

COUNTY OF SAN MATEO, CALIFORNIA
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2002

Tom Huening, Controller

Front Cover: Pigeon Point Light House, San Mateo County, California
Back Cover: Half Moon Bay beach, San Mateo County, California
Photography courtesy of Jim Brick

County of San Mateo, California



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2002

**Tom Huening
Controller**

COUNTY OF SAN MATEO, CALIFORNIA

Comprehensive Annual Financial Report

Prepared by the Controller's Office

For the Fiscal Year Ended June 30, 2002

**COUNTY OF SAN MATEO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended June 30, 2002**

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COUNTY OF SAN MATEO
OFFICE OF CONTROLLER

TOM HUENING, CONTROLLER

Members of the Board of Supervisors and
Citizens of San Mateo County:

October 4, 2002

The Comprehensive Annual Financial Report (CAFR) of the County of San Mateo (County) for the fiscal year of 2001-2002 is presented in compliance with Section 25253 of the Government Code of the State of California. This report was prepared by the Office of the County Controller, which is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. We believe the data, as presented, are accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and results of operations and cash flows if applicable of the County, as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The CAFR represents the culmination of all budgeting and accounting activities engaged in by management during the year, covering all funds of the County and its financial transactions. The CAFR is organized into three sections:

- The Introductory Section is intended to familiarize the reader with the organizational structure of the County, the nature and scope of the services it provides, and the specifics of its legal operating environment.
- The Financial Section includes the independent auditor's report on the basic financial statements, the Management's Discussion and Analysis (MD&A) of the County's overall financial position and results of operations, the audited basic financial statements, note disclosures, and supporting statements to provide readers with a comprehensive understanding of the County's financial activities of the past fiscal year. This letter is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found on pages 3-14 of this report.
- The Statistical Section contains comprehensive statistical data on the County's physical, economic, social and political characteristics.

THE REPORTING ENTITY

The County of San Mateo, California, established by an Act of the State Legislature in 1856, is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a Board of Supervisors (Board) which, as the governing body of the County, is responsible for the legislative and executive control of the County. The County provides various services including public protection, road construction and public facilities maintenance, sanitation, health and social services, elections and records, planning, zoning and tax collection.

The governmental reporting entity consists of the County (Primary Government), its blended and discretely presented component units. Component units are legally separate entities for which the primary government is financially accountable or other organizations for which the nature and significance of the relationship with the primary government are such that exclusion would make the enclosed financial statements misleading or incomplete. Their financial data are required to be blended with the County's. A discretely presented component unit is a legally separate entity whose governing body is not substantially the same as that of the County and whose services are not almost entirely provided to the County. Its financial data are required to be separately presented from the County's.

Blended Component Units

San Mateo County has four independent fiscal agencies that are considered blended component units for reporting the financial results of the County. They vary widely in function and provide essential services.

- The San Mateo County Joint Powers Financing Authority (JPFA) assists the County in the financing of public capital improvements. JPFA is reported as a major governmental fund in the County's financial statements.
- The San Mateo County Employees' Retirement Association (SamCERA) administers the financial activities of the County's pension plan. SamCERA is reported as a Pension Trust Fund in the County's financial statements.
- The Housing Authority of the County of San Mateo (Housing Authority) provides housing assistance to low and moderate income families. The Housing Authority is reported as an enterprise fund in the County's financial statements.
- The In-Home Supportive Services (IHSS) Public Authority assists consumers in finding in-home supportive services personnel, provides training and support for providers and recipients and their families, and performs other functions related to the delivery of in-home supportive services. The IHSS Public Authority is reported as a special revenue fund in the County's financial statements.

Discretely Presented Component Unit

The Children and Families First Commission (the Commission) was established in March 1999 under the authority of the California Children and Families First Act of 1998 and sections 130100, et seq. of the Health and Safety Code. The Board appoints all members of the Commission. The Board can remove appointed members at will. The Commission accounts for receipts and disbursements of California Children and Families Trust Fund allocations and appropriations. The Commission is a discretely presented component unit as the Commission's governing body is not substantially the same as that of the County and the Commission does not provide services entirely or almost entirely to the County.

ECONOMIC CONDITIONS AND OUTLOOK

San Mateo County is one of 58 California counties and one of the nine counties in the San Francisco-Oakland Bay Area. The County covers 447 square miles, (ranked 56th among the 58 counties for land size) and contains 20 incorporated cities and the San Francisco International Airport. It is located on a peninsula that is flanked by the Pacific Ocean on the west, the San Francisco Bay on the east, the City/County of San Francisco to the north, and the counties of Santa Clara and Santa Cruz to the south. It is the 13th most populated county in the State with an estimated 717,000 residents. Seventy-four percent of the County's land is reserved for agriculture, watershed, open space, wetlands or parks. The majority of the population lives along the north-south transportation corridor between San Francisco and San Jose. Key public policy issues relate to the economy, land use, congestion management and quality of life.

The County has a charter form of government. A five-member Board of Supervisors, each elected to four-year terms, serves as the legislative body. Members run at-large in non-partisan elections but must reside within a specific district. A County Manager is appointed by the Board and runs the day-to-day business. The County Manager appoints the heads of six agencies/departments. The Board appoints the County Counsel. Elected officials include the Assessor-Clerk-Recorder, Controller, District Attorney, Treasurer-Tax Collector, Sheriff and the Coroner.

The demographic makeup mirrors California, rich in diversity with a plurality of ethnicities. Approximately half of the residents are Caucasian, while Asian/Pacific Islanders and Hispanics each comprise a little more than 20%. African-Americans comprise 3.3% and those identifying themselves as "Two or More Races" comprise 3.2%. Of the 254,103 households in the County, roughly two-thirds are identified as "family households" and about half of the "family households" include children under 18 years of age. The median age in the County for both sexes is 36.8 years and increasing.

The County consistently ranks in the top five of California counties in terms of lowest civilian unemployment rate, highest per capita personal income and lowest percentage of persons below poverty level. The County is one of the safest urban/suburban counties in California, an indicator of the area's relative economic prosperity.

Because of the technology sector correction, the terrorist attacks on September 11, 2001 and the State's energy crisis, the County's unemployment increased to 4%, up from the prior year average of 1.6%. The services sector typically provides a third of all jobs in the County. As home to the San Francisco International Airport (SFO), San Mateo County has been a primary beneficiary of the jobs and tax revenue generated by the hospitality, transportation and service industry sectors. The County has over 15,000 hotel rooms. Hotel occupancy rates were 13% lower than last fiscal year and hotel room rates ran 25% less than last fiscal year. Airport travel dropped 21% this fiscal year with 31.6 million passengers compared with 40 million passengers last fiscal year. Total cargo and U.S. mail dropped 14.5% and garage and lot parking use fell by 21.8%. Shortly after 9/11, United Airlines, the County's largest employer, reduced the number of flights offered from SFO by 25%. Thousands of airport service related jobs were eliminated because of the drop in airline and cargo traffic.

The County is home to more than 1,300 high technology companies including Oracle, Siebel Systems, Sun Microsystems, and Genentech. The area known as Silicon Valley (Santa Clara County and southern San Mateo County) has experienced what has been dubbed as a “tech-wreck.” Many promising “dot.coms” are now “dot.gones” including Excite@Home, Webvan, Northpoint Communications and Metricom. Major technology corporations have sought protection under Chapter 11 including Exodus Communications, Rhythms and Covad. Layoffs have dominated the headlines and contributed to the rise in unemployment. The technology sector is languishing and not expected to rebound in the near term.

The office vacancy rate was 14.5% at the end of the 3rd Quarter of 2001 and climbed to 22.8% by the end of the 2nd Quarter of 2002. Empty and semi-empty buildings are visible in every community. The market was further pressured by the more than 2.5 million square feet (s.f.) of new construction that became available this year. The largest projects were the Pacific Shores Project in Redwood City (1,475,000 s.f.), Parkside Towers in Foster City (380,000 s.f.), two of the three buildings at University Circle in East Palo Alto (283,489 s.f.), Electronic Arts’ new building in Redwood Shores, and 611 Gateway Drive in South San Francisco. An additional 728,318 s.f. of office space is currently under construction. Over half of this construction is part of the Bay Meadows Project (413,475 s.f.) in the City of San Mateo which will open next year. Visa has also broken ground on a fourth building at its corporate headquarters in the Foster City.

The County has 33,940,798 s.f. of net rentable office space. The combination of the technology-led recession and the expansion of available office space on the market drove rents down. The average asking rate for Class A office space in the 3rd Quarter of 2001 was \$3.59/s.f. It fell 20% (or \$.73/s.f.) to \$2.86/s.f. by the end of the fiscal year. At the beginning of last fiscal year, rents were \$6 – \$12/s.f.

Although counterintuitive, residential property values remained among the highest in the nation. While the slowing economy has created a slight measure of housing relief, demand has far outpaced supply for several years. This gap escalated prices in the real estate market. At the close of FY 2001-02, the median price for a single family home was \$640,000 an increase of 9.5% over the prior year. Townhouses and condominium dipped slightly at the close of FY 2001-02. The median price for a townhouse was \$387,500 or 3.8% less than the prior year. Home ownership remains difficult for service employees, teachers, public safety employees and tradespeople. Average apartment rents dropped 18% from the prior year. The City/County Association of Governments (C/CAG) has projected a housing deficit of 15,600 units by the end of the decade. Housing remains a significant challenge for residents, employers and policymakers.

With the high cost of living and the housing/jobs imbalance, many workers reside outside the County contributing to traffic congestion. A number of initiatives by public transportation agencies are underway. Caltrans, the State Highway Division of Transportation, is improving the east-west connection between the Peninsula and East Bay with the San Mateo Bridge project. This project involves the building of an adjacent 3-lane bridge, with completion expected in late 2002.

Caltrain, the three-county commuter railway system that runs between San Francisco and Gilroy, will be adding the “Baby Bullet” express service from San Francisco to San Jose in 2004. To add this service, substantial work is necessary. Caltrain discontinued weekend service in April 2002 for two years to provide the downtime for this capital improvement. Caltrain also eliminated four scheduled trains this year in response to the economic downturn and related decline in ridership. However, since the Peninsula Corridor Joint Powers Board assumed responsibility for Caltrain in 1992, overall ridership has increased 30%. Ridership is expected to buoy with the completion of the BART/SFO project.

BART, the Bay Area Rapid Transit District, has completed 96% of the four new BART stations and the extension that will connect BART to San Francisco International Airport in San Mateo County. The stations will open concurrently in January 2003. The system will serve an estimated 70,000 new daily riders by 2010, eliminate 10,000 daily auto trips to SFO and provide congestion relief on one of the County’s main transportation corridors. The project features an intermodal cross-platform connection linking commuter rail, rapid rail, and the County’s bus system with the connecting track into the airport. Riders will be able to buy passes that allow them to use conveniently any combination of transit systems in the Bay Area.

The San Mateo County Transportation Authority, created by voter initiative in 1988, established a 20 year ½ cent sales tax to fund local transportation improvements including grade separations, freeway interchanges, paratransit programs and road improvements. The combined success of all of these projects will help determine the viability for future economic growth in the County.

The property tax assessment roll for FY2001-02 was \$90,108,294,000, an increase of 12.5% or about \$10 billion more than the previous year. However, County sales tax revenue fell by \$3,645,000 or 20% from \$18,243,000 in FY2001-02 to \$14,598,000 in FY2001-02.

The unsecured property tax roll for the fiscal year was \$90,452,192 or 8.7% more than the prior year. The increase was less than anticipated due to the decline in passenger traffic and revenue at San Francisco International Airport.

Some of the property tax impacts of 9/11 are still unfolding. Most of the airlines operating out of San Francisco, as well as a number of other airport-based concessionaires, filed calamity reassessment claims with the San Mateo County Assessor. These claims were denied because, as provided by statute, the claimants did not suffer physical damage to their property located in San Mateo County. The California State Board of Equalization (SBE) subsequently adopted a new property tax rule, which would, in some cases, afford property tax relief to taxpayers that claim economic losses, even in the absence of physical damage to their property. As of the beginning of the new tax year, declining airline activity and temporarily suspended "minimum rent" charges for terminal space resulted in lower assessed values at the airport.

Transient occupancy taxes dropped precipitously. Before the airport upgrade project, the San Francisco Airport Hilton, an airport property hotel that was torn down, used to generate a million dollars a year in transient occupancy taxes for the County's General Fund. Plans to rebuild the hotel have been delayed.

Proposition 172 Sales Tax, the Public Safety Fund, amounted to \$67,547,000 for 2002 and \$67,366,000 for 2001. These funds, based on a statewide formula, are restricted to public safety purposes and are allocated to the Sheriff, District Attorney, Probation, Coroner, County Fire and Public Safety Communications Dispatching.

Proposition 10, a ballot initiative known as Children and Families First, increased tobacco taxes to fund early childhood (ages 0-5) development programs. The County received \$9,811,000 in FY2001-02, an increase of 10.7% or \$1,049,000 from the previous year. Another tobacco-related source of revenue, the tobacco lawsuit settlement, brought in \$8,254,000, an increase of \$728,000 or 9.7% from the prior year. The tobacco settlement money is used for County Health Services.

MAJOR INITIATIVES AND SERVICE EFFORTS AND ACCOMPLISHMENTS

Health. The County operates a full service hospital. In 1994, the San Mateo County Board of Supervisors approved the issuance of lease revenue bonds in the amount of \$124,900,000 for the construction of a new integrated health center. This project combines Crystal Springs Rehabilitation Center and the former Community (Chope) Hospital. To allow the Hospital to continue serving patients during construction, construction was designed in five phases. The final phase, which involves the remodel of the 1954 Administration Building and support facilities, will be completed in October 2002.

The original estimated cost of construction of the San Mateo County Health Center was approximately \$100,751,000. The total project cost is expected to be \$131,130,500. Phase I was constructed within budget. Phases II, III and IV were over budget due to a number of factors, including, among others, weather, unanticipated onsite contaminated soil and rock, and the bidding climate that escalated faster than anticipated. Phase V appears to be under budget, but unresolved litigation costs continue.

The relatively new \$42,000,000 Health Information Technology (HIT) System was moved under the management of the County's Information Services Division this year after implementation struggles. It is now functional, producing better information and improved collections.

The new health center has increased the capacity to serve the medically indigent and insured residents. However, the County is experiencing the same financial cost escalations in pharmaceuticals, medical supplies and equipment faced by private hospitals and Health Maintenance Organizations (HMOs). This year Health Services was split into two agencies, Hospitals and Clinics and Health Services and the hospital was renamed the San Mateo Medical Center. New management and a Board of Supervisors initiated Resource Team have undertaken the challenge to rein in the costs of both new and existing services. The General Fund contribution to the Hospital and Clinics budget during the FY2001-02 was \$24,600,000.

Human Services. Between 1997 and 2001, the County had a steadily declining rate of families on public assistance compared to California as a whole. During this period, the County's public assistance, or CalWORKs (formerly known as AFDC), rate decreased at 1.7 times the rate of the state. Between 1997 and 2001, the total number of CalWORKs participants in the County decreased by 68.3%; statewide, the number of recipients decreased 39.5%. Between 1997 and 2001, the total number of Food Stamps recipients in the County decreased by 67.2% from 12,438 to 4,084; statewide, the number of recipients decreased 43.3%. The County has increased the proportion of CalWORKs recipients under age 18 from 74% of all recipients in 1997 to 82% in 2001. Statewide in 2001, only 76% of CalWORKs recipients were under age 18. The Office of Housing secured additional Section 8 housing vouchers linking families on cash aid with affordable housing for the innovative Moving-to-Work program. This program helps low-income families move from public assistance to economic self-sufficiency. Between 1999 and 2001 the County's Moving-to-Work caseload increased 74% from 349 to 608; statewide, the Moving-to-Work caseload decreased 12.9%.

PeninsulaWorks provided enhanced employment services to the community due to the downturn of the economy in 2002. These services included assembling an impromptu employment center at San Francisco Airport immediately after September 11, 2001 and offering integrated re-employment strategies and counseling to dislocated workers.

The Human Services Agency's expenditures increased 10.5 % from FY2000-01 to FY2001-02. The increase reflects new grant funding for enhanced/new program services.

Child Support Services. State legislation passed in 1999 required that Family Support Divisions be removed from the local Office of the District Attorney and become independent County departments. The new department is called the San Mateo County Department of Child Support Services; Margaret Jensen was appointed the Director of Child Support Services by the Board of Supervisors. Services, staff, hours and location remain the same.

Capital Projects Update. The County issued \$32,890,000 in lease revenue bonds in FY2000-01 to finance a portion of the acquisition costs of a microwave and law enforcement mutual aid communications system and radio system and to finance the costs of construction of a Crime Lab and Coroner's office for the County. The law enforcement projects are discussed below.

Crime Lab: The 30,000 square foot state-of-the-art Crime Lab construction project is underway and scheduled to open in March 2003. The total project cost is \$17.7 million with an annual debt service anticipated to be \$730,000. The Sheriff's budget covered the design fees, geotechnical and environmental consulting fees and administrative costs. The facility has been designed with a half-acre of photovoltaic energy panels. The Coroner's Office currently occupies leased space at a cost of \$100,000 per year. This office will be moved into the Crime Lab facility creating a savings.

Emergency Services Council Joint Powers Authority and the County Radio Project: The Mutual Aid/Emergency Services Council (ESC) \$25.6 million upgrade of the County Radio System is being partially financed with \$16.5 million of bond proceeds. The project includes the conversion of the County's analog system to a digital and microwave system. Completion of the countywide mutual aid and tactical communications is anticipated in January 2003. The upgrade of the Sheriff's radio system will bundle a number of radio frequencies in a "pipeline" allowing multiple conversations between agencies and units to take place simultaneously. This will improve the efficiency and effectiveness of all of the emergency response agencies in the county. Funding sources include state and federal funds, public safety sales tax revenue, charges to user agencies and the General Fund.

Facilities & Infrastructure Improvements: Using the County's Facilities Assessment Program developed in 2001 which identified and quantified physical deficiencies in 74 facilities and made recommendations to address the maintenance issues, the Department of Public Works decided the seismic retrofit of the Hall of Justice & Records, the ADA compliance renovation projects and the upgrading of various Heating/Ventilation/Air Conditioning (HVAC) systems for energy conservation to be the most important projects. The seismic retrofit of the Hall of Justice & Records will be completed in FY2003-04. A review of the infrastructure systems such as roads, sewers and lighting systems in the County was conducted this year, as they were not included in the Facilities Assessment. The development and implementation of a maintenance management system for the infrastructure systems will be undertaken next year.

Youth Service Center: The County has begun the planning for a new comprehensive youth services center. It is a collaborative project expected to meet the needs of juveniles and their families who are involved with our criminal justice and/or social services systems.

When completed, the core Juvenile Hall facilities of the Youth Services Center would include an Assessment Center, Intake/Release Area, Male and Female Housing by classification of youth offenders, a Visiting Area, Health Services, Mental Health Services, Food Services, Program/Staffing Area, Educational Facilities, Girls Camp, Group Receiving Home and Administration. The County anticipates the construction of a Juvenile Court, Probation Department Administration and Juvenile Probation Area and Community Day School as part of the ultimate build-out of the campus. The total project cost, escalated for inflation, is estimated at \$103,361,000. The County intends to construct the project as funds become available. The County received a State-administered federal juvenile justice grant of \$21,000,000 to fund a portion of the Juvenile Hall component.

The plans also include a Community School component. It would be owned by the San Mateo County Office of Education, if constructed, and would depend on the State for construction funding. Educational space within the secure Juvenile Hall could be funded from State grants from the State School Building Program under the Financial Hardship and Growth Programs but will require the State to adopt a policy regarding the eligibility of county offices of education to maintain and own classrooms that are integrated into a county-owned juvenile hall. Similarly, the plan calls for new Juvenile Court Facilities, however, the state funding method or mechanism has not been implemented to facilitate the funding of new court

facilities.

Energy Conservation Measures. The County through a number of innovative programs has managed to significantly reduce the consumption of both electricity and gas in County facilities. To accomplish this, one of the older, less efficient buildings at County Center was shut down on Fridays and most staff work a four day, ten hour shift. Building system modernization and retrofit efforts were also performed including lighting and HVAC upgrades and energy management system implementation in several facilities. Many other measures were implemented such as changing lighting schedules, lowering lighting levels in non-critical areas, lowering domestic hot water temperatures and hot water heating and turning off chillers and evaporators to use outside air to cool the buildings. Kilowatt-hours (electricity) per 1,000 square feet in office buildings was reduced from 17,729 to 15,004 or 15.4% and therms (gas) per 1,000 square feet in office buildings was reduced from 1,019 to 939 or 7.9%.

FINANCIAL INFORMATION

The Board of Supervisors, County Manager, and departments have been proactive in their response to the downturn in the economy. A Countywide hiring freeze was placed on all vacant positions in mid-November 2001. Departments were instructed to produce a 10% reduction in their services and supplies budgets. Alternate budget versions with budget reductions of 3.5%, 7% and 12% were prepared for the Board's consideration. The County's Reserves Policy has allowed the County to maintain fiscal health and stability. The accumulation of reserves will enable the preservation of important programs during this economic downturn. The Board of Supervisors approved FY2002-03 budget in June with the understanding that in September, (once the State budget was adopted) cuts would be necessary. Most of the County's major three-year labor contracts expire in October of 2002. The budgetary impact of the labor negotiations is unknown at the close of the fiscal year.

The Board of Supervisors, County Manager and Controller have made access of financial information a priority. The public may access the County's budget and CAFR on the County's website, www.co.sanmateo.ca.us or view the Board meetings (including the budget hearings) on Peninsula TV, a local access cable channel operated by a consortium of public agencies.

County management is responsible for establishing and maintaining a comprehensive internal control framework designed to ensure that the assets of the County are protected from loss, theft or misuse, and that accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control framework is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the likely benefits; (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

The County maintains budgetary controls with the objective of ensuring compliance with legal provisions embodied in the annual appropriated budget approved by the County's Board of Supervisors. Activities of the General Fund, certain Special Revenue, certain Debt Service and Capital Projects Funds are included in the annual appropriated budget. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amounts) is maintained at the object level (i.e., Salaries & Benefits, Services & Supplies) for all budget units within the County. Any amendments or transfers of appropriations between object levels or between budget units within any department or fund must be authorized by the County Manager's office and approved by the Board of Supervisors. Supplemental appropriations normally financed by unanticipated revenues during the year must be approved by the Board of Supervisors. Pursuant to Board Resolution, the County Manager is authorized to approve transfers and revision of appropriations under \$50,000 within a single budget unit as deemed necessary and appropriate. Any appropriations remaining in the department at the end of the fiscal year automatically lapse and are transferred to fund balance. The year-end fund balance, along with projected revenues, becomes available for appropriation the following year. An encumbrance accounting system is used to facilitate effective budgetary control. An encumbrance reserves a portion of an appropriation at the time a commitment is made to acquire goods or services. Open encumbrances are reported as reservations of fund balances at fiscal year-end and are re-appropriated as part of the following year's budget.

Debt Administration

The County has capital lease obligations under lease/purchase agreements for various County buildings and other property. Recent lease/purchase agreements have been made with the San Mateo County Joint Powers Financing Authority, a joint exercise of powers agency organized in May 1993 (composed of the County of San Mateo and the Community Development Commission for the County of San Mateo) to assist the County in the financing of public capital improvements. Total outstanding obligations in the form of lease revenue bonds (backed by a pledge of revenues consisting of base rental

payments payable by the County under the lease/purchase agreements) at June 30, 2002 were \$282,439,000.

Cash Management

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of earning interest through investments. Cash and investments for most County activities are included in the investment pool. Cash and investments managed separately from the investment pool include those of the SamCERA and the San Mateo County Joint Powers Financing Authority. The investment pool also includes both voluntary and involuntary participation from entities external to the County reporting entity. State of California statutes require certain government entities and special districts to maintain their surplus cash with the County Treasurer.

California Government Code statutes and the County's investment policy govern the County's investment pool activity. The County's investment policy has the following objectives: safety, liquidity, yield and public trust. Those statutes and policy authorize the County Treasurer to invest in securities issued by the U.S. Government Treasury and its Agencies, certain corporate bonds and notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund (LAIF). A Treasury Oversight Committee monitors and reviews the management of public funds maintained in the investment pool.

The County pool investments returned an average gross yield of 4.02% during the fiscal year ended June 30, 2002. This compares with the average yield of 5.64% earned during the previous fiscal year.

The SamCERA Pension Trust Fund is governed by the Board of Retirement and investments are administered by investment management advisory firms. The investment policy of the Board of Retirement is to pursue an investment strategy which reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes and adopt an asset allocation plan to guide the structure of the investment portfolio. The investment objective of the Board of Retirement, among others, is to generate portfolio returns which, over the long-term, exceed the rate of inflation by not less than 3.25% by generating market returns within each asset class.

SamCERA's latest asset allocation plan (as revised April 2000) specified an asset allocation target of 65% equities, 29% fixed income securities and 6% real estate. At June 30, 2002, actual asset allocation was 60% equities, 33% fixed income securities and 7% real estate. For FY2001-02, SamCERA's total plan return was a negative 3.3% or nearly one percentage point better than last year. The negative total portfolio return was driven by the big decline in the equity markets. SamCERA's negative performance in the equity markets was partially offset by positive contributions by the fixed income and real estate investments.

Risk Management

The County maintains a comprehensive risk management program administered by a full-time professional risk manager and staff. The County is self-insured for property damage, general liability, workers' compensation, automobile liability, vision, dental and long-term disability insurance. Commercial insurance companies provide excess insurance coverage for property damage, general liability, workers' compensation, automobile liability and medical malpractice claims.

The County currently reports its risk management activities in its Workers' Compensation Insurance, Long-Term Disability, Personal Injury and Property Damage Trust Funds (Internal Service Funds). A separate Employee Benefits Trust Fund is maintained to cover self-insured employee benefits programs.

The County's Risk Management office administers claims for the various programs, provides loss prevention services and minimizes risks through various risk control strategies. County management believes that assets of the self-insurance funds together with the commercial insurance companies' coverage will be adequate to meet insurance claims as they come due.

In accordance with the California Government Code section 24156, the County maintains a Program of Self-Insurance in lieu of official bonds for certain elective County officers (Assessor-County Clerk-Recorder, Coroner, District Attorney, Sheriff and Members of the Board of Supervisors) and a blanket bond of \$1,500,000 each for the Treasurer-Tax Collector and the Controller.

Pension Trust Fund Operations

The County participates in and contributes to a defined benefit pension plan that provides retirement, disability, and death benefits for substantially all employees of the County. Contributions are made to SamCERA, which is reported, as a Pension Trust Fund in the County's financial statements. A complete financial report is available from SamCERA that includes financial statements and required supplementary information.

OTHER INFORMATION

Independent Audit

The Charter of the County (Article VI Section 603) provides that the Board of Supervisors shall have an annual audit made by a certified public accountant and the auditor shall report on the County's financial transactions and records and the effectiveness of internal controls. The Board of Supervisors in consultation with the Grand Jury selected the firm of Macias, Gini & Company LLP to perform the 2001-2002 audit. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1996 and the related U.S. Office of Management and Budget's Circular A-133, auditing standards generally accepted in the United States of America and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The independent auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws, regulations, contracts and grant agreements can be found in a separately issued single audit report.

Certificate of Achievement

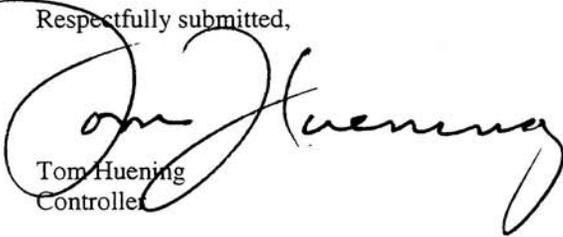
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the fiscal year ended June 30, 2001. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report 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.

Acknowledgments

I wish to extend a special thanks to all the departments and agencies who contributed financial information to this report. It is my goal to publish financial information on a schedule that is more helpful to policy leaders and County managers. Without the cooperation of these professionals it would not be possible. I also wish to express my appreciation to the staff of the Controller's Office, especially Bob Adler, Lorna Uy, Tat-Ling Chow, Susan Tumang, Rene Orbeta, and Celia Bautista whose hard work, professionalism and dedication are responsible for the preparation of this report. I wish to also thank the Grand Jury Auditors, Macias, Gini & Company LLP, and specifically Ernest Gini, Linda Hurley, Kevin O'Connell and Cindy Pon for their extra efforts and assistance. Most importantly, I would like to thank the Board of Supervisors, the County Manager's Office and all County departments for their continued efforts in planning and conducting the County's financial operations in a responsible and progressive manner.

Respectfully submitted,



Tom Huening
Controller

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, 2001

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



Imelda Arave
President

Jeffrey L. Esler
Executive Director

SAN MATEO COUNTY VOTERS

Assessor-County Clerk-Recorder
Warren Slocum

Controller
Tom Huening

Coroner
Robert Foucraut

**District Attorney/
Public Administrator**
Jim Fox

**Sheriff/Office of
Emergency Svcs**
Don Horsley

**Treasurer-Tax
Collector**
Lee Buffington

**Probation
(appointed by
Judiciary)**
Loren Buddress

**Superior Court
(appointed by
Judiciary)**
Peggy Thompson

Board of Supervisors
Mark Church, Jerry Hill, Richard Gordon,
Rose Jacobs Gibson, Michael Nevin

County Counsel
Thomas F. Casey III

Private Defender
John Digiacinto
(Bar Association)

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

**Child Support
Services**
Peggy Jensen

**Environmental
Services**
Marcia Raines

Public Works
Neil Cullen

**Employee &
Public Services**
Mary Welch

Health Services
Margaret Taylor

Hospital & Clinics
Nancy Steiger

Human Services
Maureen Borland

**Information
Services**
Luther Perry

**Agricultural
Commissioner**
Gail Raabe

Animal Control
Donna Spillane

**UC Cooperative
Extension**
Gloria Brown

Fire Protection
John Sims

LAFCo
Martha Poyatos

Library
(Vacant)

**Parks and
Recreation**
Mary Burns

**Planning and
Building**
Terry Burnes

**Engineering
Services**
Brian Lee

Maintenance
George Haines

**Management
Services**
Donna
Vaillancourt

**Programs and
Services**
Brian Lee

**Human Resources/
Administration**

Benefits
Paul Hackleman

**Employee
Relations**
Tim Sullivan

**Public Safety
Communications**
Jaime Young

**Purchasing/Copy
Center/Mail
Services**
Steve Rossi

Revenue Services
Girdie Bernard

Risk Management
Priscilla Morse

**Aging and Adult
Services**
Charlene Silva

**Food and
Nutrition
Services**
Eliana Schultz

**Emergency
Medical
Services**
Barbara Pletz

Mental Health
Gale Bataille

**Public/
Environmental
Health**
Brian Zamora

**San Mateo County
General Hospital**
Ron Robinson

**Community Health
Clinics**
John Volanti

**Correctional
Health**
John Volanti

Central Region
Glen H. Brooks

**Office of
Housing**
Steve Cervantes

Northern Region
Stuart
Oppenheim

**Southern
Region**
Mark Lane

Administration
Candi Clarno

**Business
Systems**
Charles Borden

**Communication
Services**
(Vacant)

**Health
Applications**
Dorothea Curtin

**Production
Services**
(Vacant)

COUNTY OF SAN MATEO PUBLIC OFFICIALS

ELECTED OFFICIALS

June 30, 2002

Supervisor, District 2	Jerry Hill, President
Supervisor, District 1	Mark Church
Supervisor, District 3	Richard S. Gordon
Supervisor, District 4	Rose Jacobs Gibson
Supervisor, District 5	Michael D. Nevin
Assessor/Clerk/Recorder	Warren Slocum
Controller	Tom Huening
Coroner	Robert Foucrault
District Attorney/Public Administration	James Fox
Sheriff/Office of Emergency Services	Don Horsley
Treasurer/Tax Collector	Lee Buffington

APPOINTED OFFICIALS

County Manager	John Maltbie
County Counsel	Thomas Casey III
County Probation Officer (<i>appointed by the Judiciary</i>)	Loren Buddress
Court Executive Officer/Jury Commissioner (<i>appointed by the Judiciary</i>)	Peggy Thompson
Private Defender (<i>appointed by the Bar Association</i>)	John Digiancinto
Release on Own Recognizance (<i>appointed by the Bar Association</i>)	Skip Dyranczk
Employee & Public Services Director	Mary Welch
Environmental Services Director	Marcia Raines
Health Services Director	Margaret Taylor
Hospitals & Clinics Director	Nancy Steiger
Human Services Director	Maureen Borland
Information Services Director	Luther Perry
Public Works Director	Neil Cullen
Child Support Services Director	Margaret Jensen

AFFILIATED ORGANIZATIONS

Administrator, San Mateo County Retirement Association (SamCERA)	Sid McCausland
Manager, Housing Authority of San Mateo County	Frank Salmeron

(as of June 30, 2002)



FINANCIAL SECTION

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



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Management Consultants

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Mateo, California (the County), as of and for the year ended June 30, 2002, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the San Mateo County Housing Authority, which represents 41% of the assets and 27% of the revenues of the business-type activities and the Housing Authority major fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the San Mateo County Housing Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Mateo, California, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2002, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis; the note on infrastructure assets reported using the modified approach, the budgetary comparison schedule – general fund and the schedule of funding progress are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it.

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

Macias, Gini & Company LLP
Certified Public Accountants

Walnut Creek, California
October 4, 2002



Management's Discussion and Analysis

COUNTY OF SAN MATEO
Management's Discussion and Analysis
Required Supplementary Information

This section of the County of San Mateo's (County's) comprehensive annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2002. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section. All dollar amounts are expressed in thousands unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the 2001-2002 fiscal year by \$620,887 (*net assets*). Of this amount, \$241,732 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors, \$76,183 is restricted for specific purpose (*restricted net assets*), and \$302,972 is invested in capital assets, net of related debt.
- The County's total net assets increased by \$18,034. Governmental activities increased the County's net assets by \$39,311. However, the increase was partially offset by the \$21,277 decrease in business-type activities net assets.
- As of June 30, 2002, the County's governmental funds reported combined ending fund balances of \$374,725, an increase of \$44,300 in comparison with the prior year. Approximately 72% of this total amount, \$269,537, is *available* to meet the County's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$205,836, or 37% of total General Fund expenditures.
- The County's total long-term debt increased by \$26,277 in comparison with the prior year. The increase resulted primarily from the issuance of lease revenue bonds in an amount of \$32,890. The bonds were issued to acquire a microwave and law enforcement mutual aid communications system, a sheriff's radio system, and to construct a forensics laboratory and a coroner's office.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) **Government-wide** financial statements, 2) **Fund** financial statements, and 3) **Notes** to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

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

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

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

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 in part 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, education and recreation. The business-type activities of the County include the San Mateo County General Hospital (Hospital), Community Health Clinics (Clinics), Airports, Coyote Point Marina, and Housing Authority operations.

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. Examples are: the San Mateo Joint Powers Financing Authority (JPFA), San Mateo County Employees' Retirement Association (SamCERA), San Mateo County Housing Authority, and In-Home Support Services (IHSS) Public Authority. The Children and Families First Commission (Commission) is reported as a discretely presented component unit because there is some financial accountability by the Commission to the County Board.

The government-wide financial statements can be found on pages 15-17 of this report.

COUNTY OF SAN MATEO
Management's Discussion and Analysis
Required Supplementary Information (Continued)

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

Governmental funds 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 the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund 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 twenty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General Fund and the San Mateo Joint Powers Financing Authority. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds are maintained in two ways. *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 Hospital, Clinics, Airport, Coyote Point Marina and 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 trust, employee benefits trust, personal injury and property damage, fleet maintenance and Tower Road construction functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

The proprietary fund financial statements can be found on pages 22-25 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 much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 26-27 of this report.

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

The notes can be found on pages 28-55 of this report.

Required Supplementary Information is presented concerning the County's General Fund budgetary schedule, infrastructure assets reported using the modified approach, and the SamCERA pension schedules. The County adopts an

COUNTY OF SAN MATEO
Management's Discussion and Analysis
Required Supplementary Information (Continued)

annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. The SamCERA pension schedules have been provided to present SamCERA's progress in funding its obligation to provide pension benefits to County employees.

Required supplementary information can be found on pages 56-68 of this report.

Combining and individual fund statements and schedules referred to earlier 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 69 -116 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may over time serve as a useful indicator of the County's financial position. County assets exceeded liabilities by \$620,887 at June 30, 2002. Reclassifications were made to the 2001 assets and liabilities to conform with the current year's presentation.

County's Net Assets

	Governmental Activities		Business-type Activities		Total		Variance (%)
	2002	2001	2002	2001	2002	2001	
Current and other assets	\$ 533,113	\$ 486,390	\$ 8,503	\$ 20,970	\$ 541,616	\$ 507,360	6.75
Capital assets	529,861	488,355	41,868	55,068	571,729	543,423	5.21
Total assets	1,062,974	974,745	50,371	76,038	1,113,345	1,050,783	5.95
Long-term liabilities	362,873	325,669	8,515	7,741	371,388	333,410	11.39
Other liabilities	103,212	91,498	17,858	23,022	121,070	114,520	5.72
Total liabilities	466,085	417,167	26,373	30,763	492,458	447,930	9.94
Net assets:							
Invested in capital assets, net of related debt	264,251	216,735	38,721	52,021	302,972	268,756	12.73
Restricted	73,545	55,235	2,638	3,731	76,183	58,966	29.20
Unrestricted	259,093	285,608	(17,361)	(10,477)	241,732	275,131	(12.14)
Total net assets	\$ 596,889	\$ 557,578	\$ 23,998	\$ 45,275	\$ 620,887	\$ 602,853	2.99

A portion of the County's net assets, 39%, is *unrestricted net assets* that may be used to meet the County's ongoing obligations to citizens and creditors. Another 49% of the County's net assets reflect its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining portion of the County's net assets, 12%, represents resources that are subject to external restrictions on how they may be used.

The County's net assets increased by \$18,034 during the current fiscal year.

Governmental activities. Governmental activities increased the County's net assets by \$39,311, thereby accounting for 100% of the total growth in the net assets of the County. Reclassifications were made to the 2001 revenues and expenditures to conform with the current year's presentation.

COUNTY OF SAN MATEO
Management's Discussion and Analysis
Required Supplementary Information (Continued)

County's Change in Net Assets

	Governmental Activities		Business-type Activities		Total		Variance (%)
	2002	2001	2002	2001	2002	2001	
Revenues:							
Program revenues:							
Charges for services	\$ 100,121	\$ 105,572	\$ 77,154	\$ 76,180	\$ 177,275	\$ 181,752	(2.46)
Operating grants and contributions	339,288	317,152	83,099	76,454	422,387	393,606	7.31
Capital grants and contributions	17	140	-	147	17	287	(94.08)
General revenues:							
Property taxes	139,879	130,871	-	-	139,879	130,871	6.88
Other taxes	23,141	27,485	-	-	23,141	27,485	(15.80)
Motor vehicle in-lieu taxes	46,295	44,814	-	-	46,295	44,814	3.30
Unrestricted interest and Investment earnings	22,624	28,049	896	847	23,520	28,896	(18.60)
Miscellaneous	18,660	20,466	10,059	7,018	28,719	27,484	4.49
Total revenues	690,025	674,549	171,208	160,646	861,233	835,195	3.12
Expenses:							
General government	61,071	50,942	-	-	61,071	50,942	19.88
Public protection	204,037	191,195	-	-	204,037	191,195	6.72
Public ways and facilities	24,925	15,611	-	-	24,925	15,611	59.66
Health and sanitation	154,955	142,654	-	-	154,955	142,654	8.62
Public assistance	169,021	149,934	-	-	169,021	149,934	12.73
Education	194	179	-	-	194	179	8.38
Recreation	8,011	7,277	-	-	8,011	7,277	10.09
Interest on long-term liabilities	14,677	13,866	-	-	14,677	13,866	5.85
San Mateo County Hospital	-	-	98,907	98,378	98,907	98,378	0.54
Community Health Clinics	-	-	43,492	43,912	43,492	43,912	(0.96)
Airports	-	-	1,525	1,591	1,525	1,591	(4.15)
Coyote Point Marina	-	-	1,027	1,260	1,027	1,260	(18.49)
Housing Authority	-	-	48,314	34,052	48,314	34,052	41.88
Total expenses	636,891	571,658	193,265	179,193	830,156	750,851	10.56
Change in net assets before special items and transfers							
Special items	53,134	102,891	(22,057)	(18,547)	31,077	84,344	(63.15)
Transfers	(1,598)	495	(11,445)	-	(13,043)	495	(2,734.95)
Transfers	(12,225)	(7,528)	12,225	7,528	-	-	-
Change in net assets	39,311	95,858	(21,277)	(11,019)	18,034	84,839	(78.74)
Net assets – July 1, as restated	557,578	454,061	45,275	58,552	602,853	512,613	17.60
Net assets – June 30	\$ 596,889	\$ 549,919	\$ 23,998	\$ 47,533	\$ 620,887	\$ 597,452	3.92

Key elements of the increase/decrease in revenues for governmental activities are as follows:

- Charges for services decreased by \$5,451 or 5%. The majority of this decrease was caused by the following:
 - The service charges from the Water Districts special revenue fund decreased \$2,107 as a result of transferring the East Palo Alto Water District to the Cities of East Palo Alto and Menlo Park in July 2001.
 - The service charges from the Solid Waste special revenue fund declined by \$1,176, primarily due to a one-time deposit payment of \$1,200 from Browning Ferris Industries waste management in the last fiscal year.
 - Other immaterial fluctuations (both increases and decreases) account for the balance of the change.
- Operating grants and contributions increased by \$22,136 or 7%. The majority of the increase was accounted for as follows:
 - Over the year, the County realized a \$4,620 increase in federal and State funding/reimbursement due to increased demand for services in family support. This additional funding for family support included new directive requirements related to support that the County provides to the federal and State agencies.

COUNTY OF SAN MATEO
Management's Discussion and Analysis
Required Supplementary Information (Continued)

- Federal and State funding/reimbursement increased \$4,219 for probation. This increase consisted of \$2,057 for a new juvenile justice program and \$2,162 for public safety.
- Welfare related services also showed a \$4,049 increase in funding/reimbursement. This increase was primarily composed of supplementary funding for State authorized spending of \$1,667 on hardware and contract services for the Calworks information network, \$1,216 for administrative costs, and \$1,166 in welfare aid payments.
- Increases were also noted in State mandated cost reimbursement (\$1,794), public safety (\$1,745), and in-home support services (\$1,516).
- The remaining increases of \$4,193 were the result of a large number of small increases to various grants and programs.
- Property taxes increased by \$9,008 or 7%. This increase was primarily due to a \$9.9 billion (or 12%) increase in property assessments.
- Other taxes decreased by \$4,344 or 16%. Most of the decrease was principally due to a \$3,645 decrease in sales taxes and a \$550 decrease in property transfer taxes.
- Unrestricted interest and investment earnings decreased by \$5,425 or 19%. The major factor contributing to this decrease was a decline in average yield of the County's investment pool from 5.64% to 4.02%. Interest and investment earnings, as a result, decreased by \$2,494 and \$2,315, respectively.

Key elements of the increase/decrease in expenses for governmental activities are as follows:

- General government expenses increased by \$10,129 or 20%. The majority of the increase was caused by the following:
 - Spending on election related activities increased \$1,965 over the prior year. This amount was used to achieve higher operational efficiency and meet higher demand for services.
 - The contributions to other agencies and local entities were increased by \$1,214 over the prior year.
 - \$4,982 was expended during the year to finance radio projects and the E-government project that provides internet access to County services.
 - The remaining increases in general government expenses resulted from a large number of small increases in various activities.
- Public protection expenses increased by \$12,842 or 7%. The majority of the increase was accounted for as follows:
 - The Criminal Division procured support services for its data processing application costing \$1,296.
 - The Probation Department incurred additional in-house administration and accounting services for \$1,760.
 - The Sheriff's Department spent an additional \$1,327 on security services for the Department of Health Services.
 - The salaries and benefits of the Criminal Division and Probation Department increased by \$3,227 as previously negotiated.
 - The contractual costs for the indigent defense increased by \$1,211 from an increased demand for services.
 - The remaining increase in public protection expenses resulted from a large number of small increases in various activities.
- Public ways and facilities expenses increased by \$9,314 or 60%. The majority of this increase was due to a \$5,973 increase in professional services that support various projects undertaken by the Department of Public Works.
- Health and sanitation expenses increased by \$12,301 or 9%. Major factors accounting for the increase were a \$4,349 negotiated increase in salaries and benefits and \$4,223 in drug and pharmaceutical costs to providers. The remaining balance in health and sanitation expenses resulted from a large number of immaterial increases.

COUNTY OF SAN MATEO
Management's Discussion and Analysis
Required Supplementary Information (Continued)

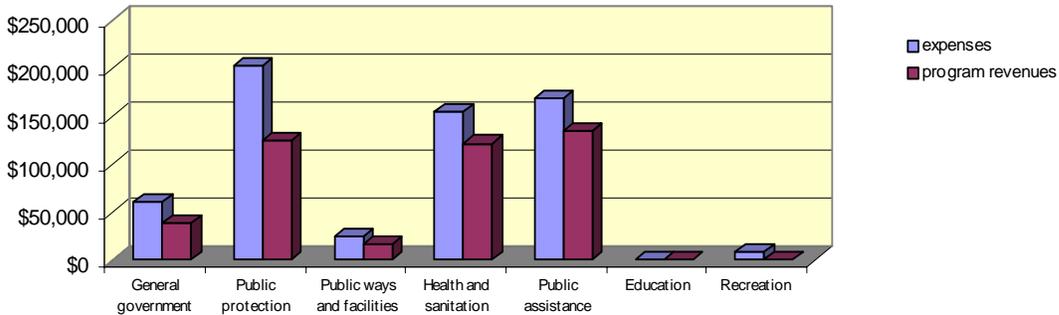
- Public assistance expenses increased by \$19,087 or 13%. The majority of this increase was caused by the following:
 - Over the year, demand for public assistance increased by a total of \$10,144. This increase included welfare (\$2,409), transportation aid (\$917), other public assistance (\$4,371), alcohol/drug treatment and prevention (\$1,434), and foster parent care (\$1,013).
 - During the year, numerous new public assistance programs/projects were initiated and accounted for a total increase of \$1,964 in public assistance. These projects included ancillary services of the Substance Abuse Crime and Prevention Act, Youth Crisis Facility, WrapAround Pilot Project, the Construction of Cordilleras Children's Facility, and data processing support for the Calworks Information Network.
 - Due to an increased demand for public assistance, the support services provided by the Eligibility Determination Unit of the Human Services Agency and outside service providers increased by \$2,615 and \$2,195, respectively.
 - The remaining increases in public assistance expenses resulted from a large number of immaterial increases in different welfare servicing units.

Key elements of the increases/decreases in special items and transfers out for governmental activities are as follows:

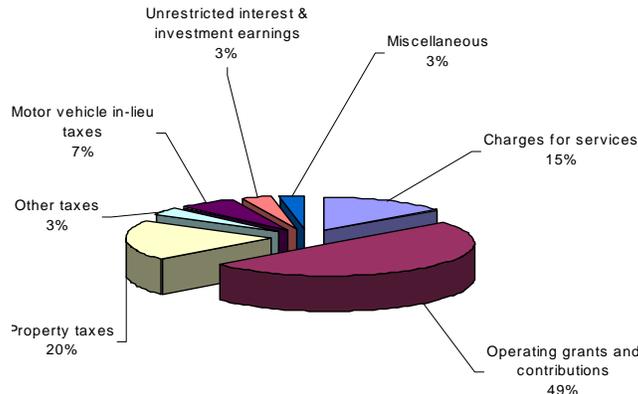
- Special items accounted for a \$1,598 decrease in net assets. In July 2001, the capital assets of the East Palo Alto County Waterworks District totaling \$1,598 were transferred to the cities of East Palo Alto and Menlo Park.
- Transfers-out increased by \$4,697 or 62%. The County's General Fund provided an additional \$4,697 subvention to the Hospital to compensate for reduced funding from the federal and State governments.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



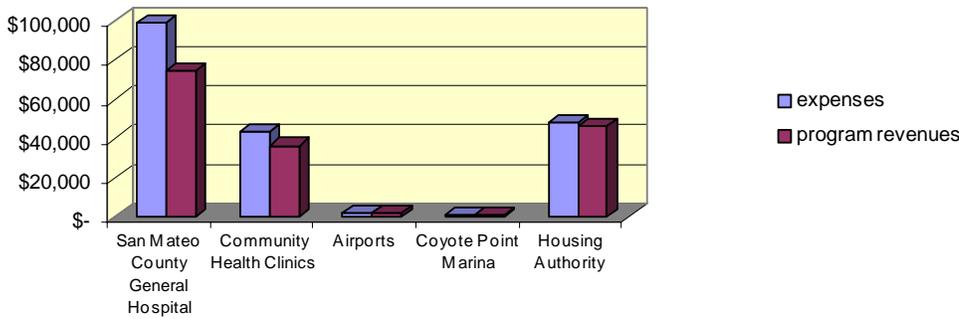
COUNTY OF SAN MATEO
Management's Discussion and Analysis
Required Supplementary Information (Continued)

Business-type activities. Business-type activities decreased the County's net assets by \$21,277, partially offsetting the \$39,311 growth in the County's net assets contributed by the governmental activities. Reclassifications were made to the 2001 revenues and expenses to conform with the current year's presentation.

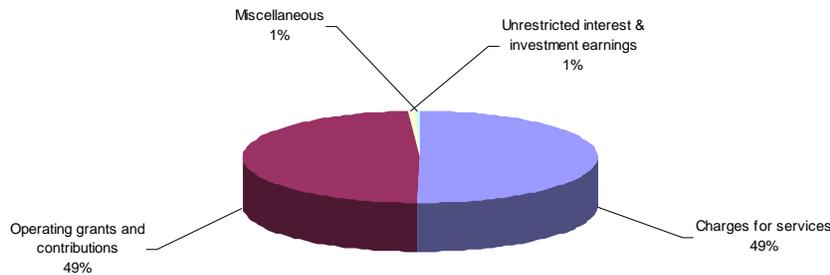
Key elements accounting for the increases or decreases in revenues and expenses are as follows:

- Operating grants and contributions increased by \$6,645 or 9%. The increase was primarily due to increased federal operating subsidies and grants of \$13,582 to the Housing Authority as a result of higher demand for low-income housing assistance. This increase, however, was partially offset by decreased federal and State grants provided to the Hospital and Clinics.
- Miscellaneous revenues increased by \$3,041 or 43%. Key factors contributing to this increase included a \$1,129 contribution from the Hospital Foundation and an \$2,675 increase in tobacco settlement receipts.
- Total expenses for the Housing Authority increased by \$14,262 or 42%. The increase primarily resulted from a \$12,910 increase in housing assistance payments and \$1,164 in general and administrative activities.
- A special item accounted for \$11,445 or 54% decrease in net assets. The County is in the process of completing its new integrated health center project. The project replaced the former Chope Community Hospital (Old Building) with the newly designed San Mateo Medical Center (New Building). During the year, the County wrote off the net book value of the Old Building in the amount of \$11,445.
- Transfers-in increased by \$4,697 or 62%. The Hospital received an additional \$4,697 subvention from the County's General Fund as a result of diminished funding from the federal and State governments.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



COUNTY OF SAN MATEO
Management's Discussion and Analysis
Required Supplementary Information (Continued)

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds. The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project Funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of June 30, 2002, the County's governmental funds reported combined ending fund balances of \$374,725, an increase of \$44,300 in comparison with the prior year. Approximately 72% of this total amount (\$269,537) constitutes *unreserved fund balance*, which is available to meet the County's current and future needs. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has been committed (1) to pay debt service (\$72,592), (2) to reflect inventories and the amount due from other funds that are long-term in nature and thus do not represent available spendable resources (\$8,742), and (3) to liquidate contractual commitments (\$23,854).

The General Fund is the chief operating fund of the County. At June 30, 2002, unreserved fund balance of the General Fund was \$205,836 while total fund balance reached \$223,618. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 37% of total fund expenditures, while total fund balance represents 41% of that same amount. The fund balance of the County's General Fund increased by \$35,234 during the current fiscal year.

The following provides an explanation of revenues by source that changed significantly over the prior year:

Revenues Classified by Source
General Fund

Revenues by Source	FY 2002		FY 2001		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 153,747	24.05	\$ 141,972	24.27	\$ 11,775	8.29
Licenses and permits	3,815	0.60	3,820	0.65	(5)	(0.13)
Use of money and property	15,788	2.47	16,895	2.89	(1,107)	(6.55)
Intergovernmental	368,654	57.67	322,922	55.21	45,732	14.61
Charges for services	75,917	11.88	77,498	13.25	(1,581)	(2.04)
Fines, forfeitures, and penalties	6,946	1.09	7,205	1.23	(259)	(3.59)
Other	14,421	2.26	14,555	2.49	(134)	(0.92)
Total	<u>\$ 639,288</u>	<u>100.00</u>	<u>\$ 584,867</u>	<u>100.00</u>	<u>\$ 54,421</u>	<u>9.30</u>

- Taxes increased by \$11,775 or 8%. This increase was mainly due to a 9.9% higher property assessment than last year.
- Use of money and property decreased by \$1,107 or 7%. The decline was resulted mainly from \$1,406 decline in interest earnings from the County's investment pool and an increase of \$566 in the investment income over the year.
- Intergovernmental revenues increased by \$45,732 or 14%. The majority of this increase was accounted for as follows:
 - Over the year, the County realized a \$13,033 increase in federal and State funding/reimbursement as a result of increased demand for mental health services. Of the \$13,033, \$4,182 was for the pharmacy under a managed care plan, \$8,081 for Medi-Cal reimbursement, and \$770 for various mental health grants and programs.
 - Welfare related services showed a funding/reimbursement increase of \$7,638. Of the \$7,638, \$1,667 was for the State authorized spending on hardware and contract services for the Calworks information network, \$2,816 for administrative costs, \$1,166 welfare aid payments, \$1,000 for cash assistance program for immigrants, and \$989 for miscellaneous public assistance services.

COUNTY OF SAN MATEO
Management's Discussion and Analysis
Required Supplementary Information (Continued)

- Federal and State funding/reimbursement also increased for family support (\$4,620), probation (\$4,531), public health (\$2,129), aging (\$2,124), Aids Program (\$1,766), State mandated cost reimbursement (\$1,794), public safety (\$1,745), in-home support services (\$1,516), and Disproportionate Share Hospital Payment Program (\$1,398).
- The remaining increases were the result of a large number of small increases to various grants and programs.

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

Expenditures by Function
General Fund

Expenditures by Function	FY 2002		FY 2001		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 48,941	8.91	\$ 44,922	8.75	\$ 4,019	8.95
Public protection	190,496	34.68	181,731	35.41	8,765	4.82
Health and sanitation	132,423	24.11	125,999	24.55	6,424	5.10
Public assistance	166,134	30.25	149,100	29.05	17,034	11.42
Education	197	0.04	183	0.04	14	7.65
Recreation	7,241	1.32	6,773	1.32	468	6.91
Capital outlay	3,061	0.56	3,831	0.75	(770)	(20.10)
Debt service – principal retirement	684	0.12	651	0.13	33	5.07
Debt service – interest charges	42	0.01	83	0.02	(41)	(49.40)
Total	\$ 549,219	100.00	\$ 513,273	100.00	\$ 35,946	7.00

- General government expenditures increased by \$4,019 or 9%. Most of this increase was due to the increase in spending on election related activities to improve operational efficiency and meet higher demand for services (\$1,965), and contributions to other agencies (\$1,214).
- Public protection expenditures increased by \$8,765 or 5%. Key factors accounting for this increase were as follows:
 - The Criminal Division procured support services for its data processing application for \$1,296.
 - The Probation Department engaged additional in-house administration and accounting services for \$1,760.
 - The Sheriff's Department spent an additional \$1,327 on security services provided to the Department of Health Services.
 - The salaries and benefits of the Criminal Division and Probation Department increased by \$3,227 as negotiated.
 - The contractual cost for the indigent defense increased by \$1,211 due to increased demand for services.
 - The remaining increase in public protection expenditures was resulted from a large number of immaterial increases.
- Health and sanitation expenditures increased by \$6,424 or 5%. This increase mainly resulted from a \$4,349 negotiated increase in salaries and benefits.
- Public assistance expenditures increased by \$17,034 or 11%. The majority of this increase was caused by the following:
 - Over the year, demand for public assistance increased by a total of \$10,144. This increase included welfare (\$2,409), transportation aid (\$917), other public assistance (\$4,371), alcohol/drug treatment and prevention (\$1,434), and foster parent care (\$1,013).
 - During the year, numerous new public assistance programs/projects were initiated and accounted for a total increase of \$1,964 in public assistance. These projects included ancillary services of the Substance Abuse Crime and Prevention Act, Youth Crisis Facility, WrapAround Pilot Project, the Construction of Cordilleras Children's Facility, and data processing support for the Calworks Information Network.
 - Due to increased demand for public assistance, the support services provided by the Eligibility Determination Unit of the Human Services Agency and outside service providers increased by \$2,615 and \$2,195, respectively.

COUNTY OF SAN MATEO
Management's Discussion and Analysis
Required Supplementary Information (Continued)

- The remaining increases in public assistance expenditures resulted from a large number of immaterial increases in different welfare servicing units.

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

Unrestricted net assets (deficits) of the Hospital, Clinics, and Housing Authority at June 30, 2002 amounted to (\$18,014), (\$1,875) and \$882, respectively. The total decline in net assets for these funds were \$19,497, \$829 and \$1,373, respectively. Factors concerning the finances of these major funds have already been addressed in the discussion of the County's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budget resulted in \$7,952 increase in amounts available for appropriation. Explanations for this increase are as follows:

- \$4,086 was caused by unanticipated revenues from federal and State grants applied at different times for implementation of a welfare information network (\$1,626), health related services (\$1,319), waste management (\$300), crime prevention (\$291), new crisis residential program for youths (\$282), and other projects (\$268).
- \$1,563 resulted from additional supplemental tax administration fees from Micrographic Conversion Trust Funds.
- \$925 resulted from supplemental funding for Proposition 172 public safety.
- \$1,378 was due to unanticipated revenues from public guardian estate fees (\$320), security service provided to SAMTRANS and CALTRAIN (\$312), family support trust funds (\$251), project cost reimbursement (\$179), State cost reimbursement (\$172), fire protection services (\$134), and gifts and donations (\$10).

During the year, however, revenues were less than budgetary estimates by \$43,066 and expenditures were less than budgetary estimates by \$226,954, thus eliminating the need to draw upon existing fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2002 amounted to \$571,729 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, construction in progress, buildings and improvements, and equipment. The total increase in the County's investment in capital assets for the current period was 5% (a 9% increase for governmental activities and a 24% decrease for business-type activities).

County's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total		Variance (%)
	2002	2001	2002	2001	2002	2001	
Land & easements	\$ 58,020	\$ 55,246	\$ 10,147	\$ 10,147	\$ 68,167	\$ 65,393	4.24
Infrastructure	85,707	85,429	-	-	85,707	85,429	0.33
Construction in progress	88,921	55,186	278	6,428	89,199	61,614	44.77
Structures & improvements	281,458	277,440	24,621	31,061	306,079	308,501	(0.79)
Equipment	15,755	15,054	6,822	7,432	22,577	22,486	0.40
Total	\$ 529,861	\$ 488,355	\$ 41,868	\$ 55,068	\$ 571,729	\$ 543,423	5.21

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

- In July 2001, the County dissolved the East Palo Alto County Waterworks District (EPACWD) and transferred \$1,598 in capital assets of the EPACWD to the cities of East Palo Alto and Menlo Park.

COUNTY OF SAN MATEO
Management's Discussion and Analysis
Required Supplementary Information (Continued)

- Construction in progress for governmental activities increased by \$33,735 or 61%. Most of this increase was related to projects administered by the JPFA, which included the Health Center (\$9,272), Colma Creek (\$2,714), and various capital projects (\$19,211).
- The Hospital wrote off the net book value of the old building in an amount of \$11,445.

As of June 30, 2002, commitments made for capital expenditures included \$4,995 for the Health Center construction project, \$4,408 for the Colma Creek Flood Control System, and \$5,498, \$4001 and \$7,620, respectively for the mutual aid communications system, Sheriff's radio system, and forensics laboratory project.

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB Statement No. 34. The County has elected to use the modified approach for infrastructure to report its pavement subsystem of the road network (\$65,907). The infrastructure assets reported under the modified approach are not subject to depreciation per GASB Statement No. 34. The remaining networks and other road network subsystems use the depreciation method of reporting. These networks and subsystems are being evaluated for the appropriateness and feasibility of conversion to the modified approach in future periods.

The County manages its maintained pavement subsystem of the road network using the Metropolitan Transportation Commission's Pavement Management Program (Program). The Program establishes a Pavement Condition Index (PCI) on a scale from zero to one hundred (0 – 100) for each road segment being maintained by the Department of Public Works. The Program has defined the pavement of roads with PCI of 40 or higher to be in a "Fair" or better condition and roads with PCI of 55 or higher to be in "Good" or better condition. The County's policy is to maintain at least 75% of its primary maintained road system (roads with structural sections) at a PCI of 55 or higher and the secondary maintained road subsystem (roads without structural sections) at a PCI of 40 or higher. Condition assessments are determined every three years.

At June 30, 2002, the County's maintained pavement subsystem was rated at a PCI of 73 on the average for the primary roads and 55 for secondary roads. The average rating for secondary roads increased from 33 to 55 when compared to the prior fiscal year, with approximately 79% of the secondary roads meeting the established level of 40. This resulted from the Department of Public Works applying surface applications to a number of centerline miles of secondary roads and the implementation of a more consistent data collection method.

For the year ended June 30, 2002, the actual maintenance and preservation costs of \$12,675 were more than the estimated amount by \$4,816 or 62%. The variance is mainly due to costs expended on road projects that were in progress at the end of last fiscal year.

Additional information on the County's capital assets can be found in Note 7 on pages 43-44 of this report.

Long-term debt. At June 30, 2002, the County had total debt outstanding of \$300,375. Of this amount, \$282,296 comprised of lease revenue bonds, \$15,175 of certificates of participation, \$1,998 of notes payable, and \$906 of capital lease obligations.

The County's total debt increased by \$26,277 (or 10%) during the current fiscal year. The key factor in this increase was a \$32,890 lease revenue bond issuance for the acquisition of a microwave and enforcement mutual aid communications system and a Sheriff's radio system as well as the acquisition and construction of a forensics laboratory and a coroner's office.

County's Outstanding Debt

Lease Revenue Bonds, Certificates of Participation, Notes Payable and Capital Lease Obligations

	Governmental Activities		Business-type Activities		Total		Variance (%)
	2002	2001	2002	2001	2002	2001	
Lease revenue bonds (including accreted interest)	\$282,296	\$254,364	\$ -	\$ -	\$282,296	\$254,364	10.98
Certificates of participation	15,175	15,385	-	-	15,175	15,385	(1.36)
Notes payable	353	389	1,645	1,796	1,998	2,185	(8.56)
Capital lease obligations	251	913	655	1,251	906	2,164	(58.13)
Total	\$298,075	\$271,051	\$2,300	\$3,047	\$300,375	\$274,098	9.59

COUNTY OF SAN MATEO
Management's Discussion and Analysis
Required Supplementary Information (Continued)

The County's Ordinance No. 3773 limits the County annual debt service to 4% of the average annual County budget for the current and the preceding four fiscal years. This fiscal year's debt service limit is \$34,411. The amount of debt subject to the debt service limit is \$20,171, which is \$14,240 less than authorized.

Additional information on the County's long-term debt can be found in Note 9 on pages 46-49 of this report.

Economic Factors and Next Year's Budget and Rates

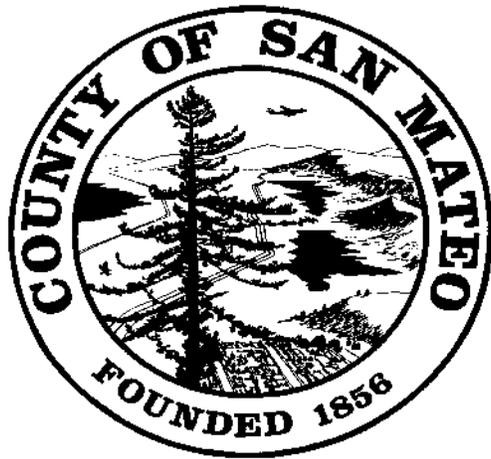
- The County is experiencing a recession. Sales tax revenue decreased from the sustained market decline in the technology sector, higher unemployment, the bottoming out of the stock markets, far fewer visitors to the area, and a lack of consumer confidence. Unemployment reached 4.7% at year-end; the year began at 2.9%
- The office rental market is glutted with space. Vacancy rates climbed from 14.5% to 22.8% at year-end. (At the beginning of last year the office market vacancy rate was 2.7%) This is due to the technology sector collapse and the additional 2.5 million square feet (s.f.) of newly constructed office space that became available in FY2002. Rents that ran \$6-\$12/s.f. in the prior fiscal year are now less than \$3.00/s.f. The once pre-leased office space under construction has become the new sublease market.
- Revenues from the new International Terminal at San Francisco International Airport were down substantially due to the 18% decline in airport passengers, a 15.4% decline in cargo and U.S. Mail and the 21.8% decline in the parking garage and lots following the events of 9/11. The hotel industry was similarly impacted with a drop in occupancy rates and rack rates. This market appears to be stabilizing.
- Despite the roll-back in unsecured property assessments for the airlines, real property held its value and became an attractive investment alternative to the stock market with interest rates at historic lows. This trend is expected to continue.
- The financial position of the Hospital and Clinics has continued to deteriorate this fiscal year. State Budget cuts are anticipated and costs continue to rise more rapidly than revenue. The cost containment efforts have helped but this year's \$24.5 million dollar subsidy from the General Fund is likely to recur next fiscal year.
- Substantial State budget cuts are anticipated mid-year.

All of these factors were considered in preparing the County's budget for FY2002-03.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$205,836. The County has appropriated the full amount for spending in the 2003 fiscal year budget.

Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. 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, Redwood City, CA 94063. This entire report is available online at www.co.sanmateo.ca.us.



Basic Financial Statements -
Government-Wide Financial Statements

**County of San Mateo
Statement of Net Assets
June 30, 2002
(Dollars in Thousands)**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Cash and investments	\$ 300,003	\$ 17,996	\$ 317,999	\$ 30,771
Restricted cash and investments	62,766	-	62,766	-
Receivables (net)	60,250	11,848	72,098	285
Due from other governmental agencies	57,970	26,766	84,736	1,660
Other assets	749	1,160	1,909	406
Inventories	578	525	1,103	-
Internal balances	49,792	(49,792)	-	-
Receivable from external parties	1,005	-	1,005	-
Capital assets:				
Nondepreciable	212,848	10,425	223,273	-
Depreciable, net	317,013	31,443	348,456	-
Total assets	<u>\$ 1,062,974</u>	<u>\$ 50,371</u>	<u>\$ 1,113,345</u>	<u>\$ 33,122</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 36,829	\$ 7,123	\$ 43,952	\$ 618
Accrued interest payable	6,749	-	6,749	-
Accrued salaries and benefits	6,240	1,712	7,952	9
Accrued liabilities	-	986	986	-
Due to other governmental agencies	26,975	1,524	28,499	878
Deferred revenue	26,314	6,416	32,730	212
Deposits	105	97	202	-
Compensated absences:				
Due within one year	5,344	386	5,730	22
Due beyond one year	29,463	5,829	35,292	5
Estimated claims:				
Due within one year	10,316	-	10,316	-
Due beyond one year	19,221	-	19,221	-
Long-term liabilities:				
Due within one year	6,014	667	6,681	-
Due beyond one year	292,515	1,633	294,148	-
Total liabilities	<u>466,085</u>	<u>26,373</u>	<u>492,458</u>	<u>1,744</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	264,251	38,721	302,972	-
Restricted for:				
Debt service	72,592	-	72,592	-
Other purposes	953	2,638	3,591	99
Unrestricted	259,093	(17,361)	241,732	31,279
Total net assets	<u>596,889</u>	<u>23,998</u>	<u>620,887</u>	<u>31,378</u>
 Total liabilities and net assets	 <u>\$ 1,062,974</u>	 <u>\$ 50,371</u>	 <u>\$ 1,113,345</u>	 <u>\$ 33,122</u>

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

**County of San Mateo
Statement of Activities
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary government				
Governmental activities:				
General government	\$ 61,071	\$ 24,229	\$ 13,882	\$ 17
Public protection	204,037	22,941	102,672	-
Public ways and facilities	24,925	2,386	15,232	-
Health and sanitation	154,955	42,985	78,932	-
Public assistance	169,021	6,412	128,505	-
Education	194	-	3	-
Recreation	8,011	1,168	62	-
Interest on long-term debt	14,677	-	-	-
Total governmental activities	<u>636,891</u>	<u>100,121</u>	<u>339,288</u>	<u>17</u>
Business-type activities:				
San Mateo County General Hospital	98,907	47,420	27,219	-
Community Health Clinics	43,492	25,655	10,637	-
Airports	1,525	1,819	122	-
Coyote Point Marina	1,027	1,087	-	-
Housing Authority	48,314	1,173	45,121	-
Total business-type activities	<u>193,265</u>	<u>77,154</u>	<u>83,099</u>	<u>-</u>
Total primary government	<u>\$ 830,156</u>	<u>\$ 177,275</u>	<u>\$ 422,387</u>	<u>\$ 17</u>
Component unit:				
Children and Families First Commission	<u>\$ 4,666</u>	<u>\$ -</u>	<u>\$ 10,020</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes

Property transfer taxes

Sales and use taxes

Transient occupancy taxes

Aircraft taxes

Motor vehicle in-lieu taxes

Unrestricted interest and investment earnings

Miscellaneous

Special items

Transfers

Total general revenues, special items, and transfers

Change in net assets

Net assets - beginning, as previously reported

Prior period adjustment

Net assets - beginning, as restated

Net assets - ending

(Continued)

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

**County of San Mateo
Statement of Activities
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Governmental Activities	Business- type Activities	Total	Component Unit
\$ (22,943)	\$ -	\$ (22,943)	\$ -
(78,424)	-	(78,424)	-
(7,307)	-	(7,307)	-
(33,038)	-	(33,038)	-
(34,104)	-	(34,104)	-
(191)	-	(191)	-
(6,781)	-	(6,781)	-
(14,677)	-	(14,677)	-
<u>(197,465)</u>	<u>-</u>	<u>(197,465)</u>	<u>-</u>
-	(24,268)	(24,268)	-
-	(7,200)	(7,200)	-
-	416	416	-
-	60	60	-
<u>-</u>	<u>(2,020)</u>	<u>(2,020)</u>	<u>-</u>
<u>-</u>	<u>(33,012)</u>	<u>(33,012)</u>	<u>-</u>
<u>(197,465)</u>	<u>(33,012)</u>	<u>(230,477)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,354</u>
139,879	-	139,879	-
4,984	-	4,984	-
16,155	-	16,155	-
666	-	666	-
1,336	-	1,336	-
46,295	-	46,295	-
22,624	896	23,520	1,326
18,660	10,059	28,719	-
(1,598)	(11,445)	(13,043)	-
(12,225)	12,225	-	-
<u>236,776</u>	<u>11,735</u>	<u>248,511</u>	<u>1,326</u>
39,311	(21,277)	18,034	6,680
549,919	47,533	597,452	24,698
7,659	(2,258)	5,401	-
<u>557,578</u>	<u>45,275</u>	<u>602,853</u>	<u>24,698</u>
<u>\$ 596,889</u>	<u>\$ 23,998</u>	<u>\$ 620,887</u>	<u>\$ 31,378</u>

Functions/Programs:

Primary government

Governmental activities:

- General government
- Public protection
- Public ways and facilities
- Health and sanitation
- Public assistance
- Education
- Recreation
- Interest on long-term debt
- Total governmental activities

Business-type activities:

- San Mateo County General Hospital
- Community Health Clinics
- Airports
- Coyote Point Marina
- Housing Authority
- Total business-type activities

Total primary government

Component unit:

- Children and Families First Commission



Basic Financial Statements -

Fund Financial Statements

**County of San Mateo
Balance Sheet
Governmental Funds
June 30, 2002
(Dollars in Thousands)**

	<u>General Fund</u>	<u>Joint Powers Financing Authority</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	\$ 178,664	\$ -	\$ 95,009	\$ 273,673
Restricted cash and investments	-	62,766	-	62,766
Receivables (net):				
Accounts	11,481	-	143	11,624
Interest	2,956	395	795	4,146
Taxes	17,887	-	1,389	19,276
Other	21,964	-	2,705	24,669
Due from other funds	48,200	-	566	48,766
Due from other governmental agencies	56,735	-	1,235	57,970
Other assets	60	-	6	66
Inventories	100	-	386	486
Advances to other funds	5,073	-	3,183	8,256
Total assets	<u>\$ 343,120</u>	<u>\$ 63,161</u>	<u>\$ 105,417</u>	<u>\$ 511,698</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 24,328	\$ 4,618	\$ 5,203	\$ 34,149
Accrued salaries and benefits	6,031	-	152	6,183
Due to other funds	466	-	3,635	4,101
Due to other governmental agencies	26,975	-	-	26,975
Advances from other funds	3,000	-	183	3,183
Deferred revenue	58,692	-	3,679	62,371
Deposits	10	-	1	11
Total liabilities	<u>119,502</u>	<u>4,618</u>	<u>12,853</u>	<u>136,973</u>
<u>FUND BALANCES</u>				
Reserved for:				
Encumbrances	12,609	-	11,245	23,854
Debt service	-	58,543	14,049	72,592
Inventories and advances	5,173	-	3,569	8,742
Unreserved, reported in				
General fund	205,836	-	-	205,836
Special revenue funds:				
Designated	-	-	13,034	13,034
Undesignated	-	-	43,656	43,656
Capital projects funds:				
Designated	-	-	3,735	3,735
Undesignated	-	-	3,276	3,276
Total fund balances	<u>223,618</u>	<u>58,543</u>	<u>92,564</u>	<u>374,725</u>
Total liabilities and fund balances	<u>\$ 343,120</u>	<u>\$ 63,161</u>	<u>\$ 105,417</u>	<u>\$ 511,698</u>

(Continued)

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

County of San Mateo
Reconciliation of the Governmental Funds Balance Sheet to
the Government-wide Statement of Net Assets - Governmental Activities
June 30, 2002
(Dollars in Thousands)

Fund balances - total governmental funds (page 18)		\$ 374,725
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
Deferred charges in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		683
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		524,265
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		36,057
Internal service funds are used by management to charge the costs of management of fleet maintenance, tower road construction, worker's 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 assets.		977
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.		(6,747)
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, net of unamortized discount of \$142	(282,296)	
Certificates of participation	(15,175)	
Notes payable	(353)	
Capital leases	(251)	
Compensated absences	(34,542)	
State settlement	(454)	
	(333,071)	
Net assets of governmental activities (page 15)		\$ 596,889

County of San Mateo
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 153,747	\$ -	\$ 11,562	\$ 165,309
Licenses and permits	3,815	-	4,604	8,419
Use of money and property	15,788	3,192	4,289	23,269
Intergovernmental	368,654	-	22,867	391,521
Charges for services	75,917	-	8,173	84,090
Fines, forfeitures and penalties	6,946	-	3,499	10,445
Other	14,421	29	1,185	15,635
Total revenues	<u>639,288</u>	<u>3,221</u>	<u>56,179</u>	<u>698,688</u>
Expenditures:				
Current:				
General government	48,941	100	4,918	53,959
Public protection	190,496	-	6,734	197,230
Public ways and facilities	-	-	25,758	25,758
Health and sanitation	132,423	-	20,473	152,896
Public assistance	166,134	-	-	166,134
Education	197	-	-	197
Recreation	7,241	-	-	7,241
Capital outlay	3,061	31,820	16,105	50,986
Debt service:				
Principal	684	4,995	14	5,693
Interest	42	14,125	10	14,177
Bond issuance costs	-	703	-	703
Total expenditures	<u>549,219</u>	<u>51,743</u>	<u>74,012</u>	<u>674,974</u>
Excess (deficiency) of revenues over (under) expenditures	<u>90,069</u>	<u>(48,522)</u>	<u>(17,833)</u>	<u>23,714</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	134	134
Proceeds from lease revenue bonds	-	32,890	-	32,890
Discount on lease revenue bonds	-	(146)	-	(146)
Transfers in	394	24,086	48,083	72,563
Transfers out	(55,229)	-	(29,626)	(84,855)
Total other financing sources (uses)	<u>(54,835)</u>	<u>56,830</u>	<u>18,591</u>	<u>20,586</u>
Net change in fund balances	35,234	8,308	758	44,300
Fund balances - beginning	<u>188,384</u>	<u>50,235</u>	<u>91,806</u>	<u>330,425</u>
Fund balances - ending	<u>\$ 223,618</u>	<u>\$ 58,543</u>	<u>\$ 92,564</u>	<u>\$ 374,725</u>

(Continued)

The notes to the 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 - Governmental Activities
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

Net change in fund balances- total governmental funds (page 20) \$ 44,300

Amounts reported for governmental activities in the statement of activities

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

Expenditures for general capital assets, infrastructure, and other related capital assets adjustment	52,409	
Less loss on retirement of capital assets	(58)	
Less transfer of capital assets to the City of East Palo Alto	(1,598)	
Less current year depreciation	<u>(9,495)</u>	41,258

Capital contribution of capital assets are not reported on governmental funds but recorded at fair value on the statement of net assets. 17

In the statement of activities, the gain on the sale of the land is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the land sold. (31)

Governmental fund revenues deferred in prior year due to unavailability were received in the current year but already booked in the statement of activities last year. (9,872)

Repayment of debt principal and settlement claim are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal repayments:		
Lease revenue bonds	4,785	
Certificate of participation	210	
Notes payable	36	
Capital lease	662	
Payment of accreted interest on capital accretion bonds	550	
Repayment to a settlement claim with State	<u>115</u>	6,358

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 issuance costs	(4)	
Amortization of bond discount	(20)	
Change in accrued interest payable	(607)	
Accretion of capital appreciation bonds	(519)	
Change in compensated absences	<u>(5,285)</u>	(6,435)

The issuance of lease revenue bonds provides current financial resources to governmental funds, but the bonds are reported as long-term liabilities in the government-wide financial statements. (32,890)

Governmental funds report the effect of issuance costs and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities

County of San Mateo
Statement of Fund Net Assets
Proprietary Funds
June 30, 2002
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	San Mateo County General Hospital	Community Health Clinics	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
<u>ASSETS</u>						
Current assets:						
Cash and investments	\$ 3,659	\$ 1	\$ 11,141	\$ 3,195	\$ 17,996	\$ 26,330
Receivables (net):						
Accounts	5,818	4,668	224	32	10,742	313
Interest	28	-	115	27	170	222
Advances	500	-	-	-	500	-
Other	162	274	-	-	436	-
Due from other funds	371	454	-	-	825	5
Due from other governmental agencies	20,709	5,439	618	-	26,766	-
Other assets	-	-	155	-	155	-
Inventories	525	-	-	-	525	92
Total current assets	<u>31,772</u>	<u>10,836</u>	<u>12,253</u>	<u>3,254</u>	<u>58,115</u>	<u>26,962</u>
Noncurrent assets:						
Deposits	1,005	-	-	-	1,005	-
Capital assets:						
Nondepreciable:						
Land	841	-	1,128	8,178	10,147	-
Construction in progress	278	-	-	-	278	-
Depreciable:						
Structures and improvements	3,010	3,034	20,430	22,135	48,609	834
Equipment	10,921	566	971	142	12,600	15,387
Less accumulated depreciation	<u>(6,771)</u>	<u>(827)</u>	<u>(13,982)</u>	<u>(8,186)</u>	<u>(29,766)</u>	<u>(10,625)</u>
Total noncurrent assets	<u>9,284</u>	<u>2,773</u>	<u>8,547</u>	<u>22,269</u>	<u>42,873</u>	<u>5,596</u>
Total assets	<u>\$ 41,056</u>	<u>\$ 13,609</u>	<u>\$ 20,800</u>	<u>\$ 25,523</u>	<u>\$ 100,988</u>	<u>\$ 32,558</u>
<u>LIABILITIES</u>						
Current liabilities:						
Accounts payable	\$ 5,407	\$ 1,374	\$ 302	\$ 40	\$ 7,123	\$ 2,680
Accrued interest payable	-	-	-	-	-	2
Accrued salaries and benefits	1,219	476	-	17	1,712	57
Accrued liabilities	-	148	838	-	986	-
Due to other funds	34,863	9,472	-	8	44,343	217
Due to other governmental agencies	615	-	814	95	1,524	-
Compensated absences - current	131	28	204	23	386	59
Estimated claims - current	-	-	-	-	-	10,316
Long-term liabilities - current	544	-	-	123	667	-
Total current liabilities	<u>42,779</u>	<u>11,498</u>	<u>2,158</u>	<u>306</u>	<u>56,741</u>	<u>13,331</u>
Noncurrent liabilities:						
Advances from other funds	4,042	-	961	-	5,003	-
Deferred revenue	137	43	6,137	99	6,416	-
Deposits	93	-	-	4	97	94
Compensated absences - noncurrent	4,284	1,170	324	51	5,829	206
Estimated claims - noncurrent	-	-	-	-	-	19,221
Long-term liabilities - noncurrent	111	-	-	1,522	1,633	-
Total noncurrent liabilities	<u>8,667</u>	<u>1,213</u>	<u>7,422</u>	<u>1,676</u>	<u>18,978</u>	<u>19,521</u>
Total liabilities	<u>51,446</u>	<u>12,711</u>	<u>9,580</u>	<u>1,982</u>	<u>75,719</u>	<u>32,852</u>
<u>NET ASSETS</u>						
Invested in capital assets, net of related debt	7,624	2,773	7,700	20,624	38,721	5,596
Restricted	-	-	2,638	-	2,638	-
Unrestricted	<u>(18,014)</u>	<u>(1,875)</u>	<u>882</u>	<u>2,917</u>	<u>(16,090)</u>	<u>(5,890)</u>
Total net assets	<u>(10,390)</u>	<u>898</u>	<u>11,220</u>	<u>23,541</u>	<u>25,269</u>	<u>(294)</u>
Total liabilities and net assets	<u>\$ 41,056</u>	<u>\$ 13,609</u>	<u>\$ 20,800</u>	<u>\$ 25,523</u>	<u>\$ 100,988</u>	<u>\$ 32,558</u>
Ajustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(1,271)	
Net assets of business-type activities (page 15)					<u>\$ 23,998</u>	

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

County of San Mateo
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2002
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities
	San Mateo County General Hospital	Community Health Clinics	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
Operating revenues:						
Charges for services	\$ 101,502	\$ 99,003	\$ -	\$ 1,211	\$ 201,716	\$ 57,263
Less:						
Contractual allowances	(37,551)	(38,606)	-	-	(76,157)	-
Charity allowance and policy discount	(14,176)	(33,190)	-	-	(47,366)	-
Bad debts	(2,357)	(1,553)	-	-	(3,910)	-
Net charges for services	47,418	25,654	-	1,211	74,283	57,263
Rent and concessions	2	-	1,173	1,695	2,870	-
Miscellaneous	9,605	2,174	30	30	11,839	370
Total operating revenues	<u>57,025</u>	<u>27,828</u>	<u>1,203</u>	<u>2,936</u>	<u>88,992</u>	<u>57,633</u>
Operating expenses:						
Profession, nursing and ancillary services	55,514	-	-	-	55,514	-
Emergency and clinic	4,842	43,127	-	-	47,969	-
General and administrative	22,197	43	5,421	2,039	29,700	9,680
Support services	10,658	-	-	-	10,658	-
Rehabilitation program	4,778	-	-	-	4,778	-
Benefits and claims	-	-	-	-	-	16,512
Insurance premiums	-	-	-	-	-	35,212
Depreciation and amortization	661	94	654	461	1,870	1,862
Housing assistance payments	-	-	42,223	-	42,223	-
Total operating expenses	<u>98,650</u>	<u>43,264</u>	<u>48,298</u>	<u>2,500</u>	<u>192,712</u>	<u>63,266</u>
Operating income (loss)	<u>(41,625)</u>	<u>(15,436)</u>	<u>(47,095)</u>	<u>436</u>	<u>(103,720)</u>	<u>(5,633)</u>
Nonoperating revenues (expenses):						
State and federal grants	26,090	10,000	45,121	122	81,333	-
Loss from disposal of capital assets	(15)	-	-	-	(15)	(40)
Interest and investment income	150	-	618	129	897	1,169
Interest expense	(59)	(225)	(17)	(50)	(351)	(3)
Total nonoperating revenues	<u>26,166</u>	<u>9,775</u>	<u>45,722</u>	<u>201</u>	<u>81,864</u>	<u>1,126</u>
Net income (loss) before special items and transfers	(15,459)	(5,661)	(1,373)	637	(21,856)	(4,507)
Special items	(11,445)	-	-	-	(11,445)	-
Transfers in	19,582	5,316	-	-	24,898	67
Transfers out	(12,175)	(484)	-	(14)	(12,673)	-
Change in net assets	<u>(19,497)</u>	<u>(829)</u>	<u>(1,373)</u>	<u>623</u>	<u>(21,076)</u>	<u>(4,440)</u>
Net assets - beginning, as previously reported	10,898	1,727	13,060	22,918		4,146
Prior period adjustment	(1,791)	-	(467)	-		-
Net assets - beginning, as restated	<u>9,107</u>	<u>1,727</u>	<u>12,593</u>	<u>22,918</u>		<u>4,146</u>
Net assets - ending	<u>\$ (10,390)</u>	<u>\$ 898</u>	<u>\$ 11,220</u>	<u>\$ 23,541</u>		<u>\$ (294)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(201)	
Change in net assets of business-type activities (page 17)					<u>\$ (21,277)</u>	

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

COUNTY OF SAN MATEO
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2002
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Total	Governmental
						Internal
	Hospital	Community Health Clinics	Housing Authority	Other Enterprise Funds		Service Funds
Cash flows from operating activities						
Cash receipts from customers	\$ 58,901	\$ 28,400	\$ 1,216	\$ 2,927	\$ 91,444	\$ -
Cash receipts from interfund services provided	-	-	-	-	-	57,573
Cash paid to suppliers for goods and services	(48,403)	(22,664)	(56,978)	(1,217)	(129,262)	(42,263)
Cash paid to employees for services	(46,312)	(20,210)	65	(820)	(67,277)	(2,240)
Cash paid for judgments and claims	-	-	-	-	-	(11,767)
Net cash provided by (used in) operating activities	<u>(35,814)</u>	<u>(14,474)</u>	<u>(55,697)</u>	<u>890</u>	<u>(105,095)</u>	<u>1,303</u>
Cash flows from noncapital financing activities						
Transfers received	19,582	5,316	-	-	24,898	67
Transfers paid	(12,175)	(484)	-	(14)	(12,673)	-
Due from other funds	3,245	229	-	-	3,474	-
Due to other funds	13,721	730	-	2	14,453	-
Advances to others	(500)	-	-	-	(500)	-
Advance from other funds	-	-	48	-	48	-
State and federal grant receipts	11,664	8,955	47,218	122	67,959	-
Net cash provided by noncapital financing activities	<u>35,537</u>	<u>14,746</u>	<u>47,266</u>	<u>110</u>	<u>97,659</u>	<u>67</u>
Cash flows from capital and related financing activities						
Acquisition of capital assets	-	(26)	(69)	(20)	(115)	(2,168)
Principal paid on long-term debt	(573)	(23)	-	(151)	(747)	-
Interest paid on long-term debt	(59)	(225)	(19)	(50)	(353)	(3)
Net cash provided by (used in) capital and related financing activities	<u>(647)</u>	<u>(274)</u>	<u>(88)</u>	<u>(221)</u>	<u>(1,230)</u>	<u>(2,171)</u>
Cash flows from investing activities						
Investment income received	146	-	643	116	905	1,104
Net cash provided by investing activities	<u>146</u>	<u>-</u>	<u>643</u>	<u>116</u>	<u>905</u>	<u>1,104</u>
Net increase (decrease) in cash and cash equivalents	(778)	(2)	(7,876)	895	(7,761)	303
Total cash and cash equivalents, beginning of the year	4,437	3	19,017	2,300	25,757	26,027
Total cash and cash equivalents, end of the year	<u>\$ 3,659</u>	<u>\$ 1</u>	<u>\$ 11,141</u>	<u>\$ 3,195</u>	<u>\$ 17,996</u>	<u>\$ 26,330</u>

(Continued)

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

COUNTY OF SAN MATEO
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2002
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds					Governmental
					Total	Activities
	Hospital	Community Health Clinics	Housing Authority	Other Enterprise Funds		Internal Service Funds
Cash flows from operating activities						
Operating income (loss)	\$ (41,625)	\$ (15,436)	\$ (47,095)	\$ 436	\$ (103,720)	\$ (5,633)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:						
Depreciation	661	94	654	461	1,870	1,862
Decrease (increase) in:						
Accounts receivable	1,614	456	13	(14)	2,069	(134)
Other receivable	258	159	-	-	417	-
Due from other funds	-	-	-	-	-	74
Inventories	(120)	-	-	-	(120)	(3)
Deposits	(751)	-	-	-	(751)	-
Other assets	1	-	56	-	57	-
Increase (decrease) in:						
Accounts payable	3,432	(205)	298	(36)	3,489	121
Accrued salaries and benefits	1,076	353	65	73	1,567	275
Accrued liabilities	-	148	(561)	-	(413)	(1)
Due to other funds	-	-	-	-	-	(3)
Due to other governmental agencies	(364)	-	(9,127)	(35)	(9,526)	-
Deferred revenue	137	(43)	-	5	99	-
Deposits	(133)	-	-	-	(133)	-
Estimated claims	-	-	-	-	-	4,745
Net cash provided by (used in) operating activities	<u>\$ (35,814)</u>	<u>\$ (14,474)</u>	<u>\$ (55,697)</u>	<u>\$ 890</u>	<u>\$ (105,095)</u>	<u>\$ 1,303</u>
Noncash capital activities:						
Disposal of capital assets	<u>\$ (11,445)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,445)</u>	<u>\$ -</u>

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

County of San Mateo
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2002
(Dollars in Thousands)

	SamCERA Pension Trust	Investment Trust	Agency
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and investments	\$ 12,754	\$ 1,373,872	\$ 174,339
Receivables (net):			
Accounts	-	-	11,164
Interest	2,135	11,871	1,931
Taxes	-	-	134,665
Other	2,225	80	4
Contributions	993	-	-
Due from other funds	-	1,638	5,301
Due from other governmental agencies	-	30	1,008
Prepaid expense	121	-	-
Investments:			
Fixed income securities:			
Domestic	392,176	-	-
Equities:			
Domestic	559,845	-	-
International	166,092	-	-
Real estate	86,432	-	-
Other assets	-	61	48,882
Capital assets, net of accumulated depreciation of \$20	<u>9</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,222,782</u>	<u>1,387,552</u>	<u>377,294</u>
<u>LIABILITIES</u>			
Accounts payable	1,869	308	881
Accrued salaries and benefits	17	-	-
Accrued liabilities	6,159	-	-
Due to other funds	-	-	7,874
Notes payable	7,253	-	-
Advances from other funds	-	-	70
Fiduciary liabilities	<u>-</u>	<u>-</u>	<u>368,469</u>
Total liabilities	<u>15,298</u>	<u>308</u>	<u>377,294</u>
<u>NET ASSETS</u>			
Net assets held in trust for investment pool participants/pension benefits	<u>\$ 1,207,484</u>	<u>\$ 1,387,244</u>	<u>\$ -</u>

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

County of San Mateo
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

	<u>SamCERA Pension Trust</u>	<u>Investment Trust</u>
<u>ADDITIONS</u>		
Contributions:		
Employer contributions	\$ 33,541	\$ -
Plan member contributions	16,627	-
Contributions to investment pool	-	2,327,117
Total contributions	<u>50,168</u>	<u>2,327,117</u>
Net investment income (loss):		
Net appreciation (depreciation) in fair value of investments	(99,478)	11,519
Interest income	8,731	116,461
Real estate income	12,024	-
Investment expense	(3,687)	-
Net investment income (loss)	<u>(82,410)</u>	<u>127,980</u>
Total additions	<u>(32,242)</u>	<u>2,455,097</u>
<u>DEDUCTIONS</u>		
Service retirement benefits	55,304	-
Disability retirement benefits	8,125	-
Death and other benefits	1,757	-
Distributions from investment pool	-	2,173,439
Withdrawals of members' contributions	1,551	-
Administrative expenses	1,507	-
Total deductions	<u>68,244</u>	<u>2,173,439</u>
Change in net assets	(100,486)	281,658
Net assets - beginning	<u>1,307,970</u>	<u>1,105,586</u>
Net assets - ending	<u>\$ 1,207,484</u>	<u>\$ 1,387,244</u>

The notes to the 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, 2002 (Dollars in Thousands)

NOTE 1 – THE FINANCIAL REPORTING ENTITY

(a) Reporting Entity

The County of San Mateo, California (County), a Charter County established by an Act of the State Legislature in 1856, is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a Board of Supervisors (Board), which is the governing body of the County. The Board is responsible for the legislative and executive control of the County. The County provides various services on a countywide basis including law and justice, education, 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 governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The basic financial statements include both blended and discretely presented component units. The blended component units are, although legally separate entities, in substance part of the County's operations and, therefore, data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the County's Board. 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, 4th Floor, Redwood City, California 94063.

(b) Blended Component Units

San Mateo Joint Powers Financing Authority

The San Mateo County Joint Powers Financing Authority (JPFA) is a joint exercise of powers agency organized under the laws of the State of California by agreements dated May 15, 1993 and entered into by the County. The JPFA was formed to assist the County in the financing of public capital improvements.

The JPFA and the County have a financial and operational relationship which requires that the JPFA's financial statements be blended into the County's financial statements. The JPFA's policies are determined by a five-member board appointed by the San Mateo County Board of Supervisors. The JPFA has no employees and all staff work is done by the County staff or by consultants to the JPFA.

San Mateo County Employees' Retirement Association

The financial activities of the County's pension plan are reported in the pension trust fund of the basic financial statements because it is an integral part of the County. The San Mateo County Employees' Retirement

COUNTY OF SAN MATEO

Notes to the Basic Financial Statements (*Continued*) For the Fiscal Year Ended June 30, 2002 (Dollars in Thousands)

Association (SamCERA) is controlled by a nine-member Retirement Board. The Retirement Board is comprised of the County Treasurer, two general members of SamCERA, four members appointed by the County Board of Supervisors, one member from SamCERA's safety membership and one member from the retired membership. The Retirement Board has administrative and fiduciary responsibility over the pension plan. The Retirement Board utilizes third-party banking institutions as custodians over the plan's assets.

Housing Authority

The Housing Authority was established pursuant to the State Health and Safety Code by the County Board to provide 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's Board. Decisions affecting the Housing Authority are addressed as part of the Board's overall meeting. As such, the activities of the Housing Authority are blended with the primary government.

In-Home Supportive Services (IHSS) Public Authority

The IHSS Public Authority maintains a registry and referral system to assist consumers in finding qualified in-home supportive services personnel as well as training of and support for providers and recipients of IHSS. The IHSS Public Authority is primarily funded by State grants. The County's Board is the governing body for the IHSS Public Authority. Therefore, this entity has been blended with the primary government.

(c) Discretely Presented Component Unit

Children and Families First Commission

The Children and Families First Commission (Commission) was established in March 1999 under the authority of the California Children and Families First Act of 1998 and sections 130100, et seq. of the Health and Safety Code. The County Board appointed all members of the Commission. The Board can remove appointed members at will. The Commission accounts for receipts and disbursements of California Children and First Families Trust Fund allocations and appropriations to the Commission. The Commission is a discretely presented component unit as the Commission's governing body is not substantially the same as that of the County and the Commission does not provide services entirely or almost entirely to the County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

Government - wide Financial Statements

The *statement of net assets* and *statement of activities* display information about the primary government, the County, and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component unit. Governmental activities, which are

COUNTY OF SAN MATEO

Notes to the Basic Financial Statements (*Continued*) For the Fiscal Year Ended June 30, 2002 (Dollars in Thousands)

normally supported by taxes and inter-governmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees charged to external parties.

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 those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. 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 instead as general revenues.

When both restricted and unrestricted net assets are available, unrestricted resources are depleted first before the restricted resources are used.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including 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, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, public ways and facilities, health and sanitation, public assistance, education and recreation services.
- The *Joint Powers Financing Authority (JPFA)* accounts for the lease revenue bonds issued to generate funds needed to finance public capital improvements and the base rental payments paid by the County pursuant to Master Facility Leases.

The County reports the following major enterprise funds:

- The *San Mateo County General Hospital (Hospital)* accounts for hospital operations involved in providing health services to County residents. Revenues are principally fees for patient services, payments from federal and State programs such as Medicare, Medi-Cal and Short-Doyle, realignment revenues and subsidies from the general fund.
- The *Community Health Clinics* account for the operations of the community oriented primary care and specialty services to meet the health care needs of the County through convenient, integrated and accessible community based clinics.

COUNTY OF SAN MATEO

Notes to the Basic Financial Statements (Continued) For the Fiscal Year Ended June 30, 2002 (Dollars in Thousands)

- The *Housing Authority* accounts for the Housing Authority programs primarily funded by contributions from the HUD.

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet maintenance and tower road construction provided to other departments or other governments, and self-insurance programs - worker's compensation, long-term disability, employee benefits, and personal injury and property damage on a cost-reimbursement basis.
- The *Pension Trust Fund* accumulates contributions from the County, its employees and other participating employers, and earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula) and administrative expenses. This fund includes all assets of the SamCERA.
- The *Investment Trust Funds* account for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities, and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The *Agency Funds* account for assets held by the County as an agent for various local governments and for individuals.

(b) Basis of Accounting

The government-wide, proprietary, pension, investment trust and agency 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is 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 grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

For its *business-type activities* and enterprise funds, the County has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the

COUNTY OF SAN MATEO

Notes to the Basic Financial Statements *(Continued)* For the Fiscal Year Ended June 30, 2002 (Dollars in Thousands)

Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The County has elected not to follow subsequent private-sector guidance. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes accounting principles generally accepted in the United States of America (GAAP) for governmental units.

(c) 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.

(d) Investments

Statutes authorize the County to invest its surplus cash (excluding SamCERA) in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds rated P-1 by Standard & Poor's Corporation or A-1 by Moody's Investor Service, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. Investments in nonparticipating interest-earning investment contracts (guaranteed investment contracts) are reported at cost, commercial paper which have maturities of less than 90 days are reported at amortized cost, and all other investments are reported at fair value. The fair values of investments are obtained by using quotations obtained from independent published sources.

SamCERA investments are made subject to guidelines of the investment plan approved by the Retirement Board (see Note 11). Interest earned in agency funds where there is no interest earnings requirements has been assigned to the General Fund per County policy.

(e) Mortgage Receivables

For the purpose of the fund financial statements, General Fund expenditures relating to long-term mortgage receivables arising from mortgage subsidy programs are charged to operations upon funding and the loans are recorded, net of an estimated allowance for potentially uncollectible loan. The balance of the long-term receivable includes loans that may be forgiven if certain terms and conditions of the loans are met.

(f) Inventories

Inventories are stated at cost (first-in, first-out basis) for governmental funds and lower of average cost or market for proprietary funds. Inventory recorded by governmental funds includes postage and materials and supplies for roads. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Reported inventories of governmental funds are equally offset by a fund balance reservation to indicate that portion of fund balance not available for future appropriation.

Inventory recorded in the proprietary funds mainly consists of maintenance supplies as well as pharmaceutical supplies maintained by the Hospital. Inventory is expensed as the supplies are consumed.

COUNTY OF SAN MATEO

**Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

(g) Property Tax Levy, Collection and Maximum Rates

The State of California's (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIII A, and may be adjusted by no more than 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the County, cities, school districts, and other districts. The total 2001-02 net assessed valuation of the County was \$82,818,654, after deducting \$7,289,640 for the redevelopment tax allocation increment.

The County assesses properties and bills for and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/lien dates	January 1	January 1
Levy dates	January 1	January 1
Due dates (delinquent as of)	50% on November 1 (December 10) 50% on February 1 (April 10)	July 1 (August 31)

The term "unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end. Property taxes are recorded as deferred revenue when not received within sixty days after fiscal year-end.

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, penalties and interest collected on delinquent secured taxes are required to be held in trust 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 is legally required to maintain a minimum balance of 1% of the annual taxes levied on properties participating in the Teeter Plan, or approximately \$9.4 million at June 30, 2002. The balance in the TLRF was \$30.9 million at June 30, 2002. The County's 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. Amounts in the TLRF are considered to be held in a custodial capacity for the participants in the County's Teeter Plan and accounted for in an agency fund.

(h) Capital Assets

Capital assets, including infrastructure, are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets which consist of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their

COUNTY OF SAN MATEO

Notes to the Basic Financial Statements (*Continued*) For the Fiscal Year Ended June 30, 2002 (Dollars in Thousands)

estimated useful lives in the government-wide financial statements, proprietary funds and the pension trust fund.

The estimated useful lives are as follows:

Infrastructure (except for the maintained pavement subsystem)	20 to 50 years
Structures and improvements	50 years
Equipment	3 to 15 years

The County has five networks of infrastructure assets – road, water/sewer, lighting, drainage, and flood control. The maintained pavement subsystem of the road network is reported using the modified approach. The County commissioned a physical assessment of the maintained pavement subsystem condition in FY2000-01. This condition assessment will be performed every three years. The County’s maintained pavement subsystem has been classified as roads with or without formal structural sections. Each road segment is rated and given a Pavement Condition Index (PCI) value from zero to one hundred (0 – 100), where PCIs of 40 or higher are assigned to be a “Fair” or better condition and roads with PCIs of 55 or higher to be in a “Good” or better condition. The County’s policy relative to maintaining the maintained pavement subsystem is to keep a minimum PCI level for roads with no defined structural section at 40 and for roads with a defined structural section at 55. Accordingly, 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 are capitalized. Upon sale or retirement of fixed 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.

(i) Compensated Absences (Accrued Vacation, Sick Leave, and Compensatory Time)

Unused vacation leave may be accumulated up to a specified maximum and is paid at the time of termination from County employment. The County is not obligated to pay for unused sick leave if an employee terminates prior to retirement. However, upon retirement, the County will convert each day of accrued sick leave to one month of post retirement medical or dental premium coverage for management employees and not to exceed \$125 to \$250 per month for non-management employees depending on the employee’s memorandum of understanding.

The County accrues for compensated absences in the government-wide and proprietary fund financial statement for which they are liable to make a payment directly. The County includes its share of social security and medicare taxes payable on behalf of the employees in the accrual for compensated absences.

(j) Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). 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 a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

COUNTY OF SAN MATEO

Notes to the Basic Financial Statements *(Continued)* For the Fiscal Year Ended June 30, 2002 (Dollars in Thousands)

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. 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.

(k) Net Asset Restatements

Adjustments resulting from errors or a change to comply with the provisions of new accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning net assets.

- *Flood Control Network* – In accordance with GASB Statement No. 34, the County has until June 30, 2006 to retroactively report its infrastructure assets. During the year, the County decided to report its flood control network. Accordingly, beginning net assets for governmental activities were restated in the amount of \$3,537.
- *Law Library Facility* – During the year, it was discovered that the Law Library Facility was not capitalized as part of the FY 2000-01 GASB Statement No. 34 implementation project. To correct this error, the County recorded a prior period adjustment to restate governmental activities beginning net assets in the amount of \$1,585.
- *Pavement Subsystem* – During the year, the County performed a detailed analysis of amounts capitalized to its pavement subsystem and discovered an error in the amount of \$795. To correct this error, the County recorded a prior period adjustment to restate governmental activities beginning net assets in the amount of \$795.
- *Sewer Improvements* – The County reviewed capitalized costs associated with the Emerald Lake Hills and Fair Oaks sewer systems and discovered \$2,045 worth of improvements that were not capitalized during the prior year. The County also discovered other structures and improvements costs that were incorrectly capitalized with a net book value of \$303. Accordingly, beginning net assets for governmental activities were restated in the amount of \$1,742.
- *San Mateo Medical Center* – The County identified \$1,791 of costs that were improperly capitalized to the San Mateo Medical Center Project in the prior year. To correct this error, the County restated beginning net assets in the amount of (\$1,791) for business-type activities in the government-wide financial statements and in the Hospital enterprise fund.
- *Housing Authority* – During the year, the County wrote off amounts principally comprised of deferred charges and amounts receivable from the Department of Housing and Urban Development program loans in the amount of (\$476). These write-offs corrected errors related to the prior year. Accordingly, beginning net assets were decreased, in the amount of (\$467), in the business-type activities of the government-wide financial statements and the Housing Authority enterprise fund.

COUNTY OF SAN MATEO

**Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Government-Wide Statement of Activities		Enterprise Fund Financial Statements	
	Governmental Activities	Business- Type Activities	Hospital	Housing Authority
Net assets - June 30, 2001, as previously reported	\$549,919	\$47,533	\$10,898	\$13,060
Adjustment associated with:				
Capital assets	7,659	(1,791)	(1,791)	-
Housing Authority adjustments	-	(467)	-	(467)
Net assets - July 1, 2001, as restated	<u>\$557,578</u>	<u>\$45,275</u>	<u>\$ 9,107</u>	<u>\$12,593</u>

(l) 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 affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The IHSS Public Authority has a net asset deficit of \$86, which is expected to be eliminated in future years through cost containment.

The Hospital Enterprise Fund has a net asset deficit of \$10,390, which is expected to be removed in the future through increased collection effort and cost containment.

The Worker’s Compensation Insurance and Personal Injury and Property Damage internal service funds have net assets deficits of \$13,363 and \$2,086, respectively. These deficits are expected to be eliminated in future years through rate increases.

NOTE 4 - CASH AND INVESTMENTS

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Cash and investments managed separately from the investment pool include those of the JPFA and SamCERA. Interest earned on the investment pool is distributed to the participating funds using a formula based on the average daily cash balance of each fund. The State of California requires certain special districts and other governmental entities to maintain surplus cash with the County Treasurer. Separately issued financial statements of the external investment pool and auditor’s report, dated September 27, 2002, can be obtained from the County Treasurer’s Office, at 555 County Center 1st Floor, Redwood City, CA 94063.

COUNTY OF SAN MATEO

Notes to the Basic Financial Statements (Continued) For the Fiscal Year Ended June 30, 2002 (Dollars in Thousands)

Total County cash and investments are as follows:

<i>Cash:</i>	
Cash on hand	\$ 183
Deposit overdrafts	(39,187)
Total cash overdrafts	<u>(39,004)</u>
<i>Investments:</i>	
in Treasurer's pool	1,941,111
with Fiscal Agents	55,112
in Pension portfolio	1,215,838
with others external to the Treasurer's pool	3,989
Total investments	<u>3,216,050</u>
Total cash and investments	<u>\$ 3,177,046</u>

Total County cash and investments are reported as follows:

Primary government	\$ 380,765
Component unit	30,771
Pension trust	1,217,299
Investment trust fund	1,373,872
Agency funds	<u>174,339</u>
Total cash and investments	<u>\$ 3,177,046</u>

Deposits

At year-end, the carrying amount of the County's cash deposits was (\$39,187) and the bank balance was \$17,044. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$200 was covered by federal depository insurance and \$16,844 was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code. Such collateral is held by the pledging financial institutions' trust department or agent in the County's name.

Under the California Government Code, a financial institution is required to secure deposits in excess of \$100 made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of those deposits. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the County's name.

Investments

The County's investments are categorized below to give an indication of the level of custodial credit risk assumed by the County as of June 30, 2002. Category 1 includes investments that are insured or registered, or held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name. The County does not have any category 3 investments at June 30, 2002.

COUNTY OF SAN MATEO

**Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

At June 30, 2002, investments included the following:

	Category		Fair Value
	1	2	
Categorized investments:			
U.S. Government securities	\$ 372,385	\$ -	\$ 372,385
U.S. Government agency securities	966,943	15,936	982,879
Commercial paper	218,899	-	218,899
Corporate bonds	520,382	-	520,382
Repurchase agreements	-	938	938
Total categorized investments	\$ 2,078,609	\$ 16,874	2,095,483
Uncategorized investments:			
Investment in the State of California			
Local Agency Investment Fund			41,984
Guaranteed investment contracts			12,653
Mutual funds:			
Money market			36,883
Domestic equities			559,845
International equities			166,092
Domestic fixed income			216,678
Real estate			86,432
Total investments			\$ 3,216,050

At June 30, 2002, the County's investment position in the State of California Local Agency Investment Fund (LAIF) is \$41,984, which approximates fair value and is the same as the value of the pool shares. The total amount invested by all public agencies in LAIF on that day is \$47,719,552 managed by the State Treasurer. Of that amount, 97% is invested in non-derivative financial products and 3% in derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. Information is not available on whether the mutual funds in which the County has invested, used, held or wrote derivative products during the year ended June 30, 2002.

NOTE 5 - RECEIVABLES

Receivables at year-end of the County's major individual funds, nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

Receivables – Governmental Activities:	General Fund	JPFA	Nonmajor Funds	Internal Service Funds	Total Governmental Activities
Accounts	\$ 128,295	\$ -	\$ 143	\$ 313	\$ 128,751
Interest	2,956	395	795	222	4,368
Taxes	22,239	-	1,718	-	23,957
Mortgage	35,319	-	-	-	35,319
Other	21,964	-	2,705	-	24,669
Gross receivables	210,773	395	5,361	535	217,064
Less: allowance for uncollectibles	(156,485)	-	(329)	-	(156,814)
Total receivables	\$ 54,288	\$ 395	\$ 5,032	\$ 535	\$ 60,250

COUNTY OF SAN MATEO

**Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

Receivables – Business-type Activities:	Hospital	Community Health Clinics	Housing Authority	Nonmajor Funds	Total Business-type Activities
Accounts	\$ 19,329	\$ 14,708	\$ 224	\$ 431	\$ 34,692
Interest	28	-	115	27	170
Advances	500	-	-	-	500
Other	162	274	-	-	436
Gross receivables	20,019	14,982	339	458	35,798
Less: allowance for uncollectibles	(13,511)	(10,040)	-	(399)	(23,950)
Total receivables	<u>\$ 6,508</u>	<u>\$ 4,942</u>	<u>\$ 339</u>	<u>\$ 59</u>	<u>\$ 11,848</u>

Governmental funds report deferred revenues in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received or accrued but not yet earned.

At June 30, 2002, the various components of deferred revenue and unearned revenue reported were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Governmental activities:		
General fund:		
Property taxes receivable	\$ 3,309	\$ 14,579
Grant drawdowns prior to meeting all eligibility requirements	-	2,239
Due from governmental agencies	30,896	7,155
Other delinquent receivables	514	-
Nonmajor funds:		
Property taxes receivable	289	1,100
Property assessment tax receivable	-	109
Due from governmental agencies	1,049	1,132
Total governmental activities	<u>\$ 36,057</u>	<u>\$ 26,314</u>
Business-type activities:		
Grant drawdowns prior to meeting all eligibility requirements		
Hospital	\$ -	\$ 137
Community Health Clinics	-	43
Housing Authority	-	6,137
Nonmajor enterprise funds	-	99
Total business-type activities	<u>\$ -</u>	<u>\$ 6,416</u>

COUNTY OF SAN MATEO

**Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

NOTE 6 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2002 are as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 3,106
	Hospital	34,402
	Community Health Clinics	9,472
	Nonmajor Enterprise Funds	8
	Internal Service Funds	217
	Agency Funds	995
		<u>48,200</u>
Nonmajor Governmental Funds	General Fund	32
	Nonmajor Governmental Funds	529
	Hospital	4
	Agency Funds	1
		<u>566</u>
Hospital	General Fund	<u>371</u>
Community Health Clinics	Hospital	<u>454</u>
Internal Service Funds	General Fund	1
	Hospital	3
	Agency Funds	1
		<u>5</u>
Investment Trust Funds	Agency Funds	<u>1,638</u>
Agency Funds	General Fund	62
	Agency Funds	5,239
		<u>5,301</u>
Total		<u>\$ 56,535</u>

During the year, the Hospital and the Clinics borrowed \$34,402 and \$9,472, respectively from the General Fund to cover their operating cash deficits. These amounts will be repaid in the following fiscal year.

Advances to /from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Hospital	\$ 4,042
	Housing Authority	961
	Agency Fund	70
		<u>5,073</u>
Nonmajor Governmental Funds	General Fund	3,000
	Nonmajor Governmental Funds	183
		<u>3,183</u>
Total		<u>\$ 8,256</u>

COUNTY OF SAN MATEO

**Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

The General Fund advanced \$4,042 to the Hospital to finance its health information technology project. The General Fund advanced \$3,000 from the Accumulated Capital Outlay capital project fund to provide working capital for an Employee Housing Opportunity Program. The advances are not expected to be repaid in the short-term.

All remaining interfund balances 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.

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity:

(a) Between Governmental and Business-type Activities:

<u>Transfer from</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
<i>Operating or debt subsidy:</i>			
General Fund	Hospital	\$ 16,336	Provide subsidy to cover portion of operation.
	Hospital	3,000	Provide additional subsidy to cover write-off of old patient accounts held with outside agencies.
	Community Health Clinics	5,316	Provide subsidy to cover portion of operation.
		<u>24,652</u>	
Nonmajor Governmental Funds	Hospital	246	Provide subsidy to transportation related expenses.
		<u>9,060</u>	
Hospital	Nonmajor Governmental Funds	9,060	Transfer funds for scheduled lease payments.
	Nonmajor Governmental Funds	3,115	Transfer additional funds to finance capital project improvements.
		<u>12,175</u>	
Community Health Clinics	Nonmajor Governmental Funds	484	Transfer funds for scheduled lease payments.
		<u>14</u>	
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	14	Transfer funds to pay for capital outlays.
		<u>\$ 37,571</u>	
Total			

COUNTY OF SAN MATEO

**Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

(b) Between Funds within the Governmental or Business-type Activities ⁽¹⁾:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
<i>Operating or debt subsidy:</i>			
General Fund	JPFA	\$ 2,850	Provide funds to pay for capital project improvements.
	Nonmajor Governmental Funds	3,129	Provide funds to purchase park facilities.
	Nonmajor Governmental Funds	8,302	Transfer funds to pay for capital outlays.
	Nonmajor Governmental Funds	12,631	Transfer funds to cover debt service payments.
	Nonmajor Governmental Funds	3,598	Provide funds to support operating expenses.
	Internal Service Funds	67	Provide funds to support graffiti abatement services.
		<u>30,577</u>	
Nonmajor Governmental Funds	General Fund	326	Provide subsidy to transportation related expenses.
	General Fund	68	Transfer funds to finance emergency respond services.
	JPFA	21,236	Transfer funds to cover debt service payments.
	Nonmajor Governmental Funds	3,833	Transfer funds to pay for capital outlays.
	Nonmajor Governmental Funds	2,670	Transfer funds to cover debt service payments.
	Nonmajor Governmental Funds	1,247	Transfer residual closing balances to another fund.
		<u>29,380</u>	
Total		<u>\$ 59,957</u>	

⁽¹⁾ These transfers were eliminated in the consolidation, by column, for the Governmental and Business-type activities.

COUNTY OF SAN MATEO

**Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

NOTE 7 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2002 was as follows:

	Balance July 1, 2001 (as restated)	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2002
<u>Governmental activities</u>					
<i>Capital assets, not being depreciated:</i>					
Land & easements	\$ 55,246	\$ 3,009	\$ (235)	\$ -	\$ 58,020
Infrastructure – maintained road subsystem	63,557	2,350	-	-	65,907
Construction in progress	55,186	41,292	-	(7,557)	88,921
Total capital assets, not being depreciated	<u>173,989</u>	<u>46,651</u>	<u>(235)</u>	<u>(7,557)</u>	<u>212,848</u>
<i>Capital assets, being depreciated:</i>					
Infrastructure	35,141	-	(3,041)	-	32,100
Structures and improvements	316,851	2,079	(9)	7,557	326,478
Equipment	53,542	5,821	(3,664)	290	55,989
Total capital assets, being depreciated	<u>405,534</u>	<u>7,900</u>	<u>(6,714)</u>	<u>7,847</u>	<u>414,567</u>
<i>Less accumulated depreciation for:</i>					
Infrastructure	(13,269)	(681)	1,650	-	(12,300)
Structures and improvements	(39,411)	(5,615)	6	-	(45,020)
Equipment	(38,488)	(5,061)	3,528	(213)	(40,234)
Total accumulated depreciation	<u>(91,168)</u>	<u>(11,357)</u>	<u>5,184</u>	<u>(213)</u>	<u>(97,554)</u>
Total capital assets, being depreciated, net	<u>314,366</u>	<u>(3,457)</u>	<u>(1,530)</u>	<u>7,634</u>	<u>317,013</u>
Governmental activities capital assets, net	<u>\$ 488,355</u>	<u>\$ 43,194</u>	<u>\$ (1,765)</u>	<u>\$ 77</u>	<u>\$ 529,861</u>
<u>Business-type activities</u>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 10,147	\$ -	\$ -	\$ -	\$ 10,147
Construction in progress	6,428	-	-	(6,150)	278
Total capital assets, not being depreciated	<u>16,575</u>	<u>-</u>	<u>-</u>	<u>(6,150)</u>	<u>10,425</u>
<i>Capital assets, being depreciated:</i>					
Structures and improvements	61,315	80	(18,936)	6,150	48,609
Equipment	12,498	129	(19)	(8)	12,600
Total capital assets, being depreciated	<u>73,813</u>	<u>209</u>	<u>(18,955)</u>	<u>6,142</u>	<u>61,209</u>
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(30,254)	(1,122)	7,424	(36)	(23,988)
Equipment	(5,066)	(748)	-	36	(5,778)
Total accumulated depreciation	<u>(35,320)</u>	<u>(1,870)</u>	<u>7,424</u>	<u>-</u>	<u>(29,766)</u>
Total capital assets, being depreciated, net	<u>38,493</u>	<u>(1,661)</u>	<u>(11,531)</u>	<u>6,142</u>	<u>31,443</u>
Business-type activities capital assets, net	<u>\$ 55,068</u>	<u>\$ (1,661)</u>	<u>\$ (11,531)</u>	<u>\$ (8)</u>	<u>\$ 41,868</u>

COUNTY OF SAN MATEO

**Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 3,137
Public protection	3,040
Health and sanitation	2,419
Public assistance	414
Recreation	485
Depreciation on capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets.	<u>1,862</u>
Total depreciation expense – governmental functions	<u>\$ 11,357</u>

Depreciation expense was charged to the business-type functions as follows:

Hospital	\$ 661
Community Health Clinics	94
Housing Authority	654
Airports	232
Coyote Point Marina	<u>229</u>
Total depreciation expense – business-type functions	<u>\$ 1,870</u>

Construction in Progress

Construction in progress for governmental activities represents work being performed on the Colma Creek flood control zone, mutual aid communications system, sheriff's radio system and forensics laboratory, and a number of smaller projects.

Capital Projects Commitments

The Health Center construction has four phases and a total budget of \$123,563. The project was initially scheduled to be completed by June 30, 2001. Phase IV was broken down into two parts, the new diagnostic and treatment building and the remodel of the old San Mateo County General Hospital. The remodel portion of the project is called phase V. Phases I, II, and III were fully completed as of June 30, 2002. Phases IV and V completion date has been moved to December 2002. The commitments outstanding at June 30, 2002 total \$4,995.

The Colma Creek Flood Control Project was 75% complete as of June 30, 2002 and will be done in six phases as follows: South Airport, Old Mission Road, Mainline Railroad Bridge, El Camino Real Box, San Mateo Avenue Bridge and Open Channel Over Bart. Management believes this project will be completed during the year ending June 30, 2004. The commitments outstanding as of June 30, 2002 total \$4,408.

The JPFA issued lease revenue bonds, 2001 Series A for \$24,370 and 2001 Series B for \$8,520 to acquire a microwave and law enforcement mutual aid communications system, a sheriff's radio system, and to construct a forensics laboratory and coroner's office for the County. The commitments outstanding as of June 30, 2002 for the mutual aid communications system, sheriff's radio system, and forensics laboratory project were \$5,498, \$4,001 and \$7,620 respectively.

COUNTY OF SAN MATEO

**Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

NOTE 8 – LEASES

Operating Leases

The County is committed under various noncancelable operating leases, primarily for office buildings and equipment (principally in the General Fund).

Future minimum operating lease commitments are as follows:

<u>Year ending June 30,</u>	
2003	\$ 7,718
2004	7,543
2005	7,514
2006	6,678
2007	5,330
2008-2012	<u>12,098</u>
Total	<u><u>\$46,881</u></u>

Rent expenditures were \$7,915 for the year ended June 30, 2002. The County also leases various properties to businesses and other governmental agencies. Operating lease revenues from such rentals were \$595 for the year ended June 30, 2002.

Capital Leases

The County has entered into certain capital lease agreements under which the related equipment will become the property of the County when all terms of the lease agreements are met.

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments at June 30, 2002</u>
Governmental fund activities:		
Energy efficiency project	5.08%	\$ 251
Business-type activities:		
Medical equipment	4.69% -7.05%	<u>655</u>
Total Capital Lease Obligations		<u><u>\$ 906</u></u>

Equipment and related accumulated amortization under capital lease are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Equipment	\$ 560	\$ 1,665
Less: accumulated amortization	<u>(327)</u>	<u>(261)</u>
Net value	<u><u>\$ 233</u></u>	<u><u>\$ 1,404</u></u>

As of June 30, 2002, capital lease annual amortization are as follows:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2003	\$ 127	\$ 569
2004	127	88
2005	11	28
Total requirements	<u>265</u>	<u>685</u>
Less interest	<u>(14)</u>	<u>(30)</u>
Present value of remaining payments	<u><u>\$ 251</u></u>	<u><u>\$ 655</u></u>

COUNTY OF SAN MATEO

**Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

NOTE 9 - LONG-TERM LIABILITIES

Long-term liabilities at June 30, 2002 consisted of the following:

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2002
Governmental activities					
Lease Revenue Bonds:					
1993 Issue (defeased 1991 Certificates of Participation and financed costs of the parking garage and jail):					
Serial Current Interest Bonds	7/1/02– 7/1/21	4.3 – 6.5%	\$310 - \$4,675	\$ 19,050	\$ 15,150
Term Current Interest Bonds	7/1/13 – 7/1/21	5 – 6.5%	\$7,235 - \$14,560	40,640	40,640
Serial Capital Appreciation Bonds	7/1/02 – 7/1/05	4.55 – 5.2%	\$1,825	8,448	6,226
Accreted interest on capital appreciation bonds				-	2,377
1993 Issue				<u>68,138</u>	<u>64,393</u>
1994 Issue – Satellite Clinic (financed a portion of the costs of constructing and equipping North County Satellite Clinic and adjacent parking structure):					
Serial Current Interest Bonds	9/1/02 – 9/1/03	4.7 – 4.9%	\$170 - \$200	7,345	370
Serial Capital Appreciation Bonds	9/1/17 – 9/1/26	5.9 – 6%	\$925 – \$1,305	2,085	2,086
Accreted interest on capital appreciation bonds				-	1,264
1994 Issue – Satellite Clinic				<u>9,430</u>	<u>3,720</u>
1994 Issue – Health Center (financed a portion of the costs of constructing and remodeling multiple buildings and replacement of infrastructure of the Health Center):					
Serial Current Interest Bonds	7/15/02– 7/15/04	5.4 – 5.5%	\$1,990 - \$2,215	84,355	6,310
1995 Issue (financed the acquisition, construction and remodeling of various County buildings and facilities and the acquisition of various equipment):					
Serial Current Interest Bonds	7/15/02 – 7/15/05	5.125 – 5.4%	\$295 - \$395	19,225	1,330
1997 Issue (financed the costs of constructing, furnishing and equipment an office building and partially defeased the 1994 Issue):					
Serial Current Interest Bonds	7/15/02 – 7/15/14	4 – 5.5%	\$450 - \$4,720	40,010	38,865
Term Current Interest Bonds	7/15/18 – 7/15/32	5 – 5.12%	\$3,045 – \$8,440	23,195	23,195
1997 Issue				<u>63,205</u>	<u>62,060</u>
1999 Issue (financed a portion of the costs of completing the Health Center and partially defeased the 1993, 1994 and 1995 Issues):					
Serial Current Interest Bonds	7/15/02 -7/15/19	3.4– 5%	\$375– \$6,570	47,565	46,160
Term Current Interest Bonds	7/15/23	4.75%	n/a	29,250	29,250
Term Current Interest Bonds	7/15/29	5%	n/a	36,325	36,325
1999 Issue				<u>113,140</u>	<u>111,735</u>
2001 Issue (financed a portion of costs of acquisition of a microwave and law enforcement mutual aid communications system and a sheriff’s radio system and to finance the cost of the acquisition and construction of a forensics laboratory and coroner’s office):					
Series A Current Interest Bonds	7/15/03 – 7/15/21	2.75-4.75%	\$210-\$1,665	21,470	21,470
Series A Term Interest Bonds	7/15/31	4.75%	\$2,900	2,900	2,900
Series B Current Interest Bonds	7/15/03-7/15/21	2.4-4.75%	\$160-\$320	4,270	4,270
Series B Term Interest Bonds	7/15/26	4.875%	\$1,865	1,865	1,865
Series B Term Interest Bonds	7/15/31	5%	\$2,385	2,385	2,385
2001 Issue				<u>32,890</u>	<u>32,890</u>
Total lease revenue bonds and accreted interest on capital appreciation bonds				<u>390,383</u>	<u>282,438</u>

COUNTY OF SAN MATEO

**Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2002
Certificates of Participation:					
1997 Issue (financed the design, construction and installation of storm water and flood control improvements located in the Colma Creek Flood Control Zone):					
Serial Current Interest Bonds	8/1/02 – 8/1/12	4.2 – 5%	\$220- \$345	3,635	3,030
Term Current Interest Bonds	8/1/17- 8/1/32	5.125 – 5.25%	\$2,000 – \$10,145	12,145	12,145
1997 Issue				15,780	15,175
Notes Payable:					
California Energy Commission:					
Energy Partnership Program Loan	6/22 and 12/22 through 2008	4.68%	Approx. \$24	255	173
County Service Area 11:					
State of California	4/1 and 10/1				
Department of Water Resources	through 2012	3.3712%	Approx. \$22	296	180
Notes payable				551	353
Total governmental activities				\$ 406,714	\$ 297,966
Business-type activities					
Notes Payable:					
Department of Boating and Waterways	8/1/01 – 8/1/29	4.5%	\$45 - \$195	\$ 3,090	\$ 1,645
Pension Trust Fund					
Mortgage Notes Payable:					
Note payable on a real estate investment with principal payment due at maturity of \$6,458	Monthly to 9/1/2006	7.87%	\$732 - \$6,458	\$ 8,000	\$ 7,253

The following is a summary of long-term liabilities transactions for the year ended June 30, 2002:

	Balance July 1, 2001	Additions/ Accretions	Retirements	Balance June 30, 2002	Amounts Due Within One Year
Governmental activities:					
Accreted interest on capital appreciation bonds	\$ 3,673	\$ 519	\$ (550)	\$ 3,642	\$ 623
Lease revenue bonds	250,691	32,890	(4,785)	278,796	4,902
Less: unamortized discount	-	(146)	4	(142)	-
Lease Revenue Bonds (net)	254,364	33,263	(5,331)	282,296	5,525
Certificates of Participation	15,385	-	(210)	15,175	220
Notes Payable	389	-	(36)	353	38
Capital Lease Obligations (Note 8)	913	-	(662)	251	117
Estimated Claims (Note 12)	24,792	16,512	(11,767)	29,537	10,316
State Settlement	569	-	(115)	454	114
Compensated Absences	29,257	80,332	(74,782)	34,807	5,344
Total governmental activities - long-term liabilities	\$ 325,669	\$ 130,107	\$ (92,903)	\$ 362,873	\$ 21,674
Business-type activities:					
Notes Payable	\$ 1,796	\$ -	\$ (151)	\$ 1,645	\$ 123
Capital Lease Obligations (Note 8)	1,251	-	(596)	655	544
Compensated Absences	4,694	19,305	(17,784)	6,215	386
Total business-type activities - long-term liabilities	\$ 7,741	\$ 19,305	\$ (18,531)	\$ 8,515	\$ 1,053
Pension Trust Fund:					
Notes Payable	\$ 7,409	\$ -	\$ (156)	\$ 7,253	\$ 168

COUNTY OF SAN MATEO

**Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

As of June 30, 2002, annual debt service requirements of governmental activities to maturity are as follows:

Year ending June 30:	Lease Revenue Bonds			Certificates of Participation		Notes Payable	
	Principal	Interest Accretion	Interest	Principal	Interest	Principal	Interest
2003	\$ 4,902	\$ 623	\$ 13,463	\$ 220	\$ 761	\$ 38	\$ 14
2004	6,290	690	13,259	230	752	39	12
2005	6,479	761	13,026	240	742	41	10
2006	6,690	825	12,791	250	731	43	9
2007	7,800	-	12,510	260	719	44	7
2008-2012	37,315	-	57,270	1,485	3,399	138	13
2013-2017	65,455	-	44,244	1,905	2,975	10	-
2018-2022	67,049	3,880	27,614	2,450	2,412	-	-
2023-2027	49,141	5,060	13,031	3,155	1,696	-	-
2028-2032	25,580	-	2,906	4,045	778	-	-
2033	2,095	-	54	935	24	-	-
Total requirements	278,796	11,839	210,168	15,175	14,989	353	65
Less unaccreted principal	-	(8,197)	-	-	-	-	-
Total	<u>\$ 278,796</u>	<u>\$ 3,642</u>	<u>\$ 210,168</u>	<u>\$ 15,175</u>	<u>\$ 14,989</u>	<u>\$ 353</u>	<u>\$ 65</u>

Lease revenue bonds retirements and related interest payments are serviced by revenues generated from lease payments made by the General Fund on leased facilities. Certificate of participation retirements and related interest payments are serviced by revenues generated from the Flood Control Zone special revenue fund.

As of June 30, 2002, annual debt service requirements of business-type activities and pension trust fund to maturity are as follows:

Year ending June 30:	Business-type Activities Notes Payable		Pension Trust Fund Notes Payable	
	Principal	Interest	Principal	Interest
2003	\$ 123	\$ 76	\$ 168	\$ 565
2004	128	70	182	551
2005	134	64	196	536
2006	140	58	212	521
2007	109	52	6,495	127
2008-2012	357	202	-	-
2013-2017	168	138	-	-
2018-2022	167	104	-	-
2023-2027	208	62	-	-
2028-2031	111	55	-	-
Total requirements	<u>\$ 1,645</u>	<u>\$ 881</u>	<u>\$ 7,253</u>	<u>\$ 2,300</u>

Advance Refundings

(a) 1994 Series A Lease Revenue Bonds

On December 1, 1997, the JPFA issued \$63,205 lease revenue bonds of which \$34,525 was to advance refund \$31,180 of 1994 Series A lease revenue bonds and the remaining funds were used for acquisition and construction of certain projects. At June 30, 2002, the outstanding lease revenue bonds were \$31,180 and are considered defeased.

COUNTY OF SAN MATEO

Notes to the Basic Financial Statements (Continued) For the Fiscal Year Ended June 30, 2002 (Dollars in Thousands)

(b) 1993, 1994 and 1995 Lease Revenue Bonds

On January 1, 1999, the JPFA issued \$113,140 lease revenue bonds to advance refund \$6,425 of 1993 Series lease revenue bonds, \$80,290 of 1994 Series A lease revenue bonds, and \$14,820 of 1995 Series A lease revenue bonds and to provide \$1,968 of additional financing for the costs of completing the San Mateo County Health Center. At June 30, 2002, the outstanding lease revenue bonds were \$61,535 and are considered defeased.

New Debt Issue

In September 2001, the JPFA issued lease revenue bonds, 2001 Series A and 2001 Series B, in the amount of \$24,370 and \$8,520 respectively. The bonds were issued to acquire a microwave and law enforcement mutual aid communications system, a sheriff's radio system, and to construct a forensics laboratory and coroner's office for the County.

Legal Debt Limit

The County's legal annual debt service limit, as defined by Ordinance No. 3773, at June 30, 2002 is approximately \$34,411. The County's legal debt service limit is 4% of the average annual County budget for the current and the preceding four fiscal years covering non-voter approved County debt obligations.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds and financings and at June 30, 2002 does not expect to incur a liability.

NOTE 10 – NET ASSETS/FUND BALANCES

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- *Invested In Capital Assets, Net of Related Debt* - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the County not restricted for any project or other purpose.

COUNTY OF SAN MATEO

Notes to the Basic Financial Statements (Continued) For the Fiscal Year Ended June 30, 2002 (Dollars in Thousands)

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

As of June 30, 2002, reservations of fund balance included:

- *Advances to other funds* - to reflect the amount due from other funds that are long-term in nature. Such amounts do not represent available spendable resources.
- *Debt service* - to reflect the funds held by trustees or fiscal agents for future payment of bond principal and interest. These funds are not available for general operations.
- *Encumbrances* - to reflect the outstanding contractual obligations for which goods and services have not been received.
- *Inventories* - to reflect the portion of assets which do not represent available spendable resources.

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans or intent are subject to change and have not been legally authorized or may not result in expenditures.

As of June 30, 2002, fund balance designations were reported in the following nonmajor funds:

- *Special revenue funds* - to reflect management's intent to expend certain funds to support the County's fire protection, service area, emergency medical services, transportation, road improvement, solid waste management, in-home support services, fish and game propagation, and development of off-highway vehicle trails and facilities.
- *Capital project funds* - to reflect management's intent to expend certain funds solely for planned capital projects.

NOTE 11 – EMPLOYEES' RETIREMENT PLAN AND POST RETIREMENT BENEFITS

San Mateo Employees' Retirement Association

(a) Plan Description

The following description of the San Mateo County Employees' Retirement Association (SamCERA) is provided for general information purposes. SamCERA is governed by the County Employees Retirement Law of 1937 (1937 Act). Members should refer to this Law for more complete information. SamCERA is controlled by the Retirement Board.

(b) General

SamCERA is a cost-sharing multiple-employer defined benefit pension plan established to provide retirement, disability and death benefits for substantially all employees of the County and the San Mateo County Mosquito Abatement District. The total number of plan participants at June 30, 2002 is 9,193 of which 9,183 are County employees and 10 are Mosquito Abatement District employees. SamCERA issues a publicly available financial

COUNTY OF SAN MATEO

**Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

report that includes financial statements and required supplementary information. The financial report may be obtained by writing to the County of San Mateo, Controller's Office, 555 County Center, 4th Floor, Redwood City, California 94063.

(c) Benefit Provisions

SamCERA provides basic retirement, disability and death benefits based on specified percentages of monthly final average salary and, in addition, provides annual cost-of-living adjustments for members of Plans One, Two, and Four. The benefits of Plan Three are reduced by a percentage of social security benefits received by the member. The Retirement Board under the authority of the 1937 Act establishes all benefit provisions. For a description of the four plans, see the SamCERA's separate report.

(d) Summary of Significant Accounting Policies

Basis of Accounting: SamCERA uses 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 due. Benefits and refunds are recognized when due and payable under the terms of the plan.

Cash and Investments: The Retirement Board has exclusive control of the investments of SamCERA. Statutes authorize the Retirement Board to invest, or delegate the authority to invest, the assets of SamCERA in any investment allowed and considered prudent in the informed opinion of the Retirement Board. Investments are reported at fair value. By contract, once every three years SamCERA obtains an independent appraisal to determine the fair value of the real estate assets. In the interim years, real estate assets are reported at fair value utilizing an income approach to valuation. 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.

Funding Policy: The contribution requirements of the plan members and their employers are established and may be amended pursuant to the 1937 Act. The plan members contribution rates are determined by age at entry into SamCERA and are based on a percentage of regular salary. The average employee contribution rate for the fiscal year was 5.7%. The employers are required to contribute at an actuarially determined rate; the current annual required contribution is \$33,541.

Annual Pension Cost: For the FY2001-02, the County's annual pension cost was equal to the County's required contributions. The required contribution was determined as part of the June 30, 2001 actuarial valuation using the Entry Age Normal Method. The actuarial assumptions included (a) 8.25% investment rate of return, (b) 2% projected salary increase attributed to merit and longevity, and (c) 4.25% projected salary increase attributed to inflation. The actuarial value of SamCERA's assets was determined using techniques that smooth the effects of short-term volatility in the market value over a 5-year period. SamCERA's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over the period ending December 31, 2011.

(e) Three-year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2000	\$ 38,695	100.0%	-
6/30/2001	39,482	100.0%	-
6/30/2002	33,541	100.0%	-

COUNTY OF SAN MATEO

Notes to the Basic Financial Statements (Continued) For the Fiscal Year Ended June 30, 2002 (Dollars in Thousands)

Post Retirement Benefits

The County provides health care, vision, and dental benefits to retired employees who have accumulated sick leave hours upon retirement. To be eligible for these benefits, the employees other than public safety employees must retire from the County on or after attaining age 50 with at least ten years of service. The public safety employees are eligible to receive the post retirement health care benefits after attaining age 40. The County pays the post retirement healthcare benefits based on the Memorandum of Understanding with the various unions that the County's employees are enrolled. The County pays a portion of the annuitants healthcare premium based on the number of sick leave hours the annuitant has accrued. The County converts eight hours of accrued sick leave time to one month of post retirement medical or dental premium coverage for management employees and not to exceed \$125 to \$250 per month for non-management employees depending on the employee's memorandum of understanding. As of June 30, 2002, approximately 1,799 retirees were receiving post retirement health care, vision, and dental benefits from the County. The cost of these benefits in FY2001-02 was approximately \$2,001.

NOTE 12 – RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The County currently reports its risk management activities in its Worker's Compensation Insurance, Long-Term Disability Trust, Employee Benefits Trust, and Personal Injury and Property Damage Funds (Internal Service Funds).

The County is self-insured for most insurable risk, 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 \$545,796.
- Earthquake in excess of \$250 per incident, but limited to a maximum of \$20,000 in aggregate.
- Flood damage in excess of 5% of the replacement value per location, but limited to a maximum of \$20,000 in aggregate.
- General liability in excess of \$250 per incident, but limited to a maximum of \$40,000.
- Worker's Compensation in excess of \$500 per incident, but limited to statutory limit.
- Auto liability in excess of \$250 per incident, but limited to \$40,000.
- Malpractice in excess of \$10 per incident, but limited to a maximum of \$40,000 per claim and aggregate.

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 FY2001-02.

All of the County funds participate in the insurance program and make payments to the corresponding internal service fund based on estimated costs to pay prior and current years' claims. The estimated claims liability of \$29,537 reported in the internal service funds at June 30, 2002 is based on requirements of GASB Statements No. 10 and 30. These statements require a liability for claims to be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Of the \$29,537 estimated claims liability at June 30, 2002, approximately \$26,426 was actuarially determined. The actuarially determined liability relates to worker's compensation, general liability and auto liability and it includes allocated expenses and a provision for incurred but not reported claims. The actuarially determined liability at June 30, 2002 is discounted at 5%. The estimated claims liability relating to the other areas of self-insurance was based upon historical trends and actual activity occurring in the first three months subsequent to June 30, 2002.

COUNTY OF SAN MATEO

Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

Changes to the internal service funds' claims liability amount for FY2000-01 and FY2001-02 are as follows:

Table with 2 columns: Description and Amount. Rows include Liability at June 30, 2000, Current year claims and changes in estimates, Claim payments, Liability at June 30, 2001, Current year claims and changes in estimates, Claim payments, and Liability at June 30, 2002.

NOTE 13 - RELATED PARTY TRANSACTIONS

The following schedule presents significant transactions between the primary government and its component units during the year ended June 30, 2002:

Table with 2 columns: Component Unit and Significant Transactions. Rows include JPFA (Lease revenue transfers) and Housing Authority (Loans from County).

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The County recognizes as revenue, grant monies received as reimbursement for costs incurred in certain federal and State programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government.

Medicare and Medi-Cal Reimbursements

The Hospital and the Health Clinic provide health care services primarily to County residents. Net patient charges for service revenue is reported at estimated net realizable amounts from patients, third-party payors and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews and investigations.

Revenue from Medicare and Medi-Cal programs accounted for approximately 15% and 40%, respectively, of the Hospital's net patient charges for services revenue and approximately 14% and 64%, respectively, of the Health Clinic's net patient charges for services revenue for the year ended June 30, 2002.

COUNTY OF SAN MATEO

Notes to the Basic Financial Statements (Continued) For the Fiscal Year Ended June 30, 2002 (Dollars in Thousands)

San Mateo County Employees' Retirement

On August 14, 1997, the Supreme Court of the State of California issued a decision in the matter of Ventura County Deputy Sheriff's Association vs. Board of Retirement. This decision held that compensation paid in cash, even if not earned by all employees in the same grade or class, must be included in compensation earnable and final compensation on which an employee's pension is based. This California Supreme Court decision became final on October 1, 1997.

However, the Ventura decision provided ambiguous guidance on two critical issues: terminal pay and retroactivity. These issues will be decided as a result of the current lawsuit, Teamsters Local 856 vs. Board of Retirement, San Mateo County. During FY2001-02, the trial court decided that the Ventura decision should be applied retroactively and the pensions of all retirees, regardless of when they retired, and their beneficiaries must be recalculated. Both petitioners and defendants have filed appeals with the Court of Appeals on the trial court decision.

SamCERA retained an actuary to estimate the financial impact of a range of possible decisions in the Teamsters Local 856 litigation. In the event that the Teamsters Local 856 prevails, SamCERA estimates that the possible increase in the unfunded actuarial accrued liability ranges between \$180,300 and \$264,900. However, if the Supreme Court decision on the current litigation stands, the estimated contingent liability was \$16,200 as of June 30, 2002 with interest compounding at 7% simple per annum. No liability has been accrued by the County relating to this decision as of June 30, 2002, however, a reserve of \$32,145 has been established for this contingency in the net assets held in trust for pension benefits.

Pending Litigation

The County is also 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, such loss has been accrued in the accompanying financial statements. Litigation where loss to the County is reasonably possible has not been accrued; however, County management and Counsel estimate such loss to total \$4,289. In addition, the courts granted a business in the County a motion for summary judgement in a tax refund case and entered a judgement in the business's favor in the amount of \$3,300, plus interest and cost of suit. The County has appealed this judgement. The likelihood of an unfavorable outcome is possible. No liability has been accrued by the County relating to this case as of June 30, 2002. The outcome of the remaining claims cannot be determined at this time.

NOTE 15 – SPECIAL ITEMS

East Palo Alto County Waterworks District

On June 19, 2001, the Board approved a resolution to dissolve the East Palo Alto County Waterworks District (EPACWD). Ownership of the EPACWD was officially transferred to the cities of East Palo Alto and Menlo Park (cities) on July 3, 2001, with a 90% and 10% distribution of equity, respectively. Upon distribution, the County wrote off its interest in EPACWD assets in the amount of \$1,598.

COUNTY OF SAN MATEO

**Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

Community Hospital Building

The County is in the process of completing its new integrated health center project. The project replaced the former Choche Community Hospital (Old Building) with the newly designed San Mateo Medical Center (New Building). During the year, the County wrote off the net book value of the Old Building in the amount of \$11,445.



Required Supplementary Information

COUNTY OF SAN MATEO
Required Supplementary Information
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

1. INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

The County manages its maintained road subsystem of the road network using the Metropolitan Transportation Commission's Pavement Management Program (Program) and accounts for them using the modified approach. The Program establishes a Pavement Condition Index (PCI) on a scale from zero to one hundred (0 – 100) for each road segment being maintained by the Department of Public Works. The Program has defined the pavement of roads with PCI's of 40 or higher to be in a "Fair" or better condition and roads with PCI's of 55 or higher to be in a "Good" or better condition. It is the County's policy to maintain at least 75 percent of its primary maintained pavement subsystem at a PCI of 55 or higher and the secondary maintained pavement subsystem at a PCI of 40 or higher. Condition assessments are determined every three years.

As of June 30, 2002, the County's maintained pavement subsystem was rated at a PCI index of 73 on the average for primary roads and 55 for secondary roads with the detail condition as follows:

PCI Condition Rating	Primary		Secondary	
	Number of Miles	Percent	Number of Miles	Percent
Primary:				
Good to excellent (55-100)	116.05	76.6	-	-
Substandard to fair (0-54)	35.45	23.4	-	-
Secondary:				
Fair to excellent (40-100)	-	-	126.60	78.9
Substandard to poor (0-39)	-	-	33.84	21.1
Total	<u>151.50</u>	<u>100.0</u>	<u>160.44</u>	<u>100.0</u>

For the year ended June 30, 2002, actual maintenance and preservation costs exceeded estimates by \$4,816 or 61%. The variance is due mostly to costs expended on road projects that were in progress at the end of FY 2000-01.

Fiscal Year	Estimated Maintenance & Preservation Costs	Actual Maintenance & Preservation Costs	Variance
2000/2001	\$ 13,750	\$ 7,786	\$ 5,964
2001/2002	\$ 7,859	\$ 12,675	\$ (4,816)

2. SCHEDULE OF FUNDING PROGRESS

The actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30, 2001 are obtained from SamCERA's annual actuarial report. The report for this fiscal year is not available until January 2003. As such, the information for this fiscal year is not reflected in the following three-year analysis:

Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
6/30/1999	\$ 1,109,417	\$ 1,205,554	\$ 96,137	92.03%	\$ 238,864	40.25%
6/30/2000	1,271,565	1,291,694	20,129	98.44%	259,075	7.77%
6/30/2001	1,384,586	1,404,060	19,474	98.62%	274,318	7.10%



General Fund

COUNTY OF SAN MATEO

General Fund

The *general fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the general fund includes such activities as public protection, public ways and facilities, health and sanitation, public assistance, education and recreation services.

**County of San Mateo
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary Balances, July 1	\$ 157,404	\$ 157,404	\$ 171,195	\$ 13,791
Resources (inflows):				
Taxes	141,869	141,869	152,908	11,039
Licenses, permits and franchises	3,442	3,442	3,815	373
Use of money and property	12,056	12,056	13,407	1,351
Intergovernmental revenues	375,210	380,504	364,819	(15,685)
Charges for services	63,966	66,191	24,973	(41,218)
Fines, forfeitures and penalties	6,832	6,832	6,946	114
Interfund revenue	46,568	46,727	44,834	(1,893)
Miscellaneous revenue	14,005	14,279	17,072	2,793
Other financing sources	334	334	394	60
Amounts available for appropriation	<u>664,282</u>	<u>672,234</u>	<u>629,168</u>	<u>(43,066)</u>
Charges to appropriations (outflows):				
<u>General Government</u>				
Board of Supervisors - District 1				
Salaries and benefits	276	276	263	13
Services and supplies	32	32	29	3
Other charges	33	33	31	2
Contingencies	1	1	-	1
Total Board of Supervisors - District 1	<u>342</u>	<u>342</u>	<u>323</u>	<u>19</u>
Board of Supervisors - District 2				
Salaries and benefits	269	277	277	-
Services and supplies	33	27	27	-
Other charges	31	29	28	1
Contingencies	20	20	-	20
Total Board of Supervisors - District 2	<u>353</u>	<u>353</u>	<u>332</u>	<u>21</u>
Board of Supervisors - District 3				
Salaries and benefits	266	266	262	4
Services and supplies	33	33	28	5
Other charges	39	39	37	2
Contingencies	24	24	-	24
Total Board of Supervisors - District 3	<u>362</u>	<u>362</u>	<u>327</u>	<u>35</u>
Board of Supervisors - District 4				
Salaries and benefits	272	272	261	11
Services and supplies	34	34	28	6
Other charges	33	33	30	3
Contingencies	12	12	-	12
Total Board of Supervisors - District 4	<u>351</u>	<u>351</u>	<u>319</u>	<u>32</u>

(Continued)

County of San Mateo
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Board of Supervisors - District 5				
Salaries and benefits	278	282	282	-
Services and supplies	33	29	23	6
Other charges	32	32	30	2
Contingencies	21	21	-	21
Total Board of Supervisors - District 5	<u>364</u>	<u>364</u>	<u>335</u>	<u>29</u>
County Manager/Clerk of the Board				
Salaries and benefits	2,639	2,679	2,391	288
Services and supplies	595	626	501	125
Other charges	8,347	8,281	7,322	959
Fixed assets	12	7	7	-
Intrafund transfers	(7,866)	(7,866)	(7,407)	(459)
Contingencies	80	80	-	80
Total County Manager/Clerk of the Board	<u>3,807</u>	<u>3,807</u>	<u>2,814</u>	<u>993</u>
Assessor-Clerk-Recorder				
Salaries and benefits	10,415	10,535	9,956	579
Services and supplies	5,385	6,569	5,222	1,347
Other charges	1,847	1,957	1,957	-
Fixed assets	83	89	15	74
Contingencies	341	341	-	341
Total Assessor-Clerk-Recorder	<u>18,071</u>	<u>19,491</u>	<u>17,150</u>	<u>2,341</u>
Controller's Office				
Salaries and benefits	3,925	3,789	3,738	51
Services and supplies	736	871	537	334
Other charges	998	1,123	1,070	53
Fixed assets	-	19	-	19
Intrafund transfers	(53)	(53)	(59)	6
Contingencies	1,210	1,210	-	1,210
Total Controller's Office	<u>6,816</u>	<u>6,959</u>	<u>5,286</u>	<u>1,673</u>
Tax Collector/Treasurer				
Salaries and benefits	2,227	2,227	2,092	135
Services and supplies	1,468	1,647	1,026	621
Other charges	663	663	617	46
Fixed assets	179	336	149	187
Intrafund transfers	(50)	(386)	(280)	(106)
Contingencies	1,086	1,086	-	1,086
Total Tax Collector/Treasurer	<u>5,573</u>	<u>5,573</u>	<u>3,604</u>	<u>1,969</u>
County Counsel				
Salaries and benefits	4,424	4,455	4,455	-
Services and supplies	635	915	834	81
Other charges	286	286	275	11
Fixed assets	30	-	-	-
Intrafund transfers	(991)	(991)	(954)	(37)
Contingencies	511	511	-	511
Total County Counsel	<u>4,895</u>	<u>5,176</u>	<u>4,610</u>	<u>566</u>

(Continued)

**County of San Mateo
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Employee and Public Services				
Salaries and benefits	13,760	13,760	10,072	3,688
Services and supplies	4,177	4,328	2,559	1,769
Other charges	1,484	1,484	1,104	380
Fixed assets	50	310	208	102
Intrafund transfers	(3,976)	(3,976)	(3,417)	(559)
Contingencies	289	289	-	289
Total Employee and Public Services	<u>15,784</u>	<u>16,195</u>	<u>10,526</u>	<u>5,669</u>
Information Services				
Salaries and benefits	14,146	14,965	8,046	6,919
Services and supplies	17,569	17,379	10,338	7,041
Other charges	1,125	1,714	1,183	531
Fixed assets	3,253	3,137	1,118	2,019
Other financing uses	324	324	-	324
Intrafund transfers	(25,134)	(25,933)	(20,858)	(5,075)
Contingencies	2,357	2,055	-	2,055
Total Information Services	<u>13,640</u>	<u>13,641</u>	<u>(173)</u>	<u>13,814</u>
Memberships & Contribution				
Services and supplies	276	286	268	18
Other charges	2,828	2,878	2,488	390
Contingencies	10	-	-	-
Total Memberships & Contribution	<u>3,114</u>	<u>3,164</u>	<u>2,756</u>	<u>408</u>
Message Switch				
Services and supplies	304	304	217	87
Other charges	190	190	190	-
Intrafund transfers	(122)	(122)	(115)	(7)
Contingencies	386	386	-	386
Total Message Switch	<u>758</u>	<u>758</u>	<u>292</u>	<u>466</u>
Public Works				
Salaries and benefits	13,042	13,042	5,240	7,802
Services and supplies	8,466	8,466	5,932	2,534
Other charges	3,259	3,259	1,644	1,615
Fixed assets	120	120	66	54
Other financing uses	3,061	3,088	2,993	95
Intrafund transfers	(14,815)	(14,843)	(14,879)	36
Contingencies	329	329	-	329
Total Public Works	<u>13,462</u>	<u>13,461</u>	<u>996</u>	<u>12,465</u>
Food & Nutrition Services				
Salaries and benefits	5,048	5,048	3,559	1,489
Services and supplies	3,843	3,843	2,657	1,186
Other charges	322	322	231	91
Fixed assets	86	86	21	65
Intrafund transfers	(6,149)	(6,149)	(5,971)	(178)
Total Food & Nutrition Services	<u>3,150</u>	<u>3,150</u>	<u>497</u>	<u>2,653</u>

(Continued)

**County of San Mateo
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Non-Departmental Services				
Salaries and benefits	18	19	11	8
Services and supplies	11,528	9,015	5,141	3,874
Other charges	3,800	3,800	622	3,178
Fixed assets	1	13	12	1
Other financing uses	25,541	28,676	24,487	4,189
Intrafund transfers	(471)	(471)	(475)	4
Contingencies	78,764	73,317	-	73,317
Total Non-Departmental Services	<u>119,181</u>	<u>114,369</u>	<u>29,798</u>	<u>84,571</u>
Total General Government	<u>210,023</u>	<u>207,516</u>	<u>79,792</u>	<u>127,724</u>
<u>Public Protection</u>				
Grand Jury				
Salaries and benefits	47	54	54	-
Services and supplies	205	207	202	5
Other charges	-	1	1	-
Total Grand Jury	<u>252</u>	<u>262</u>	<u>257</u>	<u>5</u>
Criminal Division				
Salaries and benefits	13,292	13,659	12,072	1,587
Services and supplies	784	818	725	93
Other charges	1,626	1,679	1,489	190
Fixed assets	8	8	7	1
Other financing uses	107	162	162	-
Intrafund transfers	(105)	(105)	(185)	80
Contingencies	1,694	1,694	-	1,694
Total Criminal Division	<u>17,406</u>	<u>17,915</u>	<u>14,270</u>	<u>3,645</u>
Family Support Division				
Salaries and benefits	8,673	8,602	8,003	599
Services and supplies	3,360	3,604	3,528	76
Other charges	1,458	1,528	1,510	18
Fixed assets	-	8	7	1
Total Family Support Division	<u>13,491</u>	<u>13,742</u>	<u>13,048</u>	<u>694</u>
County Support of Courts				
Salaries and benefits	365	365	300	65
Services and supplies	894	788	391	397
Other charges	20,207	20,313	20,312	1
Total County Support of Courts	<u>21,466</u>	<u>21,466</u>	<u>21,003</u>	<u>463</u>
Private Defender Program				
Services and supplies	9,241	10,360	10,356	4
Intrafund transfers	(65)	(65)	-	(65)
Total Private Defender Program	<u>9,176</u>	<u>10,295</u>	<u>10,356</u>	<u>(61)</u>
Release on Own Recognizance				
Services and supplies	2,264	2,411	2,375	36
Other charges	157	159	156	3
Total Release on Own Recognizance	<u>2,421</u>	<u>2,570</u>	<u>2,531</u>	<u>39</u>

(Continued)

**County of San Mateo
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Sheriff				
Salaries and benefits	61,865	62,481	56,479	6,002
Services and supplies	6,805	6,868	4,941	1,927
Other charges	15,613	15,761	13,588	2,173
Fixed assets	259	259	162	97
Other financing uses	1,476	1,476	1,476	-
Intrafund transfers	(393)	(393)	(380)	(13)
Contingencies	2,135	2,135	-	2,135
Total Sheriff	<u>87,760</u>	<u>88,587</u>	<u>76,266</u>	<u>12,321</u>
Probation				
Salaries and benefits	31,973	31,551	31,523	28
Services and supplies	4,366	4,332	4,332	-
Other charges	7,204	7,423	6,779	644
Fixed assets	22	42	26	16
Other financing uses	56	56	56	-
Intrafund transfers	(369)	(369)	(490)	121
Contingencies	1,183	1,183	-	1,183
Total Probation	<u>44,435</u>	<u>44,218</u>	<u>42,226</u>	<u>1,992</u>
Coroner's Office				
Salaries and benefits	1,283	1,283	1,257	26
Services and supplies	576	579	552	27
Other charges	257	257	244	13
Fixed assets	3	-	-	-
Contingencies	112	112	-	112
Total Coroner's Office	<u>2,231</u>	<u>2,231</u>	<u>2,053</u>	<u>178</u>
Environmental Services Administration				
Salaries and benefits	340	341	323	18
Services and supplies	32	31	27	4
Other charges	20	20	18	2
Intrafund transfers	(38)	(38)	(38)	-
Contingencies	24	24	-	24
Total Environmental Services Administration	<u>378</u>	<u>378</u>	<u>330</u>	<u>48</u>
Agricultural Commissioner/Sealer				
Salaries and benefits	2,446	2,475	2,307	168
Services and supplies	998	1,080	773	307
Other charges	328	333	270	63
Fixed assets	8	8	-	8
Intrafund transfers	(803)	(838)	(699)	(139)
Contingencies	36	36	-	36
Total Agricultural Commissioner/Sealer	<u>3,013</u>	<u>3,094</u>	<u>2,651</u>	<u>443</u>
Animal Control				
Salaries and benefits	22	22	13	9
Services and supplies	4,341	4,341	4,330	11
Other charges	16	16	15	1
Other financing uses	40	40	40	-
Total Animal Control	<u>4,419</u>	<u>4,419</u>	<u>4,398</u>	<u>21</u>

(Continued)

County of San Mateo
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Local Agency Formation Commission				
Services and supplies	174	174	132	42
Other charges	29	29	17	12
Contingencies	4	4	-	4
Total Local Agency Formation Commission	<u>207</u>	<u>207</u>	<u>149</u>	<u>58</u>
Fire Protection				
Services and supplies	4,760	4,894	1	4,893
Other charges	205	205	-	205
Fixed assets	340	340	-	340
Total Fire Protection	<u>5,305</u>	<u>5,439</u>	<u>1</u>	<u>5,438</u>
Planning				
Salaries and benefits	3,907	3,907	3,618	289
Services and supplies	1,084	1,242	681	561
Other charges	580	580	530	50
Fixed assets	-	21	20	1
Other financing uses	123	123	-	123
Intrafund transfers	(144)	(144)	(146)	2
Contingencies	546	546	-	546
Total Planning	<u>6,096</u>	<u>6,275</u>	<u>4,703</u>	<u>1,572</u>
Total Public Protection	<u>218,056</u>	<u>221,098</u>	<u>194,242</u>	<u>26,856</u>
<u>Health and Sanitation</u>				
Health Businesses & Administration				
Salaries and benefits	1,737	1,737	1,278	459
Services and supplies	1,156	1,156	602	554
Other charges	1,634	1,634	1,269	365
Intrafund transfers	(3,102)	(3,102)	(2,842)	(260)
Total Health Businesses & Administration	<u>1,425</u>	<u>1,425</u>	<u>307</u>	<u>1,118</u>
Emergency Medical Services				
Salaries and benefits	472	477	470	7
Services and supplies	364	465	204	261
Other charges	45	45	43	2
Other financing uses	146	146	134	12
Intrafund transfers	-	-	(88)	88
Total Emergency Medical Services	<u>1,027</u>	<u>1,133</u>	<u>763</u>	<u>370</u>
Hospital & Clinic Subsidy				
Other financing uses	28,671	33,171	33,171	-
Total Hospital & Clinic Subsidy	<u>28,671</u>	<u>33,171</u>	<u>33,171</u>	<u>-</u>
SB 855 Transfer Payment				
Services and supplies	8,671	8,671	8,671	-
Total SB 855 Transfer Payment	<u>8,671</u>	<u>8,671</u>	<u>8,671</u>	<u>-</u>

(Continued)

**County of San Mateo
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Environmental Health Services				
Salaries and benefits	6,391	6,003	5,963	40
Services and supplies	2,400	3,082	2,623	459
Other charges	495	499	499	-
Fixed assets	42	79	45	34
Other financing uses	-	300	6	294
Intrafund transfers	-	(195)	(340)	145
Contingencies	553	553	-	553
Total Environmental Health Services	<u>9,881</u>	<u>10,321</u>	<u>8,796</u>	<u>1,525</u>
Mental Health Services				
Salaries and benefits	20,466	21,009	20,344	665
Services and supplies	44,610	45,238	40,074	5,164
Other charges	13,373	13,387	13,379	8
Fixed assets	15	60	50	10
Other financing uses	1,000	1,000	1,000	-
Intrafund transfers	(2,300)	(2,600)	(2,079)	(521)
Contingencies	3,517	3,017	-	3,017
Total Mental Health Services	<u>80,681</u>	<u>81,111</u>	<u>72,768</u>	<u>8,343</u>
Public Health Services				
Salaries and benefits	16,617	16,580	15,211	1,369
Services and supplies	5,857	6,295	5,550	745
Other charges	1,465	1,484	1,226	258
Fixed assets	19	19	-	19
Intrafund transfers	(709)	(759)	(785)	26
Contingencies	40	40	-	40
Total Public Health Services	<u>23,289</u>	<u>23,659</u>	<u>21,202</u>	<u>2,457</u>
Correctional Health Services				
Salaries and benefits	5,264	5,264	4,800	464
Services and supplies	2,005	1,884	1,454	430
Other charges	72	193	181	12
Intrafund transfers	(1,995)	(1,995)	(1,817)	(178)
Contingencies	17	17	-	17
Total Correctional Health Services	<u>5,363</u>	<u>5,363</u>	<u>4,618</u>	<u>745</u>
AIDS Program				
Salaries and benefits	2,804	2,704	2,371	333
Services and supplies	1,584	1,676	1,560	116
Other charges	2,061	2,151	1,905	246
Other financing uses	5	5	-	5
Intrafund transfers	(468)	(468)	(185)	(283)
Contingencies	84	84	-	84
Total AIDS Program	<u>6,070</u>	<u>6,152</u>	<u>5,651</u>	<u>501</u>
Total Health and Sanitation	<u>165,078</u>	<u>171,006</u>	<u>155,947</u>	<u>15,059</u>

(Continued)

**County of San Mateo
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Public Assistance</u>				
Aging & Adult Services				
Salaries and benefits	9,451	9,451	8,581	870
Services and supplies	3,005	3,500	2,567	933
Other charges	6,060	6,686	5,122	1,564
Other financing uses	10	10	10	-
Intrafund transfers	(1,390)	(1,390)	(1,406)	16
Total Aging & Adult Services	<u>17,136</u>	<u>18,257</u>	<u>14,874</u>	<u>3,383</u>
In Home Support Services - Public Authority				
Other charges	3,598	3,598	-	3,598
Total In Home Support Services - Public Authority	<u>3,598</u>	<u>3,598</u>	<u>-</u>	<u>3,598</u>
Human Services Agency				
Salaries and benefits	55,077	54,188	49,760	4,428
Services and supplies	48,549	50,072	39,711	10,361
Other charges	88,144	90,352	76,864	13,488
Fixed assets	458	1,242	1,114	128
Other financing uses	450	450	373	77
Intrafund transfers	(19,508)	(19,508)	(17,248)	(2,260)
Contingencies	6,145	6,145	-	6,145
Total Human Services Agency	<u>179,315</u>	<u>182,941</u>	<u>150,574</u>	<u>32,367</u>
Total Public Assistance	<u>200,049</u>	<u>204,796</u>	<u>165,448</u>	<u>39,348</u>
<u>Education</u>				
Cooperative Extension				
Salaries and benefits	91	91	87	4
Services and supplies	35	35	32	3
Other charges	99	99	78	21
Contingencies	2	2	-	2
Total Cooperative Extension	<u>227</u>	<u>227</u>	<u>197</u>	<u>30</u>
Total Education	<u>227</u>	<u>227</u>	<u>197</u>	<u>30</u>
<u>Recreation</u>				
Parks & Recreation				
Salaries and benefits	5,423	5,423	4,999	424
Services and supplies	1,663	1,672	1,228	444
Other charges	1,025	1,025	830	195
Fixed assets	76	76	1	75
Contingencies	40	40	-	40
Total Parks & Recreation	<u>8,227</u>	<u>8,236</u>	<u>7,058</u>	<u>1,178</u>
Total Recreation	<u>8,227</u>	<u>8,236</u>	<u>7,058</u>	<u>1,178</u>

(Continued)

**County of San Mateo
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Contingencies</u>				
Contingencies	20,026	16,759	-	16,759
Total Contingencies	<u>20,026</u>	<u>16,759</u>	<u>-</u>	<u>16,759</u>
Total Contingencies	<u>20,026</u>	<u>16,759</u>	<u>-</u>	<u>16,759</u>
Total charges to appropriations	<u>821,686</u>	<u>829,638</u>	<u>602,684</u>	<u>226,954</u>
Budgetary balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,679</u>	<u>\$ 197,679</u>

(Continued)

**County of San Mateo
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 629,168
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(394)
Receipts from sub-funds reclassified from County Agency Fund, not budgeted.	<u>10,514</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 639,288</u></u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 602,684
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	(2,520)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(55,229)
Disbursements from sub-funds reclassified from County Agency Fund, not budgeted.	12,325
Timing difference on disbursements accounted for in the prior period for financial reporting purposes.	<u>(8,041)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 549,219</u></u>

COUNTY OF SAN MATEO
Note to Required Supplementary Information
For the Fiscal Year Ended June 30, 2002
(Dollars 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 prepares a budget for each fiscal year on or before August 30. 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's Board of Supervisors.

An operating budget is adopted each fiscal year for all Governmental Funds except for the JPFA. Expenditures are controlled at the object level within budget units for the County. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any amendments or transfers of appropriations between object levels within the same budget unit or between departments or funds are authorized by the County Manager's office and must be approved by the Board of Supervisors. Supplemental appropriations normally financed by unanticipated revenues during the year must be approved by the Board of Supervisors. Pursuant to Board Resolution, the County Manager is authorized to approve transfers and revision of appropriations under \$50,000 within a single budget unit as deemed necessary and appropriate. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

The budget units are generally set at department or division level. The Board approved the change to the budget units of certain departments in the General Fund from division to department level effective this fiscal year. This change allows departments more flexibility in utilizing resources across operational divisions to respond timely to changes in service demands. The departments which have adopted the change include: Assessor-Clerk-Recorder, County Manager/Clerk of the Board, Employee and Public Services, Sheriff, Probation, and Human Services Agency.

The County uses an encumbrance system as an extension of normal budgetary accounting for the general, special revenue, and other debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

The budget approved by the Board of Supervisors for the general fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other governmental funds. Actual reimbursements for these items have been eliminated in the accompanying budgetary financial schedules. Accordingly, the related budgets for these items have also been eliminated in order to provide a meaningful comparison of actual and budgeted results of operations.

The budgets for the 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 (an example would be 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 on the modified accrual basis of accounting except that current year encumbrances are budgeted as expenditures, certain transactions are accounted for in different periods between budgetary and GAAP reporting basis, and 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, 2002
(Dollars in Thousands)**

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>				
Cash and investments	\$ 72,959	\$ 13,974	\$ 8,076	\$ 95,009
Receivables (net):				
Accounts	20	-	123	143
Interest	671	51	73	795
Taxes	1,389	-	-	1,389
Other	2,705	-	-	2,705
Due from other funds	535	24	7	566
Due from other governmental agencies	1,235	-	-	1,235
Other assets	6	-	-	6
Inventories	386	-	-	386
Advances to other funds	183	-	3,000	3,183
Total assets	<u>\$ 80,089</u>	<u>\$ 14,049</u>	<u>\$ 11,279</u>	<u>\$ 105,417</u>

<u>LIABILITIES</u>				
Accounts payable	\$ 4,624	\$ -	\$ 579	\$ 5,203
Accrued salaries and benefits	152	-	-	152
Due to other funds	3,601	-	34	3,635
Advances from other funds	183	-	-	183
Deferred revenue	3,024	-	655	3,679
Deposits	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total liabilities	<u>11,585</u>	<u>-</u>	<u>1,268</u>	<u>12,853</u>

<u>FUND BALANCES</u>				
Reserved for:				
Encumbrances	11,245	-	-	11,245
Debt service	-	14,049	-	14,049
Inventories and advances	569	-	3,000	3,569
Unreserved, reported in				
Special revenue funds:				
Designated	13,034	-	-	13,034
Undesignated	43,656	-	-	43,656
Capital projects funds:				
Designated	-	-	3,735	3,735
Undesignated	-	-	3,276	3,276
Total fund balances	<u>68,504</u>	<u>14,049</u>	<u>10,011</u>	<u>92,564</u>
Total liabilities and fund balances	<u>\$ 80,089</u>	<u>\$ 14,049</u>	<u>\$ 11,279</u>	<u>\$ 105,417</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, 2002
(Dollars in Thousands)

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Taxes	\$ 11,562	\$ -	\$ -	\$ 11,562
Licenses and permits	4,604	-	-	4,604
Use of money and property	3,559	368	362	4,289
Intergovernmental	20,263	-	2,604	22,867
Charges for services	7,845	-	328	8,173
Fines, forfeitures and penalties	1,026	-	2,473	3,499
Other	760	-	425	1,185
Total revenues	<u>49,619</u>	<u>368</u>	<u>6,192</u>	<u>56,179</u>
Expenditures:				
Current Operating:				
General government	4,855	63	-	4,918
Public protection	6,734	-	-	6,734
Public ways and facilities	25,758	-	-	25,758
Health and sanitation	20,473	-	-	20,473
Capital outlay	660	-	15,445	16,105
Debt service:				
Principal	14	-	-	14
Interest	10	-	-	10
Total expenditures	<u>58,504</u>	<u>63</u>	<u>15,445</u>	<u>74,012</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,885)</u>	<u>305</u>	<u>(9,253)</u>	<u>(17,833)</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	134	-	-	134
Transfers in	4,845	30,810	12,428	48,083
Transfers out	(3,144)	(24,086)	(2,396)	(29,626)
Total other financing sources (uses)	<u>1,835</u>	<u>6,724</u>	<u>10,032</u>	<u>18,591</u>
Net change in fund balances	(7,050)	7,029	779	758
Fund balances - beginning	<u>75,554</u>	<u>7,020</u>	<u>9,232</u>	<u>91,806</u>
Fund balances - ending	<u>\$ 68,504</u>	<u>\$ 14,049</u>	<u>\$ 10,011</u>	<u>\$ 92,564</u>

COUNTY OF SAN MATEO

Nonmajor Governmental Funds

Special Revenue Funds

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

The *Road Fund* provides for planning, design, construction, maintenance and administration of County transportation planning activities. Revenues consist primarily of the County's share of State highway user taxes and are supplemented by Federal funds.

The *County Fire Protection Fund* provides fire protection services to both cities and unincorporated areas in the County. Property taxes provide most of the Fund's revenues.

The *County Service Area Fund* accounts for special district funds that provide water and refuse disposal services and lighting maintenance to specific areas in the County and are financed by property taxes and user charges.

The *Sewer and Sanitation Fund* accounts for special district funds that support construction and maintenance of reliable sanitary sewer systems, which allow sensitive sewage treatment and disposal in specific areas in the County and are financed by user charges and property taxes.

The *Flood Control Zone Fund* accounts for special district funds that provide services to control flood and storm waters within the districts. Revenues are primarily received from property taxes and Federal grants.

The *Lighting Districts Fund* accounts for special district funds that enhance the safety of residents and businesses by providing adequate lighting systems to specific areas in the County and are primarily financed by property taxes.

The *Emergency Medical Services Fund* was established to implement Senate Bill 12/612 to provide financial assistance for individuals. This fund is financed by a special assessment imposed on court fines, forfeitures and traffic school fees.

The *County Half-Cent Transportation Fund* accounts for revenues generated by a special one-half cent sales tax that was approved by the voters of San Mateo County during 1988. This fund is restricted for transportation related programs sponsored by other County departments and outside agencies.

The *County-Wide Road Improvement Fund* accounts for mitigation fees imposed when building permits are issued to fund improvements to the County road system.

The *Solid Waste Fund* accounts for revenues related to the County management and operation of solid waste facilities owned by the County as well as aid from federal, state and other local agencies. The primary source of revenue comes from licenses, permits and franchise fees. Expenditures are specifically for programs in resource conservation.

COUNTY OF SAN MATEO

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

The *Public Authority IHSS Fund* allows for the maintenance of a registry and referral system to assist consumers in finding qualified in-home supportive services (IHSS) personnel as well as training of and support for providers and recipients of IHSS. Revenues primarily come from State grants.

The *Water Districts Fund* accounts for special district funds that support the provision to provide certain areas with adequate and reliable supplies of high quality water. Revenues principally come from user charges.

The *Other Special Revenue Funds* account for the activities of several Special Revenue Funds that include:

- Fish and Game
- Off-Highway Vehicle License Fees
- Highlands Landscape Maintenance District
- Redevelopment Agency
- Various Drainage Districts Funds

**County of San Mateo
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2002
(Dollars in Thousands)**

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
<u>ASSETS</u>							
Cash and investments	\$ 15,167	\$ 1,529	\$ 3,302	\$ 8,875	\$ 12,895	\$ 4,446	\$ 2,743
Receivables (net):							
Accounts	-	-	20	-	-	-	-
Interest	124	26	31	81	122	40	23
Taxes	-	689	266	49	304	77	-
Other	220	-	105	-	2,289	50	-
Due from other funds	415	-	1	95	1	-	-
Due from other governmental agencies	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-
Inventories	386	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-
Total assets	<u>\$ 16,318</u>	<u>\$ 2,244</u>	<u>\$ 3,725</u>	<u>\$ 9,100</u>	<u>\$ 15,611</u>	<u>\$ 4,613</u>	<u>\$ 2,766</u>
<u>LIABILITIES</u>							
Accounts payable	\$ 1,905	\$ -	\$ 216	\$ 1,046	\$ 361	\$ 11	\$ 130
Accrued salaries and benefits	112	-	-	12	-	-	-
Due to other funds	1,611	-	12	170	42	5	273
Advances from other funds	-	-	176	-	-	-	-
Deferred revenue	301	689	375	49	304	77	-
Deposits	-	-	1	-	-	-	-
Total liabilities	<u>3,929</u>	<u>689</u>	<u>780</u>	<u>1,277</u>	<u>707</u>	<u>93</u>	<u>403</u>
<u>FUND BALANCES</u>							
Reserved for:							
Encumbrances	11,152	1	-	-	-	-	-
Inventories and advances	386	-	-	-	-	-	-
Unreserved:							
Designated	-	214	29	-	-	-	1,858
Undesignated	851	1,340	2,916	7,823	14,904	4,520	505
Total fund balances	<u>12,389</u>	<u>1,555</u>	<u>2,945</u>	<u>7,823</u>	<u>14,904</u>	<u>4,520</u>	<u>2,363</u>
Total liabilities and fund balances	<u>\$ 16,318</u>	<u>\$ 2,244</u>	<u>\$ 3,725</u>	<u>\$ 9,100</u>	<u>\$ 15,611</u>	<u>\$ 4,613</u>	<u>\$ 2,766</u>

(Continued)

**County of San Mateo
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2002
(Dollars in Thousands)**

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	Public Authority IHSS	Water Districts	Other Special Revenue	Total	
<u>ASSETS</u>							
\$ 3,914	\$ 4,581	\$ 13,292	\$ 1,563	\$ 3	\$ 649	\$ 72,959	Cash and investments
-	-	-	-	-	-	20	Receivables (net):
39	41	130	8	-	6	671	Accounts
-	-	-	-	-	4	1,389	Interest
41	-	-	-	-	-	2,705	Taxes
-	-	-	-	-	23	535	Other
116	-	-	1,119	-	-	1,235	Due from other funds
-	-	-	-	-	-	6	Due from other governmental agencies
-	-	-	-	-	-	386	Other assets
-	-	176	-	-	7	183	Inventories
<u>\$ 4,110</u>	<u>\$ 4,622</u>	<u>\$ 13,598</u>	<u>\$ 2,690</u>	<u>\$ 3</u>	<u>\$ 689</u>	<u>\$ 80,089</u>	Advances to other funds
							Total assets
<u>LIABILITIES</u>							
\$ 65	\$ -	\$ 28	\$ 856	\$ -	\$ 6	\$ 4,624	Accounts payable
10	-	13	5	-	-	152	Accrued salaries and benefits
92	411	95	866	-	24	3,601	Due to other funds
-	-	-	-	-	7	183	Advances from other funds
-	-	176	1,049	-	4	3,024	Deferred revenue
-	-	-	-	-	-	1	Deposits
<u>167</u>	<u>411</u>	<u>312</u>	<u>2,776</u>	<u>-</u>	<u>41</u>	<u>11,585</u>	Total liabilities
<u>FUND BALANCES</u>							
							Reserved for:
-	-	-	92	-	-	11,245	Encumbrances
-	-	176	-	-	7	569	Inventories and advances
							Unreserved:
2,260	2,544	5,815	-	-	314	13,034	Designated
<u>1,683</u>	<u>1,667</u>	<u>7,295</u>	<u>(178)</u>	<u>3</u>	<u>327</u>	<u>43,656</u>	Undesignated
<u>3,943</u>	<u>4,211</u>	<u>13,286</u>	<u>(86)</u>	<u>3</u>	<u>648</u>	<u>68,504</u>	Total fund balances
<u>\$ 4,110</u>	<u>\$ 4,622</u>	<u>\$ 13,598</u>	<u>\$ 2,690</u>	<u>\$ 3</u>	<u>\$ 689</u>	<u>\$ 80,089</u>	Total liabilities 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, 2002
(Dollars in Thousands)

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
Revenues							
Taxes	\$ -	\$ 5,215	\$ 1,907	\$ 356	\$ 1,859	\$ 522	\$ -
Licenses and permits	-	-	-	-	-	-	-
Use of money and property	724	92	147	461	679	205	120
Intergovernmental	14,837	360	20	4	273	6	25
Charges for services	1,285	64	965	4,354	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	1,019
Other	98	276	17	8	1	-	271
Total revenues	<u>16,944</u>	<u>6,007</u>	<u>3,056</u>	<u>5,183</u>	<u>2,812</u>	<u>733</u>	<u>1,435</u>
Expenditures							
Current Operating:							
General government	6	-	2,546	-	-	335	-
Public protection	-	5,001	-	-	1,733	-	-
Public ways and facilities	23,212	-	-	-	-	-	-
Health and sanitation	-	-	-	6,306	-	-	1,115
Capital outlay	458	105	28	22	-	-	-
Debt service:							
Principal	-	-	14	-	-	-	-
Interest	-	-	6	-	-	-	-
Total expenditures	<u>23,676</u>	<u>5,106</u>	<u>2,594</u>	<u>6,328</u>	<u>1,733</u>	<u>335</u>	<u>1,115</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,732)</u>	<u>901</u>	<u>462</u>	<u>(1,145)</u>	<u>1,079</u>	<u>398</u>	<u>320</u>
Other financing sources (uses)							
Proceeds from sale of capital assets	134	-	-	-	-	-	-
Transfers in	-	-	-	-	1,247	-	-
Transfers out	(56)	-	-	(105)	(2,278)	-	(64)
Total other financing sources (uses)	<u>78</u>	<u>-</u>	<u>-</u>	<u>(105)</u>	<u>(1,031)</u>	<u>-</u>	<u>(64)</u>
Net change in fund balances	<u>(6,654)</u>	<u>901</u>	<u>462</u>	<u>(1,250)</u>	<u>48</u>	<u>398</u>	<u>256</u>
Fund balances - beginning	<u>19,043</u>	<u>654</u>	<u>2,483</u>	<u>9,073</u>	<u>14,856</u>	<u>4,122</u>	<u>2,107</u>
Fund balances - ending	<u>\$ 12,389</u>	<u>\$ 1,555</u>	<u>\$ 2,945</u>	<u>\$ 7,823</u>	<u>\$ 14,904</u>	<u>\$ 4,520</u>	<u>\$ 2,363</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, 2002
(Dollars in Thousands)

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	Public Authority IHSS	Water Districts	Other Special Revenue	Total	
\$ 1,672	\$ -	\$ -	\$ -	\$ -	\$ 31	\$ 11,562	Revenues
-	-	4,604	-	-	-	4,604	Taxes
188	207	659	30	13	34	3,559	Licenses and permits
380	-	106	4,238	-	14	20,263	Use of money and property
506	548	66	-	57	-	7,845	Intergovernmental
-	-	-	-	-	7	1,026	Charges for services
2	2	43	2	19	21	760	Fines, forfeitures and penalties
<u>2,748</u>	<u>757</u>	<u>5,478</u>	<u>4,270</u>	<u>89</u>	<u>107</u>	<u>49,619</u>	Other
							Total revenues
-	-	-	-	1,952	16	4,855	Expenditures
-	-	-	-	-	-	6,734	Current Operating:
2,092	450	-	-	-	4	25,758	General government
-	-	4,415	8,621	-	16	20,473	Public protection
47	-	-	-	-	-	660	Public ways and facilities
-	-	-	-	-	-	14	Health and sanitation
-	-	-	-	-	4	10	Capital outlay
<u>2,139</u>	<u>450</u>	<u>4,415</u>	<u>8,621</u>	<u>1,952</u>	<u>40</u>	<u>58,504</u>	Debt service:
							Principal
							Interest
							Total expenditures
<u>609</u>	<u>307</u>	<u>1,063</u>	<u>(4,351)</u>	<u>(1,863)</u>	<u>67</u>	<u>(8,885)</u>	Excess (deficiency) of revenues over (under) expenditures
-	-	-	-	-	-	134	Other financing sources (uses)
-	-	-	3,598	-	-	4,845	Proceeds from sale of capital assets
(573)	-	(68)	-	-	-	(3,144)	Transfers in
<u>(573)</u>	<u>-</u>	<u>(68)</u>	<u>3,598</u>	<u>-</u>	<u>-</u>	<u>1,835</u>	Transfers out
							Total other financing sources (uses)
36	307	995	(753)	(1,863)	67	(7,050)	Net change in fund balances
<u>3,907</u>	<u>3,904</u>	<u>12,291</u>	<u>667</u>	<u>1,866</u>	<u>581</u>	<u>75,554</u>	Fund balances - beginning
<u>\$ 3,943</u>	<u>\$ 4,211</u>	<u>\$ 13,286</u>	<u>\$ (86)</u>	<u>\$ 3</u>	<u>\$ 648</u>	<u>\$ 68,504</u>	Fund balances - ending

**County of San Mateo
Budgetary Comparison Schedule
Road Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 17,972	\$ 17,972	\$ 2,801	\$ (15,171)
Resources (inflows):				
Use of money and property	662	662	724	62
Intergovernmental revenues	18,530	18,530	14,837	(3,693)
Charges for services	93	93	584	491
Interfund revenue	660	660	799	139
Miscellaneous revenue	327	327	-	(327)
Other financing sources	975	975	134	(841)
Amounts available for appropriation	<u>21,247</u>	<u>21,247</u>	<u>17,078</u>	<u>(4,169)</u>
Charges to appropriations (outflows):				
Public ways and facilities				
Salaries and benefits	5,931	5,931	5,812	119
Services and supplies	31,356	31,356	14,125	17,231
Other charges	2,115	2,115	404	1,711
Fixed assets	2,152	2,152	866	1,286
Other financing uses	56	56	56	-
Intrafund transfers	(2,791)	(2,791)	(1,384)	(1,407)
Contingencies	400	400	-	400
Total charges to appropriations	<u>39,219</u>	<u>39,219</u>	<u>19,879</u>	<u>19,340</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 17,078
Differences - budget to GAAP:	
The proceeds from the sale of capital assets are budgetary resources but are regarded as other financing source, rather than revenue, for financial reporting purposes.	(134)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 16,944</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 19,879
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received is reported in the year for financial reporting purposes.	3,847
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(56)
Disbursements from funds reclassified from County Agency Fund, not budgeted.	6
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 23,676</u>

**County of San Mateo
Budgetary Comparison Schedule
County Fire Protection Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 655	\$ 655	\$ 549	\$ (106)
Resources (inflows):				
Taxes	4,639	4,639	5,215	576
Use of money and property	50	50	92	42
Intergovernmental revenues	193	343	360	17
Charges for services	55	55	64	9
Miscellaneous revenue	39	240	276	36
Amounts available for appropriation	<u>4,976</u>	<u>5,327</u>	<u>6,007</u>	<u>680</u>
Charges to appropriations (outflows):				
Public protection				
Services and supplies	5,310	5,593	5,001	592
Fixed assets	107	107	-	107
Non-general fund reserves	214	282	-	282
Total charges to appropriations	<u>5,631</u>	<u>5,982</u>	<u>5,001</u>	<u>981</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,555</u>	<u>\$ 1,555</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,001
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>105</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 5,106</u>

**County of San Mateo
Budgetary Comparison Schedule
County Service Area Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 2,661	\$ 2,683	\$ 2,483	\$ (200)
Resources (inflows):				
Taxes	1,649	1,649	1,907	258
Use of money and property	103	103	147	44
Intergovernmental revenues	30	30	20	(10)
Charges for services	991	991	965	(26)
Miscellaneous revenue	-	17	17	-
Amounts available for appropriation	<u>2,773</u>	<u>2,790</u>	<u>3,056</u>	<u>266</u>
Charges to appropriations (outflows):				
General government				
Services and supplies	3,873	3,875	2,495	1,380
Other charges	154	176	71	105
Fixed assets	32	32	28	4
Intrafund transfers	(50)	(50)	-	(50)
Contingencies	765	765	-	765
Non-general fund reserves	660	675	-	675
Total charges to appropriations	<u>5,434</u>	<u>5,473</u>	<u>2,594</u>	<u>2,879</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,945</u>	<u>\$ 2,945</u>

**County of San Mateo
Budgetary Comparison Schedule
Sewer and Sanitation Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 9,072	\$ 9,443	\$ 9,073	\$ (370)
Resources (inflows):				
Taxes	296	296	356	60
Use of money and property	468	468	461	(7)
Intergovernmental revenues	4	4	4	-
Charges for services	3,218	3,218	3,758	540
Interfund revenue	849	849	596	(253)
Miscellaneous revenue	2	2	8	6
Amounts available for appropriation	4,837	4,837	5,183	346
Charges to appropriations (outflows):				
Health and sanitation				
Salaries and benefits	563	580	580	-
Services and supplies	4,462	5,945	5,717	228
Other charges	9	380	9	371
Fixed assets	200	200	22	178
Other financing uses	105	105	105	-
Intrafund transfers	(705)	(705)	-	(705)
Contingencies	9,275	7,775	-	7,775
Total charges to appropriations	13,909	14,280	6,433	7,847
Budgetary fund balances, June 30	\$ -	\$ -	\$ 7,823	\$ 7,823

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,433
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(105)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 6,328

**County of San Mateo
Budgetary Comparison Schedule
Flood Control Zone Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 14,853	\$ 15,012	\$ 14,855	\$ (157)
Resources (inflows):				
Taxes	1,770	1,770	1,859	89
Use of money and property	613	613	680	67
Intergovernmental revenues	24	24	273	249
Miscellaneous revenue	5,155	5,155	-	(5,155)
Other financing sources	-	-	1,247	1,247
Amounts available for appropriation	<u>7,562</u>	<u>7,562</u>	<u>4,059</u>	<u>(3,503)</u>
Charges to appropriations (outflows):				
Public protection				
Services and supplies	1,521	1,521	1,725	(204)
Other charges	19	178	8	170
Fixed assets	12,000	12,000	-	12,000
Other financing uses	2,757	2,757	2,278	479
Intrafund transfers	(1,469)	(1,469)	-	(1,469)
Contingencies	7,587	7,587	-	7,587
Total charges to appropriations	<u>22,415</u>	<u>22,574</u>	<u>4,011</u>	<u>18,563</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,903</u>	<u>\$ 14,903</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,059
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	<u>(1,247)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 2,812</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,011
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(2,278)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 1,733</u>

County of San Mateo
Budgetary Comparison Schedule
Lighting Districts Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 4,122	\$ 4,140	\$ 4,121	\$ (19)
Resources (inflows):				
Taxes	459	459	522	63
Use of money and property	174	174	205	31
Intergovernmental revenues	6	6	6	-
Amounts available for appropriation	<u>639</u>	<u>639</u>	<u>733</u>	<u>94</u>
Charges to appropriations (outflows):				
General government				
Services and supplies	674	674	335	339
Other charges	-	18	-	18
Intrafund transfers	(100)	(100)	-	(100)
Contingencies	4,187	4,187	-	4,187
Total charges to appropriations	<u>4,761</u>	<u>4,779</u>	<u>335</u>	<u>4,444</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,519</u>	<u>\$ 4,519</u>

**County of San Mateo
Budgetary Comparison Schedule
Emergency Medical Services Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 2,106	\$ 2,106	\$ 2,112	\$ 6
Resources (inflows):				
Fines, forfeitures and penalties	1,207	1,207	1,019	(188)
Use of money and property	124	124	120	(4)
Intergovernmental revenues	54	54	25	(29)
Miscellaneous revenue	-	-	271	271
Amounts available for appropriation	<u>1,385</u>	<u>1,385</u>	<u>1,435</u>	<u>50</u>
Charges to appropriations (outflows):				
Health and sanitation				
Services and supplies	1,568	1,568	1,115	453
Other financing uses	65	65	64	1
Non-general fund reserves	<u>1,858</u>	<u>1,858</u>	<u>-</u>	<u>1,858</u>
Total charges to appropriations	<u>3,491</u>	<u>3,491</u>	<u>1,179</u>	<u>2,312</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,368</u>	<u>\$ 2,368</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,179
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(64)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 1,115</u>

County of San Mateo
Budgetary Comparison Schedule
County Half-Cent Transportation Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 3,519	\$ 3,519	\$ 3,554	\$ 35
Resources (inflows):				
Taxes	1,500	1,500	1,672	172
Use of money and property	150	150	188	38
Intergovernmental revenues	582	582	380	(202)
Charges for services	250	390	505	115
Interfund revenues	100	100	1	(99)
Miscellaneous revenue	131	131	2	(129)
Amounts available for appropriation	<u>2,713</u>	<u>2,853</u>	<u>2,748</u>	<u>(105)</u>
Charges to appropriations (outflows):				
Public ways and facilities				
Salaries and benefits	411	517	477	40
Services and supplies	1,832	1,866	1,262	604
Other charges	855	855	353	502
Fixed assets	300	300	47	253
Other financing uses	573	573	573	-
Non-general fund reserves	<u>2,261</u>	<u>2,261</u>	<u>-</u>	<u>2,261</u>
Total charges to appropriations	<u>6,232</u>	<u>6,372</u>	<u>2,712</u>	<u>3,660</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,590</u>	<u>\$ 3,590</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,712
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(573)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 2,139</u>

County of San Mateo
Budgetary Comparison Schedule
County-wide Road Improvement Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 3,904	\$ 3,904	\$ 3,904	\$ -
Resources (inflows):				
Use of money and property	160	160	207	47
Charges for services	550	550	548	(2)
Miscellaneous revenue	-	-	2	2
Amounts available for appropriation	<u>710</u>	<u>710</u>	<u>757</u>	<u>47</u>
Charges to appropriations (outflows):				
Public ways and facilities				
Services and supplies	1,820	1,820	450	1,370
Contingencies	250	250	-	250
Non-general fund reserves	<u>2,544</u>	<u>2,544</u>	<u>-</u>	<u>2,544</u>
Total charges to appropriations	<u>4,614</u>	<u>4,614</u>	<u>450</u>	<u>4,164</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,211</u>	<u>\$ 4,211</u>

**County of San Mateo
Budgetary Comparison Schedule
Solid Waste Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 12,096	\$ 12,096	\$ 12,291	\$ 195
Resources (inflows):				
Licenses, permits and franchises	4,500	4,500	4,604	104
Use of money and property	400	400	659	259
Intergovernmental revenues	215	215	106	(109)
Charges for services	60	60	51	(9)
Interfund revenue	-	-	15	15
Miscellaneous revenue	33	33	43	10
Amounts available for appropriation	<u>5,208</u>	<u>5,208</u>	<u>5,478</u>	<u>270</u>
Charges to appropriations (outflows):				
Health and sanitation				
Salaries and benefits	980	980	584	396
Services and supplies	4,643	4,594	1,566	3,028
Other charges	2,216	2,265	2,265	-
Fixed assets	150	150	-	150
Other financing uses	3,110	3,110	68	3,042
Contingencies	390	390	-	390
Non-general fund reserves	5,815	5,815	-	5,815
Total charges to appropriations	<u>17,304</u>	<u>17,304</u>	<u>4,483</u>	<u>12,821</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,286</u>	<u>\$ 13,286</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,483
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(68)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 4,415</u>

**County of San Mateo
Budgetary Comparison Schedule
Public Authority IHSS Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 781	\$ 781	\$ 601	\$ (180)
Resources (inflows):				
Use of money and property	60	60	30	(30)
Intergovernmental revenues	4,878	6,374	4,238	(2,136)
Interfund revenue	3,631	3,631	-	(3,631)
Miscellaneous revenue	-	-	2	2
Other financing sources	-	-	3,598	3,598
Amounts available for appropriation	<u>8,569</u>	<u>10,065</u>	<u>7,868</u>	<u>(2,197)</u>
Charges to appropriations (outflows):				
Health and sanitation				
Salaries and benefits	313	268	215	53
Services and supplies	271	316	290	26
Other charges	8,372	10,262	8,139	2,123
Non-general fund reserves	394	-	-	-
Total charges to appropriations	<u>9,350</u>	<u>10,846</u>	<u>8,644</u>	<u>2,202</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (175)</u>	<u>\$ (175)</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 7,868
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	<u>(3,598)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 4,270</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 8,644
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>(23)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 8,621</u>

County of San Mateo
Budgetary Comparison Schedule
Water Districts Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary fund balances, July 1	\$ 1,887	\$ 1,887	\$ 1,864	\$ (23)
Resources (inflows):				
Use of money and property	-	-	13	13
Charges for services	-	-	57	57
Miscellaneous revenue	-	-	19	19
Amounts available for appropriation	<u>-</u>	<u>-</u>	<u>89</u>	<u>89</u>
Charges to appropriations (outflows):				
General government				
Services and supplies	4	4	1,952	(1,948)
Non-general fund reserves	<u>1,883</u>	<u>1,883</u>	<u>-</u>	<u>1,883</u>
Total charges to appropriations	<u>1,887</u>	<u>1,887</u>	<u>1,952</u>	<u>(65)</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

**County of San Mateo
Budgetary Comparison Schedule
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<u>Fish and Game Fund</u>				
Budgetary fund balances, July 1	\$ 63	\$ 63	\$ 78	\$ 15
Resources (inflows):				
Fines, forfeitures and penalties	7	7	-	(7)
Use of money and property	3	3	3	-
Amounts available for appropriation	<u>10</u>	<u>10</u>	<u>3</u>	<u>(7)</u>
Charges to appropriations (outflows):				
General government				
Services and supplies	40	40	14	26
Non-general fund reserves	33	33	-	33
Total charges to appropriations	<u>73</u>	<u>73</u>	<u>14</u>	<u>59</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67</u>	<u>\$ 67</u>
<u>Off-Highway Vehicle License Fees Fund</u>				
Budgetary fund balances, July 1	\$ 275	\$ 275	\$ 272	\$ (3)
Resources (inflows):				
Use of money and property	11	11	15	4
Intergovernmental revenue	10	10	14	4
Amounts available for appropriation	<u>21</u>	<u>21</u>	<u>29</u>	<u>8</u>
Charges to appropriations (outflows):				
Public ways and facilities				
Services and supplies	54	54	-	54
Non-general fund reserves	242	242	-	242
Total charges to appropriations	<u>296</u>	<u>296</u>	<u>-</u>	<u>296</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301</u>	<u>\$ 301</u>

(Continued)

**County of San Mateo
Budgetary Comparison Schedule
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<u>Highlands Landscape Maintenance District</u>				
Budgetary fund balances, July 1	\$ 9	\$ 9	\$ 9	\$ -
Resources (inflows):				
Taxes	2	2	4	2
Use of money and property	-	-	1	1
Amounts available for appropriation	<u>2</u>	<u>2</u>	<u>5</u>	<u>3</u>
Charges to appropriations (outflows):				
General government				
Services and supplies	4	4	3	1
Non-general fund reserves	7	7	-	7
Total charges to appropriations	<u>11</u>	<u>11</u>	<u>3</u>	<u>8</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 11</u>
<u>Various Drainage Districts</u>				
Budgetary fund balances, July 1	\$ 229	\$ 229	\$ 220	\$ (9)
Resources (inflows):				
Taxes	21	21	26	5
Use of money and property	10	10	15	5
Amounts available for appropriation	<u>31</u>	<u>31</u>	<u>41</u>	<u>10</u>
Charges to appropriations (outflows):				
Health and sanitation				
Services and supplies	314	310	19	291
Other charges	-	4	4	-
Intrafund transfers	(100)	(100)	-	(100)
Contingencies	46	46	-	46
Total charges to appropriations	<u>260</u>	<u>260</u>	<u>23</u>	<u>237</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238</u>	<u>\$ 238</u>
<u>Total - Other Special Revenue Funds</u>				
Budgetary fund balances, July 1	\$ 576	\$ 576	\$ 579	\$ 3
Resources (inflows)	64	64	78	14
Charges to appropriations (outflows)	<u>640</u>	<u>640</u>	<u>40</u>	<u>600</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 617</u>	<u>\$ 617</u>

(Continued)

**County of San Mateo
 Budgetary Comparison Schedule
 Other Special Revenue Funds
 For the Fiscal Year Ended June 30, 2002
 (Dollars in Thousands)**

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 78
Differences - budget to GAAP:	
Receipts from Redevelopment Agency Fund, not budgeted.	<u>29</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u><u>\$ 107</u></u>

COUNTY OF SAN MATEO

Nonmajor Governmental Funds

Debt Service Fund

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

The *Other Debt Service Fund* was established to centrally budget all County debt service payments. Amounts are transferred into this fund from the 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, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 7,019	\$ 7,019	\$ 7,020	\$ 1
Resources (inflows):				
Use of money and property	-	-	368	368
Other financing sources	18,716	18,716	30,810	12,094
Amount available for appropriation	18,716	18,716	31,178	12,462
Charges to appropriations (outflows):				
Other charges	19,266	19,266	24,149	(4,883)
Non-general fund reserves	6,469	6,469	-	6,469
Total charges to appropriations	25,735	25,735	24,149	1,586
Budgetary fund balances, June 30	\$ -	\$ -	\$ 14,049	\$ 14,049

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 31,178
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(30,810)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	\$ 368

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 24,149
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(24,086)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	\$ 63

COUNTY OF SAN MATEO

Nonmajor Governmental Funds

Capital Project Funds

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

The *Parks Acquisition Fund* is used for the acquisition of land for the County Park System and the development of County park facilities. Revenue in this fund came from a one-time sale of land at San Bruno Mountain. Payments were made to this fund until August 1996 and interest has accrued on unspent balances. Revenue is currently received from grants and investment income.

The *Accumulated Capital Outlay Fund* accounts for appropriations for County capital improvement projects, and facilities maintenance projects payments. Revenue is generated from the sale of County real property and from interest earnings on cash balances.

Criminal Facility Fund. For every \$10.00 of all criminal and traffic fines, bail and imposed penalties, a \$2.25 penalty assessment, which is added to the fine, is placed into this fund for purposes of construction, reconstruction, expansion, improvement, operation or maintenance of county criminal justice facilities which includes, but is not limited to, jails, women's centers, detention facilities, juvenile halls and courtrooms. A penalty assessment of \$1.50 is placed in this fund for every parking offense paid. The Probation Department of the County also deposits \$1.00 into this fund for every \$10.00 in fines collected pursuant to Government Code 76004.

Courthouse Construction Fund. Sources of revenue for this fund are identical to all the sources of revenues for the Criminal Facility Construction Fund above. Revenues received are intended for the construction, rehabilitation, lease and financing of courtrooms or of a courtroom building or buildings containing facilities necessary for the operations of the courts.

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
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	<u>Parks Acquisition</u>	<u>Accumulated Capital Outlay</u>	<u>Criminal Facility</u>	<u>Courthouse Construction</u>	<u>Other Capital Projects</u>	<u>Total</u>
<u>ASSETS</u>						
Cash and investments	\$ 1,903	\$ 43	\$ 2,022	\$ 2,133	\$ 1,975	\$ 8,076
Receivables (net):						
Accounts	-	-	-	-	123	123
Interest	14	1	26	25	7	73
Due from other funds	-	-	-	-	7	7
Advances to other funds	-	3,000	-	-	-	3,000
Total assets	<u>\$ 1,917</u>	<u>\$ 3,044</u>	<u>\$ 2,048</u>	<u>\$ 2,158</u>	<u>\$ 2,112</u>	<u>\$ 11,279</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 8	\$ -	\$ -	\$ -	\$ 571	\$ 579
Due to other funds	-	-	-	-	34	34
Deferred revenue	-	-	-	-	655	655
Total liabilities	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,260</u>	<u>1,268</u>
<u>FUND BALANCES</u>						
Reserved for:						
Advances	-	3,000	-	-	-	3,000
Unreserved:						
Designated	905	-	1,960	870	-	3,735
Undesignated	1,004	44	88	1,288	852	3,276
Total fund balances	<u>1,909</u>	<u>3,044</u>	<u>2,048</u>	<u>2,158</u>	<u>852</u>	<u>10,011</u>
Total liabilities and fund balances	<u>\$ 1,917</u>	<u>\$ 3,044</u>	<u>\$ 2,048</u>	<u>\$ 2,158</u>	<u>\$ 2,112</u>	<u>\$ 11,279</u>

County of San Mateo
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

	<u>Parks Acquisition</u>	<u>Accumulated Capital Outlays</u>	<u>Criminal Facility</u>	<u>Courthouse Construction</u>	<u>Other Capital Projects</u>	<u>Total</u>
Revenues:						
Use of money and property	\$ 84	\$ 5	\$ 111	\$ 120	\$ 42	\$ 362
Intergovernmental	1,000	-	-	-	1,604	2,604
Charges for services	-	-	-	-	328	328
Fines, forfeitures and penalties	-	-	1,237	1,236	-	2,473
Other	384	-	-	-	41	425
Total revenues	<u>1,468</u>	<u>5</u>	<u>1,348</u>	<u>1,356</u>	<u>2,015</u>	<u>6,192</u>
Expenditures:						
Capital outlay	<u>3,603</u>	<u>-</u>	<u>-</u>	<u>365</u>	<u>11,477</u>	<u>15,445</u>
Total expenditures	<u>3,603</u>	<u>-</u>	<u>-</u>	<u>365</u>	<u>11,477</u>	<u>15,445</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,135)</u>	<u>5</u>	<u>1,348</u>	<u>991</u>	<u>(9,462)</u>	<u>(9,253)</u>
Other financing sources (uses)						
Transfers in	3,129	-	-	-	9,299	12,428
Transfers out	<u>(145)</u>	<u>(129)</u>	<u>(1,100)</u>	<u>(1,022)</u>	<u>-</u>	<u>(2,396)</u>
Total other financing sources (uses)	<u>2,984</u>	<u>(129)</u>	<u>(1,100)</u>	<u>(1,022)</u>	<u>9,299</u>	<u>10,032</u>
Net change in fund balances	849	(124)	248	(31)	(163)	779
Fund balances - beginning	<u>1,060</u>	<u>3,168</u>	<u>1,800</u>	<u>2,189</u>	<u>1,015</u>	<u>9,232</u>
Fund balances- ending	<u>\$ 1,909</u>	<u>\$ 3,044</u>	<u>\$ 2,048</u>	<u>\$ 2,158</u>	<u>\$ 852</u>	<u>\$ 10,011</u>

**County of San Mateo
Budgetary Comparison Schedule
Parks Acquisition Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 1,430	\$ 1,430	\$ 1,019	\$ (411)
Resources (inflows):				
Use of money and property	20	20	84	64
Intergovernmental revenues	1,262	1,304	1,000	(304)
Miscellaneous revenue	-	189	384	195
Other financing sources	-	3,135	3,129	(6)
Amounts available for appropriation	<u>1,282</u>	<u>4,648</u>	<u>4,597</u>	<u>(51)</u>
Charges to appropriations (outflows):				
Services and supplies	1,173	1,282	433	849
Other charges	200	472	250	222
Fixed assets	-	2,985	2,879	106
Other financing uses	434	434	145	289
Non-general fund reserves	905	905	-	905
Total charges to appropriations	<u>2,712</u>	<u>6,078</u>	<u>3,707</u>	<u>2,371</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,909</u>	<u>\$ 1,909</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,597
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(3,129)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital project funds	<u>\$ 1,468</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,707
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	41
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(145)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital project funds	<u>\$ 3,603</u>

**County of San Mateo
 Budgetary Comparison Schedule
 Accumulated Capital Outlay Fund
 For the Fiscal Year Ended June 30, 2002
 (Dollars in Thousands)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 167	\$ 167	\$ 3,168	\$ 3,001
Resources (inflows):				
Use of money and property	<u>13</u>	<u>13</u>	<u>5</u>	<u>(8)</u>
Amounts available for appropriation	<u>13</u>	<u>13</u>	<u>5</u>	<u>(8)</u>
Charges to appropriations (outflows):				
Other financing uses	<u>180</u>	<u>180</u>	<u>129</u>	<u>51</u>
Total charges to appropriations	<u>180</u>	<u>180</u>	<u>129</u>	<u>51</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,044</u>	<u>\$ 3,044</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 129
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(129)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital project funds	<u>\$ -</u>

**County of San Mateo
Budgetary Comparison Schedule
Criminal Facility Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 1,800	\$ 1,800	\$ 1,800	\$ -
Resources (inflows):				
Use of money and property	60	60	111	51
Fines, forfeitures and penalties	1,200	1,200	1,237	37
Amounts available for appropriation	1,260	1,260	1,348	88
Charges to appropriations (outflows):				
Other financing uses	1,100	1,100	1,100	-
Non-general fund reserves	1,960	1,960	-	1,960
Total charges to appropriations	3,060	3,060	1,100	1,960
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,048</u>	<u>\$ 2,048</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 project funds	<u>\$ -</u>

**County of San Mateo
Budgetary Comparison Schedule
Courthouse Construction Fund
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 2,189	\$ 2,189	\$ 2,189	\$ -
Resources (inflows):				
Use of money and property	60	60	120	60
Fines, forfeitures and penalties	1,200	1,200	1,236	36
Amounts available for appropriation	1,260	1,260	1,356	96
Charges to appropriations (outflows):				
Other charges	400	400	365	35
Other financing uses	2,179	2,179	1,022	1,157
Non-general fund reserves	870	870	-	870
Total charges to appropriations	3,449	3,449	1,387	2,062
Budgetary fund balances, June 30	\$ -	\$ -	\$ 2,158	\$ 2,158

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,387
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(1,022)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital project funds	\$ 365

**County of San Mateo
Budgetary Comparison Schedule
Other Capital Projects Funds
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 1,239	\$ 1,239	\$ 1,014	\$ (225)
Resources (inflows):				
Use of money and property	-	-	42	42
Intergovernmental revenues	7,974	7,974	1,604	(6,370)
Charges for services	565	565	328	(237)
Miscellaneous revenue	975	975	41	(934)
Other financing sources	15,631	15,931	9,299	(6,632)
Amounts available for appropriation	25,145	25,445	11,314	(14,131)
Charges to appropriations (outflows):				
Fixed assets	26,384	26,684	11,251	15,433
Total charges to appropriations	26,384	26,684	11,251	15,433
Budgetary fund balances, June 30	\$ -	\$ -	\$ 1,077	\$ 1,077

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 11,314
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(9,299)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital project funds	\$ 2,015

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 11,251
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	226
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital project funds	\$ 11,477



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

The *Airports Fund* was established to provide for operations and maintenance of the San Carlos and Half Moon Bay aviation facilities. Revenues include receipts under rental and lease arrangements involving County airport facilities and Federal aid.

The *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 Assets
Nonmajor Enterprise Funds
June 30, 2002
(Dollars in Thousands)

<u>ASSETS</u>	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ 1,229	\$ 1,966	\$ 3,195
Receivables (net):			
Accounts	14	18	32
Interest	10	17	27
Total current assets	<u>1,253</u>	<u>2,001</u>	<u>3,254</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	6,843	1,335	8,178
Depreciable:			
Structures and improvements	11,565	10,570	22,135
Equipment	53	89	142
Less accumulated depreciation	<u>(4,775)</u>	<u>(3,411)</u>	<u>(8,186)</u>
Total noncurrent assets	<u>13,686</u>	<u>8,583</u>	<u>22,269</u>
Total assets	<u>\$ 14,939</u>	<u>\$ 10,584</u>	<u>\$ 25,523</u>
 <u>LIABILITIES</u> 			
Current liabilities:			
Accounts payable	\$ 8	\$ 32	\$ 40
Accrued salaries and benefits	10	7	17
Due to other funds	8	-	8
Due to other governmental agencies	95	-	95
Compensated absences - current	8	15	23
Long-term liabilities - current	-	123	123
Total current liabilities	<u>129</u>	<u>177</u>	<u>306</u>
Noncurrent liabilities:			
Deferred revenue	84	15	99
Deposits	1	3	4
Compensated absences - noncurrent	27	24	51
Long-term liabilities - noncurrent	-	1,522	1,522
Total noncurrent liabilities	<u>112</u>	<u>1,564</u>	<u>1,676</u>
Total liabilities	<u>241</u>	<u>1,741</u>	<u>1,982</u>
 <u>NET ASSETS</u> 			
Invested in capital assets, net of related debt	13,686	6,938	20,624
Unrestricted	1,012	1,905	2,917
Total net assets	<u>14,698</u>	<u>8,843</u>	<u>23,541</u>
Total liabilities and net assets	<u>\$ 14,939</u>	<u>\$ 10,584</u>	<u>\$ 25,523</u>

County of San Mateo
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 157	\$ 1,054	\$ 1,211
Rent and concessions	1,662	33	1,695
Miscellaneous	24	6	30
Total operating revenues	<u>1,843</u>	<u>1,093</u>	<u>2,936</u>
Operating expenses:			
General and administrative	1,305	734	2,039
Depreciation and amortization	232	229	461
Total operating expenses	<u>1,537</u>	<u>963</u>	<u>2,500</u>
Operating income	<u>306</u>	<u>130</u>	<u>436</u>
Nonoperating revenues (expenses):			
State and federal grants	122	-	122
Interest and investment income	43	86	129
Interest expense	(3)	(47)	(50)
Total nonoperating revenues (expenses)	<u>162</u>	<u>39</u>	<u>201</u>
Net income before transfers	468	169	637
Transfers out	<u>(14)</u>	<u>-</u>	<u>(14)</u>
Change in net assets	454	169	623
Net assets - beginning	<u>14,244</u>	<u>8,674</u>	<u>22,918</u>
Net assets - ending	<u>\$ 14,698</u>	<u>\$ 8,843</u>	<u>\$ 23,541</u>

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2002
(Dollars in Thousands)

	Airports	Coyote Point Marina	Total
Cash flows from operating activities			
Cash receipts from customers	\$ 1,833	\$ 1,094	\$ 2,927
Cash paid to suppliers for goods and services	(860)	(357)	(1,217)
Cash paid to employees for services	(473)	(347)	(820)
Net cash provided by operating activities	<u>500</u>	<u>390</u>	<u>890</u>
Cash flows from noncapital financing activities			
Transfers paid	(14)	-	(14)
Due to other funds	2	-	2
State and federal grant receipts	122	-	122
Net cash provided by noncapital financing activities	<u>110</u>	<u>-</u>	<u>110</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	-	(20)	(20)
Principal paid on long-term debt	-	(151)	(151)
Interest paid on long-term debt	(3)	(47)	(50)
Net cash used in capital and related financing activities	<u>(3)</u>	<u>(218)</u>	<u>(221)</u>
Cash flows from investing activities			
Investment income received	37	79	116
Net cash provided by investing activities	<u>37</u>	<u>79</u>	<u>116</u>
Net increase in cash and cash equivalents	644	251	895
Total cash and cash equivalents, beginning of the year	<u>585</u>	<u>1,715</u>	<u>2,300</u>
Total cash and cash equivalents, end of the year	<u>\$ 1,229</u>	<u>\$ 1,966</u>	<u>\$ 3,195</u>

(Continued)

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2002
(Dollars in Thousands)

	Airports	Coyote Point Marina	Total
Reconciliation of operating income to net cash provided by operating activities:			
Cash flows from operating activities			
Operating income	\$ 306	\$ 130	\$ 436
Adjustments to reconcile operating income to cash flows from operating activities:			
Depreciation	232	229	461
Decrease (increase) in:			
Accounts receivable	-	(14)	(14)
Increase (decrease) in:			
Accounts payable	(28)	(8)	(36)
Accrued salaries and benefits	35	38	73
Due to other governmental agencies	(35)	-	(35)
Deferred revenue	(10)	15	5
Net cash provided by operating activities	\$ 500	\$ 390	\$ 890



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 at the County are listed below:

The *Fleet Maintenance Fund* is responsible for purchases and maintenance of all County vehicles and administers a lease program for county departments. Full service repair facilities are operated in Belmont and Redwood City.

The *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. Remodeling and other craft services beyond the scope of building maintenance is provided to County departments and other government agencies on a fee for service basis. Capital project management and support and maintenance services to the Lighting Districts are also provided by this unit.

The *Self-Insurance Funds* are established to account for administrative costs and for payments of claims under the various insurance programs. Revenues are primarily premiums paid by other operating funds and interest on investments. The insurance programs are:

- Worker's Compensation Insurance
- Long-Term Disability Trust
- Employee Benefits Trust
- Personal Injury and Property Damage

County of San Mateo
Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2002
(Dollars in Thousands)

	Fleet Maintenance	Tower Road Construction	Worker's Compensation Insurance	Long-Term Disability Trust	Employee Benefits Trust	Personal Injury and Property Damage	Total
<u>ASSETS</u>							
Current assets:							
Cash and investments	\$ 5,022	\$ 536	\$ 9,572	\$ 2,639	\$ 6,931	\$ 1,630	\$ 26,330
Receivables (net):							
Accounts	-	313	-	-	-	-	313
Interest	45	-	88	23	46	20	222
Due from other funds	1	3	-	1	-	-	5
Inventories	92	-	-	-	-	-	92
Total current assets	<u>5,160</u>	<u>852</u>	<u>9,660</u>	<u>2,663</u>	<u>6,977</u>	<u>1,650</u>	<u>26,962</u>
Noncurrent assets:							
Depreciable:							
Structures and improvements	834	-	-	-	-	-	834
Equipment	15,328	59	-	-	-	-	15,387
Less accumulated depreciation	(10,572)	(53)	-	-	-	-	(10,625)
Total noncurrent assets	<u>5,590</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,596</u>
Total assets	<u>\$ 10,750</u>	<u>\$ 858</u>	<u>\$ 9,660</u>	<u>\$ 2,663</u>	<u>\$ 6,977</u>	<u>\$ 1,650</u>	<u>\$ 32,558</u>
<u>LIABILITIES</u>							
Current liabilities:							
Accounts payable	\$ 22	\$ 154	\$ 2	\$ 1	\$ 2,409	\$ 92	\$ 2,680
Accrued interest payable	-	2	-	-	-	-	2
Accrued salaries and benefits	16	36	-	5	-	-	57
Due to other funds	174	43	-	-	-	-	217
Compensated absences - current	24	35	-	-	-	-	59
Estimated claims - current	-	-	8,120	269	327	1,600	10,316
Total current liabilities	<u>236</u>	<u>270</u>	<u>8,122</u>	<u>275</u>	<u>2,736</u>	<u>1,692</u>	<u>13,331</u>
Noncurrent liabilities:							
Deposits	94	-	-	-	-	-	94
Compensated absences - noncurrent	89	117	-	-	-	-	206
Estimated claims - noncurrent	-	-	14,901	2,276	-	2,044	19,221
Total noncurrent liabilities	<u>183</u>	<u>117</u>	<u>14,901</u>	<u>2,276</u>	<u>-</u>	<u>2,044</u>	<u>19,521</u>
Total liabilities	<u>419</u>	<u>387</u>	<u>23,023</u>	<u>2,551</u>	<u>2,736</u>	<u>3,736</u>	<u>32,852</u>
<u>NET ASSETS</u>							
Invested in capital assets, net of related debt	5,590	6	-	-	-	-	5,596
Unrestricted	4,741	465	(13,363)	112	4,241	(2,086)	(5,890)
Total net assets	<u>10,331</u>	<u>471</u>	<u>(13,363)</u>	<u>112</u>	<u>4,241</u>	<u>(2,086)</u>	<u>(294)</u>
Total liabilities and net assets	<u>\$ 10,750</u>	<u>\$ 858</u>	<u>\$ 9,660</u>	<u>\$ 2,663</u>	<u>\$ 6,977</u>	<u>\$ 1,650</u>	<u>\$ 32,558</u>

County of San Mateo
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

	Fleet Maintenance	Tower Road Construction	Worker's Compensation Insurance	Long-Term Disability Trust	Employee Benefits Trust	Personal Injury and Property Damage	Total
Operating revenues:							
Charges for services	\$ 5,325	\$ 3,539	\$ 8,508	\$ 497	\$ 35,097	\$ 4,297	\$ 57,263
Miscellaneous	62	52	181	-	2	73	370
Total operating revenues	<u>5,387</u>	<u>3,591</u>	<u>8,689</u>	<u>497</u>	<u>35,099</u>	<u>4,370</u>	<u>57,633</u>
Operating expenses:							
General and administrative	2,052	3,310	1,929	350	1,057	982	9,680
Benefits and claims	-	-	10,409	495	3,906	1,702	16,512
Insurance premiums	323	15	322	-	31,265	3,287	35,212
Depreciation	1,855	7	-	-	-	-	1,862
Total operating expenses	<u>4,230</u>	<u>3,332</u>	<u>12,660</u>	<u>845</u>	<u>36,228</u>	<u>5,971</u>	<u>63,266</u>
Operating income (loss)	<u>1,157</u>	<u>259</u>	<u>(3,971)</u>	<u>(348)</u>	<u>(1,129)</u>	<u>(1,601)</u>	<u>(5,633)</u>
Non operating revenues (expenses)							
Loss from disposal of capital assets	(21)	(19)	-	-	-	-	(40)
Interest and investment income	216	-	469	121	261	102	1,169
Interest expense	-	(3)	-	-	-	-	(3)
Total nonoperating revenues (expenses)	<u>195</u>	<u>(22)</u>	<u>469</u>	<u>121</u>	<u>261</u>	<u>102</u>	<u>1,126</u>
Net income (loss) before transfers	1,352	237	(3,502)	(227)	(868)	(1,499)	(4,507)
Transfers in	<u>-</u>	<u>67</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67</u>
Change in net assets	1,352	304	(3,502)	(227)	(868)	(1,499)	(4,440)
Net assets - beginning	<u>8,979</u>	<u>167</u>	<u>(9,861)</u>	<u>339</u>	<u>5,109</u>	<u>(587)</u>	<u>4,146</u>
Net assets - ending	<u>\$ 10,331</u>	<u>\$ 471</u>	<u>\$ (13,363)</u>	<u>\$ 112</u>	<u>\$ 4,241</u>	<u>\$ (2,086)</u>	<u>\$ (294)</u>

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

	Fleet Maintenance	Tower Road Construction	Workers' Compensation
Cash flows from operating activities:			
Cash received from interfund service provided	\$ 5,460	\$ 3,457	\$ 8,690
Cash payment to suppliers for goods and services	(1,660)	(1,505)	(2,482)
Cash payment to employees for services	(689)	(1,556)	-
Cash payment for judgments and claims	-	-	(6,768)
Net cash provided by (used in) operating activities	<u>3,111</u>	<u>396</u>	<u>(560)</u>
Cash flows from noncapital financing activities:			
Transfers received	-	67	-
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(2,168)	-	-
Interest paid	-	(3)	-
Net cash used in capital and related financing activities	<u>(2,168)</u>	<u>(3)</u>	<u>-</u>
Cash flows from investing activities:			
Interest received on investments	196	-	443
Net cash provided by investing activities	<u>196</u>	<u>-</u>	<u>443</u>
Net change in cash and cash equivalents	1,139	460	(117)
Cash and cash equivalents, beginning of year	3,883	76	9,689
Cash and cash equivalents, end of year	<u>\$ 5,022</u>	<u>\$ 536</u>	<u>\$ 9,572</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 1,157	\$ 259	\$ (3,971)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,855	7	-
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	-	(134)	-
Due from other funds	73	-	1
Inventories	(3)	-	-
Increase (decrease) in:			
Accounts payable	(68)	95	(231)
Accrued salaries and benefits	114	156	-
Accrued liabilities	-	(1)	-
Due to other funds	(17)	14	-
Refundable deposits	-	-	-
Estimated claims	-	-	3,641
Net cash provided by (used in) operating activities	<u>\$ 3,111</u>	<u>\$ 396</u>	<u>\$ (560)</u>

(Continued)

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2002
(Dollard in Thousands)

Long Term Disability	Employee Benefits	Personal Property Damage	Total
\$ 496	\$ 35,099	\$ 4,371	\$ 57,573
(349)	(31,656)	(4,611)	(42,263)
5	-	-	(2,240)
(1)	(3,906)	(1,092)	(11,767)
151	(463)	(1,332)	1,303
-	-	-	67
-	-	-	(2,168)
-	-	-	(3)
-	-	-	(2,171)
113	252	100	1,104
113	252	100	1,104
264	(211)	(1,232)	303
2,375	7,142	2,862	26,027
\$ 2,639	\$ 6,931	\$ 1,630	\$ 26,330
\$ (348)	\$ (1,129)	\$ (1,601)	\$ (5,633)
-	-	-	1,862
-	-	-	(134)
(1)	-	1	74
-	-	-	(3)
1	666	(342)	121
5	-	-	275
-	-	-	(1)
-	-	-	(3)
-	-	-	-
494	-	610	4,745
\$ 151	\$ (463)	\$ (1,332)	\$ 1,303

Cash flows from operating activities:

Cash received from interfund service provided
Cash payment to suppliers for 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

Cash flows from capital and related financing activities:

Acquisition of capital assets
Interest paid
Net cash used in capital and related financing activities

Cash flows from investing activities:

Interest received on investments
Net cash provided by investing activities
Net change in cash and cash equivalents
Cash and cash equivalents, beginning of year
Cash and cash equivalents, end of year

Reconciliation of operating income (loss) to net cash

provided by (used in) operating activities:

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
Inventories
Increase (decrease) in:
Accounts payable
Accrued salaries and benefits
Accrued liabilities
Due to other funds
Refundable deposits
Estimated claims
Net cash provided by (used in) operating activities



Fiduciary Funds

COUNTY OF SAN MATEO

Fiduciary Funds

Trust Funds

Pension Trust - This Fund, which is under the control of the Board of Retirement, accumulates contributions from the County, its employees and other participating employers, and earnings from the investments. Disbursements are made for retirement, disability and death benefits (based on a defined benefit formula) and administrative expenses. This Fund includes all assets of the San Mateo County Employees' Retirement Association.

Investment Trust:

- *External Investment Pool* – These funds are used by the County to account for the assets of legally separate entities that deposit cash with the County Treasurer. These include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- *Individual Investment Account* – This fund is used to account for specific investments acquired for the Brisbane School District. These investments are separate from the County's investment pool. The income from and changes in the value of these investments affect only the Brisbane School District.

Agency Funds

The *Board of the San Mateo Joint Powers Authority (JPA) governs the County Library Fund*. The JPA provides library services to 11 cities as well as all unincorporated areas of the County. The Board has 12 members, one representative from each of the 11 cities and one from the County Board of Supervisors. The main stream of revenue for this fund comes from property taxes.

The *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.

The *Unapportioned Tax Fund* accounts for property tax receipts awaiting apportionment to other local governmental agencies.

The *Public Administrator Fund* is used to account for all of the Public Administrator's monies held by the County in a fiduciary capacity.

The *Public Guardian Fund* is used to account for all of the Public Guardian's monies held by the County in a fiduciary capacity.

The *Other Agency Fund* is used to account for assets held for other governmental agencies and governmental units by the County in a fiduciary capacity.

County of San Mateo
Combining Statement of Fiduciary Net Assets
Investment Trust Funds
June 30, 2002
(Dollars in Thousands)

	External Investment Pool				
	Special Districts under Local Board	School Districts	Other Investment Trust	Individual Investment Account	Total
<u>ASSETS</u>					
Cash and investments	\$ 103,110	\$ 680,068	\$ 586,070	\$ 4,624	\$ 1,373,872
Interest receivables	997	5,706	5,168	-	11,871
Other receivables	80	-	-	-	80
Due from other funds	38	1,600	-	-	1,638
Due from other governmental agencies	30	-	-	-	30
Other assets	58	3	-	-	61
Total assets	104,313	687,377	591,238	4,624	1,387,552
<u>LIABILITIES</u>					
Accounts payable	308	-	-	-	308
<u>NET ASSETS</u>					
Net assets held in trust for investment pool participants	\$ 104,005	\$ 687,377	\$ 591,238	\$ 4,624	\$ 1,387,244

County of San Mateo
Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

	<u>External Investment Pool</u>				<u>Total</u>
	<u>Special Districts under Local Board</u>	<u>School Districts</u>	<u>Other Investment Trust</u>	<u>Individual Investment Account</u>	
<u>ADDITIONS</u>					
Contribution:					
Contribution to investment pool	\$ 162,589	\$ 1,735,662	\$ 426,871	\$ 1,995	\$ 2,327,117
Net investment income:					
Net appreciation in fair value of investments	856	5,648	4,867	148	11,519
Interest	4,004	24,903	87,554	-	116,461
Net investment income	<u>4,860</u>	<u>30,551</u>	<u>92,421</u>	<u>148</u>	<u>127,980</u>
Total additions	<u>167,449</u>	<u>1,766,213</u>	<u>519,292</u>	<u>2,143</u>	<u>2,455,097</u>
<u>DEDUCTIONS</u>					
Distribution from investment pool	<u>159,209</u>	<u>1,655,311</u>	<u>357,416</u>	<u>1,503</u>	<u>2,173,439</u>
Change in net assets	<u>8,240</u>	<u>110,902</u>	<u>161,876</u>	<u>640</u>	<u>281,658</u>
Net assets - beginning, as previously reported	95,765	580,459	429,362	-	1,105,586
Prior period adjustment	-	(3,984)	-	3,984	-
Net assets - beginning, as restated	<u>95,765</u>	<u>576,475</u>	<u>429,362</u>	<u>3,984</u>	<u>1,105,586</u>
Net assets - ending	<u>\$ 104,005</u>	<u>\$ 687,377</u>	<u>\$ 591,238</u>	<u>\$ 4,624</u>	<u>\$ 1,387,244</u>

County of San Mateo
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

	Balance July 1, 2001	Addition	Deletion	Balance June 30, 2002
<u>COUNTY LIBRARY</u>				
Assets:				
Cash and investments	\$ 3,224	\$ 15,806	\$ 14,320	\$ 4,710
Accounts receivable, net of allowance	5	-	5	-
Interest receivable	19	42	19	42
Tax receivable, net of allowance	1,694	-	200	1,494
Other assets	530	1,735	34	2,231
Total assets	<u>\$ 5,472</u>	<u>\$ 17,583</u>	<u>\$ 14,578</u>	<u>\$ 8,477</u>
Liabilities:				
Accounts payable	\$ 157	\$ 4,012	\$ 3,995	\$ 174
Due to other funds	8	-	8	-
Fiduciary liability	5,307	2,996	-	8,303
Total liabilities	<u>\$ 5,472</u>	<u>\$ 7,008</u>	<u>\$ 4,003</u>	<u>\$ 8,477</u>
<u>TRIAL COURTS OPERATION</u>				
Assets:				
Cash and investments	\$ 7,806	\$ 51,018	\$ 44,979	\$ 13,845
Accounts receivable, net of allowance	1	-	1	-
Interest receivable	76	133	75	134
Due from other funds	3	-	3	-
Due from other governmental agencies	3,063	1,008	3,063	1,008
Other assets	634	-	-	634
Total assets	<u>\$ 11,583</u>	<u>\$ 52,159</u>	<u>\$ 48,121</u>	<u>\$ 15,621</u>
Liabilities:				
Accounts payable	\$ 421	\$ 6,587	\$ 6,564	\$ 444
Due to other funds	1	1	1	1
Fiduciary liability	11,161	78,781	74,766	15,176
Total liabilities	<u>\$ 11,583</u>	<u>\$ 85,369</u>	<u>\$ 81,331</u>	<u>\$ 15,621</u>
<u>UNAPPORTIONED TAXES</u>				
Assets:				
Cash and investments	\$ 8,962	\$ 2,438,841	\$ 2,398,282	\$ 49,521
Due from other funds	241	11	252	-
Total assets	<u>\$ 9,203</u>	<u>\$ 2,438,852</u>	<u>\$ 2,398,534</u>	<u>\$ 49,521</u>
Liabilities:				
Accounts payable	\$ 3	\$ 7,467	\$ 7,470	\$ -
Due to other funds	5,736	5,354	5,747	5,343
Fiduciary liabilities	3,464	2,552,180	2,511,466	44,178
Total liabilities	<u>\$ 9,203</u>	<u>\$ 2,565,001</u>	<u>\$ 2,524,683</u>	<u>\$ 49,521</u>
<u>PUBLIC ADMINISTRATOR</u>				
Assets:				
Cash and investments	\$ 7,358	\$ 10,732	\$ 11,467	\$ 6,623
Interest receivable	34	61	34	61
Other assets	1,256	2,938	-	4,194
Total assets	<u>\$ 8,648</u>	<u>\$ 13,731</u>	<u>\$ 11,501</u>	<u>\$ 10,878</u>
Liabilities:				
Accounts payable	\$ 85	\$ 6,355	\$ 6,177	\$ 263
Due to other funds	21	-	21	-
Advances from other funds	20	-	-	20
Fiduciary liability	8,522	21,980	19,907	10,595
Total liabilities	<u>\$ 8,648</u>	<u>\$ 28,335</u>	<u>\$ 26,105</u>	<u>\$ 10,878</u>

(Continued)

County of San Mateo
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2002
(Dollars in Thousands)

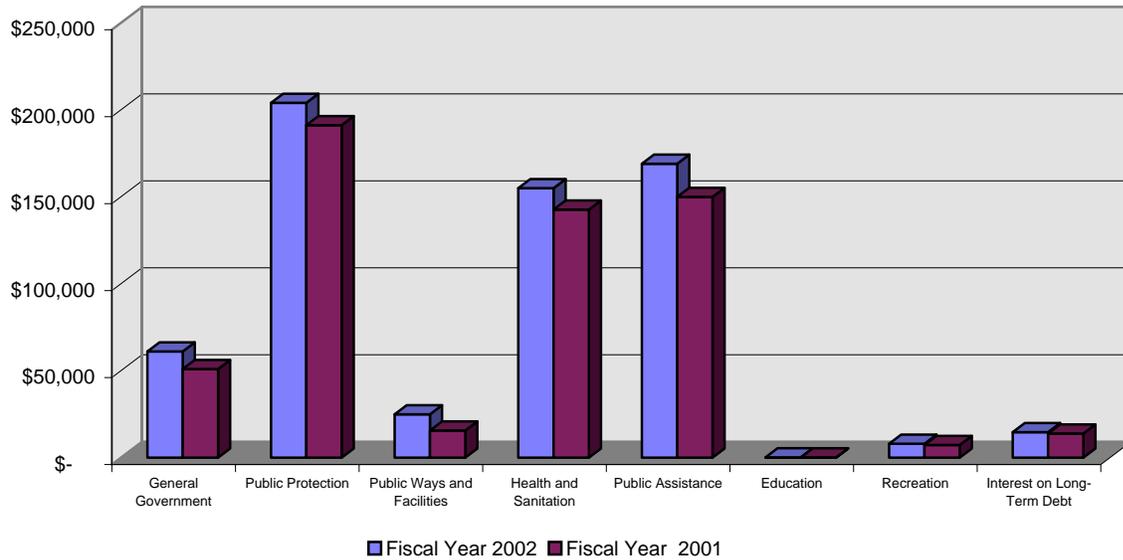
	Balance July 1, 2001	Addition	Deletion	Balance June 30, 2002
<u>PUBLIC GUARDIAN</u>				
Assets:				
Cash and investments	\$ 19,388	\$ 43,685	\$ 41,585	\$ 21,488
Interest receivable	135	188	136	187
Other receivables	57	186	243	-
Due from other funds	45	-	45	-
Other assets	37,086	16,579	12,091	41,574
Total assets	<u>\$ 56,711</u>	<u>\$ 60,638</u>	<u>\$ 54,100</u>	<u>\$ 63,249</u>
Liabilities:				
Accounts payable	\$ 1	\$ 65	\$ 66	\$ -
Due to other funds	350	930	350	930
Advances from other funds	50	-	-	50
Fiduciary liability	56,310	51,981	46,022	62,269
Total liabilities	<u>\$ 56,711</u>	<u>\$ 52,976</u>	<u>\$ 46,438</u>	<u>\$ 63,249</u>
<u>OTHER AGENCY</u>				
Assets:				
Cash and investments	\$ 74,864	\$ 4,186,623	\$ 4,183,335	\$ 78,152
Accounts receivable, net of allowance	11,156	29,204	29,196	11,164
Interest receivable	766	1,134	393	1,507
Tax receivables, net of allowance	143,526	30,006	40,361	133,171
Other receivables	39	6	41	4
Due from other funds	3,405	7,580	5,684	5,301
Due from other governmental agencies	398	-	398	-
Other assets	248	294	293	249
Total assets	<u>\$ 234,402</u>	<u>\$ 4,254,847</u>	<u>\$ 4,259,701</u>	<u>\$ 229,548</u>
Liabilities:				
Accounts payable	\$ 487	\$ 3,055,331	\$ 3,055,818	\$ -
Due to other funds	-	2,071	471	1,600
Due to other governmental agencies	398	-	398	-
Advances from other funds	-	6,423	6,423	-
Fiduciary liability	233,517	1,161,095	1,166,664	227,948
Total liabilities	<u>\$ 234,402</u>	<u>\$ 4,224,920</u>	<u>\$ 4,229,774</u>	<u>\$ 229,548</u>
<u>TOTALS</u>				
Assets:				
Cash and investments	\$ 121,602	\$ 6,746,705	\$ 6,693,968	\$ 174,339
Receivables:				
Accounts, net of allowance	11,162	29,204	29,202	11,164
Interest	1,030	1,558	657	1,931
Tax, net of allowance	145,220	30,006	40,561	134,665
Other	96	192	284	4
Due from other funds	3,694	7,591	5,984	5,301
Due from other governmental agencies	3,461	1,008	3,461	1,008
Other assets	39,754	21,546	12,418	48,882
Total assets	<u>\$ 326,019</u>	<u>\$ 6,837,810</u>	<u>\$ 6,786,535</u>	<u>\$ 377,294</u>
Liabilities:				
Accounts payable	\$ 1,154	\$ 3,079,817	\$ 3,080,090	\$ 881
Due to other funds	6,116	8,356	6,598	7,874
Due to other governmental agencies	398	-	398	-
Advances from other funds	70	6,423	6,423	70
Fiduciary liability	318,281	3,869,013	3,818,825	368,469
Total liabilities	<u>\$ 326,019</u>	<u>\$ 6,963,609</u>	<u>\$ 6,912,334</u>	<u>\$ 377,294</u>



STATISTICAL SECTION

**County of San Mateo
Government-wide Expenses By Function
Governmental Activities
Fiscal Years Ended June 30, 2002 and 2001
(Dollars in Thousands)**

Function	2002	Percentage of Total	2001	Percentage of Total
General Government	\$ 61,071	9.59	\$ 50,942	8.91
Public Protection	204,037	32.04	191,195	33.45
Public Ways and Facilities	24,925	3.91	15,611	2.73
Health and Sanitation	154,955	24.33	142,654	24.95
Public Assistance	169,021	26.54	149,934	26.23
Education	194	0.03	179	0.03
Recreation	8,011	1.26	7,277	1.27
Interest on Long-Term Debt	14,677	2.30	13,866	2.43
	<u>\$ 636,891</u>	<u>100.00</u>	<u>\$ 571,658</u>	<u>100.00</u>

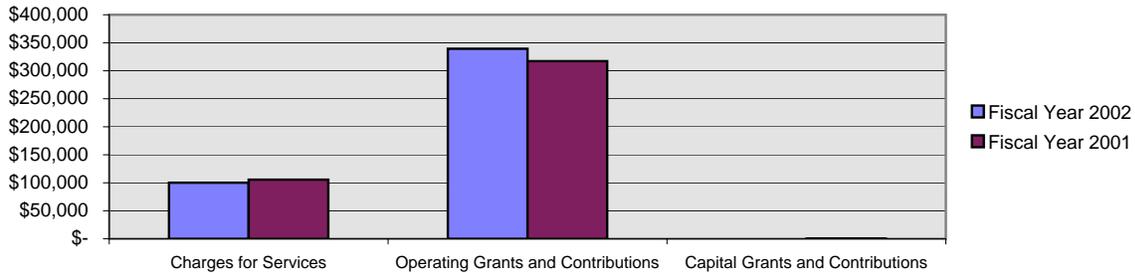


Source: County Controller's Office

**County of San Mateo
Government-wide Revenues
Governmental Activities
Fiscal Years Ended June 30, 2002 and 2001
(Dollars in Thousands)**

	2002	Percentage of Total	2001	Percentage of Total
Program Revenues				
Charges for Services	\$ 100,121	14.51	\$ 105,572	15.65
Operating Grants and Contributions	339,288	49.17	317,152	47.02
Capital Grants and Contributions	17	0.00	140	0.02
Total Program Revenues	439,426	63.68	422,864	62.69
General Revenues				
Taxes:				
Property Taxes	139,879	20.27	130,871	19.40
Property Transfer Taxes	4,984	0.72	5,534	0.82
Sales and Use Taxes	16,155	2.34	18,243	2.70
Transient Occupancy Taxes	666	0.10	766	0.11
Aircraft Taxes	1,336	0.19	1,166	0.17
Other	-	-	1,776	0.26
Total Taxes:	163,020	23.63	158,356	23.48
Motor Vehicle In-lieu Taxes	46,295	6.71	44,814	6.64
Unrestricted Interest and Investment Earnings	22,624	3.28	28,049	4.16
Miscellaneous	18,660	2.70	20,466	3.03
Total General Revenues	250,599	36.32	251,685	37.31
Total Program and General Revenues	\$ 690,025	100.00	\$ 674,549	100.00

Program Revenues

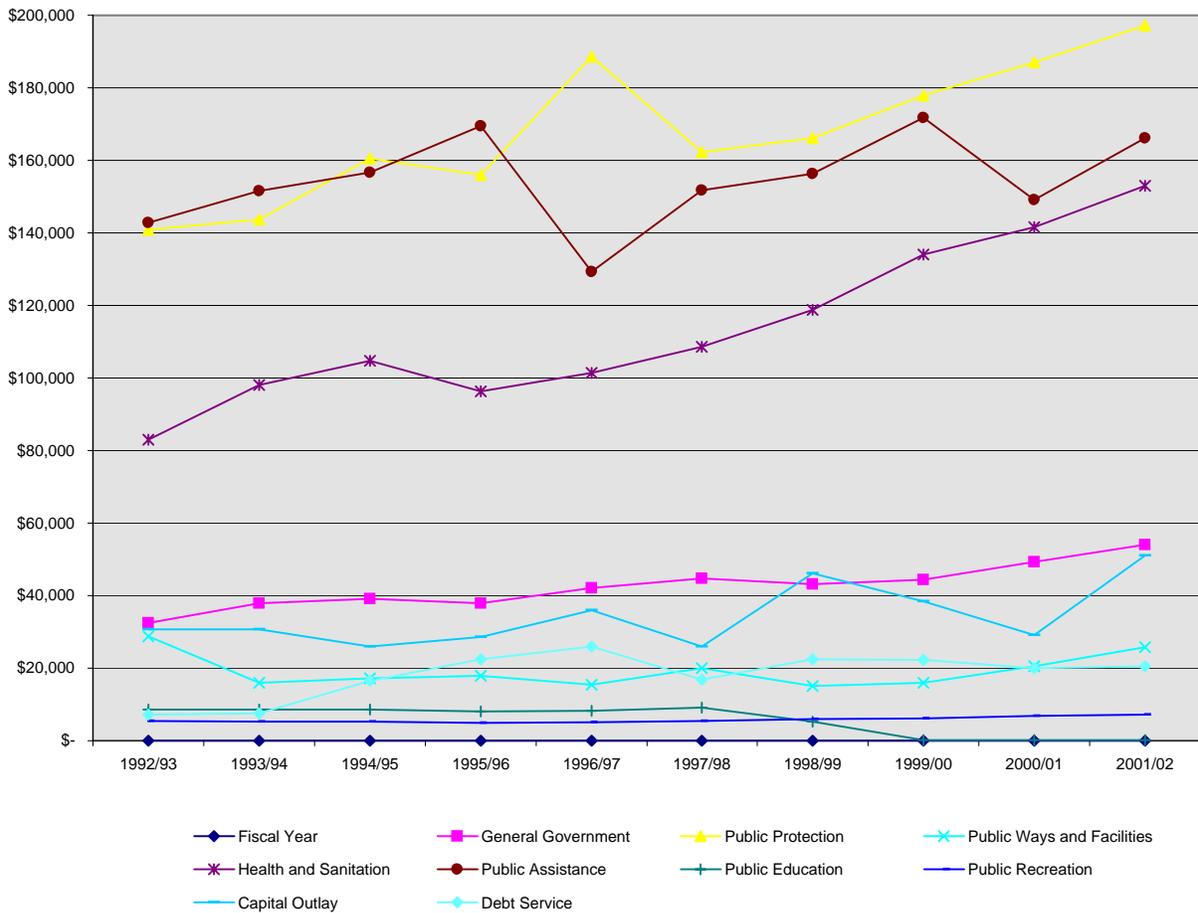


General Revenues



County of San Mateo
General Governmental Expenditures By Function
All Governmental Fund Types
Last Ten Fiscal Years
(Dollars in Thousands)

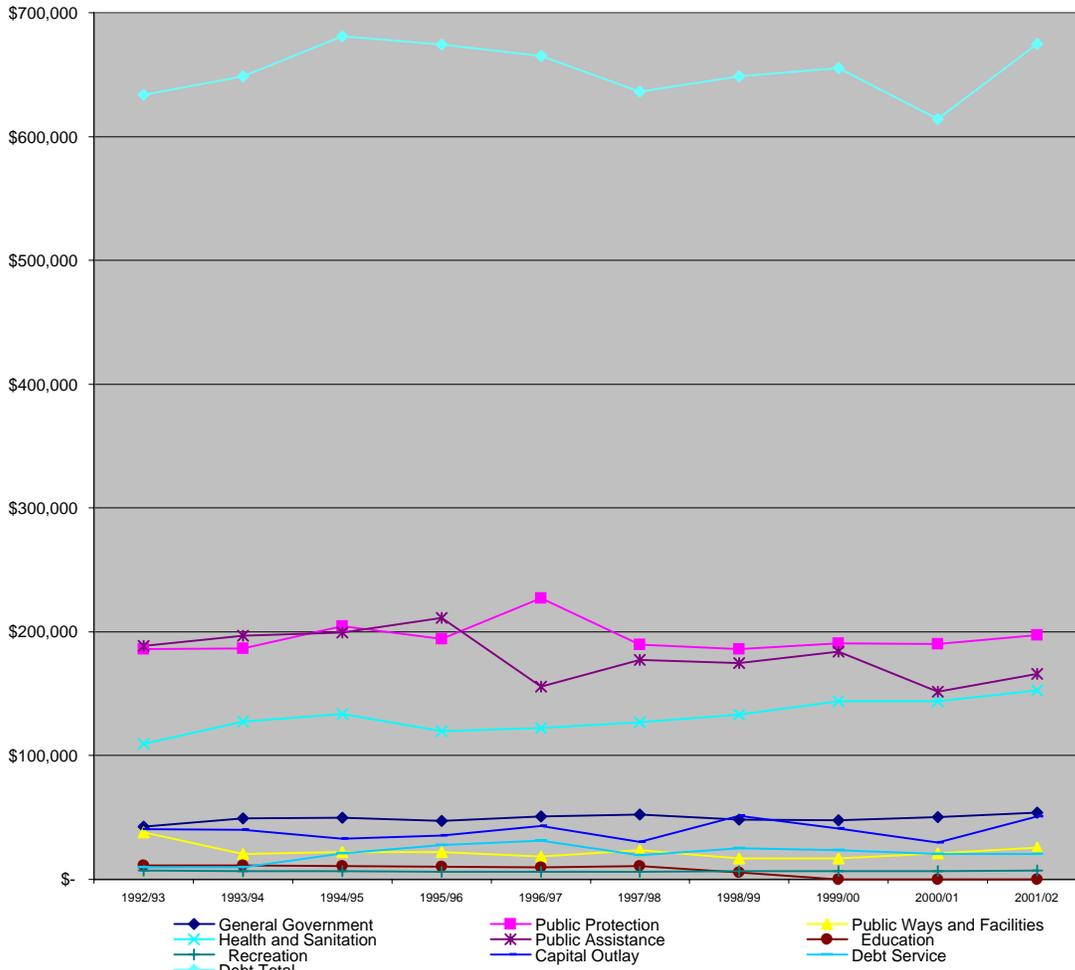
Fiscal Year	Public									
	General Government	Public Protection	Ways and Facilities	Health and Sanitation	Public Assistance	Education	Recreation	Capital Outlay	Debt Service	Total
1992/93	\$ 32,443	\$ 140,948	\$ 28,802	\$ 82,928	\$ 142,823	\$ 8,671	\$ 5,425	\$ 30,645	\$ 7,243	\$ 479,928
1993/94	37,855	143,643	15,881	98,130	151,509	8,524	5,290	30,736	7,573	499,141
1994/95	39,075	160,527	17,244	104,657	156,665	8,597	5,223	25,963	16,458	534,409
1995/96	37,861	155,878	17,945	96,294	169,435	8,068	4,872	28,611	22,389	541,353
1996/97	42,141	188,657	15,495	101,421	129,215	8,229	5,046	35,919	26,007	552,130
1997/98	44,811	162,311	20,033	108,679	151,800	9,194	5,501	25,948	16,827	545,104
1998/99	43,233	166,206	15,044	118,811	156,236	5,274	5,914	46,107	22,503	579,328
1999/00	44,420	177,912	15,921	134,028	171,723	185	6,182	38,414	22,238	611,023
2000/01	49,311	187,004	20,505	141,622	149,100	183	6,773	29,126	20,021	603,645
2001/02	53,959	197,230	25,758	152,896	166,134	197	7,241	50,986	20,573	674,974



Source: County Controller's Office

County of San Mateo
General Governmental Expenditures By Function - Constant Dollar Value (1)
All Governmental Fund Types
Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	General Government	Public Protection	Public			Public Assistance	Education	Recreation	Capital Outlay	Debt Service	Total
			Ways and Facilities	Health and Sanitation	Debt						
1992/93	\$ 42,844	\$ 186,136	\$ 38,036	\$ 109,515	\$ 188,612	\$ 11,451	\$ 7,164	\$ 40,470	\$ 9,565	\$ 633,793	
1993/94	49,185	186,635	20,634	127,500	196,856	11,075	6,873	39,935	9,840	648,533	
1994/95	49,797	204,576	21,976	133,375	199,654	10,956	6,656	33,087	20,974	681,051	
1995/96	47,160	194,162	22,352	119,944	211,048	10,050	6,069	35,638	27,888	674,311	
1996/97	50,759	227,237	18,664	122,162	155,639	9,912	6,078	43,264	31,325	665,040	
1997/98	52,312	189,482	23,387	126,872	177,211	10,733	6,422	30,292	19,644	636,355	
1998/99	48,421	186,151	16,849	133,068	174,984	5,907	6,624	51,640	25,203	648,847	
1999/00	47,623	190,739	17,069	143,691	184,104	198	6,628	41,184	23,841	655,077	
2000/01	50,169	190,258	20,862	144,086	151,694	186	6,891	29,633	20,369	614,148	
2001/02	53,959	197,230	25,758	152,896	166,134	197	7,241	50,986	20,573	674,974	

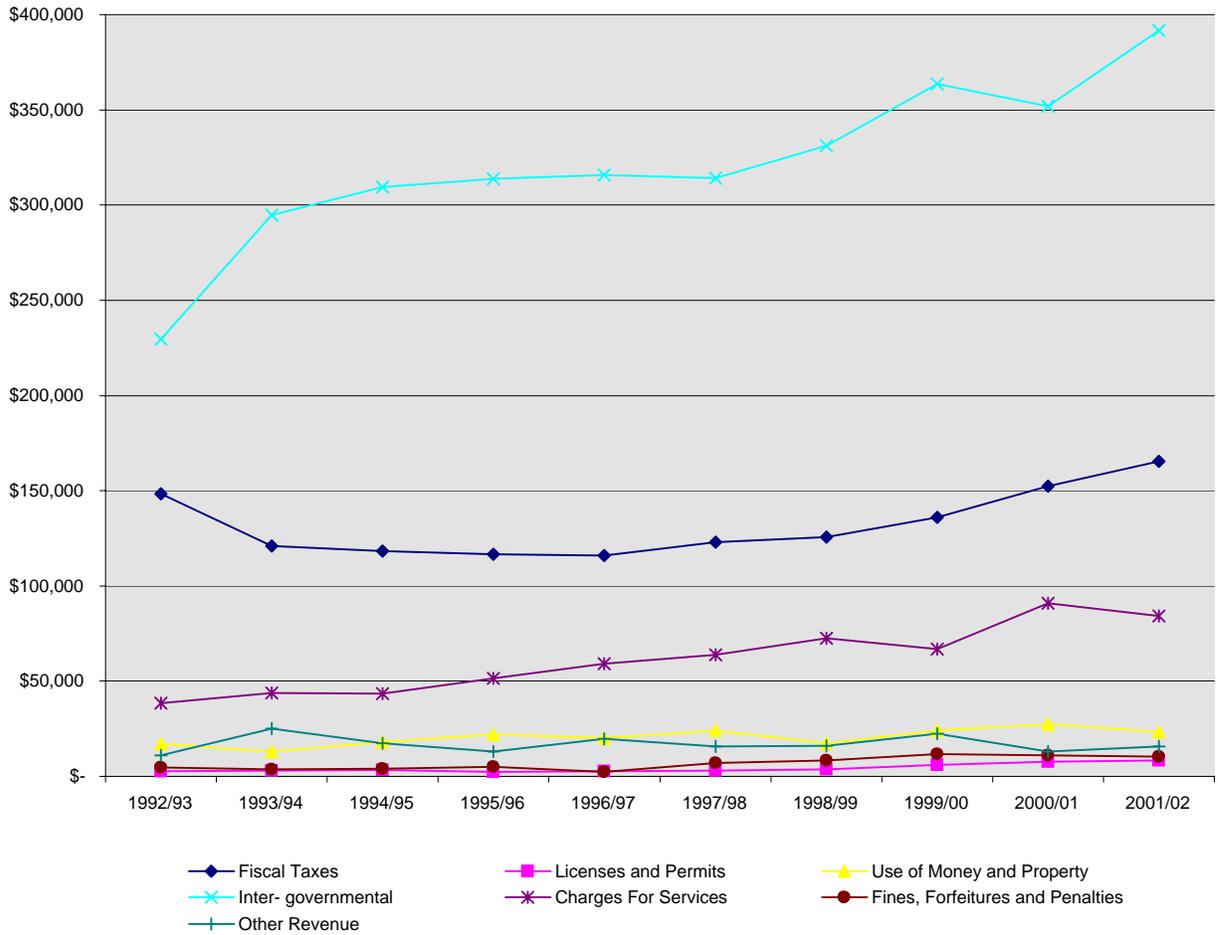


(1) The information for years 1993 through 2001 has been adjusted to the 2002 value of the dollar, using the average Consumer Price Index - Urban for each year. This information has been provided for informational purposes as an indication of the true changes in the expenditure level of the County since 1993.

Source: County Controller's Office

**County of San Mateo
General Governmental Revenues By Source
All Governmental Fund Types
Last Ten Fiscal Years
(Dollars in Thousands)**

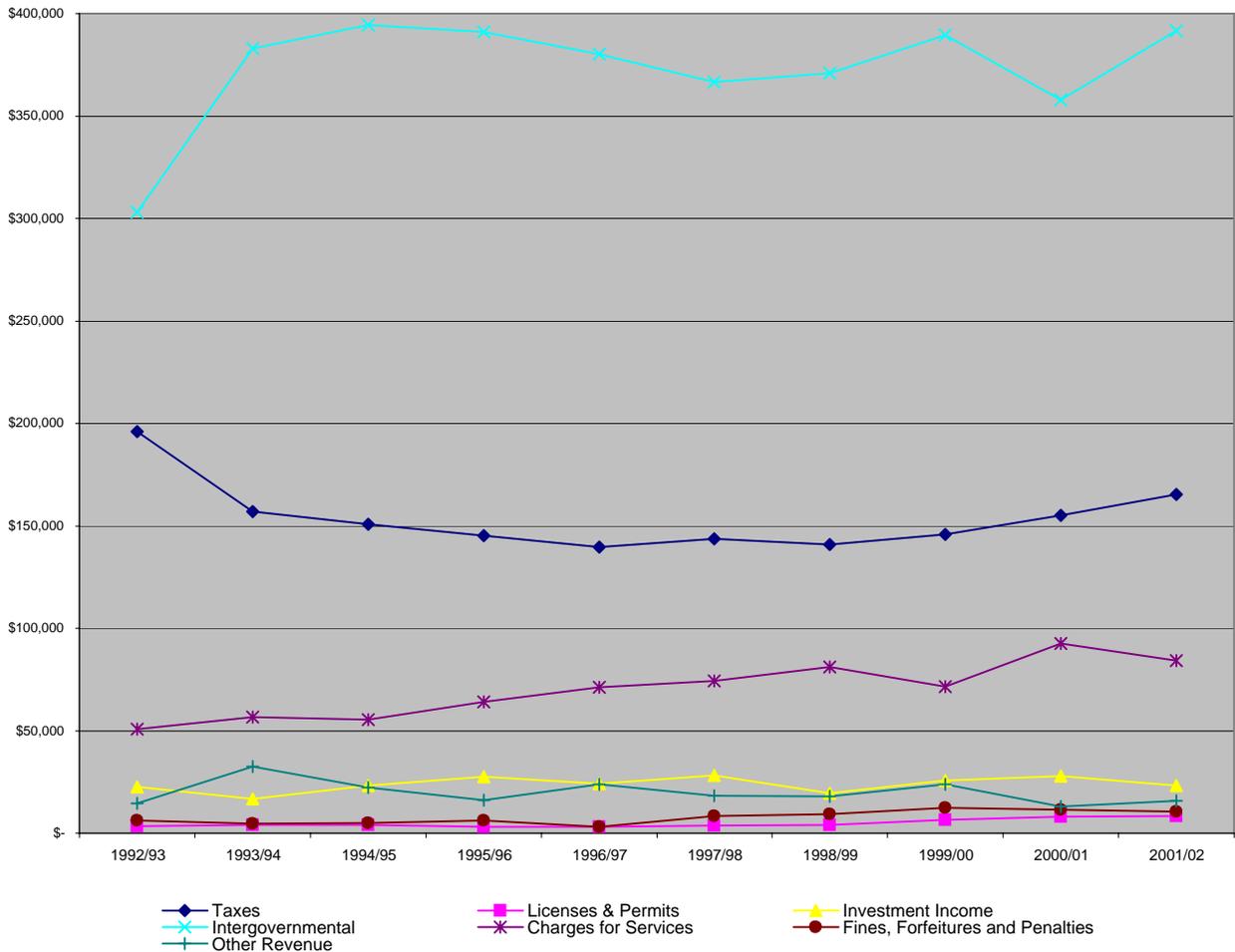
Fiscal Year	Taxes	Licenses and Permits	Use of Money and Property	Inter-governmental	Charges For Services	Fines, Forfeitures and Penalties	Other Revenue	Total
1992/93	\$ 148,470	\$ 2,612	\$ 17,165	\$ 229,445	\$ 38,502	\$ 4,719	\$ 10,990	\$ 451,903
1993/94	120,880	3,052	12,980	294,716	43,653	3,512	25,082	503,875
1994/95	118,301	3,240	18,150	309,461	43,458	3,893	17,538	514,041
1995/96	116,487	2,426	22,093	313,837	51,326	4,881	12,890	523,940
1996/97	116,039	2,592	20,082	315,663	59,123	2,470	19,764	535,733
1997/98	123,070	3,162	24,116	314,056	63,717	7,110	15,545	550,776
1998/99	125,733	3,716	17,300	331,205	72,386	8,330	16,027	574,697
1999/00	135,970	6,079	23,954	363,420	66,842	11,626	22,363	630,254
2000/01	152,469	7,786	27,325	351,795	90,972	11,127	12,882	654,356
2001/02	165,309	8,419	23,269	391,521	84,090	10,445	15,635	698,688



Source: County Controller's Office

County of San Mateo
General Governmental Revenues By Source - Constant Dollar Value (1)
All Governmental Fund Types
Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Taxes	Licenses and Permits	Use of Money and Property	Inter-governmental	Charges For Services	Fines, Forfeitures and Penalties	Other Revenue	Total
1992/93	\$ 196,069	\$ 3,449	\$ 22,668	\$ 303,005	\$ 50,846	\$ 6,232	\$ 14,513	\$ 596,782
1993/94	157,059	3,965	16,865	382,924	56,718	4,563	32,589	654,683
1994/95	150,763	4,129	23,130	394,377	55,383	4,961	22,350	655,093
1995/96	145,096	3,022	27,519	390,915	63,932	6,080	16,056	652,620
1996/97	139,769	3,122	24,189	380,216	71,214	2,975	23,806	645,291
1997/98	143,672	3,691	28,153	366,629	74,383	8,300	18,147	642,975
1998/99	140,821	4,162	19,376	370,950	81,072	9,330	17,950	643,661
1999/00	145,773	6,517	25,681	389,623	71,661	12,464	23,975	675,694
2000/01	155,122	7,921	27,800	357,916	92,555	11,321	13,106	665,741
2001/02	165,309	8,419	23,269	391,521	84,090	10,445	15,635	698,688

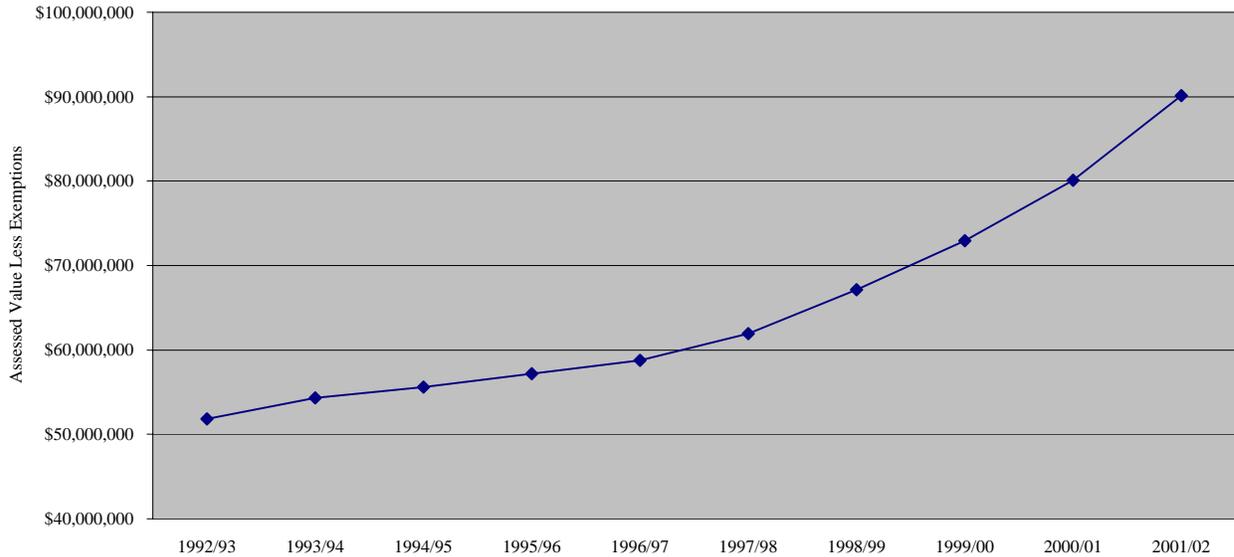


(1) The information for years 1993 through 2001 has been adjusted to the 2002 value of the dollar, using the average Consumer Price Index - Urban for each year. This information has been provided for informational purposes as an indication of the true changes in the revenue level of the County since 1993.

Source: County Controller's Office

**County of San Mateo
Assessed Value of Taxable Property
Last Ten Fiscal Years
(Dollars in Thousands)**

Fiscal Year	Assessed Value				Exemptions	Assessed Value Less Exemptions	Net Increase	
	Land	Improvements	Personal Property	Total			Amount	Percentage
1992/93	\$ 18,226,256	\$ 30,821,279	\$ 5,064,503	\$ 54,112,038	\$ 2,247,765	\$ 51,864,273	\$ 2,255,830	4.5
1993/94	19,286,944	31,740,656	5,549,457	56,577,057	2,283,008	54,294,049	2,429,776	4.7
1994/95	20,091,729	32,333,105	5,522,456	57,947,290	2,355,848	55,591,442	1,297,393	2.4
1995/96	20,885,722	33,211,707	5,518,896	59,616,325	2,399,481	57,216,844	1,625,402	2.9
1996/97	21,588,762	34,095,034	5,506,158	61,189,954	2,420,565	58,769,389	1,552,545	2.7
1997/98	22,903,356	35,630,836	5,866,439	64,400,631	2,502,633	61,897,998	3,128,609	5.3
1998/99	24,984,417	37,877,826	6,795,063	69,657,306	2,542,875	67,114,431	5,216,433	8.4
1999/00	27,524,696	41,465,238	6,594,451	75,584,385	2,669,020	72,915,365	5,800,934	8.6
2000/01	30,536,574	44,861,648	7,450,029	82,848,251	2,727,954	80,120,297	7,204,932	9.9
2001/02	35,230,271	49,754,458	8,043,961	93,028,690	2,920,396	90,108,294	9,987,997	12.5



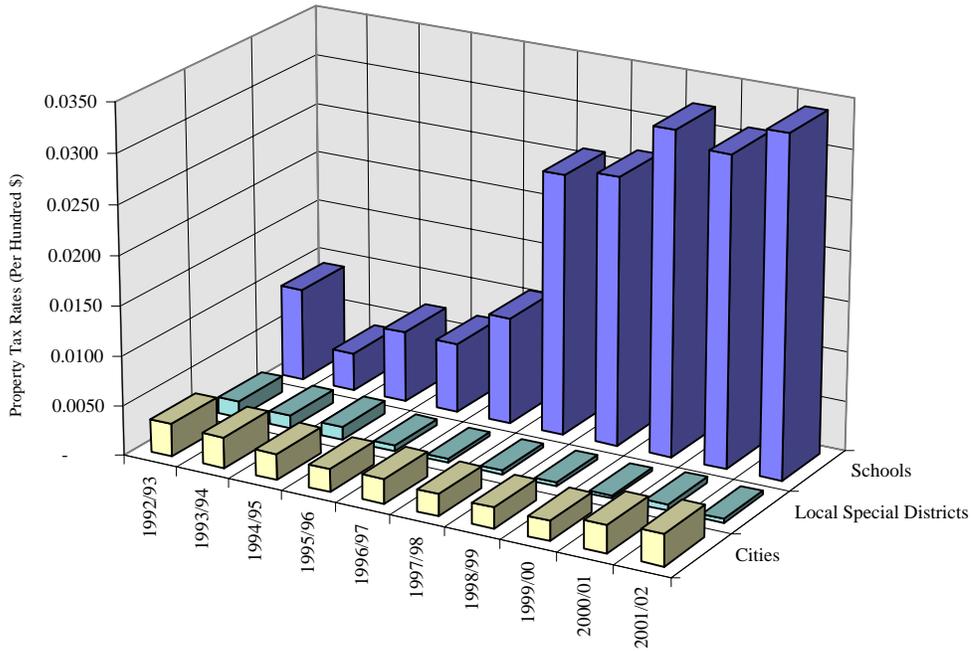
Note: Article XIII A, added to California Constitution by Proposition 13 in 1978, fixed the base for valuation of property subject to taxes at the full cash value which appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased:

- a) to reflect annual inflation up to 2 percent;
- b) to reflect current market value at time of ownership change and
- c) to reflect market value for new construction.

Source: County of San Mateo - Assessor's Office

**County of San Mateo
Property Tax Rates
Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years**

Fiscal Year	Countywide Tax	Local Special Districts	Schools	Cities	Total
1992/93	1.0000	0.0016	0.0093	0.0033	1.0142
1993/94	1.0000	0.0013	0.0038	0.0031	1.0082
1994/95	1.0000	0.0013	0.0071	0.0026	1.0110
1995/96	1.0000	0.0006	0.0070	0.0023	1.0099
1996/97	1.0000	0.0004	0.0107	0.0025	1.0136
1997/98	1.0000	0.0004	0.0261	0.0022	1.0287
1998/99	1.0000	0.0004	0.0269	0.0021	1.0294
1999/00	1.0000	0.0003	0.0325	0.0020	1.0348
2000/01	1.0000	0.0006	0.0311	0.0028	1.0345
2001/02	1.0000	0.0004	0.0341	0.0032	1.0377

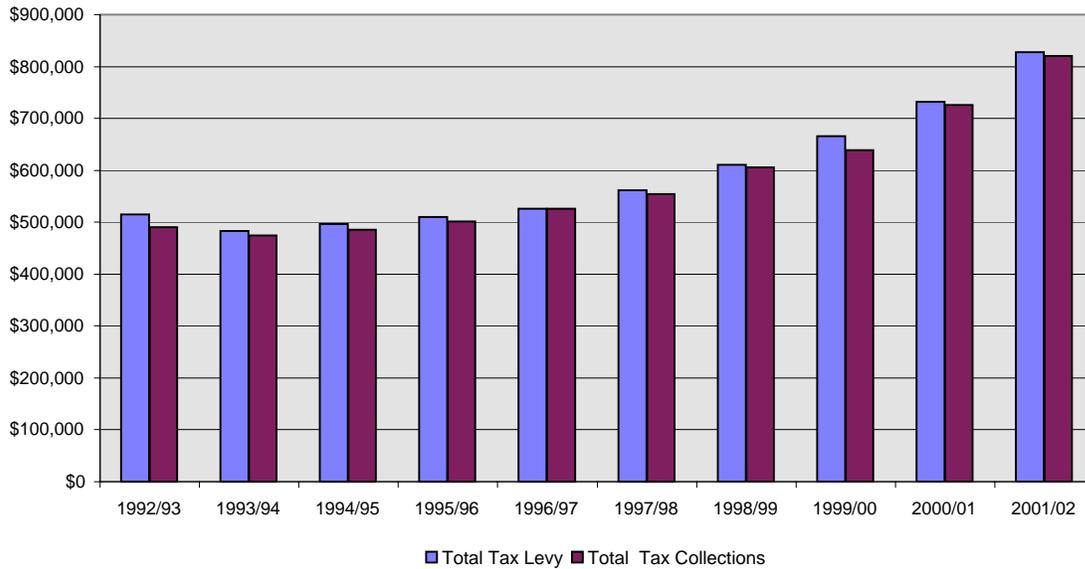


Note: California voters, on June 6, 1978, approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, which limits the taxing power of California public agencies. Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each County will levy the maximum tax permitted by Article XIII A of \$1 per \$100 of full cash value. Assessed value is equal to full cash value, pursuant to Senate Bill 1656, Statutes of 1978. The rates shown above are percentages of assessed valuation.

Source: County of San Mateo Assessor's Office

**County of San Mateo
Property Taxes Levies and Collections
Direct and Overlapping Governments
Last Ten Fiscal Years
(Dollars in Thousands)**

<u>Fiscal Year</u>	<u>County</u>	<u>Local Special Districts</u>	<u>Schools</u>	<u>Cities</u>	<u>Total Tax Levy</u>	<u>Total Tax Collections</u>
1992/93	\$ 508,624	\$ 702	\$ 4,301	\$ 934	\$ 514,561	\$ 490,757
1993/94	479,274	615	2,098	1,550	483,537	474,539
1994/95	490,628	580	3,609	1,348	496,165	486,049
1995/96	504,702	360	4,029	1,230	510,321	501,723
1996/97	517,947	207	6,136	1,390	525,680	525,493
1997/98	544,959	194	14,982	1,324	561,459	553,732
1998/99	590,190	217	18,375	1,342	610,124	605,415
1999/00	640,788	186	23,307	1,356	665,637	638,601
2000/01	704,974	324	24,864	2,071	732,233	726,243
2001/02	792,870	241	31,266	2,741	827,118	820,488



This schedule shows the property tax levies and collections by major group of taxing agencies.

Source: County of San Mateo Controller's Office

**County of San Mateo
Principal Taxpayers
Year Ended June 30, 2002
(Dollars in Thousands)**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2001-02 Assessed Value</u>	<u>Percentage of Total Assessed Value</u>
United Airlines	Air Carrier	\$2,548,659	2.828
Genentech, Inc.	Bio-Technology	666,317	0.739
Oracle Corporation	Computer Products	516,127	0.573
Sun Microsystems	Computer Products	477,156	0.530
Pacific Gas & Electric	Public Utility	466,774	0.518
Pacific Bell	Public Utility	363,027	0.403
American Airlines	Air Carrier	355,918	0.395
Delta Airlines	Air Carrier	252,174	0.280
Pacific Shores Development	Real Estate	213,621	0.237
SPK-Metro Center	Real Estate	<u>190,412</u>	<u>0.211</u>
Total Assessed Valuation		<u><u>\$6,050,185</u></u>	<u><u>6.714</u></u>

Source: County of San Mateo Assessor's Office

County of San Mateo
Computation of Direct and Overlapping Bonded Debt
June 30, 2002
(Dollars in Thousands)

2001/02 Assessed Valuation (including unitary utility valuation)	\$ 90,108,294
Less: Redevelopment Incremental Valuation	<u>7,289,640</u>
Adjusted Assessed Valuation	<u>\$ 82,818,654</u>

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 06/30/02
Jefferson and San Mateo Union High School Districts	100.00%	\$ 86,560
Cabrillo Unified School District	100.00%	31,046
South San Francisco Unified School District	100.00%	36,896
Sequoia Union High School District	100.00%	73,060
Laguna Salada School District	100.00%	29,907
Redwood City School District	100.00%	42,395
San Mateo-Foster City School District	100.00%	105,733
Other School Districts	100.00%	162,254
Cities	100.00%	51,925
Estero Municipal Improvement District	100.00%	17,700
Redwood City General Improvement District No. 1-64	100.00%	8,655
Midpeninsula Regional Open Space Park	30.65%	3,402
Other Special Districts	100.00%	390
Community Facilities Districts	100.00%	26,145
1915 Act Special Assessment Bonds	100.00%	<u>73,698</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		<u><u>749,766</u></u>

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
San Mateo County General Fund Obligations	100.00%	282,439
San Mateo County Board of Education Certificates of Participation	100.00%	5,140
San Mateo County Flood Control District Certificates of Participation	100.00%	15,175
San Mateo Community College District Certificates of Participation	100.00%	28,845
City of Burlingame General Fund Obligations	100.00%	36,445
City of Redwood City General Fund Obligations	100.00%	29,725
Other City General Fund Obligations	100.00%	58,438
Midpeninsula Regional Park District Certificates of Participation	30.65%	30,496
San Mateo County Mosquito Abatement District Certificate of Participation	100.00%	2,095
Sanitary District Certificates of Participation	100.00%	<u>1,178</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		489,976
Less: City of Burlingame Certificates of Participation		13,565
Montara Sanitary District Certificates of Participation		<u>200</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>476,211</u>
GROSS COMBINED TOTAL DEBT		<u>\$ 1,239,742</u> (1)
NET COMBINED TOTAL DEBT		<u><u>\$ 1,225,977</u></u>

RATIOS TO ASSESSED VALUATION:	
Total Overlapping Tax and Assessment Debt	0.83%

RATIOS TO ADJUSTED ASSESSED VALUATION:	
Combined Direct Debt (\$297,614) - approximately \$415 (absolute dollars) per capita	
Gross Combined Total Debt	1.50%
Net Combined Total Debt	1.48%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/02	<u><u>\$ 341</u></u>
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(1) Excludes tax and revenue anticipation notes, revenue, mortgage revenue, tax allocation bonds, and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

County of San Mateo
Computation of Legal Debt Margin
June 30, 2002
(Dollars in Thousands)

Fiscal Year	Adopted Total County Budget
1996-1997	\$ 719,011
1997-1998	769,600
1998-1999	837,519
1999-2000	932,258
2000-2001	1,043,026
Total	\$ 4,301,414
Five-year average	860,283
Debt limit %	4.0%
FY 2001-02 debt service limit	\$ 34,411
Less: Amount of debt applicable to debt service limit	20,171
Legal debt margin	\$ 14,240

Note: The County Ordinance No. 3773 required the Board of Supervisors establish by resolution the County debt service limit annually. The debt service limit shall not exceed 4% of the average annual County budget for the current and the preceding four fiscal years. The debt service limit shall be non-voter approved debt that is the obligation of the County.

Source: County Manager's Office

**County of San Mateo
Schedule of Insurance in Force
June 30, 2002
(Dollars in Thousands)**

Coverage	Face Amount	
Fire		
Buildings and Contents - All Locations - All Risk	\$ 545,796	Per Occurrence
Replacement Value	\$ 100	Deductible
Boiler		
Boiler and Machinery - All Pressure Vessels	\$ 15,000	Per Occurrence
	\$ 2.5	Deductible
Crime		
Money and Securities	\$ 500	On and off premises
	\$ 5,000	Forgery
	\$ 20	Deductible
Employee Blanket Bond - Faithful Performance	\$ 10,000	Per Occurrence
- Fidelity	\$ 10,000	Excess of Faithful Performance
	\$ 20	Deductible
Liability		
Comprehensive General and Auto Liability	\$ 40,000	Per Claim and Aggregate
	\$ 250	Self-Insured Retention
Medical Malpractice	\$ 40,000	Per Claim and Aggregate
	\$ 10	Deductible
Workers' Compensation	Statutory	(No Specific Limit)
	\$ 500	Self-Insured Retention
Fiduciary Liability		
San Mateo County Employees' Retirement Association	\$ 10,000	Per Occurrence and Annual Aggregate
	\$ 1	Deductible
Aircraft Liability	\$ 50,000	Per Occurrence and Aggregate
Airport/Hanger Keeper's Legal Liability	\$ 50,000	Per Occurrence and Aggregate
Marina Operator's Legal Liability	\$ 5,000	Per Occurrence and Aggregate
	\$ 500	Deductible

Source: County of San Mateo, Risk Management Department

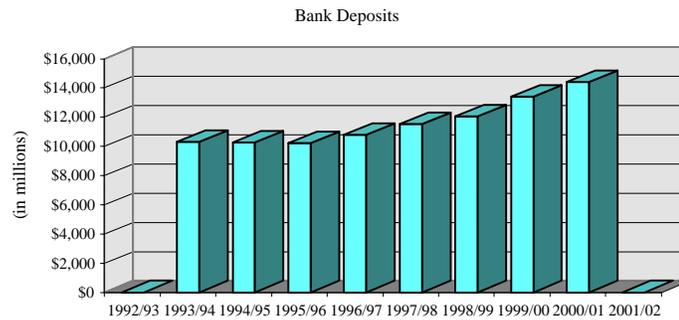
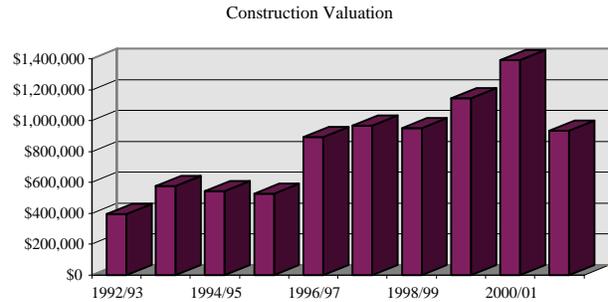
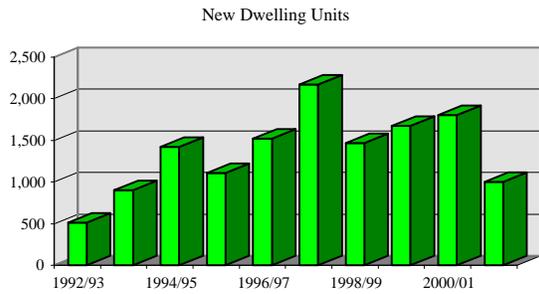
**County of San Mateo
Demographic Statistics
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (1)</u>	<u>Median Age (2)</u>	<u>Public School Enrollment (3)</u>	<u>Unemployment Rate % (4)</u>
1992/93	676,100	32,857	N/A	85,206	5.0%
1993/94	681,700	33,994	N/A	86,583	4.7%
1994/95	659,700	36,162	36.0	88,064	4.2%
1995/96	698,000	39,413	N/A	89,850	3.4%
1996/97	711,700	41,020	N/A	91,954	2.7%
1997/98	721,400	44,537	N/A	92,763	2.4%
1998/99	727,300	47,146	N/A	92,825	2.1%
1999/00 (5)	707,161	N/A	36.8	92,285	2.0%
2000/01	712,400	N/A	N/A	91,206	1.6%
2001/02	717,000	N/A	N/A	89,361	4.0%

Source: (1) State Department of Finance
(2) Association of Bay Area Governments (California)
(3) State Department of Education and San Mateo County Office of Education
(4) State of California, Employment Development Department
(5) 2000 U.S. Census
N/A Not Available

**County of San Mateo
Construction and Bank Deposits
Last Ten Fiscal Years
(Dollars in Thousands)**

Fiscal Year	New Dwelling Units (1)		Construction Valuation		Bank Deposits (2)
	Single Family	Multiple Family	Residential (1)	Non-Residential (1)	
1992/93	421	89	\$229,828	\$166,773	N/A
1993/94	599	301	283,457	291,961	\$10,323,409
1994/95	717	707	330,871	211,575	10,273,142
1995/96	673	432	302,251	223,216	10,223,902
1996/97	922	597	424,466	470,272	10,806,308
1997/98	988	1,187	545,702	421,845	11,521,817
1998/99	837	629	515,218	437,069	12,040,333
1999/00	838	833	476,690	665,973	13,403,000
2000/01	849	955	579,110	810,635	14,391,000
2001/02	681	321	446,313	488,651	N/A



In the fiscal year 2002, the median price for a single family home in the County was \$603 and for a townhouse was \$388. Home ownership remains out of reach of many residents as an annual gross income of \$139 (or \$11.6 monthly) is needed to purchase a \$600 home with \$120 down (20%).

Source: (1) Construction Industry Research Board
(2) Federal Deposit Insurance Corporation
N/A - Not Available

County of San Mateo
Miscellaneous Statistical Information
June 30, 2002

Geographical Location: South of San Francisco in the Bay Area.
 Bordered by the City/County of San Francisco on the North,
 by the Pacific Ocean on the West and South,
 by the San Francisco Bay on the East,
 by the County of Santa Clara on the South East, and
 by the County of Santa Cruz on the South South East.

Altitude: Sea level to 2,417 feet at Sierra Morena

Date of Incorporation: April 19, 1856

Governed by: Five Member Board of Supervisors

Area: 447 square miles with 20 incorporated cities and
 the San Francisco International Airport

County Seat: Redwood City

Roads: 320.52 miles of County maintained streets and
 roads in the unincorporated areas

Registered Voters:	November 1996	June 1998	November 1998	March 2000	November 2000	March 2002
	<u>General Election</u>	<u>Primary Election</u>	<u>General Election</u>	<u>Primary Election</u>	<u>General Election</u>	<u>Primary Election</u>
Democrats	184,444	174,279	166,899	160,802	171,184	167,817
Republicans	107,088	99,180	95,333	89,709	92,702	90,218
Other (including decline to state)	63,550	63,287	62,885	64,677	74,347	74,322
Total registered voters	<u>355,082</u>	<u>336,746</u>	<u>325,117</u>	<u>315,188</u>	<u>338,233</u>	<u>332,357</u>
Number Voting	254,429	150,967	210,282	181,190	226,198	121,660
Percent Voting	71.7%	44.8%	64.7%	57.5%	66.8%	36.6%

County employees at January 1:	<u>Year</u>	<u>Number of Employees</u>	<u>Percent of Increase (Decrease)</u>	<u>Employees Per Thousand of Population</u>
	1993	4,762	(0.9)	7.0
	1994	4,596	(3.5)	6.7
	1995	4,716	2.6	7.1
	1996	4,760	0.9	6.8
	1997	4,693	(1.4)	6.6
	1998	4,749	1.2	6.6
	1999	4,535	(4.5)	6.2
	2000	4,598	1.4	6.5
	2001	4,578	(0.4)	6.4
	2002	4,742	3.6	6.6

Source: County Controller's Office

