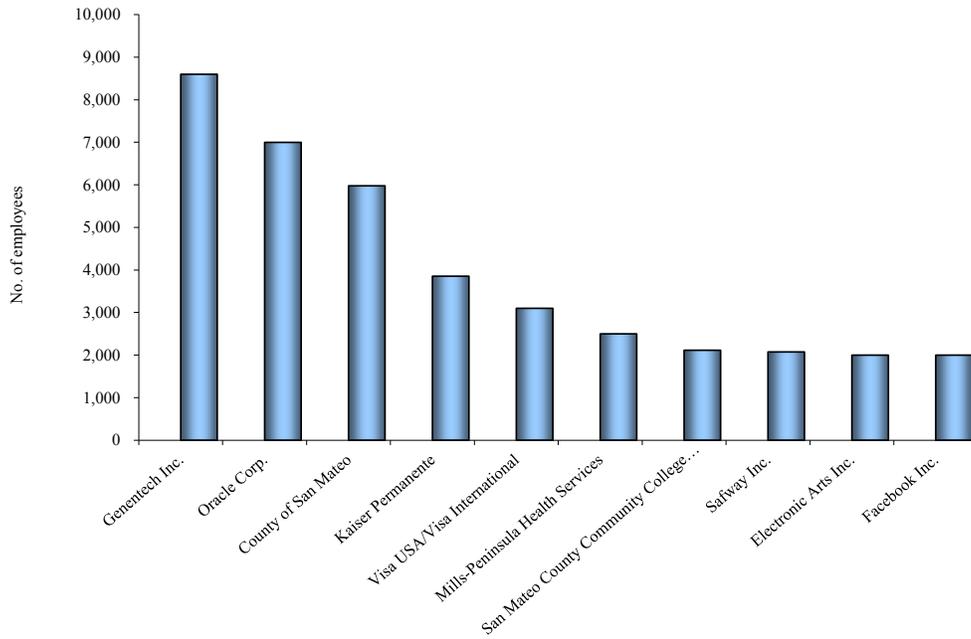
**Note:**

All data are presented in calendar year except for public school enrollment and average unemployment rate.  
n/a - Information is unavailable.

**COUNTY OF SAN MATEO  
Principal Employers  
Year 2011 and Year 2004**

Employer	Business Type	2011 <sup>1</sup>			2004		
		Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Genentech Inc.	Biotechnology	8,600	1	2.43%	5,120	4	1.48%
Oracle Corp.	Software	7,000	2	1.98%	7,000	2	2.02%
County of San Mateo	Government	5,979	3	1.69%	5,663	3	1.63%
Kaiser Permanente	Health Care	3,855	4	1.09%	3,494	5	1.01%
Visa USA/Visa International	Global Payments Technology	3,100	5	0.88%	---	---	---
Mills-Peninsula Health Services	Health Care	2,500	6	0.71%	2,470	7	0.71%
San Mateo County Community College District	Public Education	2,115	7	0.60%	---	---	---
Safway Inc.	Retail Grocer	2,075	8	0.59%	2,145	8	0.62%
Electronic Arts Inc.	Interactive Entertainment	2,000	9	0.57%	1,750	10	0.50%
Facebook Inc.	Social Network	2,000	10	0.57%	---	---	---
SLAC National Accelerator Laboratory	Scientific Research	---	---	---	---	---	---
Seton Medical Center	Hospital	---	---	---	---	---	---
United Airlines	Airline	---	---	---	10,933	1	3.15%
Applied Biosystems	Biotechnology	---	---	---	2,640	6	0.76%
United States Postal Service	Postal Service	---	---	---	1,853	9	0.53%
<b>Total</b>		<b>39,224</b>		<b>11.10%</b>	<b>43,068</b>		<b>12.41%</b>

**Principal Employers  
Year 2011**



Source: San Francisco Business Times - Book of Lists  
California Employment Development Department

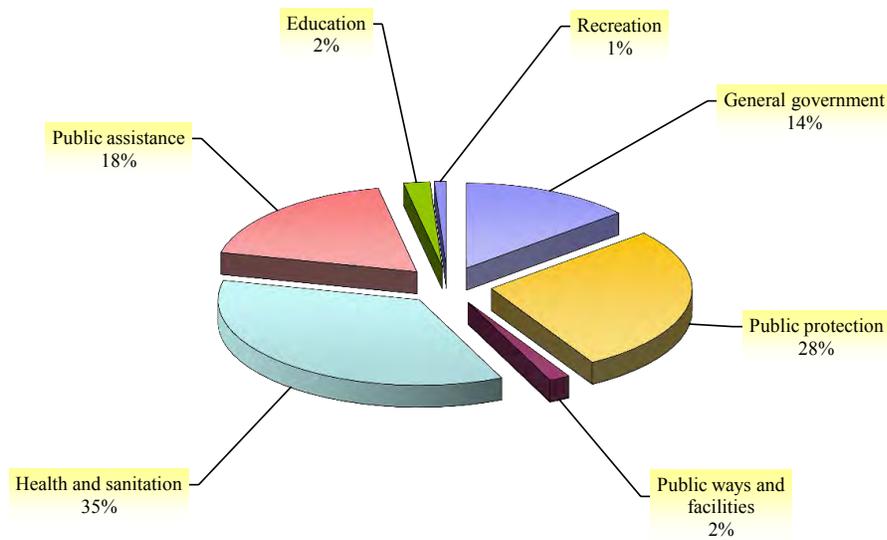
Notes:

<sup>1</sup> Principal employer information for years 2013 and 2012 is not available.

**COUNTY OF SAN MATEO**  
**Full-time Equivalent County Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>As of June 30,</b>									
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General government	803	790	789	831	850	801	774	740	736	700
Public protection	1,321	1,292	1,354	1,381	1,391	1,452	1,432	1,423	1,389	1,422
Public ways and facilities	97	92	93	92	95	96	96	90	85	86
Health and sanitation	1,905	1,895	1,981	2,077	2,174	2,142	2,022	1,995	1,932	1,802
Public assistance	893	906	953	994	1,036	1,041	960	887	890	931
Education	108	108	112	113	113	113	114	-	112	108
Recreation	55	55	55	56	56	57	52	52	51	49
Total full-time equivalent employees <sup>1</sup>	5,182	5,138	5,337	5,544	5,715	5,702	5,450	5,187	5,195	5,098

**Full-time Equivalent County Employees by Function**  
**FY 2012-13**



Source: County's Budget System - County of San Mateo, California

Notes:

<sup>1</sup> The full-time equivalent (FTE) employee count is based on the information available in the County's Budget System and may change due to revision.

**COUNTY OF SAN MATEO**  
**Operating Indicators by Function**  
**Fiscal Years 2003-2012**

Function <sup>2</sup>	Fiscal Year <sup>3</sup>									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Government</b>										
<i>County Counsel</i>										
Number of litigation cases	1,375	1,567	1,628	1,658	1,630	1,785	1,999	2,128	---	---
Percent of general litigation cases won or resolved with approval of client	89%	92%	95%	100%	100%	100%	100%	98%	100%	100%
Attorney per capita	1:32,593	1:32,734	1:33,051	1:33,554	1:30,581	1:30,579	1:30,453	1:31,900	---	---
<i>Public Safety Communication</i>										
Number of calls received	687,629	634,044	650,683	563,922	609,882	671,603	503,625 <sup>4</sup>	491,679	---	---
Number of calls processed annually by category:										
High priority	65,193	63,578	69,529	73,138	77,691	82,342	79,978	80,045	---	---
Non-Emergency	622,436	570,466	581,154	490,784	532,191	562,927	410,472 <sup>5</sup>	384,818	---	---
Wireless (data development)	---	---	---	---	---	---	13,175	26,816 <sup>8</sup>	---	---
Percent of high priority calls dispatched within established time frames:										
Police	82%	86%	88%	89%	88%	87%	84%	88%	---	---
Fire	94%	94%	94%	94%	94%	94%	93%	92%	---	---
Medical	93%	93%	93%	92%	91%	92%	92%	86%	---	---
<b>Public Protection</b>										
<i>District Attorney</i>										
Total cases reviewed	23,392	26,031	22,215	22,904	22,947	23,232	21,862	22,583	24,561	24,978
Total filings	20,007	22,325	18,994	16,871	17,729	20,048	17,067	17,211	16,057	14,754
Number of victims contacted, including unsolved cases	2,585	4,754	5,018	5,460	4,404	3,840	3,999	4,780	---	---
Average number of cases reviewed by attorney	487	542	436	433	459	464	437	452	---	---
<i>Sheriff's Office</i>										
Investigative services										
Number of cases performed annually	6,358	6,000	5,035	5,456	7,935	5,891	6,368	6,209	~6,200	~6,600
Number and percent of cases submitted to the District Attorney's Office (Investigations only)	1,419/47%	1,114/45%	1,694/37%	2,466/37%	2,460/31%	3,115/34%	2,410/38%	1,460/24%	~1,984/32%	---
Patrol Bureau										
Number of dispatched calls for patrol services	63,547	59,999	57,662	57,831	56,937	64,229	65,214	64,805	---	90,862
Number of citations issued - patrol services	9,857	11,185	11,453	9,189	10,352	11,824	11,757	13,829	---	---
Number of total traffic activities (non-citation)	15,237	16,096	15,298	16,681	16,847	18,204	18,364	20,390	---	---
Average response time for priority dispatched calls:										
Urbanized service areas (in minutes)	3:26	2:64	3:20	3:28	3:57	4:44	5:07	5:14	5:04	5:35
Rural service areas (in minutes)	8:27	9:67	9:60	10:49	11:41	11:41	10:25	10:59	12:24	12:25
Average cost per dispatched patrol service call	\$436	\$452	\$494	\$490	\$539	\$534	\$492	\$500	---	---
<i>Probation Department</i>										
Adult Supervision Services										
Number of probationers placed on:										
Relapse prevention supervision services	---	1,701	1,437	1,878	2,654	2,056	1,375 <sup>6</sup>	1,236	---	---
Intensive supervision	1,749	3,708	1,479	923	954	1,027	1,002	857	---	---
Supervised Computer Assisted Case Services Unit	---	5,552	4,504	3,596	1,552	1,146	2,893 <sup>7</sup>	2,649	---	---
Number and percent of probationers:										
Completed probation without new sustained law violation	687/71%	1,652/75%	526/66%	840/56%	805/63%	2,087/63%	2,600/61%	2,223/63%	3,150/63%	---/63%
Completed treatment program during grant of probation	---	---	409/65%	1,234/55%	1,637/64%	---	1,044/46%	1,411/71%	---	---

Source: County's Adopted Budget Books.

Notes:

<sup>1</sup> --- Data are not available.

<sup>2</sup> Functions/programs operated by the County.

<sup>3</sup> Operating statistics are subject to retroactive adjustment as needed. The statistics for FY 2012-13 are not yet available.

<sup>4</sup> The total number of calls has fallen in the last fiscal year due to significant decrease in non-emergency calls.

<sup>5</sup> The number of informational calls declined as many used the internet to search for information.

<sup>6</sup> The decline was mainly caused by decreased funding from Proposition 36 for drug treatment.

<sup>7</sup> An improved method was used to better capture the number of cases referred to and handled by the Computer Assisted Supervision Team.

<sup>8</sup> Fiscal year 2009-10 was the first full year Public Safety Communication was able to receive wireless 911 calls. As wireless access has become the trend, the receipt of wireless calls now offset the receipt of hardline phones.

**COUNTY OF SAN MATEO**  
**Operating Indicators by Function**  
**Fiscal Years 2003-2012**

Function <sup>2</sup>	Fiscal Year <sup>3</sup>									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Juvenile Supervision Services</b>										
Number of juveniles served on probation	---	3,112	3,167	2,467	2,465	2,426	2,202	1,999	~2,000	~2,000
Number of youth served under prevention/diversion programs	---	---	487	1,256	989	739	755	944	---	---
Number of youth served under electronic monitoring	---	---	---	---	---	---	656	660	---	---
Number and percent of probationers:										
Completed probation without new sustained law violation	490/84%	1,345/89%	1,373/89%	726/76%	897/79%	645/78%	710/72%	633/76%	~1,500/75%	---
Completed informal contract and are not filed upon within Six months of case closure	---	---	---	1,262/84%	435/85%	382/85%	152/90%	295/86%	---	---
<b>Public Ways and Facilities</b>										
<b>Road maintenance</b>										
Number of lane miles:										
Sealed	32	17	82	53	---	29	67	16	---	---
Resurfaced	41.7	23.0	14.0	14.4	13.6	4.0	2.8	12.5	---	---
Reconstructed	4.7	2.9	0.3	1.2	1.9	1.3	0.8	0.4	---	---
<b>Waste management</b>										
Number of website visits to the County's RecycleWorks website	96,839	80,455	128,192	327,872	501,779	518,887	522,022	672,227	---	---
Number of programs implemented that reduce waste or conserve resources (data development)	---	---	---	34	32	---	---	58	---	---
<b>Health and Sanitation</b>										
<b>Emergency Medical Services (EMS)</b>										
Number of 9-1-1 calls for medical response	41,504	40,851	39,068	40,222	38,818	47,609	47,194	46,740	~47,000	~47,000
Percent of EMS calls responded to on time										
Ambulance	95%	94%	93%	91%	91%	92%	93%	94%	94%	94%
Fire first response	98%	98%	98%	99%	98%	98%	98%	97%	97%	---
<b>Mental Health Adult Services</b>										
Number of clients served:										
Intensive level of service	2,578	2,631	2,446	2,409	2,221	2,249	2,347	2,436	---	---
Outpatient level of service	7,309	7,218	7,280	7,497	7,789	8,174	8,834	8,632	---	---
Number of new clients served	---	---	2,556	2,613	2,722	2,332	2,905	2,551	---	---
Percent of customer survey respondents indicating they have benefited from mental health treatment:										
Able to deal more effectively with daily problems	90%	96%	95%	92%	87%	94%	95%	95%	---	---
Better able to control their life	88%	94%	95%	94%	87%	94%	94%	95%	---	---
<b>Mental Health Youth Services</b>										
Number of clients served:										
Intensive	784	711	752	993	1,125	1,138	1,007	896	---	---
Outpatient	1,408	1,451	2,136	2,024	2,302	2,220	2,122	2,096	---	---
Number of new clients served	---	---	1,061	1,276	1,371	1,419	1,448	1,452	---	---
Percent of survey respondents who agree or strongly agree that the client is better at handling daily life:										
Parents	80%	77%	71%	78%	82%	73%	73%	70%	---	---
Youth	83%	71%	72%	65%	76%	90%	90%	89%	---	---
<b>Family Health Services</b>										
Number of customers served:										
Field nursing and maternal, child and adolescent health	2,388	2,078	2,017	2,057	1,903	1,960	1,960	1,761	---	---
Prenatal to three	3,336	3,575	3,645	3,714	3,722	3,473	3,207	2,998	---	---
Women, infants and children	22,231	25,599	21,688	17,976	19,595	18,257	18,662	22,954	---	---
California children services	1,747	2,541	2,788	2,724	2,703	2,590	2,528	2,565	---	---
Child health and disability prevention	3,101	2,696	2,074	1,881	2,177	1,847	1,775	1,960	---	---
Lead	69	76	82	102	326	322	296	275	---	---
California nutrition network	15,750	12,532	13,152	27,411	23,818	16,737	17,781	10,819	---	---
Number and percent of low-income children up-to-date on immunizations at age two	374/67%	444/69%	316/71%	1,090/70%	1,107/84%	1,071/88%	1,157/87%	1,063/85%	---/82%	---/89%

(continued)

Notes:

<sup>9</sup> The decrease reflected changes in collection methodology.

<sup>10</sup> Staff attended a larger number of health fairs. The outreach increased the number of customer served.

<sup>11</sup> The State usually allocates funding for road sealing, resurfacing, and reconstruction. In FY 2006-07, the State only allocated funding for resurfacing and reconstruction projects.

<sup>12</sup> The number of lane miles sealed each year is based on the available funding, cost of material, permit requirements and scheduling with local utilities. The increase was caused by a combination of these factors.

<sup>13</sup> The downturn of economy increased the number of families seeking public family health services.

<sup>14</sup> Family Health Services was unable to complete its scope of work due to decreased staffing and volunteers

**COUNTY OF SAN MATEO**  
**Operating Indicators by Function**  
**Fiscal Years 2003-2012**

Function <sup>2</sup>	Fiscal Year <sup>3</sup>									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Health Promotion and Disease Control</b>										
Number of clients served:										
AIDS program clinical services	546	565	559	576	540	553	522	581	---	---
Mobile clinic clinical services	1,463	3,024	2,713	3,534	4,103	4,776	3,256 <sup>19</sup>	4,173 <sup>24</sup>	~3,600	---
STD Control	1,325	1,674	1,636	2,951 <sup>17</sup>	1,954	2,159	1,593 <sup>20</sup>	1,064 <sup>25</sup>	~1,500	1,600
TB Control	811	508	901	1,100	1,085	588	2,000 <sup>21</sup>	2,131	~2,200	755
Percent of clients demonstrating improvement in knowledge, attitudes, and behavior regarding disease prevention, control, and treatment	94%	90%	96%	98%	94%	95%	71% <sup>20</sup>	100%	---	---
<b>Environmental Health Services</b>										
Number of permitted facilities regulated	15,694	16,481	16,092	17,350	17,763	17,935	18,705	18,838	---	---
Percent of permitted facilities receiving an annual inspection	88%	91%	88%	93%	87%	80%	86%	100%	80%	---
Number of complaints received	1,416	1,970	1,416	2,077	2,120	1,748	1,487	985	---	---
Percent of complaints responded to within the required time period	86%	85%	86%	84%	86%	71%	87%	93%	---	---
<b>Public Assistance</b>										
<b>Prevention and Early Intervention</b>										
Number of clients served by community based providers contracting with the Human Services Agency (HSA):										
Individuals	28,242	28,127	22,553	29,313	23,413	26,600	32,815 <sup>22</sup>	39,968 <sup>26</sup>	~30,000	~30,000
Families	9,582	9,580	8,271	10,558	8,480	9,664	11,686 <sup>23</sup>	13,608	~10,000	~10,000
Number of children who received childcare assistance through the HSA, Child Care Coordinating Council, and Professional Association for Childhood Education	---	---	---	2,800	2,859	2,765	2,736	2,139 <sup>27</sup>	---	---
Percent of clients needing food and/or shelter received assistance:										
Food	96%	97%	98%	98%	99%	99%	99%	98%	99%	99%
Shelter	63%	68%	64%	67%	75%	76%	78%	76%	81%	68%
<b>Economic Self-Sufficiency</b>										
Number of participants using PeninsulaWorks Centers	22,460	24,426 <sup>16</sup>	24,794	20,089	17,654	19,586	20,270	20,695	14,408	13,424
<b>Child Welfare Services:</b>										
Number of licensed foster homes	---	---	---	73	83	83	83	---	---	---
Number of families referred for counseling services at Family Resource Centers	---	---	---	---	---	2,302	---	---	1,302	---
Percent of child abuse/neglect referrals met with a timely face-to-face investigative response:										
Immediate referral response compliance	---	---	---	98%	98%	98%	99%	---	---	---
10-Day referral response compliance	---	---	---	92%	94%	98%	95%	---	---	92%
Percent of timely social worker visits with children on open cases	---	---	---	96%	96%	96%	96%	---	---	---
<b>Housing &amp; Community Development</b>										
Number of affordable housing units developed and occupied	124	104	53	158	321	340	113	119	194	~200
<b>Recreation</b>										
<b>Parks &amp; Recreation</b>										
Number of park reservation calls taken	3,794	3,479	5,291 <sup>15</sup>	5,011	5,881	8,913 <sup>18</sup>	14,819 <sup>18</sup>	13,983	---	---
Number of special events processed	64	106	78	87	110	93	---	---	---	---

Notes:

- <sup>15</sup> Park reservations staff began making reservations for Fitzgerald Marine Reserve docent-led tours, a task previously performed by others.
- <sup>16</sup> The measure included Workforce Investment Act participants only.
- <sup>17</sup> The increase in number of clients served was caused by increased capacity in the STD clinic workforce.
- <sup>18</sup> The County implemented a new online reservation system in late 2008 and was inundated with phone reservations as people learned to navigate their way through the online reservation system. In 2009, the County began a full-scale tracking of reservations made by the public.
- <sup>19</sup> The decrease was caused by fewer patients seeking services and the cut back at Half Moon Bay weekly Clinic.
- <sup>20</sup> Increased efforts on preventive measures reduced the need for STD treatments.
- <sup>21</sup> Schools, prisons, and new immigrants became more aware of TB preventative methods.
- <sup>22</sup> Demand for public assistance surged because the County unemployment rate increased sharply after the financial recession.
- <sup>23</sup> The seminars provided in FY 2008-09 included new and more complex topics.
- <sup>24</sup> Economic downturn increased the population seeking mobile clinic services.
- <sup>25</sup> Additional staffing increased assistance in surveillance and decreased the number of infections reported for investigation.
- <sup>26</sup> Supplemental funding from the partnership between Silicon Valley Community Foundation and the County empowered the County to meet increased safety net needs.
- <sup>27</sup> State budget adjustments in 2009 through 2011 negatively impacted client's eligibility to receive child care supports.

**COUNTY OF SAN MATEO**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	As of June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities:</b>										
<b>General government</b>										
Child care centers	2	2	2	2	2	2	2	2	2	2
Fairground	1	1	1	1	1	1	1	1	1	1
Grant yards	6	6	6	6	6	6	6	6	6	6
Law library	1	1	1	1	1	1	1	1	1	1
Office buildings	1	1	1	1	1	1	1	3	3	3
Parking structures	1	1	1	1	1	1	1	2	2	2
<b>Public protection</b>										
Fire stations	4	4	4	4	4	4	4	4	4	4
Sheriff stations	2	2	2	2	2	2	2	2	2	2
Jail	1	1	1	1	1	1	1	1	1	1
<sup>1</sup> Youth services center	1	1	1	1	1	1	1	1	1	1
<b>Public ways and facilities</b>										
<b>Road</b>										
Pavement (miles)	316.8	316.6	316.2	314.41	315.88	314.8	315.39	315.39	315.5	315.5
Bridges	28	28	28	28	28	31	31	31	32	33
Traffic signals	18	19	19	19	19	19	19	19	19	19
Flashing Beacons	n/a	n/a	n/a	n/a	3	3	3	4	4	4
Lighted Crosswalks	n/a	n/a	n/a	n/a	4	4	4	4	4	4
Radar Feedback signs	n/a	n/a	n/a	n/a	4	4	10	11	11	11
<b>Sewer and water</b>										
<b>Sewer:</b>										
Sanitary sewers (miles)	148.45	148.51	149.47	149.47	147.35	147.47	144.18 <sup>3</sup>	144.18	144.18	144.18
<b>Water:</b>										
Water mains (miles)	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Fire hydrants	20	20	20	20	20	20	20	20	20	20
Storage capacity (thousands of gallons)	710	710	710	710	710	710	710	710	710	710
<b>Lighting</b>										
Street lights	2889	2927	2920	2921	2,128 <sup>2</sup>	2166	2166	2167	2167	2179
<b>Flood control</b>										
Channels (miles)	5.89	6.4	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7
<b>Health and sanitation</b>										
Warehouse	1	1	1	1	1	1	1	1	1	1
Psychiatric center	1	1	1	1	1	1	1	1	1	1
Satellite clinic	1	1	1	1	1	1	1	1	1	1
<b>Public assistance</b>										
Drug treatment center	1	1	1	1	1	1	1	1	1	1
Employment and training center	1	1	1	1	1	1	1	1	1	1
<b>Recreation</b>										
Parks	22	22	22	22	22	22	22	22	22	22
Boating recreation center	1	1	1	1	1	1	1	1	1	1
<b>Business-type Activities:</b>										
Medical center	1	1	1	1	1	1	1	1	1	1

Sources:

County Capital Asset Master File  
Department of Public Works

Notes:

n/a - not available

<sup>1</sup> A new youth services center was opened in September 2006.

<sup>2</sup> The decrease was caused by transfer of the Ravenswood Lighting District to the City of East Palo Alto.

<sup>3</sup> Less sanitary sewer miles are maintained in the Emerald Lake Heights Sewer Maintenance District.



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