

COUNTY OF SAN MATEO, CALIFORNIA
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2021



Juan Raigoza, Controller

County of San Mateo, California

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Fiscal Year Ended June 30, 2021



Juan Raigoza
Controller

**COUNTY OF SAN MATEO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2021**

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INTRODUCTORY SECTION

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COUNTY OF SAN MATEO
OFFICE OF THE CONTROLLER

Juan Raigoza
Controller

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Assistant Controller

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December 28, 2021

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

California Government Code Sections 25250 and 25253 require that every county publish a complete set of audited financial statements within six months of the close of each fiscal year. The Annual Comprehensive Financial Report (ACFR) of the County of San Mateo (County) for the fiscal year ended June 30, 2021 is hereby published.

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

The County's independent auditor, Macias Gini & O'Connell LLP, has issued an unmodified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

The Management's Discussion and Analysis (MD&A) section, which appears on pages 4-21 of this report, provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this Letter of Transmittal and should be read in conjunction with it.

Profile of the Government

The County, one of the nine counties in the San Francisco Bay Area, was established by State law in 1856. It occupies 455 square miles and contains 20 cities on a peninsula bounded by the City and County of San Francisco to the North, Santa Clara and Santa Cruz Counties to the South, San Francisco Bay to the East, and the Pacific Ocean to the West. Though sandwiched between two large urban areas, the County is a pleasant mix of suburban and rural areas. Most of its 765,245 residents live in the suburban corridor east of the Santa Cruz Mountains, which bisect the County. The western part of the County remains primarily rural and has some of California's most beautiful coastline.

The County performs a dual role that differs from cities. Cities generally provide services such as police and fire protection, sanitation, recreation programs, planning, street repair, and building inspection. Similarly, the County provides these city-type services for residents who do not live within a city but live in the unincorporated area. Additionally, the County provides a vast array of other services including social services, public health protection, housing programs, property tax assessments, tax collection, elections, and public safety.

The County is governed by a five-member Board of Supervisors (Board) and is one of fourteen “charter counties” in the State of California. Each supervisor serves on the Board for four-year terms on a full-time basis, must reside in one of the five districts of the County and is elected by district in non-partisan elections. The Board is responsible, among other duties, for passing ordinances, adopting the County’s budget, and appointing the County Manager/Clerk of the Board, the County Counsel, and members of various boards, commissions, and committees. The County Manager, in turn, appoints the non-elected directors of County departments. The County Chief Probation Officer is appointed by the Judicial Council of California. Six elected officials are responsible for the Offices of the Assessor-County Clerk-Recorder-Chief Elections Officer, Controller, Coroner, District Attorney, Sheriff, and Treasurer-Tax Collector.

Included in the County’s operations are various “blended” component units which provide specific services county-wide or to distinct areas within the County. While the component units are legally separate from the County, the County is financially accountable for them as their governing bodies are substantially the same as the County’s Board. The County has the following “blended” component units: San Mateo County Joint Powers Financing Authority, San Mateo County Housing Authority, In-Home Supportive Services Public Authority, and numerous County Service Areas and dependent special districts which provide sewer and sanitation, lighting, and other services.

Key Financial Policies

Investments

The County investment pool was established to meet the County’s liquidity and long-term investment needs. The Board established an eight-member oversight committee under State law to monitor the management of public funds in the investment pool. The oversight committee meets at least three times a year to evaluate general strategies, monitor results, and evaluate the economic outlook, portfolio diversification, maturity structure, and potential risks to the invested funds. The Board reviews and approves the Investment Policy annually. The foundation of the County Investment Policy is in the priority order of safety, liquidity, and yield. The County pool is not only designed as an income fund to earn a reasonable rate of return but also attempts to match maturities with capital expenditures and other planned outlays. The current County Investment Policy was approved by the Board on January 5, 2021. All amendments to the policy require the Board’s approval.

Reserves

The Board approved the original County Reserves Policy in April 1999. The creation of this policy was initiated to reduce the negative impact on the County’s financial resources during times of economic uncertainty and potential losses of funding from other governmental agencies. In 2010, the Board adopted the revised policy to align it with the current fiscal environment. In 2013, the Board directed the County Manager to amend the Fund Balance Policy by changing the year-end Fund Balance split with General Fund departments to 50/50. Fund balance and reserves are viewed as one-time sources of funding and can only be used either for one-time purposes or as part of a multi-year financial plan to balance the budget. Such constraints prohibit the creation of operating deficits through dependency on fund balance and reserves for ongoing expenditures.

In 2011, the Board authorized the use of 50% of future Excess Educational Revenue Augmentation Fund (ERAF) proceeds for ongoing purposes. Any money in the ERAF that is in excess of the total amount that applicable school districts are eligible to receive annually is returned to taxing agencies in the same proportion as their contributions to the ERAF. The current ERAF reserves and 50% of future proceeds are only to be used for one-time purposes as described in the County Reserves Policy.

The policy also requires departments to maintain reserves at a minimum of 2% of their net appropriation; General Fund reserves shall be maintained at a minimum of 5% of total General Fund net appropriations; appropriations for contingencies shall be maintained at 3% of total General Fund net appropriations; a minimum reserve of \$2 million shall be maintained for capital improvements; and there shall be a minimum \$2 million in reserves for County-wide automation projects.

Budget

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

The annual budget serves as the foundation for the County's financial planning and control of expenditures. The legal level of budgetary control, where expenditures may not exceed appropriations, is at the object level (e.g., salaries and benefits) within a budget unit in a fund. Budgets are enacted into law through the passage of resolutions for appropriations and financing means. These resolutions set the County's limits on expenditures, which cannot be changed except by subsequent amendments to the budget.

Budget appropriation transfers/amendments are used to appropriate new expenditures, unanticipated revenues, or to transfer existing appropriations from one budget unit to another, or between objects within the same budget unit. Transfers of any amount within a budget unit and within a fund, except transfers to/from reserves and contingencies, may be approved by the County Manager and the Controller without Board approval, provided that the overall appropriations of the budget unit are not increased. All other budget transfers and appropriations must be approved by the Board.

Debt Service Limit and Debt Management Policy

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

In 2018, the County adopted its current debt management policy in accordance with California Senate Bill 1029. The policy develops a systematic and prudent approach to debt issuance and debt management. The policy sets forth the purposes for which the County may engage in long-term borrowing, short-term borrowing, and refinancing of existing debt. The policy also establishes the types of debt that the County may issue. The County's Joint Powers Financing Authority approved the same policy.

Economic and Financial Outlook

In early 2020, the COVID-19 pandemic resulted in a sharp reduction to economic activity, however, since then, social-distancing and face mask requirements, along with the wide availability of vaccines have reduced the number of lives lost and health impacts, while the economy and employment trends have improved.

Global economic growth, measured using Gross Domestic Product (GDP), is projected by the International Monetary Fund (IMF) to increase by 5.9% for 2021. The global 2020 growth/contraction rate was -3.1% while the 2022 rate is forecasted to be 4.9%. The United States' GDP change is forecasted to increase by 6.0% in 2021, up from a contraction of -3.4% in 2020. A U.S. growth rate of 5.2% is projected for 2022 according to the IMF.

Unemployment rates had declined steadily over several years but increased significantly in early 2020 due to the COVID-19 pandemic. As of October 2021, the County's unemployment rate had dropped to 3.6% (2nd lowest rate among California's 58 counties), a decrease from 6.6% in October 2020, and lower than both the State's rate of 6.1% and U.S. rate of 4.6% for October 2021.

The health of the local real estate market and associated changes in assessed property values are indicators of the County's financial outlook. Property tax revenues are the County's largest source of General Fund revenues.

County-wide assessed property values increased by 7.02% to \$255.1 billion in fiscal year (FY) 2020-21. Property values experienced their eleventh consecutive year of record growth in FY 2021-22, when the total value (as of the lien date of January 1, 2021) of assessed properties within the County increased by 4.16% to \$265.8 billion. This increased the County-wide multi-jurisdictional property tax revenue base to \$2.66 billion for FY 2021-22, which ends on June 30, 2022. These tax revenues are distributed to local taxing agencies (schools, cities, special districts, and County) that operate within San Mateo County. Total property values for FY 2022-23, with a lien date of January 1, 2022, are expected to grow but perhaps not by as much as in recent prior years.

The median sales price paid for a Bay Area single-family home in October 2021 was \$1,275,000, up 15.9% from \$1,100,000 in October 2020. Within the County, the median single-family home price in October 2021 was \$1,915,000, a 13.6% increase from \$1,685,000 in October 2020. The County's median condominium home price decreased -2.2% to \$895,000 in October 2021 from \$915,000 in October 2020.

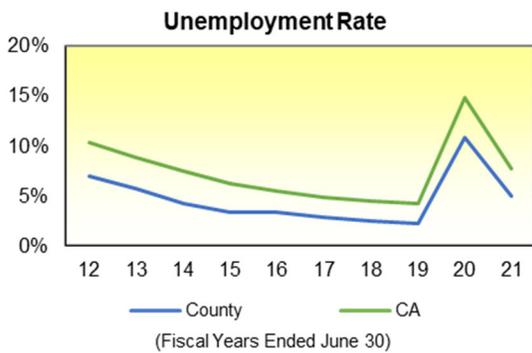
The local office commercial real estate market appears to be improving slowly. The average asking rate to lease office space in the County increased 5.5%, from \$5.65 per square foot for the quarter ended September 2020 to \$5.96 for quarter ended September 2021. Meanwhile, the County's vacancy rate for office space properties increased to 10.8% for quarter ended September 2021, up from 10.0% for quarter ended September 2020. Local office and other commercial properties' vacancy rates and leasing rates are indicators of the overall demand for commercial space and of the general economy within the County.

Additional statistical information and multi-year trend charts are presented on the next page titled "Factors Affecting Economy."

Factors Affecting Economy

Employment

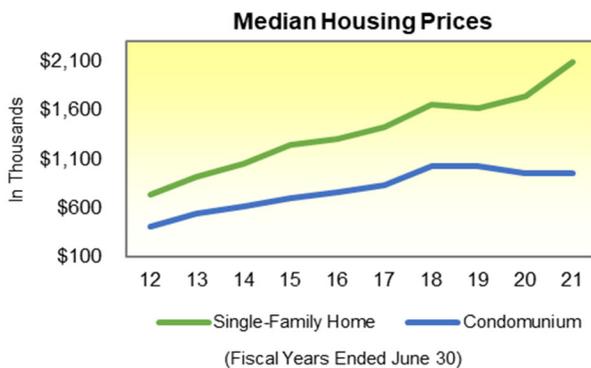
- County had 21,800 unemployed residents as of June 2021, down from 45,000 in June 2020.
- County’s unemployment rate was 5.0% for June 2021, down from 10.5% in June 2020. It decreased to 3.6% in October 2021. California’s rate was 7.6% as of June 2021.
- Among California’s 58 counties, as of June 2021, once again the County recorded one of the lowest unemployment rates (3rd lowest).



Source: California Employment Development Department and U.S. Department of Labor

Residential Property

- County’s median single-family house price rose 20.7% to \$2,094,000 in June 2021 from \$1,735,000 in June 2020.
- County’s median condominium price rose by 0.8% to \$958,000 in June 2021 from \$950,000 in June 2020.



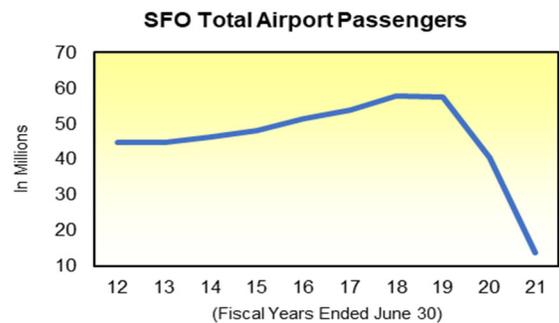
Source: San Mateo County Association of Realtors, based on statistics of Multiple Listing Services, Inc.

Commercial Property

- County’s office vacancy rate for quarter ended June 2021 was at 11.5%, higher than 8.5% for June 2020 and 6.7% for June 2019. It decreased to 10.8% for quarter ended September 2021.
- Average asking rate to lease office space in the County decreased slightly to \$5.91 per square foot per month for quarter ended June 2021 from \$5.97 for June 2020, and from \$5.95 for June 2019. It increased to \$5.96 by September 2021.

Tourism

- San Francisco Airport’s total passenger volume decreased 66.3% to 13.7 million for year ended June 2021, down from 40.5 million in prior year. Volume as of June 2019 (pre-pandemic) was 57.4 million passengers. As of September 2021, volume totaled 15.9 million passengers.



Source: SFO Comparative Traffic Reports

Taxable Sales

- Taxable sales throughout the County decreased by 5.8% to \$17.7 billion for year ended June 2021, down from \$18.8 billion for year ended June 2020, and \$19.7 billion for year ended June 2019.

Median Family Income & Per Capita Income

- County’s estimated median family income increased to \$158,898 for 2019 (latest data), a 9.9% increase from \$144,622 for 2018.
- County’s per capita personal income increased to \$141,841 in 2020 (latest data), a 7.3% increase from \$132,133 in 2019.

Long-Term Financial Planning

Employees' Retirement Plan and Other Postemployment Benefits (OPEB)

As of June 30, 2021, the County's net pension liability was \$831.2 million up from prior year's \$582.8 million, based on actuarial computations in accordance with Governmental Accounting Standards Board Statement No. 68. Using a discount rate of 6.67%, the plan's funded ratio was 84.5% as of June 30, 2021, down from prior year's 88.5%. The decreased funded ratio in the current financial reporting year is mainly due to a decrease in the amount of investment income (net appreciation in fair value of investments) compared to the prior year. Contributions from the County to the pension plan totaled \$254 million in FY 2020-21.

The County administers an "other postemployment benefits" (OPEB) Retiree Health Plan to members who retire from the County and are eligible to receive a pension from San Mateo County Employees' Retirement Association (SamCERA). Eligible retirees may elect to continue healthcare coverage in the County health plan and convert sick leave hour balances to a County-paid monthly benefit to help pay their retiree health insurance premiums.

For the year ended June 30, 2021 the County contributed \$28.7 million to the Retiree Health Plan. Using a discount rate of 6.25%, the plan's funded ratio was 85.5% as of June 30, 2021, up from prior year's 77.5%. The County's total net OPEB liability was \$58.4 million as of June 30, 2021, down from prior year's \$93.5 million. The current year's decrease in net OPEB liability is mainly due to changes in assumptions used for actuarial analysis purposes.

Infrastructure

The County is investing significantly in buildings and other infrastructure. During FY 2020-21, the County's net capital assets (land, buildings, equipment, etc.) increased by \$75.2 million mostly from construction projects. The increase was primarily due to \$26 million for Parking Structure 2, \$18 million for Health System Center Campus Upgrade, \$17 million for Cordilleras Mental Health Facility, and \$11 million for County Office Building 3. In June 2021, the County's Joint Powers Financing Authority (JPFA) issued a total of \$153.0 million in lease revenue bonds with a bond premium of \$17.7 million, which are being used to finance the reconstruction of the Cordilleras Mental Health Center.

The Adopted Budget for FY 2021-22 includes a total of \$635.6 million for capital projects funded by bonds, General Fund, Measure K, and other funding sources. Three major projects that are still under construction in FY 2021-22 include County Office Building 3, San Mateo County Health Campus Upgrade, and Cordilleras Mental Health Facility projects.

COVID-19 Emergency

On March 1, 2020, the U.S. President issued a Proclamation to Declare a National Emergency concerning the COVID-19 outbreak. Since then, the County has been engaged in responding to protect the health and safety of the community while continuing to provide governmental services in a safe manner. To help with pandemic costs, in fiscal year ended June 30, 2021, the County received federal grants of \$74.5 million from the American Rescue Plan Act, \$17.9 million from the CARES Act (Coronavirus Aid, Relief, and Economic Security Act), and \$33.6 million from the Emergency Rental Assistance Fund of which \$22.4 million was transferred to the State of California.

Sea-Level Rise and Other Climate-Related Impacts

The County recognizes that property and other tax revenues available to the General Fund may be reduced in the event of widespread damage to property in the County due to sea-level rise and other climate change-related impacts. To further monitor and mitigate this risk, the powers of the San Mateo County Flood Control District, which was initially formed to control floodwater and storm water, have been expanded.

In September 2019, the State passed AB 825 renaming the San Mateo County Flood Control District to the San Mateo County Flood and Sea Level Rise Resiliency District, which is now governed by a separate Board. This new district was given the additional responsibility of addressing and protecting against the impacts of sea-level rise. As a result of the change in governance structure, the San Mateo County Flood and Seal Level Rise Resiliency District is not included as a part of the County's reporting entity. These changes were effective January 1, 2020.

Meeting the Future

Many of the County's current economic indicators are showing signs of strength compared to a year ago. The County's diversified local economy, skilled workforce, and desirable location for both residents and businesses are enabling it to do well as the economy recovers.

The County's unemployment rate was 3.6% as of October 2021, the 3rd lowest rate among California's 58 counties. The rate had been 2.1% in February 2020 (pre-pandemic) and peaked at 11.4% in April of 2020. Although the number of County residents who are employed has gone down significantly in the last year, many local businesses are finding it difficult to recruit and hire employees.

The County's high housing costs make it difficult for lower-wage workers to live in the County. The County's median single-family house price rose to \$1,915,000 as of October 2021. With respect to the local commercial real estate market, the average lease asking rates for office space were similar to last year, while vacancy rates have gone up. This will result in the continued growth of assessed property values and local property tax revenues received by local government agencies.

Total passenger volume at the San Francisco International Airport decreased by 66.3% for the year ended June 30, 2021. Given that the airport is a significant economic engine within the County, this decrease in volume is negatively impacting the local economy and the County. Overall countywide taxable sales, and sales taxes, decreased last year and again this year due to the on-going pandemic.

While the number of residents who are getting sick, being hospitalized, or are dying from COVID-19 has significantly decreased due to the County's robust and on-going efforts to vaccinate its residents, the County will continue to allocate substantial resources to help mitigate the negative impacts of the pandemic to its residents and small businesses. Grant funds received from the federal government will continue to help fund some of the County's pandemic response efforts.

The County has several major in-progress capital projects to replace aging infrastructure that will cost hundreds of millions of taxpayer dollars in construction, operational, and maintenance expenditures. The FY 2021-22 budget includes \$635.6 million for capital projects. The County's credit ratings of AAA and Aa1 allows it to obtain financing for capital projects at relatively low interest rates.

Investments in capital project and expenditures for on-going operations, will continue to require robust budget planning to protect the County's long-term financial health and its ability to provide essential services to residents.

Awards and Acknowledgements

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Annual Comprehensive Financial Report (ACFR) for the prior fiscal year ended June 30, 2020. This was the twenty-first consecutive year that the County has received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The County also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2020. The Popular Annual Financial Report (PAFR), also known as the Financial Highlights report, presents information from the ACFR in a more concise and easy-to-read manner.

Acknowledgments

My goal for this report is to provide financial information that is transparent to our residents, taxpayers, policy leaders, and County management. We welcome input from all users of this report.

This report would not have been possible without the dedication of all County fiscal officers and staff. Their daily work helps to ensure the financial stability and integrity of the County. I would like to acknowledge the extra efforts extended for the preparation of this report by the Controller's Office team and thank the County's independent auditor Macias Gini & O'Connell LLP.

I would also like to thank the Board of Supervisors, the County Manager's Office, and all County departments, agencies, and employees for their continued efforts in planning and conducting the County's business in a fiscally responsible manner.

Respectfully submitted,



Juan Raigoza
Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of San Mateo
California**

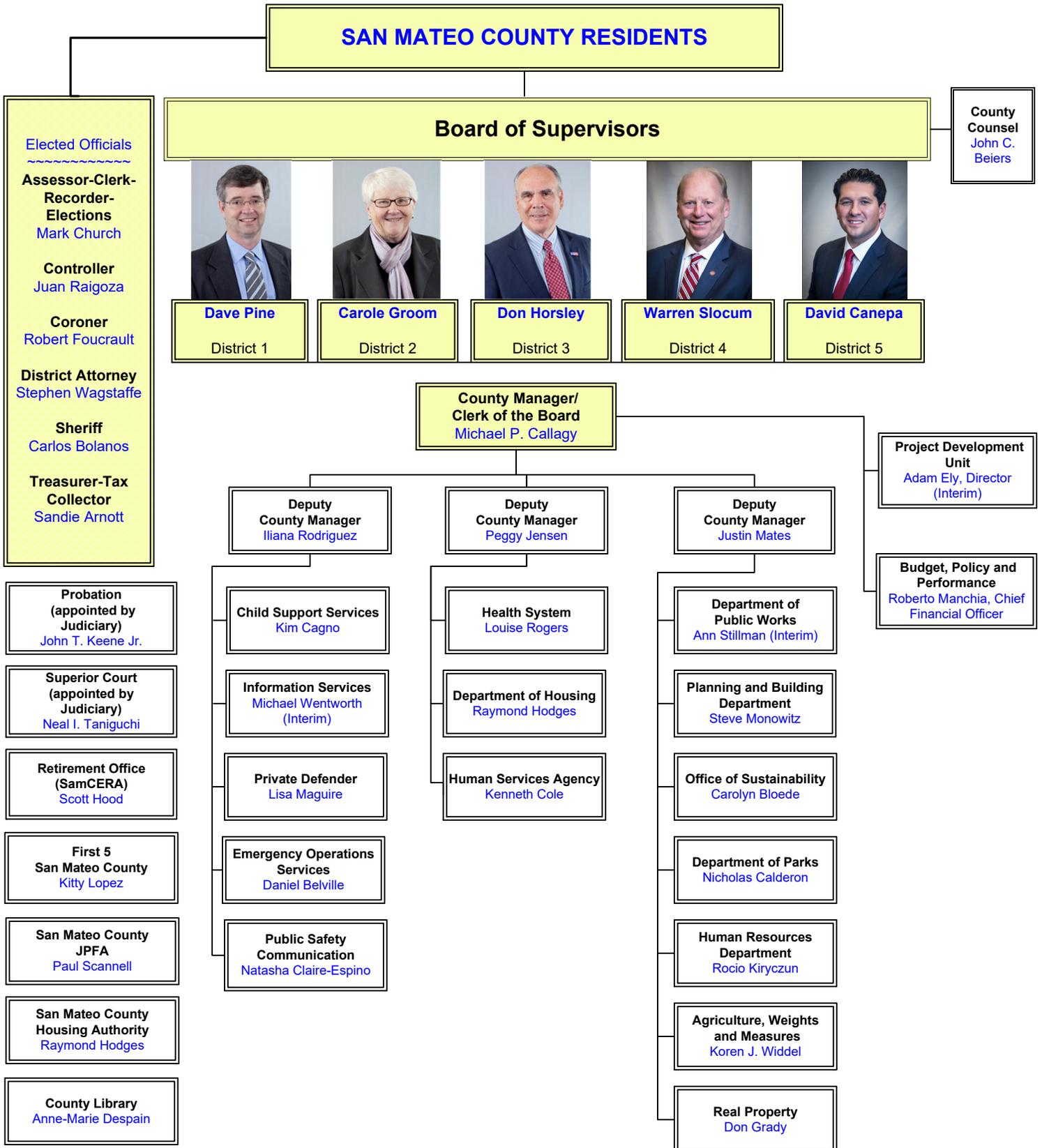
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

COUNTY OF SAN MATEO
Organization Chart
 June 30, 2021



COUNTY OF SAN MATEO
Public Officials

ELECTED OFFICIALS

Board of Supervisors:	
Supervisor – District 1	Dave Pine
Supervisor – District 2	Carole Groom
Supervisor – District 3	Don Horsley
Supervisor – District 4	Warren Slocum
Supervisor – District 5	David Canepa
Assessor-Clerk-Recorder-Elections	Mark Church
Controller	Juan Raigoza
Coroner	Robert Foucrault
District Attorney	Stephen Wagstaffe
Sheriff	Carlos Bolanos
Treasurer-Tax Collector	Sandie Arnott

APPOINTED OFFICIALS

County Manager/Clerk of the Board – <i>(appointed by Board of Supervisors)</i>	Michael P. Callagy
Deputy County Manager – <i>(appointed by County Manager)</i>	Iliana Rodriguez
Deputy County Manager – <i>(appointed by County Manager)</i>	Peggy Jensen
Deputy County Manager – <i>(appointed by County Manager)</i>	Justin Mates
County Counsel – <i>(appointed by Board of Supervisors)</i>	John C. Beiers
Court Executive Officer and Jury Commissioner – <i>(appointed by Judiciary)</i>	Neal I. Taniguchi
Probation Officer – <i>(appointed by Judiciary)</i>	John T. Keene Jr.
Chief Financial Officer – <i>(appointed by County Manager)</i>	Roberto Manchia

DEPARTMENT DIRECTORS

Agriculture, Weights and Measures	Koren J. Widdel
Child Support Services	Kim Cagno
Housing	Raymond Hodges
Parks	Nicholas Calderon
Public Works	Ann Stillman (Interim)
Health System	Louise Rogers
Human Resources	Rocio Kiryczun
Human Services Agency	Kenneth Cole
Information Services	Michael Wentworth (Interim)
Planning and Building	Steve Monowitz
Office of Sustainability	Carolyn Bloede
Public Safety Communication	Natasha Claire-Espino
Office of Emergency Services	Daniel Belville
Project Development Unit	Adam Ely (Interim)
Real Property	Don Grady

AFFILIATED ORGANIZATIONS

First 5 San Mateo County, Executive Director	Kitty Lopez
San Mateo County Housing Authority, Director	Raymond Hodges
San Mateo County Joint Powers Financing Authority, President	Paul Scannell
San Mateo County Employees' Retirement Association, Chief Executive Officer	Scott Hood



FINANCIAL SECTION

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



Independent Auditor’s Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of San Mateo, California (County), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the County of San Mateo (Housing Authority), the San Mateo County Employees’ Retirement Association (SamCERA), the First 5 San Mateo County (First 5), and the Health Plan of San Mateo (HPSM), which represent the following percentages of the assets and deferred outflows, net positions/fund balances, and revenues/additions of the following opinion units as of and for the year ended June 30, 2021.

Opinion Unit	Assets and Deferred Outflows	Net Position / Fund Balances	Revenues / Additions
Business-type activities	12%	42%	26%
Major enterprise fund – Housing Authority	100%	100%	100%
Aggregate remaining fund information	55%	57%	12%
Aggregate discretely presented component units	100%	100%	100%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Housing Authority, SamCERA, First 5, and HPSM, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the HPSM were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, information on infrastructure assets reported using the modified approach, the schedule of proportionate share of the net pension liability, the schedule of County contributions – pension plan, HPSM's schedule of changes in the net pension asset and related ratios, HPSM's schedule of contributions, the schedule of changes in the net OPEB liability and related ratios, the schedule of OPEB contributions, the Housing Authority's schedule of changes in the net OPEB liability and related ratios, the Housing Authority's schedule of contributions, and the budgetary comparison schedule – General Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund 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 statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Macias Gini É O'Connell LAP
Walnut Creek, California
December 28, 2021



Management's Discussion and Analysis
(Unaudited)

COUNTY OF SAN MATEO
Management's Discussion and Analysis
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2021

This Management's Discussion and Analysis provides a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we provided in our transmittal letter in the preceding section. All dollar amounts are expressed in thousands unless otherwise indicated.

Financial Highlights

Government-wide financial position

The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year 2020-21 by \$3.0 billion (*net position*):

- \$918.5 million represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets (*net investment in capital assets*). These capital assets are used to provide services to citizens and are not available for future spending.
- \$360.9 million represents resources that are subject to external restrictions on their use and are available to meet the County's ongoing obligations for programs with external restrictions (*restricted net position*).
- \$1,687.5 million is available to fund County programs for citizens and debt obligations to creditors (*unrestricted net position*).

The County's total net position increased \$303.3 million to \$3.0 billion over the year. The positive change in County's net position indicates that the financial position of the County is improving.

- \$275.9 million increase in net position was derived from governmental activities with \$317.3 million increase predominantly from property taxes, capital grants and contributions, and charges for services, and \$98.2 million decrease from interest and investment, and miscellaneous revenues.
- \$27.4 million increase in net position was derived from business-type activities with \$16.2 million increase from the Medical Center, \$8.2 million increase from the Housing Authority, \$1.5 million increase from the Airports, and \$0.2 million increase from Coyote Point Marina.

Fund financial position

The County's governmental funds reported combined fund balances of \$2.1 billion at the close of fiscal year, an increase of \$176.9 million compared to the prior year restated fund balance. About \$1.4 billion (sum of assigned and unassigned fund balances) of this amount, or 67%, is available for spending at the County's discretion.

Capital assets and debt administration

The County's *capital assets* increased \$75.2 million to \$1,296.1 million with \$1,211.5 million for the governmental activities and \$84.6 million for the business-type activities. The increase was mainly from \$79.7 million increase in construction in progress offset by \$7.7 million decrease in structure & improvements from current year's depreciation expense and transfer of completed projects, \$2.5 million increase in infrastructure from the Loyola Avenue Reconstruction Project, and \$1.3 million increase in land and easement.

The County's total outstanding *long-term debt*, (including lease revenue bonds, notes payable, and other long-term obligations) increase \$138.4 million to \$716.4 million. The increase was due to the issuance of the 2021 Series A Lease Revenue Bonds (\$170.7 million in par value and \$17.7 million in bond premium), offset by \$32.6 million, a decrease from normal debt payments made on lease revenue bonds (\$28.8 million in principal payment, \$3.0 million in bond premiums amortized, and \$0.8 million in accreted interest).

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2021

Overview of Financial Statements

This discussion and analysis serves as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the basic financial statements. In addition to the basic financial statements, *Required Supplementary Information* is included to provide additional detail to support the basic financial statements.

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

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

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

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, and recreation. The business-type activities of the County include programs operated by the San Mateo Medical Center (Medical Center), County-owned Airports, Coyote Point Marina Park and Recreation, and the Housing Authority.

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

The government-wide financial statements can be found on pages 22-24 of this report.

Fund Financial Statements provide a narrower view of the County's finances. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of the County are divided into three categories: (1) Governmental Funds include general, special revenue, debt service, and capital project funds; (2) Proprietary Funds include enterprise and internal service funds; and (3) Fiduciary Funds include investment trust, pension trust, private purpose trust funds, and custodial funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of governmental activities, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2021

The County maintains 19 individual governmental funds. Information for the General Fund and the major fund, San Mateo County Joint Powers Financing Authority (JPFA), is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Other governmental funds (special revenue funds including various special districts governed by the County's governing board, debt service fund, and capital project funds) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the *combining statements* in this report.

The governmental fund financial statements can be found on pages 25-28 of this report.

Proprietary funds are comprised of two different fund types:

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the Medical Center, Airports, Coyote Point Marina Park and Recreation, and Housing Authority of the County of San Mateo (Housing Authority) operations.

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

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

The proprietary fund financial statements can be found on pages 29-32 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 33-34 of this report.

The basic financial statements also incorporate *component units* that are legally separate entities for which the County is financially accountable. A component unit can be "blended" or "discretely presented" in the County's financial statements. A blended component unit functions, for all practical purposes, as an integral part of the primary government (the County), whereas a discretely presented component unit does not function as an integral part of the County.

The County's blended component units include JPFA, Housing Authority, In-Home Supportive Services Public Authority, and special districts governed by the County Board of Supervisors (including County service areas, sewer and sanitation, lighting and other special districts). First 5 San Mateo County (First 5) and Health Plan of San Mateo (HPSM) do not meet the requirements for blending; therefore, are separately reported as discretely presented component units of the County.

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

The notes can be found on pages 35-99 of this report.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2021

Required Supplementary Information consists of: 1) *infrastructure assets reported using the modified approach* to account for the County's road subsystem; 2) *net pension liability and contributions schedules* for pension benefits; 3) *net OPEB liability and OPEB contributions schedules* for OPEB benefits; and 4) the *County's General Fund budgetary comparison schedule* to demonstrate compliance with the County's adopted budget.

Required supplementary information can be found on pages 100-116 of this report.

Combining and individual fund statements and schedules provide information for nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information.

Combining and individual fund statements and schedules can be found on pages 117-161 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

County's Net Position								
(In Thousands)								
	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2021	2020	2021	2020	2021	2020	Amount	Percentage
Current and other assets	\$ 2,939,937	\$ 2,559,132	\$ 347,582	\$ 371,556	\$ 3,287,519	\$ 2,930,688	\$ 356,831	12%
Capital assets	1,211,501	1,139,415	84,599	81,478	1,296,100	1,220,893	75,207	6%
Total assets	<u>4,151,438</u>	<u>3,698,547</u>	<u>432,181</u>	<u>453,034</u>	<u>4,583,619</u>	<u>4,151,581</u>	<u>432,038</u>	10%
Deferred outflows of resources	642,541	446,849	112,540	86,233	755,081	533,082	221,999	42%
Long-term liabilities	845,489	705,331	20,901	21,304	866,390	726,635	139,755	19%
Net pension liability	676,723	464,079	154,314	117,935	831,037	582,014	249,023	43%
Net OPEB liability	47,475	76,390	10,943	16,902	58,418	93,292	(34,874)	-37%
Other liabilities	354,642	323,157	198,914	254,638	553,556	577,795	(24,239)	-4%
Total liabilities	<u>1,924,329</u>	<u>1,568,957</u>	<u>385,072</u>	<u>410,779</u>	<u>2,309,401</u>	<u>1,979,736</u>	<u>329,665</u>	17%
Deferred inflows of resources	51,372	34,103	11,009	7,222	62,381	41,325	21,056	51%
Net position:								
Net investment in capital assets	836,052	779,091	82,464	79,271	918,516	858,362	60,154	7%
Restricted	359,547	319,639	1,318	1,518	360,865	321,157	39,708	12%
Unrestricted	1,622,679	1,443,606	64,858	40,477	1,687,537	1,484,083	203,454	14%
Total net position	<u>\$ 2,818,278</u>	<u>\$ 2,542,336</u>	<u>\$ 148,640</u>	<u>\$ 121,266</u>	<u>\$ 2,966,918</u>	<u>\$ 2,663,602</u>	<u>\$ 303,316</u>	11.4%

Analysis of Net Position. The County's net position increased \$303.3 million, or 11.4%, to \$3.0 billion at June 30, 2021.

Governmental Activities increased the County's net position by \$275.9 million, or 11% to \$2.8 billion.

Total assets increased \$452.9 million, or 12%, to \$4.2 billion. The significant changes in assets occurred in the following areas:

- *Cash and investments* increased by \$268.2 million. This increase was due to increase in receipts from property tax, charges for services, and operating grants and contributions.
- *Due from other governmental agencies* increased by \$107.9 million primarily due to \$66.7 million increase in the receivables from State and federal aid to support the County's response to the COVID-19 pandemic, \$11 million increase in Medi-Cal reimbursements to pay for the rising operating costs in the Medi-Cal program, \$8.7 million increase from realignment reimbursement to pay for rising operating costs in Child Welfare Digital Services (CWS), \$6.4 million increase from one-time grant awarded by the County Public Health from the Epidemiology and

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2021

Laboratory Capacity (ELC) program, \$3.7 million increase from Global Payment Program (GPP), \$3.2 million increase from Mental Health Services Act (MHSA) program, \$1.5 million increase from Pretrial Pilot Program grant, and \$1.2 million increase from discontinuance of Children's Health Insurance Program (CHIP).

- *Capital assets* increased by \$72.1 million. The significant changes occurred in the following areas:
 - \$79.7 million increase in construction in progress resulted from \$26 million for Parking Structure 2, \$17.9 million for the Health System Center Campus Upgrade, \$16.9 million for Cordilleras Mental Health Facility, \$11.3 million for County Office Building 3, \$2.7 million for the Animal Care Shelter, \$2.3 million for Radio Shop Project at Chestnut & Grant Yard, \$1.6 million for the South San Francisco Campus, and \$1.1 million for Memorial Park Replace Waste Water Treatment Plant & Collection System.
 - \$2.5 million increase in infrastructure primarily from the Loyola Avenue Reconstruction Project.
 - \$9.3 million net decrease in structure and improvements from current year's depreciation expense and transfer of completed projects.
 - \$1.8 million net decrease in software from current year's depreciation expense.
 - \$0.7 million net decrease in equipment from current year's depreciation expense.

Total liabilities increased \$355.4 million, or 23% to \$1.9 billion. The significant changes in liabilities occurred in the following areas:

- *Net pension liability* increased \$212.6 million or 46% to \$676.7 million. This increase is due to demographic assumption changes, claims and premium rate experience, and demographic experience.
- *Net OPEB liability* decreased \$28.9 million or 38% to \$47.5 million. This decrease is a reflection of progressive contributions as actuarially determined amount required to provide retiree health care benefits to the retired members and changes in assumptions used for actuarial analysis purposes.
- *Long-term liabilities* increased by \$138.4 million to \$708.6 million. The increase was due to the issuance of the 2021 Series A Lease Revenue Bonds for \$170.7 million in par value and \$17.7 million in bond premium, offset by the decrease of \$32.6 million decrease from normal debt payments made on lease revenue bonds.
- *Due to governmental agencies* increased \$10.0 million to \$49.8 million. The increase was due to increase in Intergovernmental Transfer (IGT) supplemental claims related to the Federally Qualified Health Center (FQHC) program in the current fiscal year.
- *Unearned revenues* increased by \$27.9 million to \$174.8 million. The increase was due to \$14.2 million increase in welfare advances received from the State of California for the CALWORKs program, and \$6.4 million advance received by the County's department of Public Health from the Epidemiology and Laboratory Capacity (ELC) program.

Business-type Activities increased the County's net position by \$27.4 million, or 23% to \$148.6 million.

Total assets decreased \$20.9 million, or 5%, to \$432.2 million. The decrease was primarily caused by the following:

- The *Medical Center's total assets* decreased \$28 million. The significant changes are discussed below:
 - \$50.4 million increase in cash and cash equivalents from increased payments from Federal programs.
 - \$67.6 million decrease in due from other governmental agencies as a result of payments received during the year from supplemental programs.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2021

- \$8.9 million decrease in due from other County funds based on timing of payments received.
- \$7.4 million decrease in dues from patient account receivables (net).
- \$5.9 million increase in capital assets, offset by \$2.7 decrease in accumulated depreciation.
- The *Housing Authority's total assets* increased \$8.9 million primarily due to increase in loans receivable for housing development.

Total liabilities decreased \$25.7 million, or 6%, to \$385.6 million. The decrease was primarily due to the following:

- The *Medical Center's total liabilities* decreased \$21.9 million. The significant changes are discussed below:
 - Decrease of \$18.9 million in accounts payable and accrued salaries and benefits mainly due to the timing of payment to vendors, employees and contractors.
 - Increase of \$4.8 million in dues to the County of San Mateo pertaining to payments made to the County after year-end in support of the debt service payments.
 - Decrease of \$0.8 million in accrued compensated absences related to essential workers connected to the COVID-19 pandemic.
 - Increase of \$35.9 million in net pension liabilities primarily due to demographic assumption changes, claims and premium rate experience, and demographic experience.
 - Decrease of \$5.8 million in net OPEB liabilities is primarily due to demographic assumption changes, claims and premium rate experience, and demographic experience.
 - Decrease of \$37.2 million in dues to other government agencies from reduction of risk in supplemental programs.
 - \$3.7 million increase in deferred inflows of resources resulting from various changes derived from the actuarial valuations for pension and OPEB liabilities for the year ended June 30, 2021.
- *Housing Authority's total liabilities* increased \$0.7 million due to Emergency Housing Vouchers unearned revenue and deferred housing development loan interest to be paid to HUD.

The Medical Center's net position increased \$16.2 million, or 61%, to \$42.9 million. See explanations on pages 12-13.

The Housing Authority's net position increased \$8.2 million, or 15%, to \$61.9 million. See explanations on page 13.

Airports and Coyote Point Marina's net position increased \$1.5 million and \$0.2 million, respectively.

The **County's total net position** increased by \$303.3 million, or 11.4%, to \$3.0 billion as of June 30, 2021. The County's net position can be divided into three categories: net investment in capital assets, restricted, and unrestricted.

- 31%, or \$918.5 million, of the County's net position reflects its *investment in capital assets* (e.g., land, buildings and equipment); net of any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to citizens. These assets, therefore, are *not* available for future spending. Although the County's investment in capital assets is reported net of related debt, the resources needed to repay this debt are provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.
- 12%, or \$360.9 million, of the County's net position represents resources that are subject to external restrictions on how they may be used and therefore *restricted*.

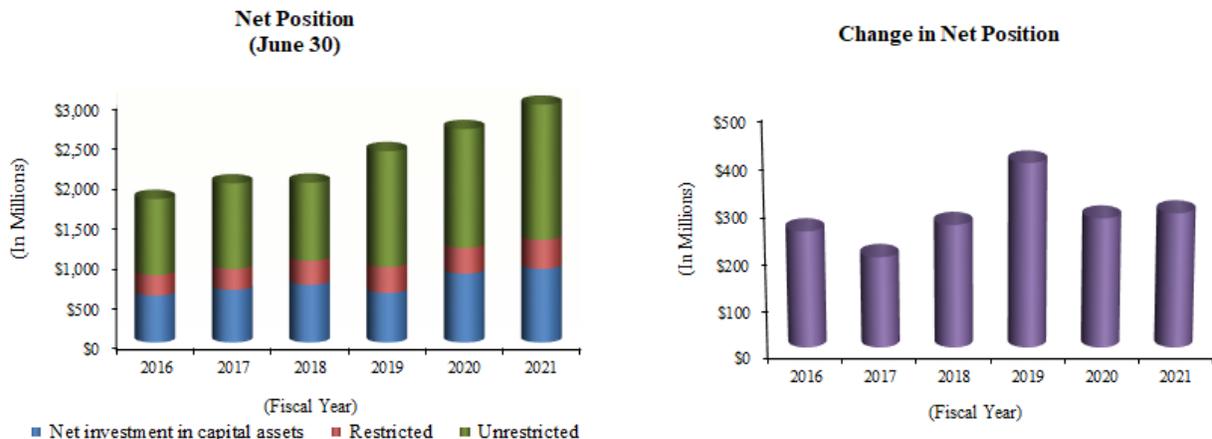
COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2021

- 57%, or \$1,687.5 million, of the County's net position represents resources that may be used to meet the County's ongoing obligations to citizens and creditors and therefore *unrestricted*.

Change in Net Position
(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2021	2020	2021	2020	2021	2020	Amount	Percentage
Revenues:								
Program revenues:								
Charges for services	\$ 232,875	\$ 206,643	\$ 483,158	\$ 463,913	\$ 716,033	\$ 670,556	\$ 45,477	7%
Operating grants and contributions	783,503	568,353	8,584	20,339	792,087	588,692	203,395	35%
Capital grants and contributions	-	-	3,211	4,585	3,211	4,585	(1,374)	-30%
Total program revenues	1,016,378	774,996	494,953	488,837	1,511,331	1,263,833	247,498	20%
General revenues:								
Property taxes	782,391	691,462	-	-	782,391	691,462	90,929	13%
Other taxes	127,744	142,787	-	-	127,744	142,787	(15,043)	-11%
Unrestricted interest and investment earnings	4,094	78,726	321	1,784	4,415	80,510	(76,095)	-95%
Miscellaneous	36,950	60,531	1,878	1,869	38,828	62,400	(23,572)	-38%
Total general revenues	951,179	973,506	2,199	3,653	953,378	977,159	(23,781)	-2%
Total revenues	1,967,557	1,748,502	497,152	492,490	2,464,709	2,240,992	223,717	10%
Expenses:								
Program expenses:								
General government	397,881	238,847	-	-	397,881	238,847	159,034	67%
Public protection	485,608	477,616	-	-	485,608	477,616	7,992	2%
Public ways and facilities	27,221	27,706	-	-	27,221	27,706	(485)	-2%
Health and sanitation	408,741	386,005	-	-	408,741	386,005	22,736	6%
Public assistance	283,760	230,967	-	-	283,760	230,967	52,793	23%
Recreation	21,148	22,676	-	-	21,148	22,676	(1,528)	-7%
Interest on long-term liabilities	23,745	22,817	-	-	23,745	22,817	928	4%
San Mateo Medical Center	-	-	399,704	403,981	399,704	403,981	(4,277)	-1%
Airports	-	-	4,736	5,004	4,736	5,004	(268)	-5%
Coyote Point Marina	-	-	1,461	1,466	1,461	1,466	(5)	0%
Housing Authority	-	-	123,320	108,385	123,320	108,385	14,935	14%
Total expenses	1,648,104	1,406,634	529,221	518,836	2,177,325	1,925,470	251,855	13%
Excess (deficiency) before special item and transfers	319,453	341,868	(32,069)	(26,346)	287,384	315,522	(28,138)	-9%
Special item	-	(39,088)	-	-	-	(39,088)	39,088	100%
Transfers	(59,443)	(48,388)	59,443	48,388	-	-	-	
Change in net position	260,010	254,392	27,374	22,042	287,384	276,434	10,950	4%
Net position - beginning, as previously reported	2,542,336	2,287,944	121,266	99,224	2,663,602	2,387,168	276,434	12%
Prior period adjustment	15,932	-	-	-	15,932	-	15,932	100%
Net position - beginning, as restated	2,558,268	2,287,944	121,266	99,224	2,679,534	2,387,168	292,366	12%
Net position - ending	\$ 2,818,278	\$ 2,542,336	\$ 148,640	\$ 121,266	\$ 2,966,918	\$ 2,663,602	\$ 303,316	11%

The County is able to report positive balances in all reported categories of net position, both for the County as a whole, and for its separate governmental and business-type activities. The same held true for the prior fiscal year. The charts below provide a snapshot of County's net position and change in net position based on current year activities (excluding prior period adjustments and cumulative effect of accounting change) for the past five fiscal years:



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

Governmental Activities. Governmental activities increased the County's net position by \$275.9 million to \$2.8 billion for the fiscal year ended June 30, 2021. This was predominantly from increases in property taxes, charges for services, and operating grants and contributions.

Analysis of Governmental Activities - Revenues

Program Revenues accounted for 51.7% of the County's overall governmental activities revenues. Program revenues consisted of charges for services, and operating grants and contributions. Program revenues increased \$241.4 million, or 31%, from the prior year. The significant changes included the following:

- *Charges for services* increased \$26.2 million, or 13%, to \$232.9 million primarily from \$6.6 million increase in Medi-Cal charges due to 6.2% increase in Federal Medical Assistance Percentage (FMAP), \$2.4 million increase due to increase in election reimbursement costs for local jurisdictions that participated in the November 2020 Presidential General Election, \$2.4 million increase in secured supplemental tax administrative fee from new construction, and \$2 million increase from California Proposition 19, *the Home Protection for Seniors, Severely Disabled, Families and Victims of Wildfire or Natural Disasters Act*, that went into effect in February 2021.
- *Operating grants and contributions* increased \$215.2 million, or 38%, to \$783.5 million. The increase was primarily due to \$74.5 million increase from American Rescue Plan Act funds received in FY 20-21, \$17.9 million increase from one-time receipt of CARES Act funds, \$33.6 million increase from one-time receipt of Emergency Rental Assistance Funds, \$38.0 million increase from receiving two years of funding for Whole Person Grant (WPC), and \$13.6 million increase from receiving Assembly Bill 85 reconciliation payments.

General Revenues decreased \$22.3 million, or 2%, from the prior year. General revenues accounted for 48.3% of the County's overall governmental activities revenues. The significant changes included the following:

- *Property Tax Revenues* increased \$90.9 million, or 13%, to \$782.4 million. The significant changes included the following:
 - \$15.9 million increase in secured tax due to growth in secured assessed values (\$17.7 million), less refunds (\$1.8 million).
 - \$51.7 million increase in excess Educational Revenue Augmentation Fund (ERAF) due to non-basic aid schools needing less ERAF monies compared to the prior year and release of reserves.
 - \$19.7 million increase is due to the change in methodology for distributing monies from former redevelopment agencies pursuant to a recent court decision (re *City of Chula v. Sandoval* Third Court of Appeal 49 Cal.App.5th 539).
- *Other Tax Revenues* decreased \$15.0 million, or 11%, to \$127.7 million primarily due to \$23.9 million decrease in tax revenue from property tax in-lieu of vehicle license fee and vehicle rental business license tax, and \$8.5 million increase in excess ERAF.
- *Unrestricted Interest and Investment Earnings* decreased \$74.6 million, or 95%, primarily due to market fluctuations and less robust earnings on investments in current year compared to prior year, thus reducing earnings on investments.
- *Miscellaneous Revenues* decreased \$23.6 million, or 39%, to \$36.9 million due primarily to \$7.4 million of one-time revenue from the City of San Mateo for granting the conveyance of property rights in support of the City's Underground Flow Equalization System Project (UFES) in FY 19-20, \$4 million decrease from miscellaneous reimbursements, \$1 million decrease from rebates and refunds, \$1 million decrease from miscellaneous revenue, and \$0.7 million decrease in gifts and donations.

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Analysis of Governmental Activities – Expenses

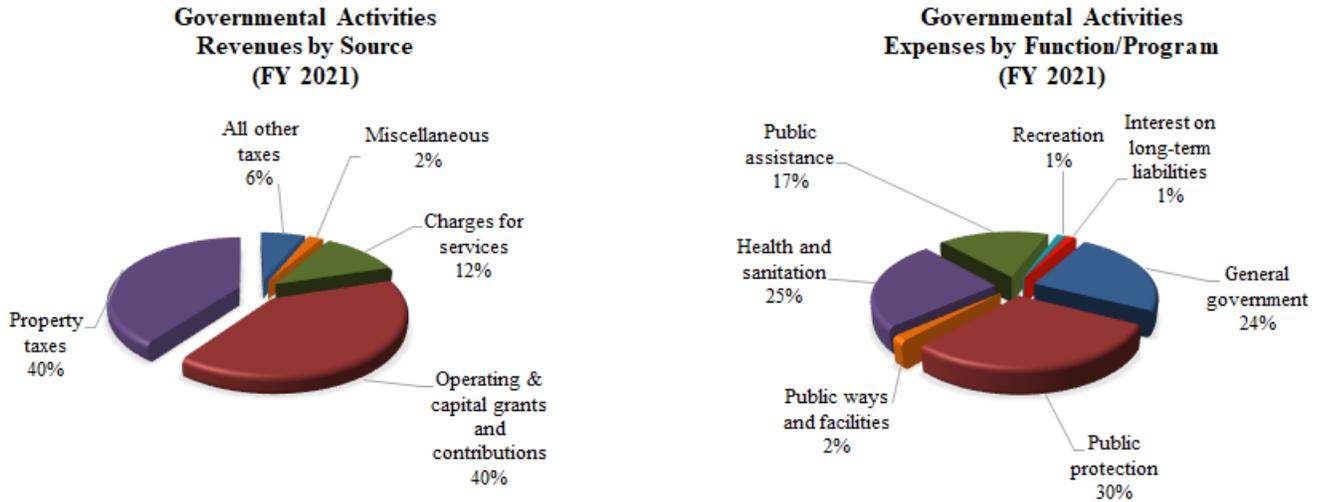
Expenses for *General government* increased by \$159.0 million, or 67%. This increase was mainly due to \$95.2 million of COVID-19 related expenses, and \$16.0 million increase in expenditures funded to award CARES act funds to Neighborhood Development Services (NDS) and \$22.4 million paid to the State of California from Emergency Rental Assistance funds.

Expenses for *Public protection* increased by \$8.0 million, or 2%. The increase was primarily due to increase in salaries and benefits.

Expenses for *Health and sanitation* increased by \$22.7 million, or 6%. The increase was primarily due to \$21.7 million increase in expenditures associated with the Assembly Bill 85, *Redirection of Health Realignment*, and settlement payments.

Expenses for *Public assistance* increased by \$52.8 million, or 23%. The increase is primarily due to \$26.5 million increase in operating costs for CalFresh, CalWORKs, Child Welfare Digital Services (CWS), Homeless Emergency Aid Program and Cash Assistance Program for Immigrants (CAPI) program, \$12.6 million increase from increased Housing Assistance Payments (HAP), \$4.3 million increase due to increase in contracted services to meet the needs of serving the County’s homeless and housing residents, and \$1.2 million increase from In-Home Supportive Services Maintenance of Effort (IHSS MOE) expenses.

For the fiscal year ended June 30, 2021, revenues and expenses for governmental activities are as follows:



Transfers out to business-type activities increased \$11 million, or 23% due to increase in general fund distribution to the medical center.

Business-type Activities. The net position for business-type activities increased \$27.4 million to \$148.6 million. This was mainly from \$16.2 million increase from the Medical Center, \$8.2 million increase from the Housing Authority, \$1.5 million increase from the Airports, and \$0.2 million increase from Coyote Point.

Analysis of Business-type Activities – Revenues and Expenses

Medical Center. The net position of Medical Center increased \$16.2 million, or 61%, to \$42.9 million.

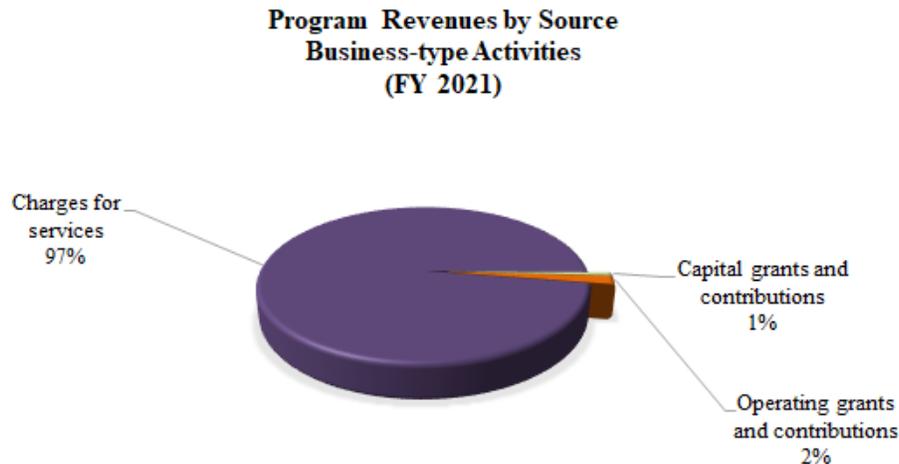
COUNTY OF SAN MATEO
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The Medical Center’s net operating loss decreased \$6.4 million, or 10%, to \$55.2 million. The significant changes included the following:

- \$66.9 million decrease in gross charges for services due primarily to lower patient volume during the pandemic.
- \$5.2 million increase in net patient service revenues due to the increase in reimbursement rates from government entities due to the pandemic.
- \$14.2 million increase in premium revenues due primarily to the release of reserves for prior year capitation rate revenue for the Health Plan of San Mateo (HPSM) for primary care services (PCP capitation).
- \$7.1 million decrease in other program revenue due to prior year waiver funding settlements received in FY 20 for the State supplemental programs.
- \$8.5 million decrease in other operating revenues due primarily from one-time CARES Act stimulus funds received in FY20.
- \$8.9 million decrease in salaries and benefits due primarily to one-time increase in FY 20 accrued leave benefits during the COVID-19 pandemic.
- \$5.5 million increase in pension and OPEB expenses due to the results of an actuarial analysis performed under the provisions of GASB Statement Nos. 68 and 75.

Housing Authority. The net position of the Housing Authority increased \$8.2 million, or 15%, to \$61.9 million. The increase was primarily due to increase in revenues from Moving to Work and SAMCHAI (San Mateo County Housing Authority, Inc.).

Program revenues for business-type activities are distributed as follows:



FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

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

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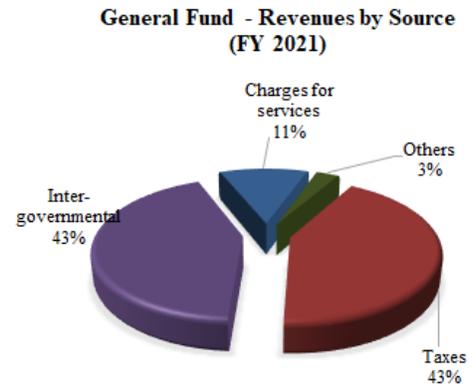
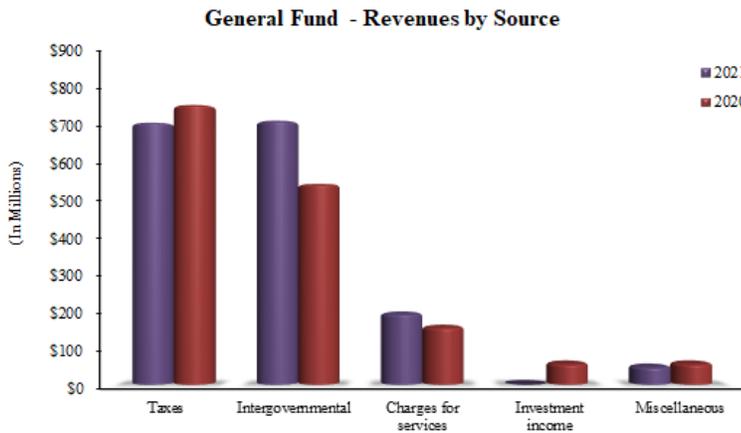
As of June 30, 2021, the County’s governmental funds reported combined fund balances of \$2.1 billion at year-end, an increase of \$176.9 million, or 9.1%, compared to the prior fiscal restated fund balance. Approximately 67% of the combined amount, or \$1.4 billion, constitutes fund balance that is available for appropriation in the upcoming year. The remainder of the fund balance totaling \$686.3 million is nonspendable and restricted, including \$52.1 million “not in spendable form” for items that are not expected to be converted into cash such as inventories and long-term loans, and \$634.2 million restricted for specific purposes.

The *General Fund* is the primary operating fund of the County. At June 30, 2021, the General Fund’s total assigned and unassigned fund balance (*unrestricted*) was \$1.2 billion with total fund balance at \$1.4 billion. As a measure of liquidity, total unrestricted fund balance as well as total fund balance can be compared to total fund expenditures. Total unrestricted fund balance represents 84% of total fund expenditures, and total fund balance represents 97% of total fund expenditures. The overall fund balance in the General Fund has increased \$36.7 million during the current fiscal year.

For the fiscal years ended June 30, 2021 and 2020, revenues for the General Fund are distributed as follows:

General Fund - Revenues by Source
(In Thousands)

Revenues by Source	FY 2021		FY 2020		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 717,051	43%	\$ 765,582	48%	\$ (48,531)	-6%
Licenses and permits	7,604	0%	7,233	0%	371	5%
Intergovernmental	722,401	42%	548,823	35%	173,578	32%
Charges for services	193,870	12%	157,201	10%	36,669	23%
Fines, forfeitures, and penalties	6,886	0%	8,278	1%	(1,392)	-17%
Rents and concessions	2,130	0%	1,862	0%	268	14%
Investment income	267	0%	57,283	4%	(57,016)	-100%
Other	32,166	2%	40,158	3%	(7,992)	-20%
Total	\$1,682,375	100%	\$1,586,420	100%	\$ 95,955	6%



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

Taxes decreased by \$48.5 million, or 6%. The decrease was due to \$23.9 million decrease in tax revenue from property tax in-lieu of vehicle license fee and vehicle rental business license tax as a result of the pandemic shelter in place.

Intergovernmental revenue increased by \$173.5 million or 32%. See explanations on page 11.

Charges for services increased by \$36.7 million, or 23%. See explanations on page 11.

Investment income decreased by \$57 million, or 100%. See explanations on page 11.

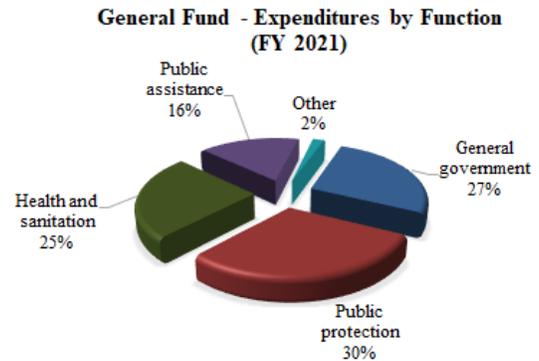
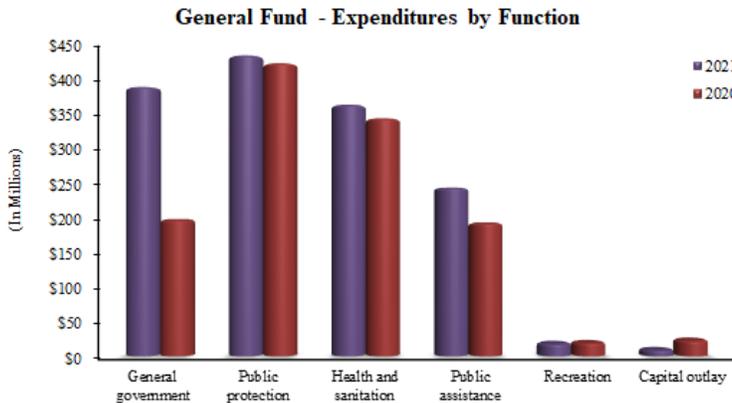
Other revenue decreased by \$8 million, or 20%. See explanations on page 12.

COUNTY OF SAN MATEO
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For the fiscal years ended June 30, 2021 and 2020, expenditures for the General Fund are distributed as follows:

General Fund - Expenditures by Function
 (In Thousands)

Expenditures by Function	FY 2021		FY 2020		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 396,131	27%	\$ 200,881	16%	\$ 195,250	97%
Public protection	442,675	30%	431,085	35%	11,590	3%
Health and sanitation	370,024	25%	349,875	29%	20,149	6%
Public assistance	247,622	17%	195,776	16%	51,846	26%
Recreation	18,649	1%	20,023	2%	(1,374)	-7%
Capital outlay	9,435	1%	23,528	2%	(14,093)	-60%
Total	\$1,484,536	100%	\$1,221,168	100%	\$ 263,368	22%



General Fund Expenditures. Significant changes in expenditures are as follows:

Expenditures for *General Government* increased by \$195.3 million, or 97%. See explanations on page 12.

Expenditures for *Public Protection* increased by \$11.6 million, or 3%. See explanations on page 12.

Expenditures for *Health and Sanitation* increased by \$20.1 million, or 6%. See explanations on page 12.

Expenditures for *Public Assistance* increased by \$51.8 million, or 26%. See explanations on page 12.

Capital Outlay decreased by \$14 million, or 60%. The decrease was primarily due to completion of the Shooting Range Phase II and purchase of land located at Scenic Drive in the prior year.

Joint Powers Financing Authority is a major governmental fund. During FY 2020-21, JPFA’s fund balance increased \$125 million to \$334.5 million. The increase was due to the issuance of the 2021A Bonds for \$170.7 million in par value and \$17.7 million in bond premium, offset by \$32.6 million decrease from normal debt payments made on lease revenue bonds, and \$22.2 million reimbursement of Cordilleras Project expenditures to the County.

Nonmajor governmental funds experienced a \$15.2 million increase in fund balance as a whole. The significant changes occurred in the following areas:

Special Revenue Fund. The overall fund balance for special revenue funds increased \$4.1 million to \$122.3 million.

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The significant changes occurred in the following funds:

- The County Service Area reported a \$1.2 million increase in fund balance primarily due to increase in secured and unsecured property tax, increase in interest earned, and unspent appropriations due to projects being delayed because of the Covid-19 pandemic.
- The Sewer and Sanitation Fund reported a \$1.8 million increase in fund balance primarily due to increase in sewer service charges.
- The Lighting Districts reported a \$1.2 million increase in fund balance primarily due to increases in property tax distribution to Lighting Districts.
- The County Half-Cent Transportation Fund reported a \$2.6 million increase in fund balance primarily due to increases in half-cent sales tax revenues distribution to cities and San Mateo County Transportation District.
- Solid waste reported \$2.2 million decrease in fund balance primarily due to increase in expenditures related to 4Rs (Reduce, Reuse, Recycle, Rot – Compost) Grants Program, the partnership with Place Makers program, the edible food recovery pilot program, and consultant costs related to the disposable foodware ordinance outreach.

Capital Projects Fund. The overall fund balance for capital project funds increased \$11.7 million to \$164.8 million mainly from increase in transfers-in to finance capital projects.

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

Enterprise Funds. The overall net position of enterprise funds increased \$26.2 million, with increased of \$24.4 million from major enterprise funds (\$16.2 million increase from Medical Center, and \$8.2 million increase from Housing Authority) and the remaining from non-major enterprise funds (Airports and Coyote Point Marina). Discussion on major enterprise funds can be found in the business-type activities section on pages 12-13.

Airports Fund’s net position increased \$1.5 million primarily due to increase in revenue from a lease agreement with Silicon Valley Clean Water at the San Carlos Airport.

Coyote Point Marina Fund’s net position stayed the same as last year. Overall, this fund operated at nearly break-even.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund’s final budget exceeded the original budget by \$67.9 million, or 3.7%, for the fiscal year ended June 30, 2021. Supplemental appropriations were sponsored through unanticipated revenues. In most cases, unanticipated revenues were appropriated within budget units receiving the revenues in the same accounting period.

During FY 2020-21, the General Fund budget realized a total of \$67.9 million unanticipated revenues primarily from the following:

- \$22.8 million from the U.S. Department of Treasury (the “Treasury”) to facilitate the distribution of emergency rental assistance to eligible households unable to pay rent and utilities due to COVID-19.
- \$20.0 million from the Federal Emergency Management Agency (FEMA) to Non-Departmental Service to fund the expenditures of the Great Plates Delivered Program.
- \$5.1 million from California Department of Public Health for COVID-19 funding.
- \$4.0 million from Measure K for the contribution to San Mateo County Immigrant Relief Fund.

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- \$3.8 million from Measure K reserves to Non-Departmental Services to cover revenue and expenditure for committed contracted district Discretionary District and programs.
- \$2.6 million from Health Information Organization grants for implementing the California Health Information Exchange Onboarding Program.
- \$2.0 million from the Children's Health Initiative Trust Fund to Mission Asset Fund to provide financial assistance to residents of San Mateo County who have been economically impacted by COVID-19 and who are ineligible for federal financial assistance programs because of their immigration status.
- \$1.1 million from California Dept of Public Health CA Immunization Program for expense related to influenza and COVID-19 immunization.
- \$1.0 million Urban Area Security Initiative grant.
- \$5.5 million from other sources for various purpose.

Actual General Fund revenues were below budgeted by \$257.6 million, or 14.2%. Revenues from intergovernmental agencies were below anticipated projections by \$107.8 million, while other financing sources were \$6.5 million lower than budget. Actual tax revenues, however fell below the total budgeted by \$45.5 million primarily due to lower than expected income from sales and use taxes (Measure K), property tax in-lieu of sales taxes, property transfer taxes, and vehicle rental business license tax. The overall revenue from the remaining sources was \$97.8 million lower than expected, primarily from \$17.9 million decrease in use of money and property, \$2.6 million decrease in fines, forfeitures and penalties, and \$79.3 million decrease in interfund revenues mainly from the elimination of interfund revenue between governmental funds.

Actual General Fund expenditures were below budgeted by \$843.9 million, or 32.9%. The unspent appropriations can be found in the following areas:

- \$282.7 million unspent appropriations in contingencies resulted from prudent long-term financial planning.
- \$132.6 million unspent appropriations in other financing uses due primarily to major capital funded by Non-Departmental Services and Measure K either not yet started or completed, including the San Mateo Medical Center, Cordilleras Mental Health Facility, the Middlefield Road Streetscape Project, Pescadero Fire Station, and County Office Building 3.
- \$255.1 million unspent appropriations in services and supplies due primarily to delays in one-time and ongoing projects caused by the COVID-19 pandemic, including County-wide Measure K Parks projects, department specific information technology (IT) projects, such as the Property Tax replacement project.
- \$88.2 million unspent appropriations in salaries and benefits due primarily to unfilled positions throughout many departments as well as a Countywide hiring freeze that continued until June 2021.
- \$65.9 million unspent appropriations in other charges due primarily to Housing project contributions, carryforward Measure K appropriations for district discretionary initiatives, and service charges not expended due to the COVID-19 pandemic.
- \$49 million unspent appropriations in capital assets due primarily to IT purchases not yet made, delayed capital acquisitions, and Measure K funded replacement of fire apparatus and safety equipment.

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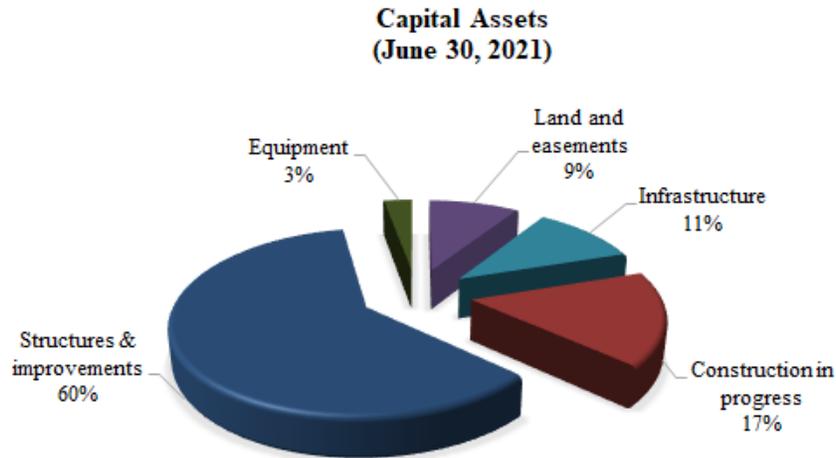
The overall unspent appropriation discussed above was offset by unrealized *intrafund transfers* (reimbursements from General Fund departments) of \$29.6 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The County’s investment in capital assets increased \$75.2 million, or 6%, to \$1,296.1 million (net of accumulated depreciation). The investment includes land and easements, infrastructure, construction in progress, structures and improvement, equipment, and software. The County’s capital assets as of June 30, 2021 and 2020, are comprised of the following:

	Capital Assets Net of Accumulated Depreciation (In Thousands)							
	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2021	2020	2021	2020	2021	2020	Amount	Percentage
Land and easements	\$ 102,115	\$ 101,587	\$ 14,989	\$ 14,247	\$ 117,104	\$ 115,834	\$ 1,270	1%
Infrastructure	139,838	137,352	-	-	139,838	137,352	2,486	2%
Construction in progress	210,191	129,323	6,332	7,494	216,523	136,817	79,706	58%
Structures and improvements	731,254	740,536	48,943	47,385	780,197	787,921	(7,724)	-1%
Equipment	25,132	25,862	11,666	11,261	36,798	37,123	(325)	-1%
Software	2,971	4,755	2,669	1,091	5,640	5,846	(206)	-4%
Total	<u>\$ 1,211,501</u>	<u>\$ 1,139,415</u>	<u>\$ 84,599</u>	<u>\$ 81,478</u>	<u>\$ 1,296,100</u>	<u>\$ 1,220,893</u>	<u>\$ 75,207</u>	<u>6%</u>

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



Additional information on the County’s capital assets can be found in Note 8 on pages 66-68 of this report. Information on the County’s infrastructure assets reported under the modified approach can be found in the Required Supplementary Information on page 100.

Major events related to capital assets included the following:

- *Construction in Progress projects* (See Note 8 on page 66):
 - *San Mateo County Health Campus Upgrade.* The San Mateo Health System Campus Upgrade Project consists of the San Mateo Medical Center and Health Services departments. The project comprised of demolition, upgrades, and construction. This project will occur in phases with the final project completion estimated by December 2024. The estimated project cost is \$175 million. The total cost incurred during FY 2020-21 is \$17.9 million.

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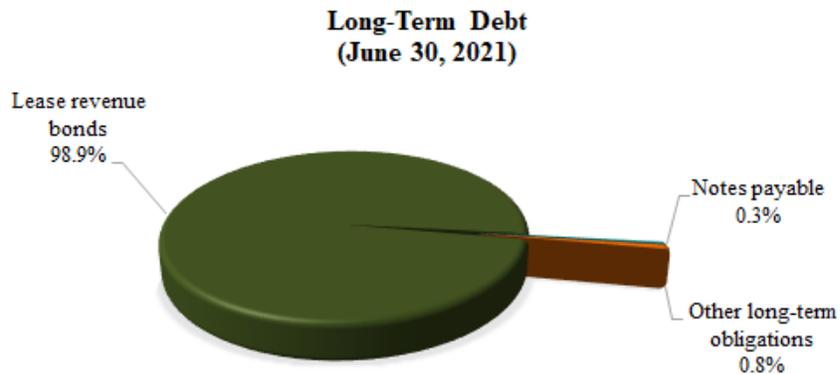
- *County Office Building 3.* County Office Building 3 (COB3) will contain five levels of offices and meeting space that will accommodate 500 County employees. This property will house the Board of Supervisors Chambers, offices for the Board of Supervisors and the County Manager as well as staff for various departments of the County. The estimated project cost is \$215 million. The total cost incurred during FY 2020-21 is \$11.3 million
- *Parking Structure 2.* The new Parking Structure 2 (PS2) is located at the former jury parking lot, added 1,022 additional parking stalls over 7 levels. Total project expenses to date are approximately \$47.2 million with completion on September 13, 2021
- *Cordilleras Mental Health Facility.* The Cordilleras Mental Health Facility will provide state-of-the-art care and rehabilitation for the County’s most vulnerable mentally ill residents in a serene natural setting. This project will occur in phases with the project completion estimated for July 2024. The estimated project cost is \$155 million. The total cost incurred during FY 2020-21 is \$16.9 million

Long-Term Debt. The County’s total debt increased \$138.4 million, or 24%, to \$716.4 million as of June 30, 2021. The increase was due to the issuance of the 2021 Series A Lease Revenue Bonds for \$170.7 million in par value and \$17.7 million in bond premium, offset by the decrease of \$32.6 million decrease from normal debt payments made on lease revenue bonds. As indicated in the table below, the County’s total debt is primarily comprised of \$708.6 million in lease revenue bonds, \$2.1 million in notes payable, and \$5.7 million in other long-term obligations.

Long-Term Debt
(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2021	2020	2021	2020	2021	2020	Amount	Percentage
Lease revenue and revenue refunding bonds (including accreted interest)	\$ 708,620	\$ 570,202	\$ -	\$ -	\$ 708,620	\$ 570,202	\$ 138,418	24%
Notes payable	-	-	2,135	2,207	2,135	2,207	(72)	-3%
Other long-term obligations	4,098	4,249	1,587	1,337	5,685	5,586	99	2%
Total	<u>\$ 712,718</u>	<u>\$ 574,451</u>	<u>\$ 3,722</u>	<u>\$ 3,544</u>	<u>\$ 716,440</u>	<u>\$ 577,995</u>	<u>\$ 138,445</u>	<u>24%</u>

The County’s debts as of June 30, 2021, are distributed as follows:



Additional information on the County’s long-term debt can be found in Note 10 on pages 69-73 of this report.

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Major events related to the long-term debts included the following:

- *Issuance of 2021 Series A Lease Revenue Bonds.* In June 2021, the JPFA issued a total of \$153.0 million in Lease Revenue Bonds (the “2021A Bonds”) which with interest rates ranging 2.5% to 5% and a bond premium of \$17.7 million. Together with other available moneys, the proceeds of the 2021A Bonds totaling \$170.7 million were used to finance the reconstruction and equipping of the Cordilleras Mental Health Center, pay capitalized interest through June 15, 2024, and pay costs of issuance.

In connection of the 2021A Bonds, the JPFA will issue 2023 Series A Lease Revenue Bonds (Tax-Exempt Forward Refunding of 2013 Bonds) (the “2023 Bonds”) which will partially refund the 2013 Bonds for a total of \$26.3 million with an average interest rate of 5% and a bond premium of \$4.9 million. The 2023 Bonds were sold on a private placement basis and expected to be refunded on April 17, 2023.

Additionally, the JPFA will issue 2024 Series A Lease Revenue Bonds (Tax-Exempt Forward Refunding of 2014 Bonds) (the “2024 Bonds”) will partially refund the 2014 Bonds for a total of \$61.3 million with an average interest rate of 4.74% and a bond premium of \$8.5 million. The 2024 Bonds were sold on a private placement basis and expected to be refunded on March 18, 2024.

- *Scheduled Retirement of Outstanding Debt.* Apart from the above refunding, the County retired a total of \$32.6 million in principal payment, \$3.0 million decrease in bond premiums amortized, and \$0.8 million in accreted interest in outstanding lease revenue bonds, including amortization of premiums and discounts, based on the debt service payment schedules.

County Ordinance No. 3773 limits the County annual debt service to 4% of the average annual County total budget for the current and the preceding four fiscal years. The debt service limit for FY 2020-21 was \$129.2 million. The amount applicable to the debt service limit was \$56.1 million, which was \$73.1 million, or 56.6%, less than authorized.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's economy has begun to see transitions as a result of new developments related to the pandemic. Acknowledging continuing uncertainty, the following economic factors were considered in the preparation of the County's final budget for FY 2021-22.

- As of June 2021, the unemployment rate in San Mateo County was 5.0%, although the rate fell to a preliminary figure of 4.6% in August 2021.
- With the close of the FY 2020-21 assessment rolls, net secured property (real property) value was assessed at an increase of 4.7% from FY 2019-20.
- Commercial rents have continued to increase despite relatively high vacancy rates. The average asking rent price for office space was at \$5.96 per square foot in the third quarter of 2021, an increase of 5.5% over the third quarter of 2020. These are some of the highest seen rates, even considering pre-pandemic figures.
- Due to the changes in the pandemic, the County's taxable sales are predicted to increase over FY 2021-22. Although airport passenger traffic, which contributes to the sales tax in unincorporated areas, continues to increase, it has not reached pre-pandemic levels. For FY 2020-21, sales taxes were down by 37.9% as compared to FY 2019-20. The County projected a 22.5% increase in sales tax, a 2.5% increase in Measure K Half Cent Sales Tax and a 2% increase in Public Safety Sales Tax in FY 2020-21.

In September 2021, the County Board adopted the final budget of \$3.8 billion for FY 2021-22.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2021

REQUEST FOR INFORMATION

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

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

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



Basic Financial Statements -
Government-Wide Financial Statements

COUNTY OF SAN MATEO
Statement of Net Position
June 30, 2021
(In Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	First 5 San Mateo County	Health Plan of San Mateo (December 31, 2020)
ASSETS					
Cash and investments	\$ 2,327,129	\$ 99,854	\$ 2,426,983	\$ 13,159	\$ 381,074
Restricted cash and investments	58,098	2,223	60,321	-	300
Receivables (net)	218,637	23,230	241,867	32	31,407
Due from other governmental agencies	300,666	187,121	487,787	754	159,274
Inventories	438	3,682	4,120	-	-
Prepays and other assets	20,286	9,099	29,385	-	7,813
Internal balances	7,376	(7,376)	-	-	-
Notes/Loans receivable	7,307	29,749	37,056	-	-
Net pension asset	-	-	-	-	1,463
Capital assets:					
Nondepreciable	409,258	21,321	430,579	-	15,668
Depreciable, net	802,243	63,278	865,521	-	49,293
Total assets	<u>4,151,438</u>	<u>432,181</u>	<u>4,583,619</u>	<u>13,945</u>	<u>646,292</u>
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized losses on refunding debts	11,776	-	11,776	-	-
Pension-related items	598,390	105,379	703,769	832	2,202
OPEB-related items	32,375	7,161	39,536	140	-
Total deferred outflows of resources	<u>642,541</u>	<u>112,540</u>	<u>755,081</u>	<u>972</u>	<u>2,202</u>
LIABILITIES					
Accounts payable	79,318	24,620	103,938	1,224	2,233
Payable from restricted cash and investments	-	249	249	-	-
Accrued interest payable	8,728	90	8,818	-	-
Accrued salaries and benefits	41,411	10,450	51,861	73	-
Accrued liabilities	552	53	605	-	194,205
Due to other governmental agencies	49,760	161,464	211,224	-	116,444
Unearned revenues	174,766	1,984	176,750	70	-
Deposits	107	4	111	-	-
Long-term liabilities:					
Net pension liability - due beyond one year	676,723	154,314	831,037	1,156	-
Net OPEB liability - due beyond one year	47,475	10,943	58,418	16	-
Lease revenue bonds - due within one year	31,907	-	31,907	-	-
Lease revenue bonds - due beyond one year	676,713	-	676,713	-	-
Notes payable - due within one year	-	76	76	-	-
Notes payable - due beyond one year	-	2,059	2,059	-	-
Other long-term obligations - due within one year	154	-	154	-	-
Other long-term obligations - due beyond one year	3,944	1,587	5,531	-	-
Estimated claims - due within one year	20,118	-	20,118	-	-
Estimated claims - due beyond one year	35,219	-	35,219	-	-
Compensated absences - due within one year	35,258	10,938	46,196	46	-
Compensated absences - due beyond one year	42,176	6,241	48,417	90	-
Total liabilities	<u>1,924,329</u>	<u>385,072</u>	<u>2,309,401</u>	<u>2,675</u>	<u>312,882</u>
DEFERRED INFLOWS OF RESOURCES					
Unamortized gain on refunding debts	1,646	-	1,646	-	-
Pension-related items	147	27	174	-	2,343
OPEB-related items	49,579	10,982	60,561	169	-
Total deferred inflows of resources	<u>51,372</u>	<u>11,009</u>	<u>62,381</u>	<u>169</u>	<u>2,343</u>
NET POSITION					
Net investment in capital assets	836,052	82,464	918,516	-	64,961
Restricted for:					
Public assistance	141,828	1,318	143,146	-	-
Road and sanitation	122,362	-	122,362	-	-
Debt service	86,574	-	86,574	-	-
Other purposes	8,783	-	8,783	-	300
Unrestricted	1,622,679	64,858	1,687,537	12,073	268,008
Total net position	<u>\$ 2,818,278</u>	<u>\$ 148,640</u>	<u>\$ 2,966,918</u>	<u>\$ 12,073</u>	<u>\$ 333,269</u>

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

COUNTY OF SAN MATEO
Statement of Activities
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs:				
Primary government				
Governmental activities:				
General government	\$ 397,881	\$ 47,995	\$ 141,312	\$ -
Public protection	485,608	56,922	164,503	-
Public ways and facilities	27,221	3,773	23,308	-
Health and sanitation	408,741	110,042	230,916	-
Public assistance	283,760	11,718	223,310	-
Recreation	21,148	2,425	154	-
Interest on long-term liabilities	23,745	-	-	-
Total governmental activities	1,648,104	232,875	783,503	-
Business-type activities:				
San Mateo Medical Center	399,704	345,657	8,485	3,211
Airports	4,736	5,565	19	-
Coyote Point Marina	1,461	1,550	80	-
Housing Authority	123,320	130,386	-	-
Total business-type activities	529,221	483,158	8,584	3,211
Total primary government	\$ 2,177,325	\$ 716,033	\$ 792,087	\$ 3,211
Component units:				
First 5 San Mateo County	\$ 6,078	\$ -	\$ 7,061	\$ -
Health Plan of San Mateo	\$ 829,682	\$ 808,016	\$ -	\$ -
General revenues:				
Taxes:				
Property taxes				
Property transfer taxes				
Sales and use taxes				
Transient occupancy taxes				
Aircraft taxes				
Vehicle rental business license tax				
Unrestricted interest and investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year, as previously reported				
Prior year adjustment				
Net position, beginning of year, as restated				
Net position, end of year				

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

(Continued)

COUNTY OF SAN MATEO
Statement of Activities
For the Fiscal Year Ended June 30, 2021
(In Thousands)

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business- type Activities	Total	First 5 San Mateo County	Health Plan of San Mateo (For the Year Ended December 31, 2020)
\$ (208,574)	\$ -	\$ (208,574)		
(264,183)	-	(264,183)		
(140)	-	(140)		
(67,783)	-	(67,783)		
(48,732)	-	(48,732)		
(18,569)	-	(18,569)		
(23,745)	-	(23,745)		
(631,726)	-	(631,726)		
-	(42,351)	(42,351)		
-	848	848		
-	169	169		
-	7,066	7,066		
-	(34,268)	(34,268)		
(631,726)	(34,268)	(665,994)		
			\$ 983	
				\$ (21,666)
782,391	-	782,391	-	-
13,575	-	13,575	-	-
108,058	-	108,058	-	-
2,619	-	2,619	-	-
1,016	-	1,016	-	-
2,476	-	2,476	-	-
4,094	321	4,415	-	3,453
36,950	1,878	38,828	11	3,463
(59,443)	59,443	-	-	-
891,736	61,642	953,378	11	6,916
260,010	27,374	287,384	994	(14,750)
2,542,336	121,266	2,663,602	11,394	348,019
15,932	-	15,932	(315)	-
2,558,268	121,266	2,679,534	11,079	348,019
\$ 2,818,278	\$ 148,640	\$ 2,966,918	\$ 12,073	\$ 333,269

Functions/Programs:

Primary government

Governmental activities:

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

Business-type activities:

San Mateo Medical Center
Airports
Coyote Point Marina
Housing Authority
Total business-type activities

Total primary government

Component units:

First 5 San Mateo County

Health Plan of San Mateo

General revenues:

Taxes:

Property taxes
Property transfer taxes
Sales and use taxes
Transient occupancy taxes
Aircraft taxes
Vehicle rental business license tax

Unrestricted interest and investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as previously reported

Prior year adjustment

Net position, beginning of year, as restated

Net position, end of year

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



Basic Financial Statements -

Fund Financial Statements

COUNTY OF SAN MATEO
Balance Sheet
Governmental Funds
June 30, 2021
(In Thousands)

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
ASSETS				
Cash and investments	\$ 1,635,173	\$ 313,810	\$ 313,469	\$ 2,262,452
Restricted cash and investments	-	33,822	24,276	58,098
Receivables (net):				
Accounts	6,952	-	158	7,110
Interest	26,663	666	793	28,122
Taxes	18,339	-	775	19,114
Mortgages	137,798	-	-	137,798
Advances	1	-	-	1
Other	25,727	-	-	25,727
Due from other funds	2,344	-	9,174	11,518
Due from other governmental agencies	293,464	-	4,677	298,141
Loan receivable	7,307	-	-	7,307
Prepaid items	12,712	601	194	13,507
Inventories	59	-	302	361
Advances to other funds	7,591	-	-	7,591
Total assets	<u>\$ 2,174,130</u>	<u>\$ 348,899</u>	<u>\$ 353,818</u>	<u>\$ 2,876,847</u>
LIABILITIES				
Accounts payable	\$ 41,041	\$ 14,144	\$ 23,201	\$ 78,386
Accrued salaries and benefits	40,394	-	862	41,256
Accrued liabilities	552	-	-	552
Due to other funds	2,435	298	1,660	4,393
Due to other governmental agencies	49,760	-	-	49,760
Unearned revenues	173,967	-	754	174,721
Deposits	-	-	13	13
Advances from other funds	-	-	5,862	5,862
Total liabilities	<u>308,149</u>	<u>14,442</u>	<u>32,352</u>	<u>354,943</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	415,700	-	3,232	418,932
Total deferred inflows of resources	<u>415,700</u>	<u>-</u>	<u>3,232</u>	<u>418,932</u>
FUND BALANCES				
Nonspendable	51,008	601	496	52,105
Restricted	148,768	333,856	151,609	634,233
Assigned	5,970	-	167,036	173,006
Unassigned	1,244,535	-	(907)	1,243,628
Total fund balances	<u>1,450,281</u>	<u>334,457</u>	<u>318,234</u>	<u>2,102,972</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,174,130</u>	<u>\$ 348,899</u>	<u>\$ 353,818</u>	<u>\$ 2,876,847</u>

The notes to the basic 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 Position
June 30, 2021
(In Thousands)

Fund balances - total governmental funds (page 25) \$ 2,102,972

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

Deferred outflows of resources in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	640,586
Deferred inflows of resources in governmental activities does not require the use of financial resources and, therefore, are not reported in the governmental funds.	(51,121)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,200,646
Other long-term assets are not available to pay for current-period expenditures and, therefore, are shown as deferred inflows of resources in the governmental funds.	418,932
Internal service funds are used by management to charge the costs of management of fleet maintenance, Tower Road construction, workers' compensation, long-term disability, employee benefits, and personal injury and property damage to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.	26,143
Interest payable on long-term liabilities does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.	(8,728)
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	\$ (708,620)
Other long-term obligations	(4,098)
Compensated absences	(77,153)
Net pension liability	(674,055)
Net OPEB liability	(47,226)
	(1,511,152)

Net position of governmental activities (page 22) \$ 2,818,278

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

COUNTY OF SAN MATEO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 717,051	\$ -	\$ 25,338	\$ 742,389
Licenses and permits	7,604	-	3,522	11,126
Intergovernmental	722,401	-	49,274	771,675
Charges for services	193,870	-	31,656	225,526
Fines, forfeitures and penalties	6,886	-	950	7,836
Rents and concessions	2,130	-	57	2,187
Investment income/(loss)	267	3,000	(1,437)	1,830
Other revenues	32,166	-	1,010	33,176
Total revenues	<u>1,682,375</u>	<u>3,000</u>	<u>110,370</u>	<u>1,795,745</u>
Expenditures:				
Current:				
General government	396,131	56	735	396,922
Public protection	442,675	-	4,527	447,202
Public ways and facilities	-	-	25,262	25,262
Health and sanitation	370,024	-	25,846	395,870
Public assistance	247,622	-	27,505	275,127
Recreation	18,649	-	-	18,649
Capital outlay	9,435	32,230	83,076	124,741
Debt service:				
Principal	-	28,806	151	28,957
Interest	-	27,254	63	27,317
Bond issuance costs	-	1,451	-	1,451
Bond insurance	-	43	-	43
Total expenditures	<u>1,484,536</u>	<u>89,840</u>	<u>167,165</u>	<u>1,741,541</u>
Excess (deficiency) of revenues over (under) expenditures	<u>197,839</u>	<u>(86,840)</u>	<u>(56,795)</u>	<u>54,204</u>
Other financing sources (uses):				
Issuance of debt	-	153,005	-	153,005
Bond premium	-	17,667	-	17,667
Transfers in	11,878	41,187	127,874	180,939
Transfers out	(188,985)	-	(55,876)	(244,861)
Total other financing sources (uses)	<u>(177,107)</u>	<u>211,859</u>	<u>71,998</u>	<u>106,750</u>
Net change in fund balances	<u>20,732</u>	<u>125,019</u>	<u>15,203</u>	<u>160,954</u>
Fund balances - beginning, as previously reported	1,413,617	209,438	303,031	1,926,086
Prior year adjustment	15,932	-	-	15,932
Fund balances - beginning, as restated	<u>1,429,549</u>	<u>209,438</u>	<u>303,031</u>	<u>1,942,018</u>
Fund balances - end	<u>\$ 1,450,281</u>	<u>\$ 334,457</u>	<u>\$ 318,234</u>	<u>\$ 2,102,972</u>

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

COUNTY OF SAN MATEO
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-wide Statement of Activities
For the Fiscal Year Ended June 30, 2021
(In Thousands)

Net change in fund balances - total governmental funds (page 27) \$ 160,954

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

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

Expenditures for general capital assets and infrastructure	\$ 124,741	
Expenditures not subject to capitalization	(21,694)	
The net effect of various miscellaneous transactions involving capital assets such as sales, retirements, and trade-ins	(297)	
Less current year depreciation	(30,407)	72,343

Pension contributions made subsequent to the measurement date is an expenditure in the governmental funds, but reported as a deferred outflow of resources in the government-wide financial statements 219,729

OPEB contributions made subsequent to the measurement date is an expenditure in the governmental funds, but reported as a deferred outflow of resources in the government-wide financial statements 22,962

Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are recognized as revenues in the statement of activities. 171,113

Issuance of lease revenue bonds provide current financial resources to the governmental funds, but these obligations are reported as long-term liabilities in the government-wide financial statements. (153,005)

Bond premiums are other financing sources in the governmental funds but deferred and amortized over the life of the bonds in the statement of activities. (17,667)

Repayment and defeasance of long-term liabilities are expenditures and other financing uses in the governmental funds but reduces long-term liabilities in the statement of net position.
 Payments toward:
 Lease revenue bonds 28,806

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 premium	3,007	
Retirement and amortization of gain/(loss) on refunding of debt	(517)	
Change in accrued interest payable	196	
Addition to accretion of capital appreciation bonds	(378)	
Deduction to accretion of capital appreciation bonds	819	
Change in other long-term liabilities	151	
Change in compensated absences	(6,253)	(2,975)

Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (236,738)

Changes to net OPEB liability and OPEB related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (10,529)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expenses of certain activities of the internal service funds are reported with governmental activities. 5,017

Change in net position of governmental activities (page 24) **\$ 260,010**

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

COUNTY OF SAN MATEO
Statement of Fund Net Position
Proprietary Funds
June 30, 2021
(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 69,311	\$ 23,277	\$ 7,266	\$ 99,854	\$ 64,677
Restricted cash and investments	-	2,223	-	2,223	-
Receivables (net):					
Accounts	14,688	5	140	14,833	614
Interest	2,601	63	16	2,680	151
Other	5,717	-	-	5,717	-
Due from other funds	74	-	6	80	13
Due from other governmental agencies	186,621	500	-	187,121	2,525
Inventories	3,682	-	-	3,682	77
Notes receivable	-	5	-	5	-
Prepays and other assets	5,198	229	78	5,505	6,779
Total current assets	<u>287,892</u>	<u>26,302</u>	<u>7,506</u>	<u>321,700</u>	<u>74,836</u>
Noncurrent assets:					
Notes receivable	-	27,616	-	27,616	-
Loan receivable	2,128	-	-	2,128	-
Deposits	1,526	-	-	1,526	-
Other noncurrent assets	-	2,068	-	2,068	-
Capital assets:					
Nondepreciable:					
Land	841	5,970	8,178	14,989	-
Construction in progress	5,549	-	783	6,332	-
Depreciable:					
Structures and improvements	20,089	23,618	51,343	95,050	4,596
Equipment	24,486	1,346	367	26,199	29,008
Software	18,881	-	-	18,881	9
Less accumulated depreciation	(33,341)	(21,711)	(21,800)	(76,852)	(22,758)
Total capital assets	<u>36,505</u>	<u>9,223</u>	<u>38,871</u>	<u>84,599</u>	<u>10,855</u>
Total noncurrent assets	<u>40,159</u>	<u>38,907</u>	<u>38,871</u>	<u>117,937</u>	<u>10,855</u>
Total assets	<u>328,051</u>	<u>65,209</u>	<u>46,377</u>	<u>439,637</u>	<u>85,691</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension-related items	104,229	-	1,150	105,379	1,792
OPEB-related items	6,891	180	90	7,161	163
Total deferred outflows of resources	<u>111,120</u>	<u>180</u>	<u>1,240</u>	<u>112,540</u>	<u>1,955</u>
LIABILITIES					
Current liabilities:					
Accounts payable	24,078	368	174	24,620	932
Payable from restricted cash and investments	-	249	-	249	-
Accrued interest payable	-	-	90	90	-
Accrued salaries and benefits	10,085	253	112	10,450	155
Accrued liabilities	-	53	-	53	-
Due to other funds	7,214	-	2	7,216	2
Due to other governmental agencies	161,464	-	-	161,464	-
Unearned revenues	1,279	670	35	1,984	45
Deposits	-	-	4	4	94
Notes payable - current	-	1	75	76	-
Compensated absences - current	10,414	419	105	10,938	187
Estimated claims - current	-	-	-	-	20,118
Total current liabilities	<u>214,534</u>	<u>2,013</u>	<u>597</u>	<u>217,144</u>	<u>21,533</u>
Noncurrent liabilities:					
Advances from other funds	944	-	-	944	785
Net pension liability	152,706	-	1,608	154,314	2,668
Net OPEB liability	10,597	220	126	10,943	249
Notes payable - noncurrent	-	31	2,028	2,059	-
Compensated absences - noncurrent	5,922	225	94	6,241	94
Estimated claims - noncurrent	-	-	-	-	35,219
Other long-term liabilities - noncurrent	890	697	-	1,587	-
Total noncurrent liabilities	<u>171,059</u>	<u>1,173</u>	<u>3,856</u>	<u>176,088</u>	<u>39,015</u>
Total liabilities	<u>385,593</u>	<u>3,186</u>	<u>4,453</u>	<u>393,232</u>	<u>60,548</u>
DEFERRED INFLOWS OF RESOURCES					
Pension-related items	27	-	-	27	-
OPEB-related items	10,620	225	137	10,982	251
Total deferred inflows of resources	<u>10,647</u>	<u>225</u>	<u>137</u>	<u>11,009</u>	<u>251</u>
NET POSITION					
Net investment in capital assets	36,505	9,191	36,768	82,464	10,855
Restricted:					
Housing assistance programs	-	1,318	-	1,318	-
Unrestricted	6,426	51,469	6,259	64,154	15,992
Total net position	<u>\$ 42,931</u>	<u>\$ 61,978</u>	<u>\$ 43,027</u>	<u>147,936</u>	<u>\$ 26,847</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				704	
Net position of business-type activities (page 22)				<u>\$ 148,640</u>	

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

COUNTY OF SAN MATEO
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
Operating revenues:					
Charges for services	\$ 450,433	\$ -	\$ 1,637	\$ 452,070	\$ 161,651
Less:					
Contractual allowances	(295,209)	-	-	(295,209)	-
Provision for doubtful accounts	(6,051)	-	-	(6,051)	-
Net charges for services	149,173	-	1,637	150,810	161,651
Other program revenues:					
Supplemental programs	131,887	-	-	131,887	-
Premium revenues	23,742	-	-	23,742	-
Sales tax realignment	26,954	-	-	26,954	-
Other operating revenues:					
Rent and concessions	1,715	3,961	5,478	11,154	-
Revenue from housing assistance payments	-	126,425	-	126,425	-
Revenue from foundations	3,299	-	-	3,299	-
Sales of drugs and medical supplies, fees, and others	8,887	-	-	8,887	-
Miscellaneous	-	1,163	715	1,878	2,153
Total operating revenues	<u>345,657</u>	<u>131,549</u>	<u>7,830</u>	<u>485,036</u>	<u>163,804</u>
Operating expenses:					
Salaries and benefits	164,856	5,882	1,813	172,551	2,741
Pension expense	43,572	-	496	44,068	752
OPEB expense	2,232	56	30	2,318	53
Pharmaceutical drugs	13,544	-	-	13,544	-
Supplies	11,920	-	-	11,920	-
Contract provider services	73,129	-	-	73,129	-
Other fees and purchased services	66,587	-	-	66,587	-
General and administrative	22,376	5,621	2,844	30,841	15,957
Benefits and claims	-	-	-	-	19,452
Insurance premiums	-	-	-	-	119,930
Depreciation and amortization	2,673	601	935	4,209	2,842
Housing assistance payments	-	111,081	-	111,081	-
Total operating expenses	<u>400,889</u>	<u>123,241</u>	<u>6,118</u>	<u>530,248</u>	<u>161,727</u>
Operating income (loss)	<u>(55,232)</u>	<u>8,308</u>	<u>1,712</u>	<u>(45,212)</u>	<u>2,077</u>
Nonoperating revenues (expenses):					
State and federal grants	-	-	99	99	-
Medi-Cal rate differential	2,858	-	-	2,858	-
Provider relief fund revenues	5,627	-	-	5,627	-
Loss from disposal of capital assets	(5)	-	-	(5)	-
Investment income/(expense)	321	(79)	(10)	232	(320)
Interest expense	-	-	(98)	(98)	-
Total nonoperating revenues, net	<u>8,801</u>	<u>(79)</u>	<u>(9)</u>	<u>8,713</u>	<u>(320)</u>
Income (loss) before capital contributions and transfers	<u>(46,431)</u>	<u>8,229</u>	<u>1,703</u>	<u>(36,499)</u>	<u>1,757</u>
Capital contributions	3,211	-	-	3,211	-
Transfers in	69,172	-	-	69,172	4,512
Transfers out	(9,729)	-	-	(9,729)	(33)
Change in net position	<u>16,223</u>	<u>8,229</u>	<u>1,703</u>	<u>26,155</u>	<u>6,236</u>
Net position - beginning	<u>26,708</u>	<u>53,749</u>	<u>41,324</u>		<u>20,611</u>
Net position - end	<u>\$ 42,931</u>	<u>\$ 61,978</u>	<u>\$ 43,027</u>		<u>\$ 26,847</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>1,219</u>	
Change in net position of business-type activities (page 24)				<u>\$ 27,374</u>	

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

COUNTY OF SAN MATEO
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Cash receipts from customers	\$ 390,586	\$ 131,866	\$ 7,739	\$ 530,191	\$ -
Cash receipts from interfund services provided	-	-	-	-	164,281
Cash paid to suppliers of goods and services	(207,639)	(4,889)	(2,927)	(215,455)	(136,979)
Cash paid to employees for services	(202,634)	(5,577)	(2,221)	(210,432)	(3,470)
Cash paid for housing assistance	-	(112,339)	-	(112,339)	-
Cash paid for judgments and claims	-	-	-	-	(23,767)
Net cash provided by (used in) operating activities	(19,687)	9,061	2,591	(8,035)	65
Cash flows from noncapital financing activities					
County subsidy transfers	69,172	-	-	69,172	-
Transfers received from other funds	-	-	-	-	4,512
Transfers paid to other funds	(9,729)	-	-	(9,729)	(33)
Loan from other funds	4,812	-	-	4,812	-
Proceeds from long term borrowings	-	250	-	250	-
Cash receipts from provider relief funds	5,627	-	-	5,627	-
Cash receipts related to Medi-Cal rate differential	2,858	-	-	2,858	-
State and federal grant receipts	-	-	19	19	-
Net cash provided by (used in) noncapital financing activities	72,740	250	19	73,009	4,479
Cash flows from capital and related financing activities					
Acquisition of capital assets	(6,000)	(788)	(547)	(7,335)	(2,489)
Capital contribution	3,211	-	-	3,211	-
Payment on long-term liabilities	-	(1)	(71)	(72)	-
Interest paid on long-term liabilities	-	-	(101)	(101)	-
Net cash used in capital and related financing activities	(2,789)	(789)	(719)	(4,297)	(2,489)
Cash flows from investing activities					
Principal received from loans and investments	(227)	5	-	(222)	-
Cash disbursed for loans	-	(7,311)	-	(7,311)	-
Interest received from loans	-	(19)	-	(19)	-
Interest receipts	321	-	78	399	94
Investment expense paid	-	(26)	(6)	(32)	(320)
Net cash provided by (used in) investing activities	94	(7,351)	72	(7,185)	(226)
Net increase (decrease) in cash and cash equivalents	50,358	1,171	1,963	53,492	1,829
Cash and cash equivalents, beginning	18,953	24,329	5,303	48,585	62,848
Cash and cash equivalents, end	\$ 69,311	\$ 25,500	\$ 7,266	\$ 102,077	\$ 64,677
Financial statement presentation:					
Cash and investments	\$ 69,311	\$ 23,277	\$ 7,266	\$ 99,854	\$ 64,677
Restricted cash and investments	-	2,223	-	2,223	-
Cash and cash equivalents, end	\$ 69,311	\$ 25,500	\$ 7,266	\$ 102,077	\$ 64,677

(Continued)

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

COUNTY OF SAN MATEO
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo				Activities
	Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (55,232)	\$ 8,308	\$ 1,712	\$ (45,212)	\$ 2,077
Adjustments to reconcile operating income (loss) to net cash provided by (used in) from operating activities:					
Depreciation and amortization	2,673	601	935	4,209	2,842
Decrease (increase) in:					
Accounts receivable	7,351	(2)	(101)	7,248	646
Grant receivable	6	-	-	6	-
Other receivable	(867)	-	-	(867)	-
Due from other funds	8,863	-	2	8,865	318
Due from other governmental agencies	67,611	(274)	-	67,337	1,530
Inventories	(447)	-	-	(447)	(9)
Other assets	(869)	(71)	(70)	(1,010)	(2,017)
Deposits	253	-	-	253	-
Deferred outflows of resources	(25,948)	2	-	(25,946)	(459)
Increase (decrease) in:					
Accounts payable	(19,884)	58	(13)	(19,839)	(894)
Accrued salaries and benefits	995	37	19	1,051	6
Accrued liabilities	-	(2)	-	(2)	-
Due to other funds	(5)	-	(10)	(15)	(21)
Due to other governmental agencies	(37,177)	-	-	(37,177)	-
Unearned revenues	11	217	18	246	(168)
Net pension liability	35,904	-	45	35,949	629
Net OPEB liability	(5,790)	(93)	(11)	(5,894)	(137)
Compensated absences	(801)	207	13	(581)	(47)
Estimated claims	-	-	-	-	(4,315)
Deferred inflows of resources	3,666	73	52	3,791	84
Net cash provided by (used in) operating activities	<u>\$ (19,687)</u>	<u>\$ 9,061</u>	<u>\$ 2,591</u>	<u>\$ (8,035)</u>	<u>\$ 65</u>

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

COUNTY OF SAN MATEO
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021
(In Thousands)

	SamCERA Pension Trust	Investment Trust	Private-Purpose Trust Funds	Custodial Funds
ASSETS				
Cash and investments (in County investment pool)	\$ 11,309	\$ 3,745,181	\$ 215,639	\$ 319,295
Cash and investments (outside County investment pool)	210,787	-	-	-
Receivables (net):				
Due from broker for investments sold	48,258	-	-	-
Contributions	15,060	-	-	-
Accounts	-	-	-	986
Interest	7,838	10,739	579	754
Securities lending income	3	-	-	-
Taxes, net	-	-	-	162,244
Other	83	-	-	4,106
Due from other governmental agencies	-	20,917	10,420	34,853
Investments:				
Fixed income	1,545,541	-	-	-
Equity	2,411,437	-	-	-
Alternatives	860,701	-	-	-
Inflation hedge	942,704	-	-	-
Capital assets, net	4,587	-	-	-
Other assets	-	73	-	42,453
Total assets	<u>6,058,308</u>	<u>3,776,910</u>	<u>226,638</u>	<u>564,691</u>
LIABILITIES				
Accounts payable	3,151	2,888	20	6,506
Due to broker for investments purchased	66,319	-	-	-
Due to other governmental agencies	-	19,310	158,075	2,553
Securities lending collateral due to borrowers	4,574	-	-	-
Other liabilities	2,178	12,071	36	173,990
Total liabilities	<u>76,222</u>	<u>34,269</u>	<u>158,131</u>	<u>183,049</u>
NET POSITION				
Restricted for:				
Pension benefits	5,982,086	-	-	-
Investment pool participants	-	3,742,641	-	-
Individuals, organizations and other governments	-	-	68,507	381,642
Total net position	<u>\$ 5,982,086</u>	<u>\$ 3,742,641</u>	<u>\$ 68,507</u>	<u>\$ 381,642</u>

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

COUNTY OF SAN MATEO
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	SamCERA Pension Trust	Investment Trust	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS				
Contributions:				
Employer contributions	\$ 225,303	\$ -	\$ -	\$ -
Employer supplementary contributions	39,700	-	-	-
Plan member contributions	73,966	-	-	-
Contributions to investment pool	-	4,952,843	-	201,743
Contributions held on bequests	-	-	-	29,225
Property taxes collected for other governments	-	-	4,020,811	1,065,489
Total contributions	<u>338,969</u>	<u>4,952,843</u>	<u>4,020,811</u>	<u>1,296,457</u>
Net investment income:				
Net appreciation (depreciation) in fair value of investments	1,110,925	(49,639)	-	-
Interest and investment income	87,241	141,812	2,518	5,165
Investment expense	(65,039)	-	-	-
Securities lending activities:				
Securities lending income	64	-	-	-
Securities lending expenses	(14)	-	-	-
Total net investment income	<u>1,133,177</u>	<u>92,173</u>	<u>2,518</u>	<u>5,165</u>
Total additions	<u>1,472,146</u>	<u>5,045,016</u>	<u>4,023,329</u>	<u>1,301,622</u>
DEDUCTIONS				
Benefits and refunds paid to plan members and beneficiaries:				
Service retirement benefits	229,731	-	-	-
Disability retirement benefits	28,342	-	-	-
Death and other benefits	1,283	-	-	-
Withdrawals of members' contributions	2,796	-	-	-
Beneficiary payments to individuals	-	-	-	32,058
Total benefits and refunds paid to plan members and beneficiaries	<u>262,152</u>	<u>-</u>	<u>-</u>	<u>32,058</u>
Distributions from investment pool	-	4,640,631	-	201,184
Property taxes distributed to other governments	-	-	4,114,271	1,059,387
Payments to other local governments	-	-	-	23,050
Administrative expenses	8,410	-	-	2,211
Interest expense	-	-	-	17,250
Total deductions	<u>270,562</u>	<u>4,640,631</u>	<u>4,114,271</u>	<u>1,335,140</u>
Change in net position	<u>1,201,584</u>	<u>404,385</u>	<u>(90,942)</u>	<u>(33,518)</u>
Net position - beginning, as restated	<u>4,780,502</u>	<u>3,338,256</u>	<u>159,449</u>	<u>415,160</u>
Net position - end	<u>\$ 5,982,086</u>	<u>\$ 3,742,641</u>	<u>\$ 68,507</u>	<u>\$ 381,642</u>

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



Basic Financial Statements -
Notes to the Basic Financial Statements

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(In Thousands)

NOTE 1 – THE FINANCIAL REPORTING ENTITY

(a) Reporting Entity

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

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

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

(b) Blended Component Units

San Mateo County Joint Powers Financing Authority

The San Mateo County Joint Powers Financing Authority (JPFA), a joint exercise of powers agency organized under the laws of the State of California by agreements dated May 15, 1993, was formed to assist the County in the financing of public capital improvements. The County Board appointed a five-member board to set policies. The JPFA has no employees, and its daily operation is conducted by County employees or consultants. Because its financial and operational relationship with the County is closely integrated, the JPFA is reported as a major governmental fund in the County's basic financial statements. The JPFA issues a separate financial report that can be obtained by writing to the Office of the County Manager, 400 County Center, 1st Floor, Redwood City, California 94063.

Housing Authority of the County of San Mateo

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

In-Home Supportive Services (IHSS) Public Authority

The IHSS Public Authority assists IHSS clients in finding qualified caregivers. Though a legally separate entity, the IHSS Public Authority is programmatically integrated into the County service systems for seniors and persons with disabilities. The County Board serves as its governing body. The County is financially accountable for the IHSS Public Authority because the County holds a voting majority and may impose its will on the IHSS Public Authority. Because

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

of this relationship with the County, the IHSS Public Authority is reported as a nonmajor governmental fund in the County's basic financial statements.

County Service Areas, Sewer and Sanitation, Lighting, and Other Special Districts

The County Board, acting as a governing body, approves budgets, special taxes, and fees of the County Service Areas, Sewer and Sanitation, Lighting, and Other Special Districts (special districts). The County is financially accountable for these entities because the County holds a voting majority and may impose its will on each of these entities. Each of these special districts is, in substance, an integral part of the County and is reported as a nonmajor special revenue fund in the County's basic financial statements.

(c) Discretely Presented Component Units

First 5 San Mateo County

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

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

Health Plan of San Mateo

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

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

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

HPSM acquired a license under the Knox-Keene Health Care Services Plan Act, and is regulated by the State's Department of Health Care Services (DHCS), California's Department of Managed Health Care (DMHC), and Centers

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

for Medicare and Medicaid Services (CMS). HPSM issues a separate financial report that can be obtained by writing to HPSM at 701 Gateway Blvd., Suite 400, South San Francisco, CA 94080.

(d) Component Unit – Fiduciary in Nature

San Mateo County Employees' Retirement Association

The San Mateo County Employees' Retirement Association (SamCERA) exists to serve as the administrator of the County's pension plan. SamCERA's management is vested in the Board of Retirement consisting of nine members. Pursuant to the County Employees Retirement Law of 1937, board members include the County Treasurer, two general members of SamCERA elected by their peers, four members appointed by the County Board, one member from SamCERA's safety members, and one member from the retirees. The Board of Retirement undertakes the administrative and fiduciary responsibility over the pension plan. Because of its fiduciary relationship with the County, SamCERA is a component unit of the County (fiduciary in nature) and reported as a pension trust fund in the County's basic financial statements and not reported in the government-wide financial statements. SamCERA issues a separate financial report that can be obtained by writing to SamCERA at 100 Marine Parkway, Suite 125, Redwood Shores, California 94065.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Government-wide Financial Statements

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

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

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the County's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are services provided and used such as accounting and legal services are not eliminated in the process of consolidation.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

Fund Financial Statements

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

The County reports the following major governmental funds:

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

The County reports the following major enterprise funds:

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

The County also reports the following additional fund types:

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

These funds include:

- *SamCERA Pension Trust Fund* accumulates contributions from the County, the San Mateo County Mosquito and Vector Control District, the Superior Courts of the County of San Mateo, and their employees. Earnings from investments are credited to and disbursements are made from this fund for retirement, disability, death benefits (based on a defined benefit formula), and administrative expenses. This fund reports all assets of the SamCERA.
- *Investment Trust Fund* (commonly known as *External Investment Pool*) accounts for assets of legally separate entities being held by the County Treasurer. These entities include school and community college districts; other special districts governed by local boards, regional boards and authorities; and pass through funds for tax collections for cities. The County Treasurer is obligated to disburse monies from these funds on demand at a maximum of 20% of the principal balance each month, exclusive of apportionment, payrolls and day-to-day operations. Additional requests for withdrawals must be specifically authorized by the County Treasurer.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

- *Private Purpose Trust Funds* hold unapportioned taxes for other local governmental agencies including redevelopment agencies (RDA). These funds are held by the County as an agent for various local governments and individuals.
- *Custodial Funds* are used to report fiduciary activities that are not required to be reported in pension, investment, or private-purpose trust funds. These funds are used to account for assets held by the County as an agent for various local governments and individuals, such as the County Library Fund governed by the Board of San Mateo Joint Powers Authority; funds administered by the San Mateo County Superior Court; and funds held for the Public Administrator, Public Guardian, and other governmental agencies.

During the course of operations, the County has activity between funds for various purposes through due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between those funds included in the governmental activities (i.e., the governmental and the internal service funds) are eliminated so that only the net amount is reported as internal balances in the governmental activities column, except for services provided and used are not eliminated. Similarly, balances between those funds included in the business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

B. Measurement Focus and Basis of Accounting

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

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

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

Fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

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

1. Cash and Cash Equivalents

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

2. Investments

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

Investment transactions are recorded on the trade date. Investments in nonparticipating interest-earning investment contracts are reported at cost; commercial paper that has a maturity of less than 90 days are reported at amortized cost; and all other investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of investments is determined using the fair value hierarchy defined by generally accepted accounting principles.

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

For the fiscal year ended June 30, 2021, the County Treasurer has not entered into any legally binding guarantees to support the participant equity in the investment pool. Income from pooled investments is allocated to individual funds or external participants based on each fund's or participant's average daily cash balance at quarter end in relation to the total pool investments. Investment income earned in custodial funds with no interest earning requirements is assigned to the General Fund. Income from non-pooled investments is deposited into funds that provided the resources.

3. Restricted Cash and Investments

The County reports restricted cash and investments in the JPFA, other debt service fund (governmental fund), and the Housing Authority (enterprise fund). Amounts reported in the JPFA and other debt service fund are restricted for debt service payments. Amounts reported in Housing Authority consist of security deposits received from tenants at move-in and housing assistance payment (HAP) equity for special vouchers in accordance with the U.S. Department of Housing and Urban Development (HUD) requirements. The security deposits are returned to tenants upon move-out.

4. Mortgages Receivable

For the purpose of the fund financial statements, governmental fund expenditures arising from long-term loan subsidy programs are charged to operations upon funding. The loans are recorded, net of an estimated allowance for potentially uncollectible loans, as mortgages receivable with an offset to deferred inflows of resources. The balance of the mortgages receivable includes loans that may be forgiven if certain terms and conditions are being met. The County reported mortgages receivable of \$137.8 million, net of allowance of \$22.7 million, on the governmental fund balance sheet as of June 30, 2021.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

5. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepayments are amortized and recognized as expenditures in the period consumed using the consumption method.

6. Capital Assets

Capital assets, including public domain, are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets, including works of art, historical treasures and similar items, and capital assets received in a service concession arrangement are recorded at the estimated acquisition value. The County defines capital assets as assets with an initial unit cost of more than \$5 thousand and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (for assets under capital leases) using the straight-line method over the lesser of their estimated useful live or the capital lease period in the government-wide financial statements and the proprietary funds. Estimated useful lives for the capital assets are as follows:

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

The County has five networks of infrastructure assets: road, bridge, water and sewer, lighting, and drainage. The County’s maintained pavement subsystem has been classified as roads with or without formal structural sections and is reported using the modified approach. In FY 2020-21 the County performed a complete, physical assessment of the maintained pavement subsystem condition. The condition assessment is completed annually.

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

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives of the capital assets, are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources related to the unamortized losses on refunding of debts and

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
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related to pensions and OPEB. The losses on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources related to the unamortized gains on refunding of debts. The gains on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt.

The County also has deferred inflows of resources related to unavailable revenues reported under the modified accrual basis of accounting in the governmental funds balance sheet and related to pensions and OPEB in its proprietary and government-wide statements. The governmental funds report unavailable revenues from property taxes, advances from the federal and State, and other sources as appropriate. These amounts are deferred and recognized as revenues in the period the amounts become available.

8. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's pension plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by SamCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Plan investments are reported at fair value.

9. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflow of resources related to OPEB, and OPEB expense, information about the fiduciary net position of San Mateo County's employee retiree benefits plan, administered by CalPERS' California Employers' Retiree Benefit Trust (CERBT) and additions to/deductions from the CERBT's fiduciary net position have been determined on the same basis as they are reported by CERBT. For this purpose, the County recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

11. Net Position

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To determine the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
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about the order in which the resources are considered to be applied. The County depletes restricted net position before unrestricted net position is applied.

12. Fund Balance Policies

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

- *Nonspendable Fund Balance* – includes amounts that are (1) not in spendable form, or (2) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories, prepaid amounts, and long-term interfund advances and receivables.
- *Restricted Fund Balance* – includes amounts that can be spent only for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – represents amounts that can only be used for specific purposes through resolutions authorized by the County Board. Commitments can only be modified or lifted through Board resolutions.
- *Assigned Fund Balance* – comprises of amounts intended to be used by the County for specific purposes that are neither restricted nor committed. The County Manager and department heads can assign available fund balance to be used for specific purposes during budget identification. Budgets recommended by departments require the County’s Board approval. Unlike commitments, assignments generally only exist temporarily. Further action is not needed to remove the assignment.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in other classifications. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (committed, assigned, and unassigned fund balances). To determine the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The County depletes restricted fund balance before unrestricted fund balance is applied. Further, in circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

D. Revenues and Expenditures/Expenses

1. Property Tax Levy, Collection, and Maximum Rates

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

The County is responsible for assessing, collecting, and distributing property taxes in accordance with State law. Property taxes are levied on both secured (real property) and unsecured (personal property other than land and buildings) property. Supplemental property taxes are assessed upon transfer of ownership in property or

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

completion of new construction. The State legislature determines the method of distribution of receipts from a 1% tax levy among the County, cities, school districts, and other districts. For fiscal year 2020-21, the total secured and unsecured assessed property value, net of all exemptions, and including utility, unitary, and railroad properties assessed by the State, was \$257.3 billion. This amount includes \$26.5 billion in redevelopment assessed value. On the government-wide financial statements, property tax revenues are recognized in the fiscal year for which they are levied. On the fund financial statements, property tax revenues are deferred if not received within two months after fiscal year-end. The County levies, bills, and collects taxes as follows:

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

Effective July 1, 1993, the County began apportioning secured property tax revenue in accordance with the alternate method of distribution, the Teeter Plan, as prescribed by Section 4717 of the California Revenue and Taxation Code. Under the Teeter Plan, the County allocates to local taxing agencies 100% of the secured property taxes billed. In return, the County retains penalties and interest on delinquent secured taxes in the Tax Loss Reserve Fund (TLRF). The primary purpose of TLRF is to cover losses that may occur as a result of special sales of tax-defaulted property. The County legally is required to maintain a minimum of 1% of the total tax levies on secured properties within the tax areas of participating entities, which was about \$30.8 million at June 30, 2021.

County management believes that any ownership rights to the TLRF the County may have are effective only upon a Board-approved transfer or to the extent of losses related to the sale of tax defaulted property. The balance in TLRF is being held in a custodial capacity for the participants in the County's Teeter Plan and accounted for in a custodial fund. The balance in the TLRF was \$205 million at June 30, 2021.

Pursuant to Section 97.2 (D)(4)(i) of the California Revenue and Taxation Code (Code), in 1992 the County established the Educational Revenue Augmentation Fund (ERAF), to redirect property tax from the County, cities, and special districts to public education programs. Each of these local agencies is required to shift an amount of property tax revenues prescribed by the Code to ERAF. Once school districts and programs are paid the maximum allowable, the Code requires the excess ERAF be refunded to these local agencies. The County General Fund received a total of \$188.5 million from the excess ERAF for the fiscal year ended June 30, 2021.

2. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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(In Thousands)

E. Estimates

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

F. Interfund Transactions

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

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

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

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. This Statement is to establish criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

As of July 1, 2020, the County implemented GASB 84. Implementation of this standard resulted in reclassification of certain activities between governmental and fiduciary funds and also required a restatement of beginning net position. The implementation of this standard also required the County to reclassify previously reported agency funds as custodial funds. The impact to the County resulted in certain activities previously reported as fiduciary not being considered fiduciary under GASB 84.

As a result, the County restated the net position as of July 1, 2020 as follows:

	Beginning net position, as previously reported	Cumulative effect of change in accounting principle	Beginning net position, as restated
Fiduciary Funds:			
Private-purpose trust funds	\$ -	\$ 159,449	\$ 159,449
Custodial funds	-	415,160	415,160
	<hr/>	<hr/>	<hr/>
Total Fiduciary Funds	<u>\$ -</u>	<u>\$ 574,609</u>	<u>\$ 574,609</u>

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Notes to the Basic Financial Statements (Continued)
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In August 2018, the GASB issued GASB Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. This Statement is effective for the County’s fiscal year ended June 30, 2021 and there is no impact to the financial statements.

In October 2021, the GASB issued GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local government. This Statement is effective for the County’s fiscal year ended June 30, 2022. The County early implemented the new term in the financial statements in fiscal year ended June 30, 2021.

The County is currently evaluating its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

- In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This Statement is to improve accounting and financial reporting for leases by governments. This Statement requires recognition of certain leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the consistency of information about governments’ leasing activities. This Statement is effective for the County’s fiscal year ending June 30, 2022.
- In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expenditure/expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. This Statement is effective for the County’s fiscal year ending June 30, 2022.
- In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for the County’s fiscal year June 30, 2023.
- In January 2020, the GASB issued GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement is effective for the County’s fiscal year June 30, 2022.

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- In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). This Statement is effective for the County’s fiscal year June 30, 2022.
- In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement is effective for the County’s fiscal year June 30, 2023.
- In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement is effective for the County’s fiscal year June 30, 2023.
- In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans); (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for the benefits provided through those plans. This Statement is effective for the County’s fiscal year June 30, 2022.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Equity/Net Position

At June 30, 2021, the IHSS Public Authority, a special revenue fund; the Courthouse Construction, a nonmajor capital project fund; the Tower Road Construction and the Workers’ Compensation Insurance internal service funds, reported net deficits of \$0.4 million, \$0.5 million, \$1.4 million, and \$27.6 million, respectively.

IHSS Public Authority. This fund is supported by federal and State reimbursements for services rendered. The deficit is mainly due to delayed timing of those reimbursements, thus resulting in insufficient revenues to offset operating expenditures in the current year.

Courthouse Construction. This fund is supported by parking and court fees. The deficit is mainly due to delayed timing of parking and court fees allocations, thus resulting in insufficient revenues to offset transfers out for debt service payments.

Tower Road Construction. This fund has accumulated insufficient net position as a result of implementation of GASB Statement Nos. 68 and 75 for pension and other postemployment benefits, and a loan that is being repaid over time. The County is actively taking steps to cure the financial imbalance in the near-term through reviewing service charge billing rates, identifying opportunities to increase efficiencies and to improve business process. However, progress to improve the fund’s financial position in FY 2020-21 was limited due to productivity impacts from the COVID-19 pandemic, including periods of employee quarantines. The County will evaluate alternative business models to determine its impact on cost recovery, service rates, and the ability to repay the loan for long-term sustainability.

Workers’ Compensation Insurance. This fund has accumulated sufficient net position to pay for workers’ compensation claims on a pay as you go basis. The County has sufficient General Fund reserve to cover the deficit in

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

this fund as needed. In addition, the County will continue to phase in premium rate increases and work with departments to inhibit growth in operating costs.

Prior Period Adjustments

First 5 - During the year ended June 30, 2021, First 5 restated beginning net position in the amount of \$0.3 million to correct prior year's unearned grant revenues.

Governmental Activities/General Fund - During the year ended June 30, 2021, the County restated and increased the beginning Governmental Activities net position and the General Fund fund balance by \$15.9 million to correct certain service contract encumbrances that were accrued in the basic financial statements prior to the performance of services. Encumbrance accounting is utilized to assure effective budgetary control and accountability and to facilitate effective cash planning and control, but do not constitute expenditures or liabilities until performance on the contract is complete.

NOTE 4 – CASH AND INVESTMENTS

The County investment pool includes both voluntary and involuntary participation from external public entities. Certain special districts and entities are required under State statutes to maintain their cash surplus in the pool. The investment pool is not registered with the Securities and Exchange Commission as an investment company. Part of the JPFA's and SamCERA's cash and investments are deposited in and managed by outside financial institutions. As of June 30, 2021, the net asset value of involuntary participation in the investment pool was \$5.38 billion.

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

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

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

Cash and cash equivalents:

Cash on hand - County	\$ 14,591
Cash on hand - JPFA	84
Money market deposit accounts - JPFA	2,844
Cash and deposits - SamCERA	206,213
Deposits - County	27,098 ¹
Cash deposits - HPSM	300 ²
Cash equivalents - HPSM	<u>203,340 ²</u>
Total cash	<u>454,470</u>

The County's cash and investments are reported as follows:

Primary government	\$ 2,487,304
Discretely presented component unit - First 5	13,159
Discretely presented component unit - HPSM	381,374 ²
Pension trust fund	5,982,479
Investment trust fund	3,745,181
Private purpose trust funds	215,639
Custodial funds	<u>319,295</u>
Total cash and investments	<u>\$ 13,144,431</u>

Investments:

In Treasurer's pool	6,641,111
With fiscal agents of the JPFA	212,487
In SamCERA's portfolio	5,764,957
In HPSM's portfolio	<u>72,025 ²</u>
Total investments	12,690,580
Perspective difference	<u>(619) ³</u>
	<u>12,689,961</u>
Total cash and investments	<u>\$13,144,431</u>

¹ At year-end, the carrying amount of the County's cash deposits was \$27,098 and the bank balance was \$134,639. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

² HPSM's cash and investments were as of December 31, 2020.

³ Perspective difference represents the difference between HPSM's participation in the Treasurer's pool at December 31, 2020 and June 30, 2021, which was \$105.7 and \$106.3 million, respectively.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

Investments

The table below summarizes total investments reported as of June 30, 2021:

	Interest Rates	Maturities	Par Value	Fair Value	Weighted Average Maturity (Years)
Investments in Investment Pool					
Negotiable certificates of deposit	0.22% - 2.04%	2/4/22 - 3/17/23	\$ 280,000	\$ 278,129	1.10
U.S. treasury notes	0.13% - 2.88%	7/31/21 - 5/31/26	3,082,255	3,150,557	2.08
U.S. government agency securities	0% - 5.25%	7/2/21 - 11/7/25	1,168,621	1,177,025	2.09
U.S. government agency securities - floating rate	0.08% - 0.23%	8/9/21 - 11/8/21	60,000	60,010	0.21
U.S. instrumentalities ²	0.13% - 2.75%	7/20/21 - 10/28/25	938,105	944,371	0.82
Corporate bonds	0.35% - 4.00%	9/20/21 - 5/15/25	583,381	607,161	2.46
Corporate bonds - floating rate	0.56% - 3.86%	11/16/21 - 7/23/24	44,500	45,408	1.82
Municipal bonds	0.67% - 3.40%	8/1/23 - 8/1/25	33,785	34,885	2.86
Money market funds	0%	**	40,686	40,686	*
Local Agency Investment Fund	0.25%	**	75,000	75,000	0.80
California Asset Management Program	0.05%	**	125,000	125,000	0.11
Asset backed securities	0.37% - 2.60%	12/15/22 - 8/15/25	101,625	102,879	2.80
Total investments in investment pool			<u>\$ 6,532,958</u>	<u>6,641,111</u>	1.83
Investments outside of Investment Pool					
San Mateo Joint Powers Financing Authority					
U.S. treasury notes				10,114	0.80
Hong Kong and Shanghai Banking Corporation - repurchase agreements				938	5.40
Guaranteed investment contract				5,470	*
First American Government Obligations Fund - D class				195,688	*
First American Treasury Obligations Fund - D class				277	*
Subtotal				<u>212,487</u>	
San Mateo County Employees' Retirement Association					
Commingled fixed income portfolio:					
Opportunistic Credit Funds ³				598,323	2.82
Western Asset Management				224,384	1.50
Subtotal				<u>822,707</u>	2.46
Separate account fixed income portfolio: ⁴					
Asset Back Securities				80,934	18.30
Collateralized Bonds				500	10.30
Commercial Mortgage Backed				45,803	23.90
Corporate Bonds				174,726	9.70
Government Agencies				6,459	16.90
Government Bonds				229,128	10.90
Government Mortgage Backed Securities				154,068	22.50
Government Commercial Mortgage Backed				15,148	20.00
Index Linked Government Bonds				4,197	22.10
Municipal Bonds				3,179	14.20
Non-government Backed CMOs				8,693	34.80
Subtotal				<u>722,835</u>	15.35

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Fair Value	Weighted Average Maturity (Years)
Investments outside of Investment Pool		
Northern Institutional Liquid Assets Portfolio Cash Collateral Fund	4,574	**
Equity securities:		
Foreign stocks	632,097	**
U.S. common & preferred stock	569,897	**
Commingled funds:		
Domestic equity	530,596	**
International equity	372,152	**
Liquid pool	360,643	**
Domestic equity	198,435	**
International equity	108,259	**
Real estate	456,491	**
Alternatives:		
Absolute return/hedge funds	401,403	**
Private equity	459,298	**
Private real asset	125,570	**
Subtotal	<u>4,219,415</u>	
Total SamCERA's investments	<u>5,764,957</u>	
Health Plan of San Mateo (as of December 31, 2020)		
Local Agency Investment Fund	<u>72,025</u>	0.80
Total investments outside of investment pool	<u>6,049,469</u>	
Total investments	<u>\$ 12,690,580</u>	

* Weighted average maturity (WAM) is less than 0.01 year.

** Not applicable or not available.

¹ WAM was computed using the average life from the Pooled Money Investment Account quarterly performance report as of June 30, 2021.

² U.S. instrumentalities are United States dollar denominated senior unsecured, unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, and Inter-American Development Bank.

³ Category consists of twelve opportunistic credit funds managed by Angelo Gordon (three funds), Beach Point, Brigade Capital Management, Franklin Templeton, Tennenbaum Capital Partners, Blackrock, PIMCO (two funds) and White Oak (two funds).

⁴ Category consists of three fixed income separate account managers: FIAM, NISA and DoubleLine.

⁵ The JPFA's investments are measured at individual maturity in years.

County Investment Pool

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years or less in accordance with its investment policy. At June 30, 2021, the investment pool had a weighted average maturity of 1.83 years and its investment in floating rate securities was \$105.4 million which are tied to the three-month London Interbank Offered Rate (LIBOR) index.

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

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

Investment as of June 30, 2021	Standard & Poor's Rating	% of Portfolio
Negotiable Certificates of Deposit		
Negotiable Certificates of Deposit	AA-	1.15%
Negotiable Certificates of Deposit	A1+	0.38%
Negotiable Certificates of Deposit	A1	0.91%
Negotiable Certificates of Deposit	A+	1.30%
Negotiable Certificates of Deposit	A	0.46%
U.S. Government Securities		
U.S. Treasury Securities	AA+	47.44%
U.S. Instrumentalities	AAA	14.22%
U.S. Government Agency Securities		
Federal Home Loan Bank	AA+	5.36%
Federal Home Loan Mortgage Corporation	AA+	1.88%
Federal Home Loan Bank - Floating rate	AA+	0.15%
Federal Farm Credit Bank	AA+	1.93%
Federal Farm Credit Bank - Floating Rate	AA+	0.75%
Federal National Mortgage Association	AA+	8.55%
Corporate Bonds		
Corporate Bonds	AA+	0.29%
Corporate Bonds	AA	0.48%
Corporate Bonds	AA-	0.81%
Corporate Bonds	A1	0.23%
Corporate Bonds	A+	1.76%
Corporate Bonds	A	3.08%
Corporate Bonds	A-	1.70%
Corporate Bonds	BBB+	0.79%
Corporate Bonds - Floating Rate Securities	AA+	0.11%
Corporate Bonds - Floating Rate Securities	A1	0.15%
Corporate Bonds - Floating Rate Securities	A+	0.08%
Corporate Bonds - Floating Rate Securities	A-	0.34%
Asset Backed Securities	AAA	1.55%
Municipal Bonds	AAA	0.16%
Municipal Bonds	AA+	0.17%
Municipal Bonds	AA	0.08%
Municipal Bonds	AA-	0.12%
Money Market Funds	AAA	0.61%
Local Agency Investment Fund	Not rated	1.13%
California Asset Management Program	AAA	1.88%
Total		<u>100.00%</u>

Custodial Credit Risk for Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The County's investment policy requires that deposits in banks must meet the requirements of California Government Code. Under this code, any deposits of more than \$0.25 million must be collateralized at 110% to 150% of the value of the deposit to guarantee the safety of the public funds. The first \$0.25 million of the County's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than the \$0.25 million insured amount are fully collateralized by Union Bank by pledging identifiable U.S. Government securities at 110% or more.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
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Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer of securities. State law and the County Investment Policy restrict the County's investments in U.S. Treasury Obligations to 100% of its portfolio (100% per issuer); Obligations of U.S. Agencies or government sponsored enterprises to 100% (40% per issuer); banker's acceptance to 15% (5% per issuer); collateralized time deposits within the State to 15% (5% per issuer), negotiable certificates of deposit, corporate bonds and medium-term notes to 30% (5% per issuer); commercial paper to 40% (5% per issuer); repurchase agreements secured by U.S. Treasury or agency obligation to 100% (100% per issuer for U.S. Treasuries and 40% per issuer for agency obligations); shares of beneficial interest issued by diversified management companies as defined in Government Code section 53601 to 10% (5% per issuer); and mortgage backed securities to 20% (5% per issuer). As of June 30, 2021, the investment pool has more than 5% of its total investments with the following issuer: 5.51% in Federal Home Loan Bank.

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

The County's investment pool is invested in the State of California Local Agency Investment Fund (LAIF), which is part of the State of California Pooled Money Investment Account (PMIA). As of June 30, 2021, the PMIA balance was \$193.3 billion, of which 1.10% is in structured notes and medium-term asset backed securities, and 1.21% in short-term asset-backed commercial paper. The total amount invested by all public agencies in LAIF was \$37.1 billion, while the County's investment in LAIF was \$75.0 million and HPSM's investment in LAIF was \$72.0 million. The value of the pool shares in LAIF is determined on an amortized cost basis, which approximates fair value. PMIA is not SEC-registered, but is required to invest according to the California Government Code. The average maturity of PMIA investments was 291 days as of June 30, 2021. The Local Investment Advisory Board, which consisted of five members designated by State statutes, has oversight responsibility for LAIF.

The County's investment pool also invests in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its participants to invest certain proceeds of debt issues and surplus funds. CAMP is directed by a Board of Trustees that consists of the governing body, officers, or full-time employees of California public agencies. The County reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share. CAMP had a weighted average maturity of 53 days at June 30, 2021.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

County Investment Pool Condensed Financial Information

Below is the condensed statement of the investment pool as of June 30, 2021:

Statement of Net Position

Assets:	
Negotiable certificates of deposit	\$ 278,129
U.S. treasury notes	3,150,557
U.S. government agency securities	1,177,025
U.S. government agency securities - floating rate	60,010
U.S. instrumentalities	944,371
Corporate bonds	607,161
Corporate bonds - floating rate	45,408
Municipal bonds	34,885
Money market funds	40,686
Local Agency Investment Fund	75,000
California Asset Management Program	125,000
Asset backed securities	102,879
Total investments	<u>6,641,111</u>
Other assets	31,729
Pool deposits	134,639
Total assets	<u>6,807,479</u>
Liabilities:	
Unfunded checks and warrants	107,541
Other liabilities	34,269
Total liabilities	<u>141,810</u>
Net Position:	
Equity of internal pool participants	2,923,028
Equity of external pool participants	3,742,641
Total net position	<u>\$ 6,665,669</u>

Statement of Changes in Net Position

Net position at July 1, 2020	\$ 6,094,657
Net change in investments by pool participants	571,012
Net position at June 30, 2021	<u>\$ 6,665,669</u>

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

Participant units outstanding (one dollar par value)	\$ 6,715,308
Undistributed and unrealized loss	(49,639)
Net position at June 30, 2021	<u>\$ 6,665,669</u>

Participant net position at fair value price per share (\$6,665,669 divided by 6,715,308 units)	<u>\$ 0.9926</u>
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COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

JPFA's Investment Portfolio

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

Interest Rate Risk. The JPFA has not adopted a formal policy that limits investment maturity as a means of managing its exposure to declines in fair values arising from increasing interest rates. As of June 30, 2021, the JPFA's investment portfolio had a weighted average maturity of 0.8 years.

Credit Risk. The JPFA's bond trust agreements include provisions which restrict the JPFA's investment in (a) money market mutual funds rated "AAM" or "AAM-G" by Standard & Poor's, or better; (b) repurchase agreements with any domestic bank the long-term debt of which is rated at least "A" or better by Standard & Poor's Corporation and Moody's Investors Service; (c) specific obligations of government sponsored agencies which are not backed by the full faith and credit of the United State of America, and (d) investment agreements. As of June 30, 2021, the JPFA's money market mutual fund was rated "Aaa" by Moody's Investors Service. The repurchase agreement with the Hong Kong and Shanghai Banking Corporation was rated "A-" by Standard & Poor's, "A3" by Moody's Investors Service, and "A+" by Fitch. The U.S. treasury notes were rated "AAA" by Standard & Poor's, "Aaa" by Moody's Investors Service, and "AAA" by Fitch. The guaranteed investment contract with Massachusetts Mutual Life Insurance Company was rated "AA+" by Standard & Poor's, "Aa3" by Moody's Investors Service, and "AA+" by Fitch. The remaining investments were unrated.

Concentration of Credit Risk. The JPFA places no limit on the amount invested in any one issuer. At June 30, 2021, the JPFA has \$0.9 million, or 0.3%, of its total investments in repurchase agreements with the Hong Kong and Shanghai Banking Corporation; \$10.1 million, or 2.9%, in U.S. Treasury Notes; and \$5.5 million, or 1.6%, in a guaranteed investment contract with Massachusetts Mutual Life Insurance Company.

SamCERA's Investment Portfolio

Investments. The Board of Retirement has exclusive control of SamCERA's investments. The County Employees Retirement Law of 1937 (the CERL – a component of the California Government Code) authorizes the Board of Retirement to invest, or delegate the authority to invest, the assets of SamCERA in any investment allowed by statutes and deemed prudent in the informed opinion of the Board of Retirement. SamCERA records investment transactions on the trade date. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. An independent appraisal is obtained once every quarter to determine the fair market value of the real estate assets. Private equity and real assets are reported in SamCERA's financial statements based on the fair value provided by the General Partner on a quarterly basis. The management assumptions are based upon the nature of the investment and the underlying business. Risk parity, hedge funds, and commodities are reported based on the fair value provided by a third party administrator.

Investment Policy. The investment policy of SamCERA is strategized to reduce risk through a prudent diversification of the investment portfolio across a broad selection of distinct asset classes. The Board periodically reviews the asset allocation in response to changing market conditions that may affect forward-looking expected returns of asset classes. SamCERA records investment transactions on the trade date. Investments are reported at fair value, which represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

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

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

Custodial Credit Risk - Deposits. SamCERA does not have a general policy on custodial credit risk for deposits. SamCERA maintains cash deposits to support its investment activities and operational needs. At June 30, 2021, \$70.0 million of cash held with a financial institution in a pooled short-term investment, and \$11.6 million in the County’s investment pool. Cash held by investment managers at year end amounted to \$71.9 million, which is swept daily into a pooled short-term investment fund. The deposits are not exposed to custodial credit risk as they are eligible and covered by insurance in accordance with applicable law and Federal Deposit Insurance Corporation rules and regulations. However, \$0.4 million held with the Northern Trust Corporation is uninsured and uncollateralized. Thus, it is subject to custodian credit risk.

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

Interest Rate Risk. SamCERA has investments in thirteen external investment pools and three fixed income portfolios containing debt securities. SamCERA does not have a formal policy that limits investment duration as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Credit Risk	Separately Managed Accounts	Commingled Management
AAA	18.4%	7.0%
AA	1.9%	2.5%
A	0.9%	2.6%
BBB	18.7%	9.7%
Less than B	1.1%	28.5%
Not rated	59.0%	49.7%
	100.0%	100.0%

Custodial Credit Risk - Investments. The individual investment guidelines for each investment manager require that managed investments be held in the name of SamCERA. The master custodian may rely on sub-custodians. As of June 30, 2021, SamCERA had no investments that were exposed to custodial credit risk because all securities held by SamCERA’s custodian bank are in SamCERA’s name.

Concentration of Credit Risk. SamCERA’s investment policy has no general policy on the concentration of credit risk. As of June 30, 2021, SamCERA does not have investments in a single issuer with five percent or more on the statement of fiduciary net position.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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Foreign Currency Risk. SamCERA’s investment policy allows forward currency contracts and currency futures as defensive currency hedging to mitigate foreign currency risk on the portfolio. International equity and global bond managers are permitted to invest in authorized countries.

The table below indicates the magnitude of risk for each foreign currency denominated in U.S. dollars as of June 30, 2021. Foreign investments held within commingled fund vehicles are excluded from the table below.

Foreign Currency	Common Stock	Preferred Stock	Partnerships	Foreign Currency	Variation Margin	Total
Australian Dollar	\$ 15,933	\$ -	\$ -	\$ -	\$ -	\$ 15,933
Brazilian Real	3,704	-	-	-	-	3,704
Canadian Dollar	5,393	-	-	10	120	5,523
Swiss Franc	12,989	-	-	-	-	12,989
HK Offshore Chinese Yuan Renminbi	3,692	-	-	-	-	3,692
Danish Krone	3,944	-	-	-	-	3,944
Euro	152,759	7,737	7,559	-	-	168,055
British Pound Sterling	101,135	-	-	20	-	101,155
Hong Kong Dollar	45,888	-	-	-	-	45,888
Indian Rupee	16,253	-	-	-	-	16,253
Japanese Yen	140,779	-	-	232	-	141,011
South Korea Won	4,086	-	-	-	-	4,086
Mexican Peso	1,676	-	-	-	-	1,676
Swedish Krona	28,694	-	-	-	-	28,694
Singapore Dollar	13,775	-	-	-	-	13,775
South African Rand	5,672	-	-	-	-	5,672
Total	<u>\$ 556,372</u>	<u>\$ 7,737</u>	<u>\$ 7,559</u>	<u>\$ 262</u>	<u>\$ 120</u>	<u>\$ 572,050</u>

Derivatives. SamCERA currently employs external investment managers to manage its assets as permitted by the California Government Code and SamCERA’s Investment Policy. Specific managers hold investments in swaps, options, futures, forward settlement contracts, and warrants, and enter into forward foreign currency exchange security contracts within fixed income financial instruments. As of June 30, 2021, derivatives held an aggregate notional amount of -\$390.1 million and a fair value of \$2.2 million are reported in the statement of fiduciary net position as part of the cash management overlay and inflation hedge. Changes in fair value during FY 2021 are reported in the statement of changes in fiduciary net position as a component of investment income. The derivatives held are investment derivatives and are not hedges for accounting purposes.

Futures contracts are marked to market at the end of each trading day, and the settlement of gains or losses occur on the following business day through variation margins. The fair values of options, futures, and warrants is determined based upon quoted market prices. The fair value of derivative investments that are not exchange traded, such as swaps and “to-be-announced” mortgage-backed securities, is determined by an external pricing service using various proprietary methods based upon the type of derivative instrument.

The fair values of international currency forwards represents the unrealized gain or loss on the related contracts, which is calculated as the difference between the specified contract exchange rate and the exchange rate at the end of the reporting period.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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Further disclosure on the derivative positions held at fiscal year-end are contained in the table below.

<u>Investment Derivatives as of June 30, 2021</u>	<u>Notional Value</u>	<u>Fair Value</u>	
		<u>(Level 1)</u>	<u>(Level 2)</u>
Interest rate contracts - short	\$ (1,927)	\$ -	\$ 10
Interest rate contracts - long	71,580	-	193
Foreign exchange contracts - short	(415,521)	-	1,712
Foreign exchange contracts - long	(4,192)	-	4
Equity contracts - long	(40,005)	285	-
Total	<u>\$ (390,065)</u>	<u>\$ 285</u>	<u>\$ 1,919</u>

Interest Rate Risk - Derivatives. SamCERA's investments in interest rate derivatives are highly sensitive to changes in interest rates. The investment maturities for most of the investments in the table above are 3 months or less. The investment maturity for \$12.7 million of investments in derivatives is 3-6 months.

Foreign Currency Risk - Derivatives. Foreign currency contracts are subject to foreign currency risk as the value of deposits or investments denominated in foreign currency may be adversely affected by changes in foreign exchange rates. Foreign currency contracts include forward contracts and spot contracts. Currency forward contracts are derivatives and generally serve to hedge or offset the impact of foreign currency exchange rate fluctuations. Spot contracts are agreements to buy or sell a certain amount of foreign currency at the market rate for settlement in two business days. Spot contracts are generally used when SamCERA is required to make or receive payments in a foreign currency. SamCERA does not have a formal policy on foreign currency risk.

Custodial Credit Risk - Derivatives. As of June 30, 2021, SamCERA's derivatives were not subject to custodial credit risk. However, they are subject to other risks.

Credit Risk - Derivatives. SamCERA is exposed to credit risk on investment derivatives that are traded over the counter and are reported in asset positions. Derivatives exposed to credit risk include credit default and interest rate swaps, currency forward contracts, rights, warrants and "to-be-announced" transactions. To minimize credit risk exposure, SamCERA's investment managers continuously monitor credit rating of counterparties. Should there be a counterparty failure, SamCERA would be exposed to the loss of fair value of derivatives that are in asset positions and any collateral provided to the counterparty, net of the effect of applicable netting arrangements. SamCERA does not have a general investment policy with respect to netting arrangements or collateral requirements. In the event of bankruptcy or default by the counterparty, netting arrangements legally provide SamCERA with a right of offset.

Securities Lending Activity. SamCERA has a securities lending agreement in place that authorizes its securities lending agent to lend SamCERA's securities to broker-dealers and banks pursuant to a loan agreement. SamCERA invests the cash and receives earnings on it in exchange for paying a loan rebate fee to the borrower. In the case of non-cash collateral, the borrower pays SamCERA a loan premium. For the fiscal year ended June 30, 2021, SamCERA's securities lending agent lent its securities to borrowers under the securities lending agreement. SamCERA received cash and obligations issued or guaranteed by the United States (U.S.) government, or its agencies or instrumentalities. Borrowers were required to deliver collateral for each loan equal to (1) loaned securities denominated in U.S. dollars or sovereign debt issued by foreign governments, with a margin of at least 102% of the fair value of the loaned securities; and (2) loaned securities not denominated in U.S. dollars, or whose primary trading market was not located in the U.S. with a margin of at least 105% of the fair value of the loaned securities. As of June 30, 2021, the fair value of securities on loan reported and the total collateral held amounted to \$8.5 million and \$8.7 million (with \$4.6 million in cash collateral and \$4.1 million in non-cash collateral), respectively.

Securities Lending Collateral Credit Risk. All of the cash collateral received for securities lending is invested in the Northern Institutional Liquid Assets Portfolio (NILAP) Cash Collateral Fund (the Fund), which is not rated by credit rating agencies. The Fund seeks to maintain a stable net position value per share of \$1 by valuing its Fund using an amortized cost method and complying with the requirements of Rule 2(a)-7.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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Securities Lending Collateral Interest Rate Risk. The Fund's average effective duration is restricted to 60 days or less. As of June 30, 2021, the Fund had an interest sensitivity of 21 days.

Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The investments in an external investment pool are not subject to reporting within the level hierarchy. The three levels of the fair value hierarchy are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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The County's cash equivalents and investments by fair value level as of June 30, 2021, include the following:

<u>Investments</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Investments subject to fair value hierarchy:			
Negotiable certificates of deposit	\$ 278,129	\$ -	\$ 278,129
U.S. treasury notes	3,160,671	-	3,160,671
U.S. government agency securities	1,576,798	-	1,576,798
U.S. government agency securities - floating rate	60,010	-	60,010
U.S. instrumentalities	944,371	-	944,371
Corporate bonds	781,887	-	781,887
Corporate bonds - floating rate	45,408	-	45,408
Municipal bonds	38,064	-	38,064
Money market funds	40,686	40,686	-
Repurchase agreements	938	-	938
Asset backed securities	183,813	-	183,813
Guaranteed investment contract	5,470	-	5,470
Mutual funds	195,965	-	195,965
Collateral from securities lending	4,574	4,574	-
Commercial mortgage-backed	54,996	-	54,996
Foreign government securities	9,227	-	9,227
Equity securities:			
Foreign stocks	632,097	632,097	-
U.S. common & preferred stock	569,897	569,897	-
Commingled funds:			
Domestic bond	224,384	-	224,384
Domestic equity	530,596	-	530,596
International equity	372,152	-	372,152
Liquid pool	360,643	-	360,643
Total investments subject to fair value hierarchy	10,070,776	\$ 1,247,254	\$ 8,823,522
Investments not subject to fair value hierarchy:			
Local Agency Investment Fund	147,025		
California Asset Management Program	125,000		
	272,025		
Investments measured at the net asset value (NAV)			
Domestic bond funds	520,623		
Global bond funds	77,700		
Domestic equity funds	198,435		
International equity funds	108,259		
Real estate funds	456,491		
Absolute return/hedge funds	401,403		
Private equity funds	459,298		
Private real asset funds	125,570		
Total investments measured at NAV	2,347,779		
Total investments	\$ 12,690,580		

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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<u>Investments measured at NAV</u>	<u>6/30/2021</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Domestic bond funds ⁽¹⁾	\$ 520,622	\$ 53,168	Monthly, not eligible	15 days, not applicable
Global bond funds ⁽¹⁾	77,700	-	Monthly	15 days
Domestic equity funds ⁽¹⁾	198,435	-	Monthly	10 days
International equity funds ⁽¹⁾	108,259	-	Monthly	10 days
Real estate funds ⁽²⁾	456,491	87,801	Quarterly, not eligible	45 days, not applicable
Hedge funds/absolute return ⁽³⁾	401,403	-	Daily, monthly	5-30 days
Private equity funds ⁽⁴⁾	459,298	234,927	Not eligible	Not applicable
Private real asset funds ⁽⁴⁾	125,570	131,663	Not eligible	Not applicable
Total investments measured at NAV	<u>\$ 2,347,778</u>	<u>\$ 507,559</u>		

⁽¹⁾ *Bond and Equity Funds.* This type includes eleven domestic bond funds, one global bond fund, one domestic equity fund, and one international equity fund that is considered to be in commingled in nature. Each is valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments.

⁽²⁾ *Real Estate Funds.* This type includes five real estate funds that invest primarily in a diversified portfolio of institutional quality multi-family, industrial, retail and office assets in the United States. This type also includes one real estate debt fund that originates loans primarily across a diversified portfolio of institutional quality multifamily, industrial, retail, office and specialty assets. The fair values of the investments in these types have been determined using the NAV (or its equivalent) of the plan's ownership interest in partners' capital. One investment has quarterly liquidity, one is subject to an initial 3-year lock-up with quarterly liquidity thereafter while the other four are ineligible for redemption.

⁽³⁾ *Hedge Funds/Absolute Return.* This strategy consists of five multi-strategy absolute return/hedge funds. One fund delivers efficient exposure to a well-diversified portfolio of hedge fund strategies. The second fund is an alternative risk premia strategy based on supply and demand constraints, behavioral biases and asymmetric risk. The third fund is a directional, long and short strategy that utilizes fundamental and price-based indicators to establish return forecasts across global interest rates, foreign exchange, stock indices and commodities. The fourth fund uses a diverse set of trading strategies that are based on factors (momentum, value, carry, macro and sentiment) across asset classes. And, finally, the last fund is a multi-factor strategy that aims to exploit behavioral inefficiencies within and across global markets and is designed to be diversifying, dynamic and defensive.

⁽⁴⁾ *Private Equity and Real Asset Funds.* This type includes thirty-four private equity funds, investing primarily in buyout funds, venture capital, and debt/special situations. This type also includes thirteen Private Real Asset funds, investing in infrastructure, mining finance, solar, energy, and farmland. The fair values of these funds have been determined using net assets values one quarter in arrears plus current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments with the funds are liquidated, which on average can occur over the span of 5 to 10 years.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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NOTE 5 – RECEIVABLES

As of June 30, 2021, receivables of the County’s major funds, nonmajor funds in aggregate, and internal service funds in aggregate, including allowances for uncollectible accounts, are listed below. The General Fund has a net receivable of \$215.5 million, of which about \$167.4 million is not expected to be collected within the next twelve months.

<u>Governmental Activities</u>	General Fund	JPFA	Nonmajor Governmental Funds	Internal Service Funds	Total
Accounts	\$ 245,464	\$ -	\$ 338	\$ 614	\$ 246,416
Interest	27,588	666	793	151	29,198
Taxes	32,640	-	1,379	-	34,019
Mortgages	160,469	-	-	-	160,469
Advances	1	-	-	-	1
Other	25,727	-	-	-	25,727
Gross receivables	491,889	666	2,510	765	495,830
Less: allowances for uncollectibles	(276,409)	-	(784)	-	(277,193)
Total receivables, net	<u>\$ 215,480</u>	<u>\$ 666</u>	<u>\$ 1,726</u>	<u>\$ 765</u>	<u>\$ 218,637</u>

<u>Business-type Activities</u>	Medical Center	Housing Authority	Nonmajor Enterprise Funds	Total
Accounts	\$ 62,228	\$ 5	\$ 185	\$ 62,418
Interest	2,601	63	16	2,680
Other	5,717	-	-	5,717
Gross receivables	70,546	68	201	70,815
Less: allowances for uncollectibles	(47,540)	-	(45)	(47,585)
Total receivables, net	<u>\$ 23,006</u>	<u>\$ 68</u>	<u>\$ 156</u>	<u>\$ 23,230</u>

Housing Authority of the County of San Mateo

As of June 30, 2021, the Housing Authority has a total notes receivable of \$27.6 million of which is not expected to be collected within the next twelve months.

COUNTY OF SAN MATEO
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The governmental fund financial statements report unavailable revenues as a deferred inflow of resources in connection with receivables for revenues that are not available when they are not collectible within the current period or soon enough thereafter to pay for liabilities of the current period. The County reports a liability for unearned revenue in connection with resources that have been received, but not yet earned. As of June 30, 2021, the various components of unavailable revenue and unearned revenue reported were as follows:

<u>Governmental Activities</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Property taxes	\$ 787	\$ 16,811	\$ 17,598
Intergovernmental revenues	52,642	154,298	206,940
Mortgage and related interest	159,736	-	159,736
Excess ERAF	132,627	-	132,627
VLF Shortfall	62,947	-	62,947
SB 90 mandated costs	888	-	888
Others	6,073	2,858	8,931
	<u>415,700</u>	<u>173,967</u>	<u>589,667</u>
Nonmajor Governmental Funds			
Property taxes	34	710	744
Intergovernmental revenues	2,284	44	2,328
Excess ERAF	914	-	914
	<u>3,232</u>	<u>754</u>	<u>3,986</u>
Internal Service Funds	<u>-</u>	<u>45</u>	<u>45</u>
Total Governmental Activities	<u>\$ 418,932</u>	<u>\$ 174,766</u>	<u>\$ 593,698</u>
 <u>Business-type Activities</u>			
San Mateo Medical Center		\$ 1,279	\$ 1,279
Housing Authority		670	670
Nonmajor Enterprise Funds		<u>35</u>	<u>35</u>
Total Business-type Activities		<u>\$ 1,984</u>	<u>\$ 1,984</u>

NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES

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

Due to/from other funds

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

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Notes to the Basic Financial Statements (Continued)
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The table below summarizes the County’s interfund receivables and payables as of June 30, 2021:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	JPFA	\$ 298
	Nonmajor Governmental Funds	1,625
	Medical Center	419
	Nonmajor Enterprise Funds	2
		<u>2,344</u>
Nonmajor Governmental Funds	General Fund	2,344
	Nonmajor Governmental Funds	35
	Medical Center	6,795
		<u>9,174</u>
Medical Center	General Fund	72
	Internal Service Funds	2
		<u>74</u>
Nonmajor Enterprise Funds	General Fund	6
Internal Service Funds	General Fund	13
	Total	<u>\$ 11,611</u>

Advances to/from other funds

Advances from the General Fund are comprised of the following as of June 30, 2021:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 5,862
	Medical Center	944
	Internal Service Funds	785
	Total	<u>\$ 7,591</u>

- In February 2014, \$6.2 million was advanced to Crystal Springs Sanitation District to construct the Crystal Springs/El Cerrito Trunk Sewer to improve performance and capacity of sewer facilities. During the fiscal year, Crystal Springs Sanitation District paid \$59 thousand to the County General Fund, and the outstanding balance will be repaid over a twenty-year period with 2.10% interest from revenues of the Crystal Springs Sanitation District. In October 2018, \$0.1 million, of the authorized \$0.2 million, was advanced to Belmont Highway Lighting District to replace lighting fixtures. Belmont Highway Lighting District will repay the amount no later than thirty years with 1.925% fixed interest rate. In June 2020, \$0.3 million, of the authorized \$0.4 million, was advanced to the Road Fund to purchase equipment. Road Fund will repay the amount no later than 10 years with 1.86% fixed interest rate.
- \$0.9 million of General Fund advances to the Medical Center represents a 10% reserve on Behavioral Health programs operated by the Medical Center. This reserve will be returned by the Medical Center to the Behavioral Health department when the P14 audit by the California Department of Health Care Services is completed. The P14 audit is not scheduled to be completed over the next several years.
- \$0.8 million outstanding advance resulted from three separate advances (\$0.3 million in June 2009, \$0.5 million in June 2010, and \$0.6 million in June 2011) to the Tower Road Construction Fund to cover cash deficits at year-end offset by a \$0.6 million payment against advances.

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Notes to the Basic Financial Statements (Continued)
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NOTE 7 – INTERFUND TRANSFERS

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

(a) Between Governmental and Business-type Activities:

Transfer from	Transfer To	Amount	Purpose
General Fund	Medical Center	\$ 69,172	Provide subsidy to support indigent healthcare as budgeted.
Medical Center	Nonmajor Governmental Funds	9,729	Transfer funds to cover lease payments.
	Total	<u>\$ 78,901</u>	

(b) Between Funds within Governmental Activities⁽¹⁾:

Transfer from	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 80,461	Provide funds to finance County capital projects.
	Nonmajor Governmental Funds	31,138	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	<u>3,702</u>	Contribute funds to support in-home supportive services.
	Subtotal	<u>115,301</u>	
General Fund	Internal Service Funds	<u>4,512</u>	Provide subsidy to general liability fund.
Nonmajor Governmental Funds	General Fund	87	Transfer funds to cover rent surcharges.
	General Fund	583	Contribute funds to support Commute Alternatives Program costs.
	General Fund	<u>11,187</u>	Transfer funds to support San Mateo County Fire program.
	Subtotal	<u>11,857</u>	
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,648	Transfer funds to finance capital improvements.
	Nonmajor Governmental Funds	<u>1,184</u>	Transfer funds to cover debt service payments.
	Subtotal	<u>2,832</u>	
Nonmajor Governmental Funds	JPFA	<u>41,187</u>	Transfer funds to cover debt service payments.
Internal Service Funds	General Fund	<u>21</u>	Provide funds to support Sheriff's driver's training program.
Internal Service Funds	Nonmajor Governmental Funds	<u>12</u>	Transfer funds to finance capital projects.
	Total	<u>\$ 175,722</u>	

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

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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NOTE 8 – CAPITAL ASSETS

Capital asset activities for the fiscal year ended June 30, 2021, are as follows:

	Balance July 1, 2020	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2021
Governmental activities					
<i>Capital assets, not being depreciated:</i>					
Land and easements	\$ 101,587	\$ 528	\$ -	\$ -	\$ 102,115
Infrastructure - maintained road subsystem	95,006	-	-	1,946	96,952
Construction in progress	129,323	96,316	-	(15,448)	210,191
Total capital assets, not being depreciated	<u>325,916</u>	<u>96,844</u>	<u>-</u>	<u>(13,502)</u>	<u>409,258</u>
<i>Capital assets, being depreciated:</i>					
Infrastructure	71,996	-	-	2,242	74,238
Structures and improvements	1,001,212	19	-	10,911	1,012,142
Equipment	120,659	9,141	(5,271)	-	124,529
Software	22,740	20	-	-	22,760
Total capital assets, being depreciated	<u>1,216,607</u>	<u>9,180</u>	<u>(5,271)</u>	<u>13,153</u>	<u>1,233,669</u>
<i>Less accumulated depreciation for:</i>					
Infrastructure	(29,650)	(1,702)	-	-	(31,352)
Structures and improvements	(260,676)	(20,212)	-	-	(280,888)
Equipment	(94,797)	(9,531)	4,931	-	(99,397)
Software	(17,985)	(1,804)	-	-	(19,789)
Total accumulated depreciation	<u>(403,108)</u>	<u>(33,249)</u>	<u>4,931</u>	<u>-</u>	<u>(431,426)</u>
Total capital assets, being depreciated, net	<u>813,499</u>	<u>(24,069)</u>	<u>(340)</u>	<u>13,153</u>	<u>802,243</u>
Governmental activities capital assets, net	<u>\$ 1,139,415</u>	<u>\$ 72,775</u>	<u>\$ (340)</u>	<u>\$ (349)</u>	<u>\$ 1,211,501</u>
Business-type activities					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 14,247	\$ 742	\$ -	\$ -	\$ 14,989
Construction in progress	7,494	6,534	-	(7,696)	6,332
Total capital assets, not being depreciated	<u>21,741</u>	<u>7,276</u>	<u>-</u>	<u>(7,696)</u>	<u>21,321</u>
<i>Capital assets, being depreciated:</i>					
Structures and improvements	91,486	-	-	3,564	95,050
Equipment	24,004	59	(14)	2,150	26,199
Software	16,899	-	-	1,982	18,881
Total capital assets, being depreciated	<u>132,389</u>	<u>59</u>	<u>(14)</u>	<u>7,696</u>	<u>140,130</u>
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(44,101)	(1,997)	-	-	(46,098)
Equipment	(12,743)	(1,808)	9	-	(14,542)
Software	(15,808)	(404)	-	-	(16,212)
Total accumulated depreciation	<u>(72,652)</u>	<u>(4,209)</u>	<u>9</u>	<u>-</u>	<u>(76,852)</u>
Total capital assets, being depreciated, net	<u>59,737</u>	<u>(4,150)</u>	<u>(5)</u>	<u>7,696</u>	<u>63,278</u>
Business-type activities capital assets, net	<u>\$ 81,478</u>	<u>\$ 3,126</u>	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ 84,599</u>

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Notes to the Basic Financial Statements (Continued)
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Depreciation

Depreciation expense was charged to various functions or activities as follows:

<u>Governmental Activities</u>	
General government	\$ 7,005
Public protection	14,121
Public ways and facilities	1,288
Health and sanitation	3,429
Public assistance	2,737
Recreation	1,827
Depreciation on capital assets held by the County's internal service funds are charged to various functions based on their usage of the assets.	2,842
Total depreciation - governmental activities	\$ 33,249
<u>Business-type Activities</u>	
Medical Center	\$ 2,673
Housing Authority	601
Airports	621
Coyote Point Marina	314
Total depreciation - business-type activities	\$ 4,209

Capital Project Commitments

The County had four major capital project underway in FY 2020-21 as follows:

Parking Structure 2

The new Parking Structure 2 (PS2) is located at the former jury parking lot, added 1,022 additional parking stalls over 7 levels. PS2 support the demand for parking on the County Center campus. Consistent with the County Municipal Green Building Policy, PS2 was designed to operate at zero net energy (ZNE). Total project expenditures to date are approximately \$47.2 million with completion on September 13, 2021.

County Office Building 3

County Office Building 3 (COB3) will contain five levels of offices and meeting space that will accommodate 500 County employees. This property will house the Board of Supervisors Chambers, offices for the Board of Supervisors and the County Manager as well as staff for various departments of the County. Consistent with the County Municipal Green Building Policy, COB3 will be designed to operate at ZNE to achieve certification in LEED. Site demolition is complete, and design is in development. Construction is expected to be completed by late 2023. The estimated project cost is \$215 million. The total cost incurred during FY 2020-21 is \$11.3 million.

San Mateo County Health Campus Upgrade aka "Medical Center Upgrade"

The San Mateo County Health System Campus consists of the San Mateo Medical Center and Health Services departments. The San Mateo Health System Campus Upgrade Project is a complex project comprised of: (1) demolition of the outdated Health Services Building and the 1954 Administration Building; (2) renovation of the ground floor of the Nursing Tower and the Central Plant to accommodate essential Office of Statewide Health Planning Development (OSHPD) functions; and (3) construction of a new 70,000 square feet non-OSHPD administration building to support hospital functions. Consistent with the County Municipal Green Building Policy, upgrades and construction will be designed to operate at ZNE and to achieve LEED certification. This project will

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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occur in phases with the final project completion estimated by December 2024. The estimated project cost is \$175 million. The total cost incurred during FY 2020-21 is \$17.9 million.

Cordilleras Mental Health Facility

The Cordilleras Mental Health Facility will include 117-bed psychiatric facility serving mentally ill residents. The facility is currently under construction and will provide state-of-the-art care and rehabilitation for the County’s most vulnerable mentally ill residents in a serene natural setting. Consistent with the County Municipal Green Building Policy, Cordilleras will be designed to operate at ZNE and to achieve LEED certification. This project will occur in phases with the project completion estimated for July 2024. The estimated project cost is \$155 million. The total cost incurred during FY 2020-21 is \$16.9 million.

Health Plan of San Mateo

Capital asset activities of the Health Plan of San Mateo for the fiscal year ended June 30, 2021, are as follows:

	Balance January 1, 2020	Additions	Retirements	Balance December 31, 2020
Component Unit				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 15,668	\$ -	\$ -	\$ 15,668
<i>Capital assets, being depreciated:</i>				
Building	31,810	-	-	31,810
Building improvements	22,823	205	-	23,028
Furniture and equipment	14,091	181	-	14,272
Total capital assets, being depreciated	68,724	386	-	69,110
<i>Less accumulated depreciation and amortization for:</i>				
	(16,924)	(2,893)	-	(19,817)
Total capital assets, being depreciated, net	51,800	(2,507)	-	49,293
Component unit capital assets, net	\$ 67,468	\$ (2,507)	\$ -	\$ 64,961

NOTE 9 – LEASES

The County occupies a number of non-County owned office buildings and facilities to conduct its business under non-cancelable operating leases. Total rental paid for these leases was approximately \$14.7 million for the fiscal year ended June 30, 2021, and the future minimum lease payments are as follows:

<u>Governmental Activities</u>		<u>Business-type Activities Housing Authority</u>		<u>Component Units First 5 San Mateo County</u>	
Fiscal year ending June 30,		Fiscal year ending June 30,		Fiscal year ending June 30,	
2022	\$ 14,561	2022	\$ 415	2022	\$ 64
2023	13,515	2023	427	2023	96
2024	11,600	2024	440	2024	96
2025	7,667	Total	<u>\$ 1,282</u>	2025	96
2026	6,504			2026	34
2027-2031	11,497			Total	<u>\$ 386</u>
2032-2036	6,811				
2037-2041	6,811				
Total	<u>\$ 78,966</u>				

The County also leases various County-owned properties to other entities under non-cancelable operating leases. Income from these rental activities amounted to \$0.3 million for the fiscal year ended June 30, 2021.

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NOTE 10 – LONG-TERM LIABILITIES

The County's long-term liabilities as of June 30, 2021, are as follows:

<u>Type of indebtedness (purpose)</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2021</u>
Governmental Activities					
Lease Revenue Bonds:					
<u>1993 Issue</u>					
Purpose: To defease 1991 Certificates of Participation and finance the costs of a parking garage and jail.					
Term Current Interest Bonds	7/1/2021	5%	\$5,205	\$ 23,520	\$ 5,205
<u>1993 Issue - Satellite Clinic</u>					
Purpose: To finance a portion of the costs of constructing and equipping the North County Satellite Clinic and an adjacent parking structure.					
Serial Capital Appreciation Bonds	9/1/21 - 9/1/26	5.95% - 6%	\$188 - \$209	2,085	1,189
Accreted interest on capital appreciation bonds				8,941	4,703
1993 Issue - Satellite Clinic				<u>11,026</u>	<u>5,892</u>
<u>2013 Issue</u>					
Purpose: To provide funds, together with other available moneys, (i) to redeem outstanding 1997, 1999, and 2001 Bonds, (ii) to finance certain capital improvements, and (iii) to pay costs of issuance of the 2013 Bonds.					
Serial Current Interest Bonds	7/15/21 - 7/15/32	4.25% - 5.25%	\$580 - \$10,320	40,065	32,215
<u>2014 Issue</u>					
Purpose: To provide funds, together with other available moneys, (i) to finance the acquisition, construction and equipping of the Maple Street Correctional Center, (ii) to refund all of the outstanding notes previously issued by the County in FY 2013-14, the proceeds of which were used to reimburse the County for the purchase price of the jail project site, (iii) to pay capitalized interest on the 2014 Bonds through May 30, 2016, (iv) to provide the Reserve Account Requirement, and (v) pay issuance costs of the 2014 Bonds.					
Serial Current Interest Bonds	6/15/22 - 6/15/31	3% - 5%	\$5,675 - \$9,450	157,895	78,245
Term Interest Bonds	6/15/32 - 6/15/35	4%	\$2,500 - \$5,010	15,145	15,145
Term Interest Bonds	6/15/36 - 6/15/37	4%	\$495 - \$1,530	2,025	2,025
2014 Issue				<u>175,065</u>	<u>95,415</u>
<u>2016 Issue</u>					
Purpose: To provide funds, together with other available moneys, to refund the outstanding 2008 Bonds, to pay costs of issuance of the 2016 Bonds, and to pay costs relating to the refunding of the 2008 Bonds.					
Serial Current Interest Bonds	7/15/21 - 7/15/36	3% - 5%	\$3,850 - \$7,620	107,600	90,280
<u>2018 Issue</u>					
Purpose: To provide funds, together with other available moneys, to (i) finance the acquisition, construction and equipping of capital improvement projects of the Medical Center Upgrade and County Office Building No. 3, (ii) pay capitalized interest through September 15, 2022, (iii) purchase a municipal bond insurance policy, (iv) purchase a municipal bond debt service reserve insurance policy, and (v) pay costs of issuance.					
Serial Bonds	7/15/21 - 7/15/38	5%	\$1,175 - \$6,890	64,560	64,560
Serial Bonds, Insured	7/15/33 - 7/15/35	5%	\$4,800 - \$5,200	15,000	15,000
Term Bonds	7/15/39 - 7/15/43	5%	\$7,230 - \$8,790	39,955	39,955
Term Bonds	7/15/44 - 7/15/52	4%	\$4,995 - \$6,875	53,125	53,125
Term Bonds	7/15/44 - 7/15/52	4.25%	\$4,235 - \$5,865	45,000	45,000
				<u>217,640</u>	<u>217,640</u>
<u>2019 Issue</u>					
Purpose: To provide funds, together with other available moneys, to (i) refund the outstanding 2009 Bonds, (ii) pay costs of issuance.					
Serial Bonds	7/15/21 - 7/15/26	5%	\$7,045 - \$8,290	45,170	45,170
<u>2021A Issue</u>					
Purpose: To provide funds, together with other available moneys, to (i) finance the reconstruction and equipping of the Cordilleras Mental Health Center, (ii) pay capitalized interest through June 15, 2024, and (iii) pay costs of issuance.					
Serial Bonds	6/15/27 - 6/15/41	3% - 5%	\$750 - \$5,405	58,295	58,295
Term Bonds	6/15/42 - 6/15/46	3%	\$5,620 - \$6,325	29,845	29,845
Term Bonds	6/15/47 - 6/15/55	2.50%	\$6,515 - \$7,940	64,865	64,865
				<u>153,005</u>	<u>153,005</u>
Total governmental activities				<u>\$ 773,091</u>	<u>\$ 644,822</u>

(Continued)

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Type of indebtedness (purpose)	Maturities	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2021
Business-type Activities					
Notes Payable:					
Coyote Point Marina					
Department of Boating and Waterways	8/1/21 - 8/1/29	4.5%	\$14 - \$50	\$ 2,314	\$ 356
Dock 29 loan	8/1/21 - 8/1/45	4.5%	\$37 - \$114	1,919	1,747
Housing Authority					
California Housing Finance Agency	5/20/57	0.00%	-	49	32
Total business-type activities				<u>\$ 4,282</u>	<u>\$ 2,135</u>

The table below summarizes changes in the County's long-term liabilities for the fiscal year ended June 30, 2021.

	Balance July 1, 2020	Additions/ Accretions	Retirements	Balance June 30, 2021	Amounts Due Within One Year
Governmental Activities:					
Lease revenue bonds	\$ 515,920	\$ 153,005	\$ (28,806)	\$ 640,119	\$ 27,514
Accreted interest on capital appreciation bonds	5,144	378	(819)	4,703	866
Add: unamortized premium	49,138	17,667	(3,007)	63,798	3,527
Lease revenue bonds, net	<u>570,202</u>	<u>171,050</u>	<u>(32,632)</u>	<u>708,620</u>	<u>31,907</u>
Other long-term obligations	4,249	-	(151)	4,098	154
Estimated claims	59,652	19,452	(23,767)	55,337	20,118
Compensated absences	71,228	40,165	(33,959)	77,434	35,258
Total Governmental Activities	<u>\$ 705,331</u>	<u>\$ 230,667</u>	<u>\$ (90,509)</u>	<u>\$ 845,489</u>	<u>\$ 87,437</u>
Business-type Activities:					
San Mateo Medical Center					
Compensated absences	\$ 17,137	\$ 9,196	\$ (9,997)	\$ 16,336	\$ 10,414
Other long-term obligations	890	-	-	890	-
	<u>18,027</u>	<u>9,196</u>	<u>(9,997)</u>	<u>17,226</u>	<u>10,414</u>
Housing Authority					
Notes payable	33	-	(1)	32	1
Compensated absences	437	675	(468)	644	419
Other long-term obligations	447	250	-	697	-
	<u>917</u>	<u>925</u>	<u>(469)</u>	<u>1,373</u>	<u>420</u>
Other Enterprise Funds					
Notes payable	2,174	-	(71)	2,103	75
Compensated absences	186	114	(100)	199	105
	<u>2,360</u>	<u>114</u>	<u>(171)</u>	<u>2,302</u>	<u>180</u>
Total Business-type Activities	<u>\$ 21,304</u>	<u>\$ 10,234</u>	<u>\$ (10,638)</u>	<u>\$ 20,901</u>	<u>\$ 11,014</u>

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

- The *lease revenue bonds* are payable by a pledge of revenues from the base rental payments payable by the County, pursuant to individual lease agreements between the JPFA and the County for the use of equipment and facilities acquired or constructed by the JPFA. Under California law, the County cannot make lease payments until the County has constructive use or occupancy of the property being financed. Once construction is completed, the leases act like direct financing leases with lease payments equal to debt service payments. Total debt service

COUNTY OF SAN MATEO
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requirements remaining on the lease revenue bonds is \$1,024.7 million payable through June 15, 2055. For the current year, debt service expenditures for principal and interest totaled \$28.8 million and \$27.3 million, respectively.

- *Notes payable* under business-type activities are funded separately by respective enterprise funds.
- *Other long-term obligations* are financed by the General Fund, including the Los Trancos County Water District, and the State Water Resources Control Board, and enterprise funds (Medical Center and Housing Authority).
- *Estimated claims* are liquidated by charges for services collected through individual internal service funds and reserves of the Housing Authority.
- *Compensated absences* are financed by governmental funds (General Fund and individual special revenue funds) and enterprise funds (Medical Center, Housing Authority, Airports, and Coyote Point Marina) that are responsible for the charges.
- *Net pension liability and net OPEB liability* are financed by governmental funds, enterprise funds, and internal service funds that are responsible for the charges.

Annual debt service requirements for the governmental activities as of June 30, 2021, are summarized as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Governmental Activities</u>		
	<u>Lease Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Interest</u>
2022	\$ 27,514	\$ 866	\$ 26,855
2023	22,674	911	25,957
2024	24,785	960	24,774
2025	25,091	1,009	23,528
2026	25,787	1,063	22,257
2027-2031	126,043	1,118	91,935
2032-2036	102,320	-	64,350
2037-2041	67,935	-	46,480
2042-2046	73,820	-	32,193
2047-2051	88,560	-	17,343
2052-2055	55,590	-	2,975
Total requirements	640,119	5,927	378,647
Less: unaccreted interest	-	(1,224)	-
Total	\$ 640,119	\$ 4,703	\$ 378,647

Lease revenue bonds are secured by revenues from the base rental payments payable by the County. Events of default include nonpayment of interest on and the principal of the outstanding bonds when due and payable, the JPFA filing for bankruptcy, and the failure to observe any covenant or provision of bond indentures for a period of 30 days, with the exception of the 2014 Lease Revenue Bonds, 2016 Refunding Lease Revenue Bonds, and 2021A Lease Revenue Bonds which is for a period of 60 days. In the event of default, the trustee, U.S. Bank National Association, may, upon written request of a majority of bondholders in aggregate principal amount and accreted value of the outstanding bonds, or at the direction of the bond insurer, declare the principal and accreted value of and the interest on all outstanding bonds to be due and payable immediately.

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Annual debt service requirements for the business-type activities notes payable as of June 30, 2021, are summarized as follows:

<u>Coyote Point Marina</u>			<u>Housing Authority</u>	
Fiscal Year Ended	Principal	Interest	Fiscal Year	Principal
<u>June 30,</u>			<u>Ended June 30,</u>	
2022	\$ 75	\$ 98	2022	\$ 1
2023	79	95	2023	-
2024	82	91	2024	-
2025	86	88	2025	-
2026	90	83	2026	-
2027-2031	422	353	2027-2031	-
2032-2036	332	263	2032-2036	-
2037-2041	416	179	2037-2041	-
2042-2046	521	74	2042-2046	-
Total requirements *	<u>\$ 2,103</u>	<u>\$ 1,324</u>	2047-2051	-
			2052-2056	-
			2057	31
			Total	<u>\$ 32</u>

* The County was awarded a \$2.1 million loan for plans, permits, environmental review, and construction of Dock 29. Under this loan agreement, the State Department of Boat and Waterways reimburses the County for the amount expended on the Dock 29 project. As of June 30, 2021, the total principal due to the State is \$1,747.

Issuance of 2021 Series A Lease Revenue Bonds

In June 2021, the JPFA issued a total of \$153.0 million in Lease Revenue Bonds (the “2021A Bonds”) with interest rates ranging 2.5% to 5% and a bond premium of \$17.7 million. Together with other available moneys, the proceeds of the 2021A Bonds totaling \$170.7 million were used to (i) finance the reconstruction and equipping of the Cordilleras Mental Health Center, (ii) pay capitalized interest through June 15, 2024, and (iii) pay costs of issuance.

The 2021A Bonds are limited obligations of the JPFA payable solely from, and secured solely by, revenues of the JPFA, consisting primarily of Base Rental Payments to be received by the JPFA from the County under a Master Facility Lease, by and between the JPFA and the County, for the right to use and possess certain real property and facilities.

In connection of the 2021A Bonds, the JPFA will issue 2023 Series A Lease Revenue Bonds (Tax-Exempt Forward Refunding of 2013 Bonds) (the “2023 Bonds”) that will partially refund the 2013 Bonds for a total of \$26.3 million with an average interest rate of 5% and a bond premium of \$4.9 million. The 2023 Bonds were sold on a private placement basis and expected to be refunded on April 17, 2023.

Additionally, the JPFA will issue 2024 Series A Lease Revenue Bonds (Tax-Exempt Forward Refunding of 2014 Bonds) (the “2024 Bonds”) that will partially refund the 2014 Bonds for a total of \$61.3 million with an average interest rate of 4.74% and a bond premium of \$8.5 million. The 2024 Bonds were sold on a private placement basis and expected to be refunded on March 18, 2024.

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Legal Debt Service Limit

The County's annual legal debt service limit shall not exceed 4% of the average annual County budget for the current and the preceding four fiscal years, and shall be for non-voter approved debt that is the obligation of the County. The County's legal debt service limit was \$129.2 million for the fiscal year ended June 30, 2021.

NOTE 11 – NET POSITION

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

- *Net Investment in Capital Assets* groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt, including debt related deferred inflows and outflows of resources, that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* reflects net position that is subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.
 - Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources and includes a *legally enforceable* requirement that those resources be used only for the specific purposes stipulated in the legislation.
 - A legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor. As of June 30, 2021, restricted net position for governmental activities was \$359.5 million as reported on the government-wide statement of net position, and approximately \$78.6 million of which was restricted by enabling legislation. Restricted net position for the Housing Authority (business-type activities) of \$1.3 million included the accumulation of contributions in the form of cash or other assets which generally do not have to be returned to the contributor. These funds are restricted by HUD as to use and must be approved before expending.
- *Unrestricted Net Position* represents net position of the County that is not restricted for any project or purpose.

NOTE 12 – FUND BALANCES

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

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	General Fund	Joint Powers Financing Authority	Other Governmental Funds
Nonspendable:			
Inventories	\$ 59	\$ -	\$ 302
Prepaid items	12,712	601	194
Long-term interfund advances	7,591	-	-
Long-term receivables	30,646	-	-
Total nonspendable	51,008	601	496
Restricted:			
Behavioral health services	655	-	-
Transportation	420	-	-
Health realignment	6,342	-	-
Calworks	178	-	-
Social services realignment	76,888	-	-
Medi-Cal	18,035	-	-
Health services programs	10,495	-	-
California assistance program for immigrants	16,282	-	-
Wraparound program	10,916	-	-
Homeless emergency aid program	1,850	-	-
Homeless housing assistance program	4,047	-	-
Other social services programs	2,660	-	-
Debt service	-	333,856	31,132
Road improvement	-	-	26,717
Fire services	-	-	9,615
Sewer maintenance	-	-	26,115
Lighting maintenance	-	-	20,165
Highway and transportation improvement	-	-	10,581
Waste management	-	-	9,132
Emergency care	-	-	3,093
Water services	-	-	13,216
Others	-	-	1,843
Total restricted	148,768	333,856	151,609
Assigned:			
Election software system	165	-	-
Capital projects and improvements	2,721	-	165,260
Public services	3,084	-	1,776
Total assigned	5,970	-	167,036
Unassigned	1,244,535	-	(907)
Total fund balances	\$ 1,450,281	\$ 334,457	\$ 318,234

General Fund Departmental Reserve Requirements

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

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

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

General Fund Non-Departmental Reserve Requirements

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

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

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

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Service Departments and Non-General Fund Departments

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

- Internal Service Funds can maintain reserve balances for future purposes including, but not limited to, vehicle and equipment replacement costs and risk management claims.
- Enterprise Funds and Special Revenue Funds should generate revenue sufficient, as a goal, to support the full operating costs of these funds above and beyond General Fund subsidy or contribution levels approved by the County Board.

NOTE 13 – EMPLOYEES’ RETIREMENT PLANS

San Mateo County Employees’ Retirement Association

(a) Plan Description

General. The San Mateo County Employees’ Retirement Association (SamCERA) is a cost-sharing multiple-employer, defined benefit pension plan that provides benefits for substantially all permanent employees of the County (primary government), First 5 (discrete component unit), and employees of the San Mateo County Library, the Superior Courts of the County of San Mateo, and the San Mateo County Mosquito and Vector Control District. SamCERA was founded in 1944 under the authority granted by Article XVI of the Constitution of the State of California and the County Employees Retirement Law of 1937 (the 1937 Act), and is not subject to the provisions of the Employee Retirement Income Security Act of 1974. SamCERA is a Pension Trust Fund of the County.

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

The Board of Retirement undertakes the administrative and fiduciary responsibility over the pension plan. SamCERA issues a publicly available financial report that can be obtained by writing to the San Mateo County Employees’ Retirement Association, 100 Marine Parkway, Suite 125, Redwood Shores, California 94065 or via the Internet at www.samcera.org/annual-comprehensive-financial-reports.

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

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SamCERA has seven tiers covering members classified as general, safety or probation. The tables below provide details for each of these tiers.

	<u>General Member</u>	<u>Probation Member</u>	<u>Safety Member</u>	
Plan 1*	Hire date	On or before 7/5/80	On or before 7/5/80	On or before 7/5/80
	Benefit factor	2%@55.5	3%@50	3%@50
	Maximum COLA	5%	3%	5%
	FAC period**	Highest 1 year	Highest 1 year	Highest 1 year
	Eligibility for service retirement	Age 50 with 10 years of service; any age with 30 years of service; or age 70 regardless of years of service.	Age 50 with 10 years of service; or any age with 20 years of service.	Age 50 with 10 years of service; or any age with 20 years of service.
Plan 2*	Hire date	7/6/80 - 7/12/97	7/6/80 - 7/12/97	7/6/80 - 7/12/97
	Benefit factor	2%@55.5	3%@50	3%@50
	Maximum COLA	3%	3%	3%
	FAC period	Highest 1 year	Highest 1 year	Highest 1 year
	Eligibility for service retirement	Age 50 with 10 years of service; any age with 30 years of service; or age 70 regardless of years of service.	Age 50 with 10 years of service; or any age with 20 years of service.	Age 50 with 10 years of service; or any age with 20 years of service.
Plan 3*	Hire date	On or before 12/22/12, a non-contributory plan.	Not applicable	Not applicable
		(After five years of service, Plan 3 members can elect membership under the eligible contributory plan. Members currently working in a contributory plan with Plan 3 service may purchase an upgrade of their Plan 3 service. Plan 3 closed effective December 23, 2012.)		
		(If retirement occurs prior to age 65, benefit amount will be adjusted by an actuarial equivalent factor.)		
	Maximum COLA	No COLA	Not applicable	Not applicable
	FAC period	Highest 3 years (non-consecutive)	Not applicable	Not applicable
	Eligibility for service retirement	Age 65 with 10 years of service; reduced benefit at age 55 with 10 years of service.	Not applicable	Not applicable

* Plans 1, 2, 3 and 4 are closed to new entrants. However, eligible general members of the San Mateo County Mosquito and Vector Control District with reciprocity may participate in Plan 4.

** FAC period stands for "final average compensation" period.

(Continued)

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	<u>General Member</u>	<u>Probation Member</u>	<u>Safety Member</u>
Plan 4*	Hire date	7/13/97 - 8/6/11	7/13/97 - 7/9/11
	(Note: Plan 4 closed simultaneously with the implementation of Plans 5 and 6.)		
	Benefit factor	2%@55.5	3%@50
	Maximum COLA	2%	2%
	FAC period**	Highest 3 years (non-consecutive)	Highest 3 years (non-consecutive)
	Eligibility for service retirement	Age 50 with 10 years of service; any age with 30 years of service; or age 70 regardless of years of service.	Age 50 with 10 years of service; or any age with 20 years of service.
Plan 5	Hire date	8/7/11 - 12/31/12	7/10/11 - 12/31/12
	(Note: General Plan 5 members after 10 years of service can elect to transfer to Plan 4 and must pay the total actuarial equivalent cost of the increase in past service benefits at the date of transfer.)		
	Benefit factor	2%@61.25	3%@55
	Maximum COLA	2%	2%
	FAC period	Highest 3 years (non-consecutive)	Highest 3 years (non-consecutive)
	Eligibility for service retirement	Age 50 with 10 years of service; any age with 30 years of service; or age 70 regardless of years of service.	Age 50 with 10 years of service; or any age with 20 years of service.
Plan 6	Hire date	Not applicable	7/10/11 - 12/31/12
	Benefit factor	Not applicable	2%@50
	Maximum COLA	Not applicable	2%
	FAC period	Not applicable	Highest 3 years (non-consecutive)
	Eligibility for service retirement	Not applicable	Age 50 with 10 years of service; or any age with 20 years of service.
Plan 7	Hire date	On or after 1/1/13	On or after 1/1/13
	Benefit factor	2%@62	2.7%@57
	Maximum COLA	2%	2%
	FAC period	Highest 36 consecutive months	Highest 36 consecutive months
	Eligibility for service retirement	Age 52 with 5 years of service.	Age 50 with 5 years of service.

(1) Plan 5 is available for all Safety and Probation members.

(2) Plan 6 is available for Safety Management and Probation members.

* Plans 1, 2, 3 and 4 are closed to new entrants. However, eligible general members of the San Mateo County Mosquito and Vector Control District with reciprocity may participate in Plan 4.

** FAC period stands for "final average compensation" period.

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In addition, SamCERA provides annual Cost of Living Adjustment (COLA) upon retirement for members of Plans 1, 2, 4, 5, 6, and 7. The benefits of Plan 3 are reduced by a portion of the Social Security benefits received by the member.

Pension Plan Membership. Plan membership as of June 30, 2021 is displayed in the table below.

	Plan 1*	Plan 2*	Plan 3*	Plan 4*	Plan 5	Plan 7	Total
RETIREES AND BENEFICIARIES CURRENTLY RECEIVING BENEFITS							
General	1,242	2,188	122	1,053	16	20	4,641
Safety	262	256	-	135	4	2	659
Probation	96	120	-	75	-	1	292
Subtotal	1,600	2,564	122	1,263	20	23	5,592
INACTIVE MEMBERS ENTITLED TO BUT NOT RECEIVING BENEFITS (DEFERRED)							
General	7	227	68	772	108	642	1,824
Safety	-	9	-	41	12	32	94
Probation	-	16	-	41	1	10	68
Subtotal	7	252	68	854	121	684	1,986
CURRENT MEMBERS, VESTED							
General	2	355	45	1,639	190	741	2,972
Safety	-	22	-	184	48	89	343
Probation	-	5	-	130	8	21	164
Subtotal	2	382	45	1,953	246	851	3,479
CURRENT MEMBERS, NON-VESTED							
General	-	1	4	8	92	1,566	1,671
Safety	-	-	-	1	16	160	177
Probation	-	-	-	-	-	29	29
Subtotal	-	1	4	9	108	1,755	1,877
Total Members	1,609	3,199	239	4,079	495	3,313	12,934

* Plans closed to new entrants. However, eligible general members of the San Mateo County Mosquito and Vector Control District with reciprocity may participate in Plan 4.

Note: As of June 30, 2021, there were no members in Plan 6.

Contributions. The 1937 Act established the basic obligations for employers and members to make contributions to the pension trust fund. The employer and member contribution rates are based on recommendations made by an independent actuary and adopted by the Board of Retirement. The participating employers are required by statutes to contribute the amounts necessary to fund the estimated benefits accruing to SamCERA members not otherwise funded by member contributions or expected investment earnings. Employer contribution rates for each tier are determined pursuant to Government Code Section 31453 of the 1937 Act. Contribution rates are actuarially determined using the entry age normal method and consist of an amount for normal cost (the estimated amount necessary to finance benefits earned by members during the year) and an amount required to amortize the unfunded actuarial accrued liability. Contributions to the plan from the County were \$253.8 million and First 5 were \$0.3 million for the year ended June 30, 2021.

(b) Net Pension Liability, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021, the County reported \$831.0 million for its proportionate share of the net pension liability, while First 5 reported \$1.2 million for its proportionate share of the net pension liability. The net pension liability of the plan is measured as of June 30, 2020, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The County's proportion of the net pension liability was based on statutory contributions. The County's proportionate share of the net pension liability, which includes First 5 was 94.59% as of the June 30, 2020 measurement date, which was a decrease of 0.01% from its share measured as of June 30, 2019.

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For the year ended June 30, 2021, the County recognized pension expense of \$281.6 million and First 5 recognized pension expense of \$0.4 million. The County reported \$253.8 million and First 5 reported \$0.3 million as deferred outflows of resources related to pension contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	Business-type Activities	First 5 San Mateo County
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	\$ 220,300	\$ 33,512	\$ 268
Changes of pension-related assumptions	111,153	21,889	164
Changes in proportionate share of net pension liability	127	25	-
Difference in actual and proportionate share of pension contributions	1,421	283	2
Differences between expected and actual pension experience	102,856	19,758	154
Differences between projected and actual earnings on pension investment	162,533	29,912	244
Total deferred outflows of resources	<u>\$ 598,390</u>	<u>\$ 105,379</u>	<u>\$ 832</u>
DEFERRED INFLOWS OF RESOURCES			
Difference in actual and proportionate share of pension contributions	\$ 147	\$ 27	\$ -
Total deferred inflows of resources	<u>\$ 147</u>	<u>\$ 27</u>	<u>\$ -</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>First 5</u>
2022	\$ 105,457	\$ 20,127	\$ 158
2023	109,551	20,949	164
2024	104,811	19,979	156
2025	58,124	10,785	86

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(c) Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuation were determined using the information below.

Actuarial Methods and Assumptions	
Valuation date	6/30/2020
Actuarial cost method	Entry Age Normal
Actuarial experience study	July 1, 2017 to April 30, 2020
Amortization method	Level Percent of Projected Payroll
Amortization period	UAAL as of June 30, 2008, is amortized over a closed 15-year period ending June 30, 2023. Subsequent changes in the UAAL are amortized over separate closed 15-year layers which are determined annually.
Asset valuation method	5-year smoothed recognition of asset gains and losses (determined as the difference of the actual fair value to the expected fair value), which cannot vary more than 20% from the fair value.
Actuarial assumptions:	
Investment rate of return	6.67%
Inflation rate (CPI)	2.50%
Payroll growth rate	3.00%
Mortality	See the valuation report as of June 30, 2020, for details.

The long-term expected rate of return on pension plan investments was determined using a building-block approach in which a median (or expected) geometric rate of return is developed for each major asset class. The median rates are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and estimates of the median geometric rates of return for each major asset class are shown in the table below. The asset class return assumptions are presented on a nominal basis, and all assumptions include a base inflation rate assumption of 2.50%.

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Public Equity	41%	3.4%
Fixed Income	28%	0.5%
Alternatives	13%	5.0%
Inflation Hedge	17%	3.7%
Liquidity	1%	-1.3%
Total	100%	

Discount Rate. The investment rate of return assumption used to measure the total pension liability was 6.67% as of June 30, 2020, same as from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that employer and member contributions will be made at the funding requirements under SamCERA's funding policy and the legal requirements under the County Employees Retirement Law of 1937. In addition, the County intends to contribute additional amounts over the next 10 years to accelerate the elimination of the unfunded actuarial accrued liability. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, gross of administrative expenses.

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Sensitivity of the County's Proportionate Share of Net Pension Liability to Changes in the Discount Rate. The following presents net pension liability of the County, calculated using the discount rate of 6.67%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.67%) or 1 percentage point higher (7.67%) than the current rate.

(Dollars in Millions)

	Primary Government		
	1% Decrease:	Current Discount Rate:	1% Increase:
	5.67%	6.67%	7.67%
Total pension liability	\$ 6,110.3	\$ 5,346.6	\$ 4,724.8
Fiduciary net position	4,515.6	4,515.6	4,515.6
Net pension liability	1,594.6	831.0	209.2
First 5			
	1% Decrease:	Current Discount Rate:	1% Increase:
	5.67%	6.67%	7.67%
Total pension liability	\$ 8.5	\$ 7.4	\$ 6.6
Fiduciary net position	6.3	6.3	6.3
Net pension liability	2.2	1.2	0.3

Pension Plan Fiduciary Net Position. Detailed information about the plan's fiduciary net position is available in the separately issued SamCERA financial report.

San Mateo County Supplemental Retirement Plan

The San Mateo County Supplemental Retirement Plan ("Supplemental Retirement Plan") is a defined contribution plan established in the form of a Governmental Money Purchase Plan & Trust administered by the ICMA Retirement Corporation.

Federal and State tax laws, and the 1937 Act limit the annual compensation that can be used to determine benefits in SamCERA. All County employees who were hired after July 1, 1996, are subject to the annual limit, which is \$285 thousand for calendar year 2020. The Supplemental Retirement Plan was established in 2004 to invest contributions on compensation earnable over the annual limit to compensate for benefits that cannot be paid under SamCERA. The County is the plan trustee and is authorized to invest funds held under the Supplemental Retirement Plan. Fees are charged to the participants based on the fund selection.

Each year the County will contribute to the Supplemental Retirement Plan for certain employee participants. The amount of the contributions to the Supplemental Retirement Plan is the same amount that the County would have contributed to SamCERA for the benefits that cannot be paid under that plan. Contributions are fully vested. The employee participants and the amount of the County's annual contributions are designated in the plan documents. During the year ended June 30, 2021, the County contributed \$691 thousand into the Supplemental Retirement Plan.

County of San Mateo Extra Help Agile 401a Plan

The County maintains a qualified defined contribution plan for extra help employees. Employees are eligible upon employment at their discretion. Employer contributions are discretionary and are determined by the County on an annual basis. Employer matching contributions made by the County, including any earnings, vest over a 3-year period. During the year ended June 30, 2021, the County contributed \$1.0 million into the Agile 401a Plan.

Housing Authority of the County of San Mateo

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

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The Housing Authority is required to deposit an amount as set forth in the plan to employee accounts. Employer contributions are vested 20% for each year of service of the individual employee until the employee becomes fully vested after five years. Under this plan, management employees do not need to make contributions. The Housing Authority contributes 14% of the gross salary monthly for management. The plan had 48 active participants as of June 30, 2021. During the fiscal year ended June 30, 2021, the Housing Authority contributed \$0.5 million to its retirement plan.

Monthly contributions made by the Housing Authority and its non-management employees are as follows:

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

Health Plan of San Mateo

Health Plan of San Mateo (HPSM) established the Health Plan of San Mateo Employee Retirement (the “Plan”) in January 1994. The Plan is a single-employer defined benefit pension (cash balance) plan administered by HPSM. Eligible HPSM employees become members of the Plan on the first day of employment. HPSM has the authority to amend or terminate the Plan at any time and for any reason by actions of its Commission.

Under the Plan, participants’ account balances are credited with contributions equal to 10% of their annual compensation, plus interest of 5% on an annual basis effective January 1, 2005. Benefits are payable in the form of a single sum payment upon termination or can be deferred through optional payment forms. Participants earn a vested right to accrued benefits upon completion of three years of service and upon death, permanent disability or employer termination of the Plan. Contributions to the Plan are made by HPSM as no contributions are permitted by participants.

As of December 31, 2020, participant data for the Plan is as follows: 12 retired and beneficiaries, 45 inactive, and 273 active. The Plan does not issue a stand-alone financial report.

As of December 31, 2020, HPSM recognized pension expense of \$1.5 million and established \$1.5 million in net pension asset. Deferred outflows and deferred inflows of resources are reported as follows:

	Health Plan of San Mateo (December 31, 2020)
DEFERRED OUTFLOWS OF RESOURCES	
Changes of pension-related assumptions	\$ 26
Differences between expected and actual pension experience	2,176
Total deferred outflows of resources	\$ 2,202
 DEFERRED INFLOWS OF RESOURCES	
Changes of pension-related assumptions	\$ 14
Differences between projected and actual earnings on pension investment	2,329
Total deferred inflows of resources	\$ 2,343

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Amount reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense are as follows:

Year Ended December 31	<u>HPSM</u>
2021	\$ (76)
2022	173
2023	(483)
2024	(50)
2025	256
Thereafter	39

The table below summarizes changes in pension (asset) liability for the year ended December 31, 2020:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Pension</u>	<u>Net Pension (Asset) Liability</u>
Balance at December 31, 2019	\$ 23,397	\$ 24,386	\$ (989)
Changes during the year:			
Service cost	1,761	-	1,761
Interest	1,842	-	1,842
Differences between expected and actual experience	1,515	-	1,515
Changes of assumptions	(15)	-	(15)
Benefit payments	(1,229)	(1,229)	-
Employer contributions	-	1,772	(1,772)
Net investment income	-	3,805	(3,805)
Net changes	<u>3,874</u>	<u>4,348</u>	<u>(474)</u>
Balance at December 31, 2020	<u>\$ 27,271</u>	<u>\$ 28,734</u>	<u>\$ (1,463)</u>

Actuarial assumptions used by HPSM as of December 31, 2020:

Valuation date	12/31/2020
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed amortization
Asset valuation method	Market value
Actuarial assumptions:	
Projected salary increases	5.00%
Mortality	Based on the Pri-2012 healthy mortality table for males and females, with future mortality improvements projected on a fully generational basis using projection scale MP-2019.
Discount rate	7.50%

The following table summarizes the sensitivity of net pension (asset) liability to changes in the discount rates as of December 31, 2020.

	<u>HPSM</u>		
	<u>1% Decrease:</u>	<u>Current Discount Rate:</u>	<u>1% Increase:</u>
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Net pension liability (asset) as of December 31, 2020	\$ 359	\$ (1,463)	\$ (3,086)

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NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS

County of San Mateo

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

Benefit provisions are established and may be amended through negotiations between the County and the bargaining units during each bargaining period. The plan does not cover employees of the Housing Authority nor issues a separate financial report.

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

Benefit Provisions. The County contracts with Kaiser and Blue Shield Health Plans to provide health coverage to its active members and pre-Medicare retirees (under age 65 and not covered by Medicare). The insurers charge the same premium for actives and retirees without Medicare; therefore, an implicit County subsidy of retiree premium exists. The implicit subsidy is determined by the difference between the true costs of the benefits and the actual premiums paid. Retiree health premiums would be significantly higher if premiums were determined without regard to active claims experience because health claim costs generally increase with age.

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

The duration and amount of the County-paid benefits varies based on the amount of sick leave at retirement, the date of hire, the date of retirement, and the bargaining group to which the retiree belongs. After the County-paid benefits expire, the retirees may continue coverage in the County health plans at their own expense.

For the majority bargaining units, hired prior to January 1, 2011. For each eight hours of unused sick leave at the time of retirement, the County contributes a set amount of the total premiums. For employees who retire with 20 or more years of service, the sick leave balance will be deducted at 6 hours per month instead of 8 hours.

As of June 30, 2021, the conversion benefit is as follows per month.

Years of Service at Retirement	County Monthly	Annual Increase	Not to exceed
<15	\$ 440.00	0%	90% of pre-65 Kaiser retiree only premium
15-19	542.30	2%	90% of pre-65 Kaiser retiree only premium
≥20	699.33	4%	90% of pre-65 Kaiser retiree only premium

* Contribution amount is in dollars.

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Retirees who exhaust their sick leave will be credited with additional sick leave hours based on the years of service as follows:

Credit Sick Leave Hours	
<u>Years of Service</u>	<u>Hours</u>
10	96
15	192
20	288

For the majority bargaining units, hired on or after January 1, 2011. For each eight hours of unused sick leave at the time of retirement, the County contributes \$400 of the total premiums. Retirees can choose to cover spouses and dependents. Retirees can choose a higher level for the County portion, but will need to convert more sick leave hours each month for those higher amounts.

Future increases in retiree sick leave conversion benefits vary among various bargaining groups under the County's latest bargaining agreements. Demographic assumptions regarding retirement, disability, and turnover are based on statistics from the June 30, 2020 pension valuation for SamCERA.

Membership	
Actives	5,073
Retirees and beneficiaries receiving benefits	2,741

Contributions. The County's contribution is an amount equal to the actuarially determined contribution (ADC) every fiscal year. The amount of the ADC above the implicit rate subsidy is the cash contribution that the County needs to make to CERBT in order to have total contributions equal to the ADC.

The County's ADC was calculated based on the service cost plus an amortization of the net OPEB liability on a closed basis over 30 years, beginning July 1, 2005. That amortization is calculated as a level percentage of payroll based on the payroll growth assumption. Contribution requirements or amendments for members and the County are established through negotiations with individual bargaining units.

The contributions for fiscal year ended June 30, 2021, were as follows:

Employer contributions	\$ 21,598
Implicit rate subsidy	<u>7,094</u>
	<u>\$ 28,692</u>

Net OPEB Liability, OPEB Expenses, and Deferred Outflows/Inflows of Resources Related to OPEB. As of June 30, 2021, the County reported \$58.2 million of net OPEB liability, while First 5 reported \$16 thousand. The net OPEB liability of the plan is measured as of June 30, 2020, and the total OPEB liability for the plan used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The County's portion of the net OPEB liability, which includes First 5 was 98.0% as of June 30, 2020. The remaining portion of 2.0% related to County Library and San Mateo Local Agency Formation Commission (LAFCo), which are not part of the County's reporting entity.

For the year ended June 30, 2021, the County recognized OPEB expense of \$12.8 million and First 5 recognized \$53 thousand. The County reported \$28.0 million and First 5 reported \$0.1 million as deferred outflows of resources related to OPEB contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022.

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At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Business-type Activities*	First 5 San Mateo County
DEFERRED OUTFLOWS OF RESOURCES			
OPEB contributions subsequent to measurement date	\$ 23,077	\$ 4,933	\$ 116
Changes of OPEB-related assumptions	4,735	1,046	9
Differences between expected and actual OPEB experience	1,958	435	3
Differences between projected and actual earnings on OPEB investments	2,605	567	12
Total deferred outflows of resources	<u>\$ 32,375</u>	<u>\$ 6,981</u>	<u>\$ 140</u>
DEFERRED INFLOWS OF RESOURCES			
Changes of OPEB-related assumptions	\$ 42,705	\$ 9,251	\$ 153
Differences between expected and actual OPEB experience	6,874	1,506	16
Total deferred inflows of resources	<u>\$ 49,579</u>	<u>\$ 10,757</u>	<u>\$ 169</u>

* Housing Authority's portion is presented separately.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities*</u>	<u>First 5</u>
2022	\$ (8,714)	\$ (1,896)	\$ (25)
2023	(8,488)	(1,846)	(25)
2024	(8,814)	(1,918)	(25)
2025	(3,493)	(748)	(15)
2026	(3,134)	(668)	(17)
Thereafter	(7,638)	(1,633)	(38)

* Housing Authority's portion is presented separately.

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Actuarial Assumptions. The total OPEB liabilities in the June 30, 2020 actuarial valuation were determined using the information below.

Actuarial Methods and Assumptions	
Valuation date	6/30/2020
Actuarial cost method	Entry Age Normal
Actuarial experience study	July 1, 2017 to April 30, 2020
Actuarial assumptions:	
Discount rate	6.25%
Long-term expected rate of return	6.25%, net of investment expense
Inflation	2.50%
Payroll growth rate	3.00%
Mortality	Projected with the MP-2014 Ultimate Projection Scale for active members, healthy retirees, and disable retirees.
Health cost trend	Adjusted to reflect the expected costs due to ACA
	2021-24 5.10%
	2024-26 5.00%
	2026-28 4.90%
	2028-39 4.80%
	2040-51 4.90%
	2060-61 4.80%
	2070-71 4.20%
	After 2074 4.00%
Dental cost trend	4.00%
Vision cost trend	4.00%

The OPEB plan assets are expected to be invested using a strategy to achieve the long-term rate of return. The County selected CERBT Fund Strategy 2 for its asset allocation as follows:

Asset Allocation	
Global Equity	40%
U.S. Fixed Income	43%
Treasury Inflation-Protected Securities (TIPS)	5%
Real Estate Investment Trusts (REITs)	8%
Commodities	4%
Total	100%

Discount Rate. The investment rate of return assumption used to measure the total OPEB liability was 6.25%, reduced from 6.50% in prior fiscal year. The projection of benefit payments made in future periods and expected level of cash flows and investment returns were used to determine the discount rate and assumed that employer contributions will be made at the funding requirements. Based on those assumptions, the plan's fiduciary net position was projected to be sufficient to pay projected benefit payments in all future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability and net OPEB liability is equal to the long-term assumed rate of return, gross of administrative expenses.

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Sensitivity of the County's Net OPEB Liability to Changes in the Discount Rate. The following presents net OPEB liability of the County, calculated using the discount rate of 6.25%, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.25%) or 1 percentage point higher (7.25%) that the current rate.

(Dollars in Millions)

	Primary Government*		
	1% Decrease:	Current Discount Rate:	1% Increase:
	5.25%	6.25%	7.25%
Total OPEB liability	\$ 438.4	\$ 400.1	\$ 366.4
Fiduciary net position	341.9	341.9	341.9
Net OPEB liability	96.5	58.2	24.5

* Housing Authority's portion is separately presented.

	First 5		
	1% Decrease:	Current Discount Rate:	1% Increase:
	5.25%	6.25%	7.25%
Total OPEB liability	\$ 0.1	\$ 0.1	\$ 0.1
Fiduciary net position	0.1	0.1	0.1
Net OPEB liability	0.0	0.0	0.0

Sensitivity of the County's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents net OPEB liability of the County, calculated using the current healthcare trend cost rates, as well as what the County's net OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher that the current trend rates.

(Dollars in Millions)

	Primary Government*		
	1% Decrease:	Current Trend Rate:	1% Increase:
Total OPEB liability	\$ 362.4	\$ 400.1	\$ 444.4
Fiduciary net position	341.9	341.9	341.9
Net OPEB liability	20.4	58.2	102.4

* Housing Authority's portion is separately presented.

	First 5		
	1% Decrease:	Current Trend Rate:	1% Increase:
Total OPEB liability	\$ 0.1	\$ 0.1	\$ 0.1
Fiduciary net position	0.1	0.1	0.1
Net OPEB liability	0.0	0.0	0.0

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OPEB Plan Fiduciary Net Position. The Plan Fiduciary Net Position and total OPEB liability were determined as of the measurement date. The components of the net OPEB liability as of June 30, 2020 were presented as follows:

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB * Liability
Balance at June 30, 2019	\$ 421,733	\$ 326,735	\$ 94,998
Changes for the year:			
Service cost	16,580	-	16,580
Interest on total OPEB liability	27,776	-	27,776
Effect of economic/demographic gains or losses	(1,428)	-	(1,428)
Effect of assumptions changes or inputs	(34,002)	-	(34,002)
Benefit payments	(22,338)	(22,338)	-
Employer contributions	-	28,208	(28,208)
Net investment income	-	16,491	(16,491)
Administrative expenses	-	(165)	165
Net changes	(13,412)	22,196	(35,608)
Balance at June 30, 2020	\$ 408,321	\$ 348,931	\$ 59,390

* Of the balance at June 30, 2020, \$58.2 million belonged to the primary government, \$16 thousand to First 5, and \$1.2 million to the County Library and LAFCo.

Housing Authority of the County of San Mateo

Plan Description. The Housing Authority has established a separate retiree health plan (the Plan) and participates in an agent multiple-employer defined benefit retiree healthcare plan through the California Employers' Retiree Benefits Trust (CERBT). This plan provides healthcare benefits to members who directly retire from the Housing Authority on or after age 55 with a minimum of five years of service. Retirees receive health coverage based on the unused sick leave at retirement. The Housing Authority joined the Teamsters Healthcare Fund in March 2006 to provide health coverage for its employees and retirees. This fund adjusts premium rates in October of each year.

Benefit Provisions. For each eight hours of unused sick leave, the Housing Authority will contribute \$165.00 towards the monthly health premiums for non-management retirees and their eligible dependents up to 384 hours. The contribution increases to \$200.00 monthly for each 8 hours above 384 hours unused at retirement. The retiree may choose to convert more sick leave hours each month for higher payments.

Hired before October 1, 2014. For each eight hours of unused sick leave, the Housing Authority will pay for the entire cost of monthly health premiums for management and confidential retirees and their eligible and surviving dependents until the unused sick leave is fully exhausted. Medicare eligible retirees must enroll in a health plan other than the Teamster plan that is a secondary payer to Medicare. The Housing Authority will pay the entire monthly premiums for both Medicare Part B and the individual Medicare plan for retirees and their eligible and surviving dependents.

Hired on or after October 1, 2014. The Housing Authority will pay up to \$400 of the monthly health premiums for management or confidential retirees and their eligible dependents.

In the event an employee has fewer than 96 hours of unused sick leave at the time of retirement, the Housing Authority will supplement the accruals up to a maximum of 96 hours.

As of June 30, 2021, the Housing Authority has 48 active and 5 retirees that were covered by the benefit terms under the plan.

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Contributions. Contribution requirements for the members and the Housing Authority are established through a Memorandum of Understanding between the Housing Authority and its applicable employee bargaining units and may be amended by agreements between the Housing Authority and the bargaining units. The annual contribution was based on the actuarially determined contribution. For the fiscal year ended June 30, 2021, the Housing Authority contributed \$74.2 thousand to the trust.

Net OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB. As of June 30, 2021, the Housing Authority reported \$0.2 million of net OPEB liability. The net OPEB liability of the plan is measured as of June 30, 2021, and the total OPEB liability for the plan used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. For the fiscal year ended June 30, 2021, the Housing Authority recognized OPEB expense of \$56 thousand and reported the following deferred outflows of resources and deferred inflows of resources related to OPEB.

	Housing Authority
DEFERRED OUTFLOWS OF RESOURCES	
Changes of OPEB-related assumptions	\$ 169
Differences between expected and actual OPEB experience	11
Total deferred outflows of resources	\$ 180
 DEFERRED INFLOWS OF RESOURCES	
Changes of OPEB-related assumptions	\$ 43
Differences between expected and actual OPEB experience	101
Differences between projected and actual earnings on OPEB investments	81
Total deferred inflows of resources	\$ 225

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Housing Authority
2022	\$ (12)
2023	(14)
2024	(11)
2025	(12)
2026	8
Thereafter	(4)

The changes in the net OPEB liability as of June 30, 2021 are as follows:

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020	\$ 1,571	\$ 1,258	\$ 313
Changes recognized for the measurement period:			
Service cost	49	-	49
Interest on total OPEB liability	92	-	92
Effect of economic/demographic gains or losses	(23)	-	(23)
Changes of assumptions	33	-	33
Employer contributions	-	74	(74)
Net investment income	-	171	(171)
Benefit payments	(33)	(33)	-
Administrative expenses	-	(1)	1
Net changes	118	211	(93)
Balance at June 30, 2021	\$ 1,689	\$ 1,469	\$ 220

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Actuarial Assumptions. The Housing Authority's Plan was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuation using the following information below.

Actuarial Methods and Assumptions	
Valuation date	6/30/2021
Actuarial assumptions:	
Discount rate	5.00%
Investment rate of return	5.00%
Inflation	2.50%
Payroll growth rate	3.52% - 9.70%
Mortality	PUB-2010 healthy and retiree mortality tables for general employees projected using scale MP-2020
Pre-retirement turnover	Derived from 2020 SamCERA experience study
Healthcare trend rate	4.00% - 5.10%

The Housing Authority Plan's long-term expected rate of return is based on the investment policy of CERBT. It is invested in CERBT Strategy 3 for its assets. The asset allocation and the expected arithmetic nominal return are summarized as follows:

Asset Class	Asset Allocation	Expected Arithmetic Nominal Return
Global Equity	22%	6.79%
U.S. Fixed Income	49%	4.80%
Treasury Inflation-Protected Securities	16%	2.05%
Real Estate Investment Trusts	8%	7.85%
Commodities	5%	4.51%
Total	100%	
Expected Arithmetic Return (30 years)		5.32%
Expected Geometric Return (30 years)		5.05%

Discount Rate. The discount rate used to measure the total OPEB liability was 5.00%, reduced from 5.75% in the prior year. The projection of cash flows used to determine the discount rate assumed that Housing Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on that, the plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. The long-term expected rate of return on the OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Housing Authority's Net OPEB Liability to Changes in the Discount Rate. The following presents net OPEB liability of the Housing Authority, calculated using the discount rate of 5.00%, as well as what its net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.00%) or 1 percentage point higher (6.00%) than the current rate.

	1% Decrease 4.00%	Current Discount Rate 5.00%	1% Increase 6.00%
Net OPEB liability	\$ 403.2	\$ 219.9	\$ 59.5

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Sensitivity of the Housing Authority’s Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents net OPEB liability of the Housing Authority, calculated using the current healthcare trend cost rates, as well as what its net OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB liability	\$ 36.2	\$ 219.9	\$ 435.6

NOTE 15 – RISK MANAGEMENT

County. The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. For most insurable risks, the County, except for the Housing Authority, is self-insured except for excess insurance coverage provided by commercial insurance companies that are limited to the following:

- Real and personal property in excess of \$100 per incident, but limited to a maximum of \$500,000.
- Earthquake in excess of \$250 or 5% of the replacement value, whichever is more per incident, but limited to a maximum of \$100,000 in aggregate.
- Flood damage in excess of 5% of the replacement value per location, but limited to a maximum of \$100,000 in aggregate.
- General liability in excess of \$2,000 per incident, but limited to a maximum of \$40,000.
- Workers’ compensation in excess of \$1,000 per incident including statutorily required limits.
- Auto liability in excess of \$2,000 per incident, but limited to a maximum of \$40,000.
- Malpractice in excess of \$500 per incident, but limited to a maximum of \$25,000 per claim and aggregate.

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

The estimated claims liability of \$55.3 million, as reported in the internal service funds at June 30, 2021, is based on requirements of GASB Statements No. 10 and 30. Under these statements, the County is required to report a liability for claims if, prior to issuance of the financial statements, information indicates that the liability is probable and the amount of loss can be reasonably estimated. About \$51.5 million of the \$55.3 million reported was actuarially determined at a discount rate of 2%. The actuarially determined liability (which covers workers’ compensation losses, general liability, and automobile liability) includes allocated loss adjustment expenses, case reserves, development of known claims, and incurred but not reported claims. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years and there has not been a significant reduction in coverage in FY 2020-21.

Changes to the claims liability for FY 2019-20 and FY 2020-21 are as follows:

Liability at June 30, 2019	\$ 56,746
Current year claims and changes in estimates	27,070
Payments on claims	(24,164)
Liability at June 30, 2020	59,652
Current year claims and changes in estimates	19,452
Payments on claims	(23,767)
Liability at June 30, 2021	\$ 55,337

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

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transfer risk through various levels of insurance. The Housing Authority is a member of Housing Authority Insurance Group (HAIG). Through HAIG, the Housing Authority maintains liability coverage for Commercial and Auto claims up to \$10 million and for public officials and employment practice up to \$1 million (defense only). All other common perils such as business, auto, and flood (where applicable) are insured through commercial insurance carriers. For fiscal year ended June 30, 2021, the Housing Authority paid \$0.2 million towards premium.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Grants

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

Encumbrances

The County uses “encumbrances” to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve portion of applicable appropriations. As of June 30, 2021, the County’s General Fund had a total of \$15.9 million in encumbrances.

Medical Center Third-Party Payors

The Medical Center is reimbursed for services provided to patients under certain programs administered by governmental agencies. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation. Except as disclosed below, the Medical Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving from allegations of potential wrongdoing. While no such regulatory inquiries have been made, except as disclosed below, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medi-Cal programs.

In October 2016, a former employee of the Medical Center filed an action against the Medical Center under the *qui tam* provisions of the False Claims Act, which was subsequently unsealed on August 4, 2021. In February 2017, the Medical Center received an inquiry and documentation request from the Federal Department of Health and Human Services Office of Inspector General (HHS-OIG). The inquiry related to the categorization, coding, or billing of a service as an inpatient service as opposed to an outpatient service and the Medical Center provided documents throughout the investigation. In July 2021, the Medical Center entered into a settlement agreement with the Department of Justice, HHS-OIG and the *qui tam* “Relator” to pay \$11.4 million to resolve alleged violations of the False Claims Act for the period January 1, 2013 through February 28, 2017. The settlement agreement also required the Medical Center to enter into a five-year Corporate Integrity Agreement (CIA) with HHS-OIG. The CIA requires, among other provisions, the Medical Center to engage an independent review organization to perform annual reviews of inpatient admissions that the Medical Center bills to federal health care programs. The settlement payment was made in August 2021 and did not have a material adverse effect on the financial position of the Medical Center.

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. Government activity with respect to investigations and allegations concerning possible violations of regulations by healthcare providers could result in the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management is unaware of any such actions that would have a material adverse effect on the Medical Center’s financial position.

The majority of the Medical Center’s receivables are related to the care of patients covered by Medi-Cal and Medicare

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programs, and special funding created by legislative acts that subsidize certain health care facilities that treat a disproportionate share of Medi-Cal beneficiaries and uninsured patients.

Medical Center Concentration Risk

Receivables from federal and State government agencies represent total \$186.6 million at June 30, 2021, and Medical Center management does not believe that there is any credit risk associated with collection from these governmental agencies. Third party patient accounts receivable consist of receivables from various payors, including individuals involved in diverse activities subject to differing economic conditions, and do not represent any concentrated credit risk to the Medical Center. Management continually monitors and adjusts its allowances associated with these receivables and such allowances have historically been adequate to cover losses realized.

Medical Center Third-Party Reimbursement Agreements

The Medical Center provides services to patients covered by various reimbursement programs. The principal programs include the State of California Medi-Cal programs, Medicare, Health Plan of San Mateo (HPSM) Medi-Cal Managed Care and Medicare Care Advantage programs. The amount of revenue to recognize under these programs is subject to management's best estimates of the revenue that will ultimately be collected based on governmental regulations and contractual terms, including an assessment of risk related to potential retroactive audit adjustments and other uncertainties.

Federal Medicaid law allows local public entities such as counties to transfer permissible public funds to the State Medicaid agency to be utilized as the non-Federal share of Medicaid expenditures, which are then eligible for Federal matching funds, also known as Federal Financial Participation (FFP). The level of FFP is calculated using the Federal Medical Assistance Percentage (FMAP) published annually by the Department of Health and Human Services. During the COVID-19 pandemic, the FMAP was increased from 50% to 56.25% for certain programs. The County has used this mechanism, known as an Intergovernmental Transfer (IGT), to draw down Federal matching funds for several programs.

The Affordable Care Act (ACA) became effective on January 1, 2014. As a result, a portion of reimbursement under various Medi-Cal programs was shifted from supplemental program revenue to patient revenue as more of the Medical Center's patients become eligible for Medi-Cal coverage. The most significant changes were the automatic transition of approximately 10,000 patients from the Medical Center's Low Income Health Program (LIHP) to Medi-Cal, enhanced Federal Medical Assistance Percentage (FMAP) reimbursement for "newly eligible" Medi-Cal Managed Care enrollees, and temporary Medi-Cal coverage through the Hospital Presumptive Eligibility program. On January 1, 2020, Medi-Cal eligibility expanded full-scope Medi-Cal to young adults under age 21 regardless of immigration of status. On July 27, 2021, Governor Newsom signed a health trailer bill (AB 133) that expands full-scope Medi-Cal to undocumented Californians' age 50 years and older. This expansion will begin no sooner than May 1, 2022.

California's initial Section 1115 Medicaid Waiver, the Medi-Cal Hospital/Uninsured Demonstration Project (Demonstration), altered the way Medi-Cal paid for hospital care by shifting funding responsibility for the non-federal share of matching funds and creating a Safety Net Care Pool (SNCP) to provide a fixed amount of federal funding to cover uncompensated health care costs. The waiver restricted the use of intergovernmental transfers and required designated public hospitals to use certified public expenditures (CPEs, whereby public hospitals as a public governmental entity certify actual expenditures) to provide the non-federal share of match for inpatient per diem payments, Medi-Cal Disproportionate Share Hospital (DSH) payments up to 100% of costs, and SNCP payments, and limited the use of IGTs for DSH payments between 100 – 175% of costs. The Demonstration covered the period from July 1, 2005 to October 31, 2010.

Beginning November 1, 2010, California was granted a renewal of the Section 1115 Medicaid Demonstration, which was entitled "California's Bridge to Reform" (Bridge to Reform). The Bridge to Reform Waiver covered the period from November 1, 2010, through October 31, 2015. This renewal extended the prior "Medi-Cal/Uninsured Demonstration Project".

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The five-year Demonstration and Bridge to Reform Waivers affect payments for nineteen (19) public hospitals, including all University of California owned hospitals, identified as Designated Public Hospitals, and private and non-designated public safety net hospitals that serve large numbers of Medi-Cal patients.

Under the Demonstration and Bridge to Reform programs, payments for the public hospitals were comprised of: 1) fee for service (FFS) reimbursement for inpatient hospital services (exclusive of physician component); 2) Medi-Cal Disproportionate Share Hospital (DSH) payments; 3) distribution from a newly created pool of federal funding for uninsured care, known as the Safety Net Care Pool (SNCP); 4) unreimbursed cost of physician and non-physician practitioner services; and 5) costs applicable to the Coverage Initiative. In addition, the Bridge to Reform program also covers i) LIHP which includes the Medicaid Expansion Coverage (MCE) and Health Care Coverage Initiative (HCCI) previously called Coverage Initiative; and ii) Delivery System Reform Incentive Pool (DSRIP) program which is a subset of the SNCP. The non-federal share of these five types of payments is provided by the public hospitals rather than the State, primarily through Certified Public Expenditures (CPE) whereby the hospital expends its local funding for services to draw down federal financial participation (FFP) calculated using the FMAP. The FMAP rate was 50% for all years covered by the Demonstration and Bridge to Reform Waivers dating back to 2010. For the inpatient hospital cost-based reimbursement, each hospital provided its own CPE and received the resulting federal match. For the DSH and SNCP distributions, the CPEs of all the public hospitals were used in the aggregate to draw down the federal match. The Medical Center reported its CPEs to DHCS each fiscal year through submission of the State mandated "Paragraph 14" Workbook (P14).

All CPEs reported by the Medical Center are subject to State and federal audit and final reconciliation. If at the end of the final reconciliation process it is determined that the Medical Center's claimed CPEs resulted in an overpayment by the State, the Medical Center may be required to return the overpayment whether or not they received the federal matching funds. The Medical Center has established reserves for the uncertainty of future financial impact of potential audit and reconciliation adjustments. DSH and SNCP funds are shared among the California public hospitals participating in the Bridge to Reform Waiver, so there is uncertainty as to the outcome of all the P14 audits and their subsequent impact to DSH and SNCP funds' allocation to each hospital. The Medical Center has recorded these anticipated revenues based on estimates provided by the California Association of Public Hospitals (CAPH), with reserves established for the uncertainty of future financial impact of potential audit and reconciliation adjustments.

At June 30, 2021, the Medical Center's P14 cost reports have undergone by DHCS audit except for FY20. CMS requires audits of the DHS, SNCP, and SPA PNPP portions separately. Audits for the program year FY11-FY20 for these sections are in process and expected to be closed in FY22.

The Medi-Cal 2020 Waiver features four programs that aim to improve care for the State's Medi-Cal and remaining uninsured patients. Most programs will help California's public health care systems better succeed in their dual missions of fulfilling their safety net roles while competing in the marketplace. The Medi-Cal 2020 Waiver is effective through December 31, 2020. In Fall 2019, DHCS began a stakeholder engagement process for the development of the next 1115 waiver renewal application and program elements, called CalAIM. DHCS postponed the CalAIM implementation due to the COVID-19 pandemic and has shifted its focus to extending Medi-Cal 2020 waiver. On December 29, 2020, CMS approved a temporary extension of the Waiver in order to allow DHCS and CMS to continue working together on approval of a longer-term extension of this demonstration. Absent a new extension, this demonstration will now expire on December 31, 2021. Management cannot predict the ultimate outcome of the waiver extension process and therefore the related financial impact cannot be reasonably estimated at this time.

On October 29, 2019, DHCS formally released the CalAIM proposal for the renewal of the various federal authorities under which Medi-Cal operates (i.e. 1115 and 1915b waivers). CalAIM is a multi-year initiative designed to improve the quality of life and health outcomes of our population by implementing broad delivery system, program and payment reform across the Medi-Cal program. The major components of CalAIM build upon the successful outcomes of various pilots (including but not limited to the Whole Person Care pilots (WPC), Health Homes Program (HHP), and the Coordinated Care Initiative (CCI) from the previous federal waivers and will result in a better quality of life for Medi-Cal members, in addition to long-term cost savings for the Medi-Cal program.

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DHCS postponed the planned implementation of the CalAIM initiative, originally scheduled for January 1, 2021 so that both DHCS and healthcare providers could focus their limited resources on the needs arising from the public health emergency due to COVID-19. DHCS released a revised CalAIM proposal on January 8, 2021 that begins implementation of the first phase on January 1, 2022. As the development of various components of CalAIM is underway, management cannot reasonably estimate the related financial impact at this time.

On December 3, 2014, CMS issued a final rule on Medicaid DSH payments. The Medical Center disputed the CMS final rule and joined five other public hospitals in a lawsuit filed against CMS to protect its ability to continue providing essential health care services to Medi-Cal and uninsured patients. On January 16, 2018, the United States District Court, Northern California, granted a Summary Judgment in favor of the Medical Center and the five other public hospitals. CMS filed an appeal, which was ultimately withdrawn on July 18, 2018 by the United States Court of Appeals, Ninth Circuit.

Management is working with the California Association of Public Hospitals and Health System to evaluate the ultimate impact of this settlement, which is dependent on the outcome of final DSH audits for the years FY11 through FY13 for all public hospitals. Management estimates the final outcome will have a favorable effect on the Medical Center's financial position.

Health Plan of San Mateo. HPSM, a Medi-Cal managed care plan under contract by the State, reimburses the Medical Center directly for services provided to Medi-Cal patients.

For traditional Medi-Cal patients and all newly eligible patients, the Medical Center receives a fixed monthly premium payment for each patient enrolled to cover primary care services (primary care capitation payment) and receives fee-for-service (FFS) payments for hospital and specialty care services. Further, HPSM contracted with the Federal government to provide services to Medicare HMO patients, a program called Care Advantage. The Medical Center contracted with HPSM for this program to be reimbursed at Medicare FFS rates.

Prior to CMS implementing the Medicaid Managed Care Rule, available funding within the range of actuarially determined rates ("rate range revenue") were directed to the Medical Center. Certain amounts for prior fiscal years were received and the Medical Center established reserves for the uncertainty of future financial impact of potential audit and reconciliation adjustments. In FY21, management determined the risk of unfavorable outcomes was reduced as the applicable audits and reconciliations were finalized, and therefore these reserves were released and the Medical Center recorded \$13.4 million in rate range revenue, which is included in premium revenues on the statement of revenues, expenses and changes in net position.

The Medical Center received a total of \$66.9 million in FY21 from HPSM, which includes \$56.6 million in FFS revenue, \$4.2 million in primary care capitation revenue, and \$6.1 million for pay-for-performance (P4P) revenue. The FFS revenue is reported as a component of net patient service revenue while primary care capitation, prior year rate range revenues and P4P revenues are reported as premium revenues on the Statement of Revenues, Expenses and Changes in Net Position.

Medicare. Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Medical Center is reimbursed for Graduate Medical Education and Disproportionate Share Hospital amounts at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audit thereof by the Medicare fiscal intermediary. At June 30, 2021, the last Medical Center Medicare cost report audited by the fiscal intermediary was for June 30, 2020. Medicare revenue is presented as part of net patient service revenue on the statement of revenues, expenses and changes in net position. At June 30, 2021, the Medical Center had \$1.2 million of reserves related to potential Medicare cost report audit adjustments.

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Health Realignment. In 1991, the State enacted a major change in the State and local government relationship, known as Realignment. In the areas of mental health, social services, and health, Realignment transferred programs from the state to county control, altered program cost-sharing ratios, and provided counties with dedicated tax revenues from the sales tax and vehicle license fee to pay for these changes.

With California electing to implement a State-run Medi-Cal Expansion program offered by the Affordable Care Act, the State anticipated that counties' costs and responsibilities for the health care services for the indigent population would decrease as much of this population became eligible for coverage through Medi-Cal or Covered California. On June 27, 2013, Governor Brown signed into law AB 85 that provides a mechanism for the State to redirect State Health Realignment funding to fund social service programs. The redirected amount is determined according to a formula-based approach that takes into account a county's cost and revenue experience, and redirects 80% of any profits (long falls) realized by the county back to the State, up to a maximum of 100% of the Realignment funds allocated. The formula options were developed in consultation with the counties and DHCS to ensure continued viability of the county as a safety net provider. In FY21, the Medical Center recognized \$27.0 million in additional AB 85 realignment revenues for estimated revisions to calculated apportionments to the Medical Center based on associated costs, which is reflected as sales tax revenue in the statement of revenues, expenses and changes in net position.

Medical Center Net Charges for Services

The Medical Center provides healthcare services primarily to County residents. Net charges for service revenue is recorded at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including a provision for doubtful accounts and estimated retroactive adjustments under reimbursement agreements with federal and State government programs and other third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Patient accounts receivables are recorded net of estimated allowances, which include allowances for contractual adjustments, bad debts, and administrative write-offs. These allowances are based on the collection history of closed patient accounts.

Charity Care

The Medical Center provides services without charge, or at amounts less than its established rates, to patients who meet the criteria of its charity care policy. Throughout the admission, billing and collection processes, certain patients are identified by the Medical Center as qualifying for the charity care program. Once a patient is determined to be eligible for the Medical Center program, the patient's account is classified as charity care and associated charges are not reported as revenue. Costs are the basis for valuing charity care. The cost of charity care provided was approximately \$44.2 million for the year ended June 30, 2021. The total cost estimate is based on a ratio of cost to charges, where costs are allocated as a percentage of charity care revenue. Charity care charges are calculated as patient gross charges, less any payments for patient service revenue due to sliding-scale payments or other patient-specific sources and totaled \$65.1 million for the year ended June 30, 2021. Net charity charges over costs for the year ended June 30, 2021, amounted to \$20.9 million.

Housing Authority of the County of San Mateo

On November 11, 2016, the Housing Authority entered into an Option to Purchase Agreement with the City of Daly City to purchase David R. Rowe Park. This park is adjacent to the Midway Village Complex for purposes of creating a better overall site plan for the Midway Village Redevelopment Project. The Housing Authority has recorded a prepaid option fee and purchase liability in the amounts of \$0.4 million for the future exercise of this option agreement. As of June 30, 2021, there is no balance in either the prepaid option fee or purchase liability accounts. The Housing Authority exercised its right to purchase the property in September 2020 for \$0.8 million.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021
(In Thousands)

Genentech Tax Settlement

There are currently outstanding appeals before the San Mateo County Assessment Appeals Board (AAB) brought by Genentech with respect to the assessed values of its property for tax years 2000 through 2005. Genentech's appeal applications routinely claim a 50% reduction in the value of its properties as assessed by the County. In considering the Genentech assessment appeals, the AAB has determined that for several of appeals for tax year 2003, Genentech is entitled to have its application values applied. Depending upon interest and the precise calculations used to determine the reduction of assessed value, which are still to be decided by the AAB, the total refund and interest thereon, due from all affected taxing entities, is currently estimated to be between \$7 million and \$17 million. The Assessor filed a Writ of Mandate on August 24, 2016 seeking review of a portion of the AAB decision. On July 27, 2018, the court entered judgment in favor of the Assessor and remanded the matter to the AAB. Genentech appealed that decision on August 10, 2018. On June 26, 2020, the Appeals Court ruled in favor of Genentech, remanding the matter to the Superior Court for further disposition. Genentech has also filed separate claims against the County related to the AAB's decision. That act still has no trial date. Even if the Assessor prevails in Genentech's lawsuit, a minimum of approximately \$6.7 million in refunds, plus interest, will be due to Genentech, of which approximately \$0.9 million would be the County's share. The parties are currently engaged in settlement discussions and hope to resolve both the Writ matter and Genentech's separate lawsuit.

Pending Litigation

The County is a defendant in several lawsuits arising in the normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the County, the loss has been accrued in the accompanying financial statements. Litigation where loss to the County is reasonably possible has not been accrued. County management has set aside \$1 million to cover possible loss from such litigation.



**Required Supplementary Information
(Unaudited)**

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

1. INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by the Governmental Accounting Standards Board (GASB) Statement No. 34. The maintained road subsystem of the road network, with a total value of \$97 million at June 30, 2021, is reported under the modified approach and is not subject to depreciation under GASB Statement No. 34.

The County manages its maintained pavement subsystem of the road network using the Metropolitan Transportation Commission's Pavement Management Program (Program). This Program establishes a Pavement Condition Index (PCI) on a scale from zero to one hundred (0 – 100) for each road segment. The pavement of roads with a PCI of 40 or higher is considered in a "Fair" or better condition, and roads with a PCI of 55 or higher in a "Good" or better condition. The County requires that at least 75 percent of the primary maintained road subsystem (roads with structural sections) be maintained at a PCI of 55 or higher, and at least 65 percent of the secondary maintained pavement subsystem (roads without structural sections) at a PCI of 40 or higher. The latest complete condition assessment was completed in FY 2020-21.

PCI Condition Rating	2021	2021	2020	2020	2019	2019
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
Primary:						
Good to excellent (55-100)	146.11	93.1%	147.58	94.1%	146.10	93.2%
Substandard to fair (0-54)	10.75	6.9%	9.27	5.9%	10.58	6.8%
Total	<u>156.86</u>	<u>100.0%</u>	<u>156.85</u>	<u>100.0%</u>	<u>156.68</u>	<u>100.0%</u>
Secondary:						
Fair to excellent (40-100)	140.35	88.1%	140.44	88.2%	140.57	88.1%
Substandard (0-39)	18.95	11.9%	18.86	11.8%	18.97	11.9%
Total	<u>159.30</u>	<u>100.0%</u>	<u>159.30</u>	<u>100.0%</u>	<u>159.54</u>	<u>100.0%</u>

For the fiscal year ended June 30, 2021, the estimated maintenance and preservation cost exceeded the actual costs by \$467. The variance was primarily due to decreased spending required for the maintenance and preservation work.

Fiscal Year Ended June 30,	Maintenance and Preservation Cost		Variance
	Estimated	Actual	
2016	\$ 4,511	\$ 4,841	\$ (330)
2017	5,518	6,162	(644)
2018	3,839	4,092	(253)
2019	5,056	5,681	(625)
2020	6,076	5,631	445
2021	5,498	5,031	467

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited) – (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

2. SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2021			
	Governmental Activities	Business-type Activities	First 5	Total County
County's proportion of the collective net pension liability	76.92%	17.54%	0.13%	94.59%
County's proportionate share of the collective net pension liability	\$ 676,723	\$ 154,314	\$ 1,156	\$ 832,193
County's covered payroll	446,899	113,569	804	561,272
County's proportionate share of the collective net pension liability as a percentage of covered payroll	151.43%	135.88%	143.77%	148.27%
Plan fiduciary net position as a percentage of the total pension liability	84.46%	84.46%	84.46%	84.46%
	2020			
	Governmental Activities	Business-type Activities	First 5	Total County
County's proportion of the collective net pension liability	75.32%	19.14%	0.14%	94.60%
County's proportionate share of the collective net pension liability	\$ 464,081	\$ 117,936	\$ 835	\$ 582,852
County's covered payroll	420,854	103,335	688	524,877
County's proportionate share of the collective net pension liability as a percentage of covered payroll	110.27%	114.13%	121.30%	111.05%
Plan fiduciary net position as a percentage of the total pension liability	88.46%	88.46%	88.46%	88.46%
	2019			
	Governmental Activities	Business-type Activities	First 5	Total County
County's proportion of the collective net pension liability	75.87%	18.63%	0.12%	94.62%
County's proportionate share of the collective net pension liability	\$ 370,488	\$ 90,968	\$ 606	\$ 462,062
County's covered payroll	413,793	93,007	616	507,416
County's proportionate share of the collective net pension liability as a percentage of covered payroll	89.53%	97.81%	98.37%	91.06%
Plan fiduciary net position as a percentage of the total pension liability	89.96%	89.96%	89.96%	89.96%
	2018			
	Governmental Activities	Business-type Activities	First 5	Total County
County's proportion of the collective net pension liability	77.21%	17.35%	0.11%	94.68%
County's proportionate share of the collective net pension liability	\$ 445,984	\$ 100,243	\$ 664	\$ 546,891
County's covered payroll	399,906	83,099	552	483,557
County's proportionate share of the collective net pension liability as a percentage of covered payroll	111.52%	120.63%	120.33%	113.10%
Plan fiduciary net position as a percentage of the total pension liability	87.49%	87.49%	87.49%	87.49%
	2017			
	Governmental Activities	Business-type Activities	First 5	Total County
County's proportion of the collective net pension liability	78.39%	16.29%	0.11%	94.79%
County's proportionate share of the collective net pension liability	\$ 558,747	\$ 116,105	\$ 771	\$ 675,623
County's covered payroll	372,001	75,220	496	447,717
County's proportionate share of the collective net pension liability as a percentage of covered payroll	150.20%	154.35%	155.44%	150.90%
Plan fiduciary net position as a percentage of the total pension liability	83.25%	83.25%	83.25%	83.25%
	2016			
	Governmental Activities	Business-type Activities	First 5	Total County
County's proportion of the collective net pension liability	78.75%	15.92%	0.11%	94.78%
County's proportionate share of the collective net pension liability	\$ 387,414	\$ 78,341	\$ 517	\$ 466,272
County's covered payroll	358,061	72,402	478	430,941
County's proportionate share of the collective net pension liability as a percentage of covered payroll	108.20%	108.20%	108.20%	108.20%
Plan fiduciary net position as a percentage of the total pension liability	87.53%	87.53%	87.53%	87.53%
	2015			
	Governmental Activities	Business-type Activities	First 5	Total County
County's proportion of the collective net pension liability	79.06%	15.41%	0.10%	94.57%
County's proportionate share of the collective net pension liability	\$ 325,438	\$ 63,439	\$ 410	\$ 389,287
County's covered payroll	333,641	65,038	420	399,099
County's proportionate share of the collective net pension liability as a percentage of covered payroll	97.54%	97.54%	97.54%	97.54%
Plan fiduciary net position as a percentage of the total pension liability	88.88%	88.88%	88.88%	88.88%

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited) – (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

Notes to Schedule 2:

Changes in Assumptions – The discount rate used to measure the total pension liability was 7.45% as of June 30, 2014 and June 30, 2015, 7.20% as of June 30, 2016, 6.92% as of June 30, 2017 and June 30, 2018, and was reduced to 6.67% as of June 30, 2019 and June 30, 2020.

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

3. SCHEDULE OF COUNTY CONTRIBUTIONS - PENSION PLAN

	2021			
	Governmental Activities	Business-type Activities	First 5	Total County
Contractually required contributions	\$ 180,600	\$ 33,512	\$ 268	\$ 214,380
Contributions in relation to the contractually required contribution	220,300	33,512	268	254,080
Contribution deficiency (excess)	(39,700)	-	-	(39,700)
Covered payroll	461,793	105,303	789	567,885
Contributions as a percentage of covered payroll	47.71%	31.82%	33.97%	44.74%
	2020			
	Governmental Activities	Business-type Activities	First 5	Total County
Contractually required contributions	\$ 157,362	\$ 30,988	\$ 236	\$ 188,586
Contributions in relation to the contractually required contribution	157,362	30,988	236	188,586
Contribution deficiency (excess)	-	-	-	-
Covered payroll	446,899	113,569	804	561,272
Contributions as a percentage of covered payroll	35.21%	27.29%	29.35%	33.60%
	2019			
	Governmental Activities	Business-type Activities	First 5	Total County
Contractually required contributions	\$ 153,693	\$ 31,455	\$ 229	\$ 185,377
Contributions in relation to the contractually required contribution	204,361	31,455	229	236,045
Contribution deficiency (excess)	(50,668)	-	-	(50,668)
Covered payroll	420,854	103,335	688	524,877
Contributions as a percentage of covered payroll	48.56%	30.44%	33.27%	44.97%
	2018			
	Governmental Activities	Business-type Activities	First 5	Total County
Contractually required contributions	\$ 142,066	\$ 28,542	\$ 199	\$ 170,807
Contributions in relation to the contractually required contribution	169,696	28,542	199	198,437
Contribution deficiency (excess)	(27,630)	-	-	(27,630)
Covered payroll	413,793	93,007	616	507,416
Contributions as a percentage of covered payroll	41.01%	30.69%	32.30%	39.11%
	2017			
	Governmental Activities	Business-type Activities	First 5	Total County
Contractually required contributions	\$ 130,547	\$ 26,037	\$ 177	\$ 156,761
Contributions in relation to the contractually required contribution	164,147	26,037	177	190,361
Contribution deficiency (excess)	(33,600)	-	-	(33,600)
Covered payroll	399,906	83,099	552	483,557
Contributions as a percentage of covered payroll	41.05%	31.33%	32.08%	39.37%
	2016			
	Governmental Activities	Business-type Activities	First 5	Total County
Contractually required contributions	\$ 134,538	\$ 26,931	\$ 183	\$ 161,652
Contributions in relation to the contractually required contribution	154,076	26,931	183	181,190
Contribution deficiency (excess)	(19,538)	-	-	(19,538)
Covered payroll	372,001	75,220	496	447,717
Contributions as a percentage of covered payroll	41.42%	35.80%	36.87%	40.47%
	2015			
	Governmental Activities	Business-type Activities	First 5	Total County
Contractually required contributions	\$ 135,405	\$ 26,396	\$ 170	\$ 161,971
Contributions in relation to the contractually required contribution	145,405	26,396	170	171,971
Contribution deficiency (excess)	(10,000)	-	-	(10,000)
Covered payroll	358,061	72,402	478	430,941
Contributions as a percentage of covered payroll	40.61%	36.46%	35.48%	39.91%
	2014			
	Governmental Activities	Business-type Activities	First 5	Total County
Contractually required contributions	\$ 112,044	\$ 31,588	\$ 204	\$ 143,836
Contributions in relation to the contractually required contribution	162,044	31,588	204	193,836
Contribution deficiency (excess)	(50,000)	-	-	(50,000)
Covered payroll	333,641	65,038	420	399,099
Contributions as a percentage of covered payroll	48.57%	48.57%	48.57%	48.57%

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited) – (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

Notes to Schedule 3:

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Actuarial Valuation Methods and Assumptions. Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year. Actuarial methods and key assumptions for the actuarial valuation are summarized in the table below.

Actuarial Valuation (For Funding Purposes)				
Valuation date	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Amortization period	UAAL as of June 30, 2008, is amortized over a closed 15-year period ending June 30, 2023. Subsequent changes in the UAAL are amortized over separate closed 15-year layers which are determined annually.			
Asset valuation method	5-year smoothed recognition of asset gains and losses (determined as the difference of the actual fair value to the expected fair value), which cannot vary more than 20% from the fair value.			
Actuarial assumptions:				
Investment rate of return *	6.67%	6.75%	6.75%	7.00%
Inflation rate (CPI)	2.50%	2.50%	2.50%	2.75%
Annual projected salary increases	3.00%	3.00%	3.00%	3.25%
* Net of pension plan investment and administrative expenses				
Valuation date	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Amortization period	UAAL as of June 30, 2008, is amortized over a closed 15-year period ending June 30, 2023. Subsequent changes in the UAAL is amortized over separate closed 15-year layers which are determined annually.			
Asset valuation method	5-year smoothed recognition of asset gains and losses (determined as the difference of the actual fair value to the expected fair value), which cannot vary more than 20% from the fair value.			
Actuarial assumptions:				
Investment rate of return *	7.25%	7.25%	7.50%	7.50%
Inflation rate (CPI)	3.00%	3.00%	3.25%	3.25%
Annual projected salary increases	3.50%	3.50%	3.75%	3.75%
* Net of pension plan investment and administrative expenses				

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited) – (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

4. HPSM'S SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 1,761	\$ 1,556	\$ 1,409	\$ 1,343	\$ 1,187	\$ 1,253
Interest	1,842	1,655	1,494	1,369	1,265	1,284
Differences between expected and actual experience	1,515	562	580	642	365	(460)
Changes of assumptions	(15)	37	(2)	1	4	(1,472)
Benefit payments	(1,229)	(1,801)	(1,169)	(2,335)	(875)	(709)
Net change in total pension liability	3,874	2,009	2,312	1,020	1,946	(104)
Total pension liability beginning of year	23,397	21,388	19,076	18,056	16,110	16,214
Total pension liability end of year (a)	<u>\$ 27,271</u>	<u>\$ 23,397</u>	<u>\$ 21,388</u>	<u>\$ 19,076</u>	<u>\$ 18,056</u>	<u>\$ 16,110</u>
Plan fiduciary net pension						
Contributions	1,772	1,613	1,397	1,313	1,164	1,459
Net investment income	3,805	4,100	(1,086)	2,921	1,401	(71)
Benefit payments	(1,229)	(1,801)	(1,169)	(2,335)	(875)	(709)
Net change in Plan fiduciary net position	4,348	3,912	(858)	1,899	1,690	679
Plan fiduciary net position beginning of year	24,386	20,474	21,332	19,433	17,743	17,064
Plan fiduciary net position end of year (b)	<u>\$ 28,734</u>	<u>\$ 24,386</u>	<u>\$ 20,474</u>	<u>\$ 21,332</u>	<u>\$ 19,433</u>	<u>\$ 17,743</u>
Net pension liability (asset) end of year						
Plan's net pension liability (asset) (a) - (b)	\$ (1,463)	\$ (989)	\$ 914	\$ (2,256)	\$ (1,377)	\$ (1,633)
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.4%	104.2%	95.7%	111.8%	107.6%	110.1%
Covered payroll	\$ 26,690	\$ 23,368	\$ 22,218	\$ 20,084	\$ 18,168	\$ 16,554
Net pension liability (asset) as a percentage of covered payroll	-5.48%	-4.23%	4.11%	-11.23%	-7.58%	-9.86%

Notes to Schedule 4:

HPSM's valuation and measurement dates are the same from January 1 to December 31.

5. HPSM'S SCHEDULE OF CONTRIBUTIONS

	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 1,772	\$ 1,613	\$ 1,397	\$ 1,313	\$ 1,164
Contributions related to actuarially determined contribution	1,772	1,613	1,397	1,313	1,164
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	\$ 26,690	\$ 23,368	\$ 22,218	\$ 20,084	\$ 18,168
Contributions as a percentage of covered payroll	6.64%	6.90%	6.29%	6.54%	6.41%
	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 1,437	\$ 1,368	\$ 1,322	\$ 1,382	\$ 1,192
Contributions related to actuarially determined contribution	1,459	1,333	1,362	1,440	1,156
Contribution deficiency (excess)	(22)	35	(40)	(58)	36
Covered payroll	\$ 16,536	\$ 15,990	\$ 14,769	\$ 13,203	\$ 12,680
Contributions as a percentage of covered payroll	8.82%	8.34%	9.22%	10.91%	9.12%

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited) – (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

6. SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

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

	FY 20-21	FY 19-20	FY 18-19	FY 17-18
Total OPEB liability				
Service cost	\$ 16,580	\$ 15,792	\$ 15,531	\$ 16,688
Interest on total OPEB liability	27,776	27,284	25,033	28,031
Effect of economic/demographic gains or losses	(1,428)	(198)	4,193	(15,855)
Effect of assumptions changes or inputs	(34,002)	529	9,473	(51,538)
Benefit payments	(22,338)	(22,213)	(19,913)	(21,496)
Net change in total OPEB liability	(13,412)	21,194	34,317	(44,170)
Total OPEB liability - beginning	421,733	400,539	366,222	410,392
Total OPEB liability - ending (a)	\$ 408,321	\$ 421,733	\$ 400,539	\$ 366,222
Plan fiduciary net position				
Employer contributions	\$ 28,208	\$ 29,161	\$ 24,579	\$ 29,945
Net investment income	16,491	21,175	16,786	18,552
Benefit payments	(22,338)	(22,213)	(19,913)	(21,496)
Administrative expenses	(165)	(148)	(142)	(124)
Net change in plan fiduciary net position	22,196	27,975	21,310	26,877
Plan fiduciary net position - beginning	326,735	298,760	277,450	250,573
Plan fiduciary net position - ending (b)	\$ 348,931	\$ 326,735	\$ 298,760	\$ 277,450
Net OPEB liability - ending (a) - (b)	\$ 59,390	\$ 94,998	\$ 101,779	\$ 88,772
Plan fiduciary net position as a percentage of the total OPEB liability	85.46%	77.47%	74.59%	75.76%
Covered payroll	\$ 644,963	\$ 611,331	\$ 585,556	\$ 561,429
Net OPEB liability as a percentage of covered payroll	9.21%	15.54%	17.38%	15.81%

Notes to Schedule 6:

Changes in Assumptions – The discount rate used to measure the total OPEB liability was 6.73% as of June 30, 2017 and June 30, 2018, 6.50% as of June 30, 2019 and June 30, 2020, and was reduced to 6.25% as of June 30, 2021.

Net OPEB Liability – The County's portion was \$58.2 million, or 97.99% as of June 30, 2021, \$93.2 million, or 98.06% as of June 30, 2020, \$99.7 million, or 98.03% as of June 30, 2019, and \$87.3 million, or 98.04% as of June 30, 2018.

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited) – (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

7. SCHEDULE OF OPEB CONTRIBUTIONS

	FY 20-21	FY 19-20	FY 18-19	FY 17-18	FY 16-17
Actuarially determined contribution	\$ 26,365	\$ 25,905	\$ 25,221	\$ 23,579	\$ 29,945
Contributions in relation to the actuarially determined contribution	28,692	28,208	29,161	24,579	29,945
Contribution deficiency (excess)	<u>\$ (2,327)</u>	<u>\$ (2,303)</u>	<u>\$ (3,940)</u>	<u>\$ (1,000)</u>	<u>\$ -</u>
Covered payroll	\$ 669,632	\$ 644,963	\$ 611,331	\$ 585,556	\$ 561,429
Contributions as a percentage of covered payroll	4.28%	4.37%	4.77%	4.20%	5.33%

Notes to Schedule 7:

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Actuarial Valuation Methods and Assumptions. Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year. Actuarial methods and key assumptions for the actuarial valuation are summarized in the table below.

Actuarial Valuation (For Funding Purposes)				
	6/30/2021	6/30/2019	6/30/2017	6/30/2015
Valuation date	6/30/2021	6/30/2019	6/30/2017	6/30/2015
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Amortization period	A fixed 30-year period from July 1, 2005.			
	The remaining amortization period as of July 1, 2021 is 14 years.	The remaining amortization period as of July 1, 2019 is 16 years.	The remaining amortization period as of July 1, 2017 is 18 years.	The remaining amortization period as of July 1, 2015 is 20 years.
Asset valuation method	5-8.2 year smoothed recognition of asset gains and losses (determined as the difference of the actual fair value to the expected fair value).			
Actuarial assumptions:				
Investment rate of return *	5.75%	6.50%	6.73%	6.73%
Inflation rate (CPI)	2.50%	2.75%	2.75%	2.75%
Annual projected salary increases	3.00%	3.00%	3.00%	3.00%
Healthcare cost trend rates	5.1% in 2021-22, decreasing to 4.0% in 2074 and beyond.	5.4% in 2020-21, decreasing to 4.5% in 2080 and beyond.	7.6% in 2017-18, decreasing to 4.5% in 2073 and beyond.	6.9% in 2015-16, decreasing to 4.7% in 2070 and beyond.
Retirement age	Assumed retirement ages of 62 for general members, 50-55 for safety and probation members.			
Mortality	MP-2014 Ultimate Projection Scale.	RP-2014 Healthy Annuitant Mortality Table for respective sex with MP-2014 Ultimate Projection Scale.	RP-2000 Healthy Combined Mortality, with adjustment for white collar workers.	RP-2000 Healthy Combined Mortality, with adjustment for white collar workers.

* Net of pension plan investment and administrative expenses

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited) – (Continued)
For the Fiscal Year Ended June 30, 2021
(In Thousands)

8. HOUSING AUTHORITY'S SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

	<u>FY 20-21</u>	<u>FY 19-20</u>	<u>FY 18-19</u>	<u>FY 17-18</u>
Total OPEB liability				
Service cost	\$ 49	\$ 58	\$ 30	\$ 31
Interest on total OPEB liability	92	92	76	71
Effect of economic/demographic gains or losses	(23)	(72)	(40)	27
Effect of assumptions changes or inputs	33	(44)	214	(22)
Benefit payments	<u>(33)</u>	<u>(23)</u>	<u>(13)</u>	<u>(36)</u>
Net change in total OPEB liability	118	11	267	71
Total OPEB liability - beginning	<u>1,571</u>	<u>1,560</u>	<u>1,293</u>	<u>1,222</u>
Total OPEB liability - ending (a)	<u><u>\$ 1,689</u></u>	<u><u>\$ 1,571</u></u>	<u><u>\$ 1,560</u></u>	<u><u>\$ 1,293</u></u>
Plan fiduciary net position				
Employer contributions	\$ 74	\$ 93	\$ 52	\$ 55
Net investment income	171	64	77	44
Benefit payments	(33)	(23)	(13)	(6)
Administrative expenses	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
Net change in plan fiduciary net position	211	133	115	92
Plan fiduciary net position - beginning	<u>1,258</u>	<u>1,125</u>	<u>1,010</u>	<u>918</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 1,469</u></u>	<u><u>\$ 1,258</u></u>	<u><u>\$ 1,125</u></u>	<u><u>\$ 1,010</u></u>
Net OPEB liability - ending (a) - (b)	<u><u>\$ 220</u></u>	<u><u>\$ 313</u></u>	<u><u>\$ 435</u></u>	<u><u>\$ 283</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	86.98%	80.07%	72.10%	78.08%
Covered payroll	\$ 4,319	\$ 3,949	\$ 3,644	\$ 3,351
Net OPEB liability as a percentage of covered payroll	5.09%	7.93%	11.94%	8.45%

9. HOUSING AUTHORITY'S SCHEDULE OF CONTRIBUTIONS

	<u>FY 20-21</u>	<u>FY 19-20</u>	<u>FY 18-19</u>	<u>FY 17-18</u>	<u>FY 16-17</u>
Actuarially determined contribution	\$ 74	\$ 93	\$ 52	\$ 55	\$ 46
Contributions in relation to the actuarially determined contribution	<u>74</u>	<u>93</u>	<u>52</u>	<u>55</u>	<u>46</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>				
Covered payroll	\$ 4,319	\$ 3,949	\$ 3,644	\$ 3,351	\$ 3,314
Contributions as a percentage of covered payroll	1.71%	2.36%	1.43%	1.64%	1.39%



General Fund

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 745,819	\$ 745,816	\$ (3)	492,325	\$ (253,491)
Resources (inflows):					
Taxes	730,603	739,629	9,026	694,100	(45,529)
Licenses and permits	7,503	7,503	-	7,550	47
Fines, forfeitures and penalties	6,627	6,627	-	3,966	(2,661)
Use of money and property	28,034	28,034	-	10,156	(17,878)
Intergovernmental revenues	664,953	721,841	56,888	614,082	(107,759)
Charges for services	186,145	187,674	1,529	188,423	749
Interfund revenue	78,802	78,802	-	(477)	(79,279)
Miscellaneous revenue	25,945	26,380	435	27,612	1,232
Other financing sources	18,416	18,416	-	11,878	(6,538)
Amounts available for appropriation	1,747,028	1,814,906	67,878	1,557,290	(257,616)
General Government					
Board of Supervisors - Special Projects					
Salaries and benefits	4,709	4,709	-	4,412	297
Services and supplies	356	356	-	194	162
Other charges	420	420	-	316	104
Other financing uses	16	16	-	15	1
Intrafund transfers	(77)	(77)	-	-	(77)
Total Board of Supervisors - Special Projects	5,424	5,424	-	4,937	487
County Manager/Clerk of the Board					
Salaries and benefits	11,001	11,426	425	11,418	8
Services and supplies	16,089	16,003	(86)	6,647	9,356
Other charges	1,047	1,058	11	1,058	-
Other financing uses	19	19	-	27	(8)
Intrafund transfers	(2,777)	(2,777)	-	(1,085)	(1,692)
Contingencies	3,721	3,721	-	-	3,721
Total County Manager/Clerk of the Board	29,100	29,450	350	18,065	11,385
Special Services					
Salaries and benefits	985	985	-	841	144
Services and supplies	403	403	-	267	136
Other charges	20,890	21,190	300	21,173	17
Other financing uses	29	29	-	27	2
Intrafund transfers	(18,442)	(18,742)	(300)	(18,300)	(442)
Contingencies	823	823	-	-	823
Total Special Services	4,688	4,688	-	4,008	680
CMO Revenue Services					
Salaries and benefits	2,817	2,817	-	2,405	412
Services and supplies	866	845	(21)	739	106
Other charges	369	388	19	388	-
Other financing uses	17	19	2	18	1
Intrafund transfers	(2,737)	(2,737)	-	(1,832)	(905)
Total CMO Revenue Services	1,332	1,332	-	1,718	(386)
Assessor-Clerk-Recorder					
Salaries and benefits	27,952	29,277	1,325	27,986	1,291
Services and supplies	14,206	14,208	2	9,414	4,794
Other charges	2,467	2,672	205	2,436	236
Capital assets	5,719	5,719	-	3,127	2,592
Other financing uses	577	577	-	574	3
Intrafund transfers	(16,498)	(16,498)	-	(6,989)	(9,509)
Contingencies	1,431	1,431	-	-	1,431
Total Assessor-Clerk-Recorder	35,854	37,386	1,532	36,548	838

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COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Controller's Office					
Salaries and benefits	9,912	9,912	-	9,401	511
Services and supplies	4,154	4,154	-	2,451	1,703
Other charges	2,796	2,796	-	1,833	963
Other financing uses	200	200	-	200	-
Intrafund transfers	(1,703)	(1,703)	-	(531)	(1,172)
Contingencies	1,373	1,373	-	-	1,373
Total Controller's Office	16,732	16,732	-	13,354	3,378
Tax Collector/Treasurer					
Salaries and benefits	5,607	5,607	-	3,778	1,829
Services and supplies	6,258	6,258	-	2,924	3,334
Other charges	2,495	2,495	-	1,529	966
Capital assets	40	40	-	-	40
Other financing uses	183	183	-	178	5
Intrafund transfers	(200)	(200)	-	(130)	(70)
Contingencies	267	267	-	-	267
Total Tax Collector/Treasurer	14,650	14,650	-	8,279	6,371
County Counsel					
Salaries and benefits	14,125	14,125	-	13,807	318
Services and supplies	1,146	1,146	-	1,050	96
Other charges	746	746	-	729	17
Other financing uses	26	26	-	24	2
Intrafund transfers	(2,673)	(2,673)	-	(2,320)	(353)
Contingencies	6,742	6,742	-	-	6,742
Total County Counsel	20,112	20,112	-	13,290	6,822
Human Resources					
Salaries and benefits	16,123	16,123	-	14,350	1,773
Services and supplies	3,838	3,838	-	1,699	2,139
Other charges	1,887	1,887	-	1,721	166
Other financing uses	945	945	-	81	864
Intrafund transfers	(1,873)	(1,873)	-	(1,275)	(598)
Contingencies	553	553	-	-	553
Total Human Resources	21,473	21,473	-	16,576	4,897
Information Services					
Salaries and benefits	31,977	31,977	-	29,242	2,735
Services and supplies	34,609	34,569	(40)	17,632	16,937
Other charges	3,295	3,295	-	2,811	484
Capital assets	3,700	3,700	-	484	3,216
Other financing uses	292	332	40	287	45
Intrafund transfers	(37,442)	(37,442)	-	(31,602)	(5,840)
Contingencies	7,105	7,105	-	-	7,105
Total Information Services	43,536	43,536	-	18,854	24,682
Public Works					
Salaries and benefits	35,866	35,866	-	29,738	6,128
Services and supplies	23,643	23,495	(148)	18,862	4,633
Other charges	7,162	7,162	-	5,027	2,135
Capital assets	-	148	148	44	104
Other financing uses	645	645	-	642	3
Intrafund transfers	(26,905)	(26,905)	-	(27,677)	772
Contingencies	6,759	6,759	-	-	6,759
Total Public Works	47,170	47,170	-	26,636	20,534

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COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Non-Departmental Services					
Salaries and benefits	47,881	57,881	10,000	57,559	322
Services and supplies	191,660	180,440	(11,220)	35,131	145,309
Other charges	128,837	147,831	18,994	157,327	(9,496)
Capital assets	7,000	40,000	33,000	1,044	38,956
Other financing uses	214,212	214,212	-	85,149	129,063
Intrafund transfers	(484)	(484)	-	(166)	(318)
Contingencies	114,507	108,846	(5,661)	-	108,846
Total Non-Departmental Services	703,613	748,726	45,113	336,044	412,682
Total General Government	943,684	990,679	46,995	498,309	492,370
Public Protection					
Public Safety Communication					
Salaries and benefits	14,612	14,612	-	14,566	46
Services and supplies	4,724	4,724	-	2,118	2,606
Other charges	1,083	1,083	-	945	138
Capital assets	577	577	-	516	61
Other financing uses	72	72	-	36	36
Intrafund transfers	(350)	(350)	-	(381)	31
Contingencies	1,047	1,047	-	-	1,047
Total Public Safety Communication	21,765	21,765	-	17,800	3,965
Agricultural Commissioner					
Salaries and benefits	5,873	5,873	-	5,518	355
Services and supplies	1,082	932	(150)	551	381
Other charges	645	645	-	601	44
Other financing uses	9	159	150	159	-
Contingencies	512	512	-	-	512
Total Agricultural Commissioner	8,121	8,121	-	6,829	1,292
Grand Jury					
Services and supplies	124	124	-	105	19
Total Grand Jury	124	124	-	105	19
Message Switch					
Services and supplies	495	495	-	391	104
Other charges	202	202	-	201	1
Capital assets	50	50	-	-	50
Intrafund transfers	(214)	(214)	-	(214)	-
Contingencies	1,050	1,050	-	-	1,050
Total Message Switch	1,583	1,583	-	378	1,205
District Attorney					
Salaries and benefits	34,888	34,888	-	33,396	1,492
Services and supplies	2,871	2,871	-	1,376	1,495
Other charges	2,199	2,199	-	2,090	109
Other financing uses	151	151	-	148	3
Intrafund transfers	(537)	(537)	-	(221)	(316)
Contingencies	6,071	6,071	-	-	6,071
Total District Attorney	45,643	45,643	-	36,789	8,854
Child Support Services					
Salaries and benefits	10,996	10,996	-	10,457	539
Services and supplies	201	201	-	190	11
Other charges	716	716	-	689	27
Other financing uses	248	248	-	239	9
Intrafund transfers	(759)	(759)	-	(643)	(116)
Total Child Support Services	11,402	11,402	-	10,932	470

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
County Support of Courts					
Services and supplies	1,538	1,538	-	1,274	264
Other charges	18,937	18,937	-	17,621	1,316
Other financing uses	8	8	-	-	8
Total County Support of Courts	20,483	20,483	-	18,895	1,588
Private Defender Program					
Services and supplies	19,469	19,563	94	19,575	(12)
Other charges	27	28	1	21	7
Other financing uses	37	37	-	37	-
Total Private Defender Program	19,533	19,628	95	19,633	(5)
Sheriff					
Salaries and benefits	207,962	208,533	571	194,466	14,067
Services and supplies	29,826	31,468	1,642	25,324	6,144
Other charges	21,566	21,565	(1)	19,374	2,191
Capital assets	3,473	3,560	87	1,547	2,013
Other financing uses	18,944	18,944	-	18,920	24
Intrafund transfers	(2,606)	(2,606)	-	(1,732)	(874)
Contingencies	12,046	12,046	-	-	12,046
Total Sheriff	291,211	293,510	2,299	257,899	35,611
Probation					
Salaries and benefits	70,206	70,206	-	60,203	10,003
Services and supplies	8,146	8,146	-	3,306	4,840
Other charges	10,550	10,550	-	9,602	948
Capital assets	57	57	-	(1)	58
Other financing uses	6,433	6,433	-	6,386	47
Intrafund transfers	(133)	(133)	-	(177)	44
Contingencies	18,494	18,494	-	-	18,494
Total Probation	113,753	113,753	-	79,319	34,434
Coroner's Office					
Salaries and benefits	2,538	2,353	(185)	2,353	-
Services and supplies	959	1,436	477	1,174	262
Other charges	420	484	64	484	-
Other financing uses	20	20	-	19	1
Intrafund transfers	1	1	-	-	1
Contingencies	64	64	-	-	64
Total Coroner's Office	4,002	4,358	356	4,030	328
Fire Protection					
Salaries and benefits	1	1	-	1	-
Services and supplies	14,643	14,643	-	10,392	4,251
Other charges	752	752	-	264	488
Capital assets	3,712	3,712	-	2,855	857
Other financing uses	651	651	-	322	329
Intrafund transfers	24	24	-	-	24
Total Fire Protection	19,783	19,783	-	13,834	5,949
Planning					
Salaries and benefits	12,964	12,964	-	10,075	2,889
Services and supplies	2,226	2,226	-	1,673	553
Other charges	1,242	1,242	-	1,239	3
Capital assets	25	25	-	-	25
Other financing uses	55	55	-	50	5
Intrafund transfers	(633)	(633)	-	(386)	(247)
Contingencies	1,166	1,166	-	-	1,166
Total Planning	17,045	17,045	-	12,651	4,394

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COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Office of Sustainability					
Salaries and benefits	5,709	5,554	(155)	4,066	1,488
Services and supplies	7,274	7,393	119	2,725	4,668
Other charges	1,391	2,105	714	892	1,213
Other financing uses	20	20	-	19	1
Intrafund transfers	(528)	(528)	-	-	(528)
Contingencies	1,235	1,235	-	-	1,235
Total Office of Sustainability	<u>15,101</u>	<u>15,779</u>	<u>678</u>	<u>7,702</u>	<u>8,077</u>
Total Public Protection	<u>589,549</u>	<u>592,977</u>	<u>3,428</u>	<u>486,796</u>	<u>106,181</u>
Health and Sanitation					
Health Services Administration					
Salaries and benefits	6,026	6,256	230	6,250	6
Services and supplies	1,430	1,230	(200)	1,121	109
Other charges	477	447	(30)	347	100
Other financing uses	5	5	-	5	-
Intrafund transfers	(2,738)	(2,738)	-	(2,740)	2
Contingencies	406	406	-	-	406
Total Health Services Administration	<u>5,606</u>	<u>5,606</u>	<u>-</u>	<u>4,983</u>	<u>623</u>
Health Coverage Unit					
Salaries and benefits	4,006	4,006	-	3,843	163
Services and supplies	2,323	4,323	2,000	2,462	1,861
Other charges	228	228	-	183	45
Capital assets	135	135	-	-	135
Contingencies	286	286	-	-	286
Total Health Coverage Unit	<u>6,978</u>	<u>8,978</u>	<u>2,000</u>	<u>6,488</u>	<u>2,490</u>
Health Policy Plan Promotion					
Salaries and benefits	28,710	31,681	2,971	30,024	1,657
Services and supplies	14,574	16,410	1,836	15,205	1,205
Other charges	2,527	2,776	249	2,631	145
Capital assets	50	50	-	-	50
Other financing uses	25	35	10	27	8
Intrafund transfers	(3,274)	(3,274)	-	(1,610)	(1,664)
Contingencies	770	770	-	-	770
Total Health Policy Plan Promotion	<u>43,382</u>	<u>48,448</u>	<u>5,066</u>	<u>46,277</u>	<u>2,171</u>
Health IT					
Salaries and benefits	7,464	8,064	600	5,382	2,682
Services and supplies	5,701	7,801	2,100	4,299	3,502
Other charges	668	668	-	528	140
Intrafund transfers	(6,185)	(6,185)	-	(3,640)	(2,545)
Total Health IT	<u>7,648</u>	<u>10,348</u>	<u>2,700</u>	<u>6,569</u>	<u>3,779</u>
Emergency Medical Services					
Salaries and benefits	2,586	2,586	-	2,629	(43)
Services and supplies	8,866	8,789	(77)	7,642	1,147
Other charges	434	434	-	428	6
Capital assets	-	184	184	170	14
Contingencies	490	490	-	-	490
Total Emergency Medical Services	<u>12,376</u>	<u>12,483</u>	<u>107</u>	<u>10,869</u>	<u>1,614</u>
Contributions to Medical Center					
Services and supplies	87	87	-	88	(1)
Other charges	-	-	-	24,234	(24,234)
Other financing uses	63,647	69,172	5,525	69,172	-
Intrafund transfers	(5,525)	(5,525)	-	(5,525)	-
Total Contributions to Medical Center	<u>58,209</u>	<u>63,734</u>	<u>5,525</u>	<u>87,969</u>	<u>(24,235)</u>

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
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For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Environmental Health Services					
Salaries and benefits	15,576	15,576	-	14,054	1,522
Services and supplies	3,161	3,161	-	2,420	741
Other charges	1,542	1,542	-	1,429	113
Other financing uses	3	3	-	3	-
Intrafund transfers	190	190	-	(97)	287
Contingencies	807	807	-	-	807
Total Environmental Health Services	21,279	21,279	-	17,809	3,470
Behavioral Health Services					
Salaries and benefits	92,856	93,543	687	86,210	7,333
Services and supplies	88,697	88,810	113	72,165	16,645
Other charges	58,020	58,018	(2)	52,612	5,406
Other financing uses	366	366	-	338	28
Intrafund transfers	(2,227)	(2,695)	(468)	(1,544)	(1,151)
Contingencies	3,959	3,959	-	-	3,959
Total Behavioral Health Services	241,671	242,001	330	209,781	32,220
Family Health Services					
Salaries and benefits	33,223	33,935	712	28,116	5,819
Services and supplies	3,018	3,406	388	2,355	1,051
Other charges	2,867	2,867	-	2,386	481
Capital assets	83	83	-	58	25
Other financing uses	3	3	-	3	-
Intrafund transfers	(2,411)	(2,411)	-	(1,727)	(684)
Contingencies	1,368	1,368	-	-	1,368
Total Family Health Services	38,151	39,251	1,100	31,191	8,060
Correctional Health Services					
Salaries and benefits	19,067	19,712	645	19,690	22
Services and supplies	7,453	6,808	(645)	6,383	425
Other charges	958	958	-	912	46
Capital assets	40	40	-	5	35
Intrafund transfers	(351)	(351)	-	(370)	19
Contingencies	428	428	-	-	428
Total Correctional Health Services	27,595	27,595	-	26,620	975
Total Health and Sanitation					
	462,895	479,723	16,828	448,556	31,167
Public Assistance					
Aging & Adult Services					
Salaries and benefits	25,488	25,488	-	22,358	3,130
Services and supplies	5,304	5,304	-	3,804	1,500
Other charges	10,647	10,697	50	8,339	2,358
Other financing uses	13	13	-	13	-
Intrafund transfers	(2,691)	(2,691)	-	(1,988)	(703)
Contingencies	742	742	-	-	742
Total Aging & Adult Services	39,503	39,553	50	32,526	7,027
In Home Support Services - Public Authority					
Other charges	3,702	3,702	-	-	3,702
Other financing uses	-	-	-	3,702	(3,702)
Total In Home Support Services - Public Authority	3,702	3,702	-	3,702	-

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Human Services Agency					
Salaries and benefits	129,790	129,803	13	111,217	18,586
Services and supplies	56,554	56,564	10	39,791	16,773
Other charges	61,596	61,596	-	48,438	13,158
Capital assets	500	500	-	43	457
Other financing uses	2,898	3,414	516	2,152	1,262
Intrafund transfers	(2,408)	(2,408)	-	(1,700)	(708)
Contingencies	26,952	26,952	-	-	26,952
Total Human Services Agency	275,882	276,421	539	199,941	76,480
Department of Housing					
Salaries and benefits	3,623	3,623	-	3,212	411
Services and supplies	758	758	-	435	323
Other charges	83,606	83,606	-	16,664	66,942
Intrafund transfers	(95)	(95)	-	(95)	-
Contingencies	1	1	-	-	1
Total Department of Housing	87,893	87,893	-	20,216	67,677
Total Public Assistance	406,980	407,569	589	256,385	151,184
Recreation					
Parks & Recreation					
Salaries and benefits	13,088	12,938	(150)	12,743	195
Services and supplies	7,177	7,212	35	3,643	3,569
Other charges	2,219	2,369	150	2,354	15
Capital assets	380	380	-	63	317
Other financing uses	13	13	-	12	1
Intrafund transfers	(307)	(307)	-	(73)	(234)
Contingencies	2,527	2,527	-	-	2,527
Total Parks & Recreation	25,097	25,132	35	18,742	6,390
Total Recreation	25,097	25,132	35	18,742	6,390
Contingencies					
Contingencies	64,642	64,642	-	-	64,642
Total Contingencies	64,642	64,642	-	-	64,642
Total charges to appropriations	2,492,847	2,560,722	67,875	1,708,788	851,934
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 340,827	\$ 340,827

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (page 108)	\$ 1,557,290
Differences - budget to GAAP:	
Reimbursements are inflows of budgetary resources but are used to offset expenditures for financial reporting purposes.	477
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(11,878)
Receipts from programs that are not budgeted	<u>136,486</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 27)	<u><u>\$ 1,682,375</u></u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule (page 114)	\$ 1,708,788
Differences - budget to GAAP:	
Expenditures offset by reimbursements for financial reporting purposes are outflow of budgetary appropriations, but are not expenditures for financial reporting purposes.	477
Encumbrances for supplies and services ordered but not received are reported in the year the orders are placed for budgetary purposes, but in the year the supplies and services are received for financial reporting purposes.	(2,789)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(188,985)
Disbursements for programs that are not budgeted	<u>(32,955)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 27)	<u><u>\$ 1,484,536</u></u>

See Note to the Budgetary Comparison Schedule.

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Note to the Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

BUDGETARY BASIS OF ACCOUNTING

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

The annual budget serves as the foundation for the County's financial planning and control of expenditures. The legal level of budgetary control, where expenditures may not exceed appropriations, is at the object level (e.g., salaries and benefits) within a budget unit in a fund. Budget expenditures are enacted into law through the passage of an Appropriation Ordinance. The ordinance sets limits on expenditures, which cannot be changed except by subsequent amendments to the budget.

Budget appropriation transfers/amendments are used to appropriate new expenditures, unanticipated revenues, or to transfer existing appropriations from one budget unit to another, or between objects within the same budget unit. Transfers of any amount within a budget unit and within a fund, except transfers to/from reserves and contingencies, may be approved by the County Manager and Controller without Board of Supervisors approval, provided that the overall appropriations of budget unit are not increased. All other budget transfers and appropriations must be approved by the Board.

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

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

Contribution to Medical Center budget unit included actual amount of \$24.2 million not budgeted due to intergovernmental revenues accrual. CMO Revenue Services budget units included interfund transfers whereas there were no actual expenditures which caused negative variance of \$0.4 million. Private defender program budget unit included encumbrance of \$12 thousand not budgeted in services and supplies netting a negative variance of \$5 thousand.



Combining and Individual Fund Statements and Schedules



Nonmajor Governmental Funds

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021
(In Thousands)

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 136,545	\$ -	\$ 176,924	\$ 313,469
Restricted cash and investments	-	24,276	-	24,276
Receivables (net):				
Accounts	138	-	20	158
Interest	361	61	371	793
Taxes	775	-	-	775
Due from other funds	551	6,795	1,828	9,174
Due from other governmental agencies	4,519	-	158	4,677
Prepaid items	194	-	-	194
Inventories	302	-	-	302
Total assets	<u>\$ 143,385</u>	<u>\$ 31,132</u>	<u>\$ 179,301</u>	<u>\$ 353,818</u>
LIABILITIES				
Accounts payable	\$ 8,753	\$ -	\$ 14,448	\$ 23,201
Accrued salaries and benefits	862	-	-	862
Due to other funds	1,587	-	73	1,660
Unearned revenues	734	-	20	754
Deposits	13	-	-	13
Advances from other funds	5,862	-	-	5,862
Total liabilities	<u>17,811</u>	<u>-</u>	<u>14,541</u>	<u>32,352</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	3,232	-	-	3,232
Total deferred inflows of resources	<u>3,232</u>	<u>-</u>	<u>-</u>	<u>3,232</u>
FUND BALANCES				
Nonspendable	496	-	-	496
Restricted	120,477	31,132	-	151,609
Assigned	1,776	-	165,260	167,036
Unassigned	(407)	-	(500)	(907)
Total fund balances	<u>122,342</u>	<u>31,132</u>	<u>164,760</u>	<u>318,234</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 143,385</u>	<u>\$ 31,132</u>	<u>\$ 179,301</u>	<u>\$ 353,818</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, 2021
(In Thousands)

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Taxes	\$ 20,245	\$ -	\$ 5,093	\$ 25,338
Licenses and permits	3,522	-	-	3,522
Intergovernmental	49,050	-	224	49,274
Charges for services	28,937	-	2,719	31,656
Fines, forfeitures and penalties	950	-	-	950
Rents and concessions	57	-	-	57
Investment income/(loss)	(414)	(275)	(748)	(1,437)
Other	793	-	217	1,010
Total revenues	<u>103,140</u>	<u>(275)</u>	<u>7,505</u>	<u>110,370</u>
Expenditures:				
Current:				
General government	735	-	-	735
Public protection	4,527	-	-	4,527
Public ways and facilities	25,262	-	-	25,262
Health and sanitation	25,846	-	-	25,846
Public assistance	27,505	-	-	27,505
Capital outlay	6,758	-	76,318	83,076
Debt service:				
Principal	151	-	-	151
Interest	63	-	-	63
Total expenditures	<u>90,847</u>	<u>-</u>	<u>76,318</u>	<u>167,165</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,293</u>	<u>(275)</u>	<u>(68,813)</u>	<u>(56,795)</u>
Other financing sources (uses):				
Transfers in	4,634	41,333	81,907	127,874
Transfers out	(12,820)	(41,668)	(1,388)	(55,876)
Total other financing sources (uses)	<u>(8,186)</u>	<u>(335)</u>	<u>80,519</u>	<u>71,998</u>
Net change in fund balances	4,107	(610)	11,706	15,203
Fund balances - beginning	<u>118,235</u>	<u>31,742</u>	<u>153,054</u>	<u>303,031</u>
Fund balances - end	<u>\$ 122,342</u>	<u>\$ 31,132</u>	<u>\$ 164,760</u>	<u>\$ 318,234</u>

COUNTY OF SAN MATEO

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

Other Special Revenue Funds – account for activities of several Special Revenue Funds, which include Fish and Game, Los Trancos County Maintenance District, Highlands Landscape Maintenance District, Drainage Districts, San Mateo County Redevelopment Agency, and Alameda Tree Maintenance District.

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021
(In Thousands)

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Lighting Districts	Emergency Medical Services
ASSETS						
Cash and investments	\$ 25,498	\$ 9,390	\$ 15,497	\$ 37,911	\$ 19,071	\$ 3,084
Receivables (net):						
Accounts	2	-	35	-	-	9
Interest	60	48	39	89	47	9
Taxes	-	366	254	48	85	-
Due from other funds	329	112	3	13	1	-
Due from other governmental agencies	-	65	5	341	500	230
Prepaid items	33	-	81	68	-	-
Inventories	302	-	-	-	-	-
Total assets	<u>\$ 26,224</u>	<u>\$ 9,981</u>	<u>\$ 15,914</u>	<u>\$ 38,470</u>	<u>\$ 19,704</u>	<u>\$ 3,332</u>
LIABILITIES						
Accounts payable	\$ 730	\$ -	\$ 1,137	\$ 6,374	\$ 27	\$ -
Accrued salaries and benefits	599	-	3	66	-	-
Due to other funds	39	-	5	31	-	-
Unearned revenues	-	350	233	44	78	9
Deposits	9	-	4	-	-	-
Advances from other funds	284	-	55	5,429	94	-
Total liabilities	<u>1,661</u>	<u>350</u>	<u>1,437</u>	<u>11,944</u>	<u>199</u>	<u>9</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	16	16	343	504	230
Total deferred inflows of resources	<u>-</u>	<u>16</u>	<u>16</u>	<u>343</u>	<u>504</u>	<u>230</u>
FUND BALANCES						
Nonspendable	335	-	81	68	-	-
Restricted	22,452	9,615	14,380	26,115	19,001	3,093
Assigned	1,776	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>24,563</u>	<u>9,615</u>	<u>14,461</u>	<u>26,183</u>	<u>19,001</u>	<u>3,093</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,224</u>	<u>\$ 9,981</u>	<u>\$ 15,914</u>	<u>\$ 38,470</u>	<u>\$ 19,704</u>	<u>\$ 3,332</u>

(Continued)

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021
(In Thousands)

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	IHSS Public Authority	Other Special Revenue	Total	
\$ 10,579	\$ 4,253	\$ 9,425	\$ -	\$ 1,837	\$ 136,545	ASSETS
-	-	92	-	-	138	Cash and investments
27	12	25	-	5	361	Receivables (net):
-	-	-	-	22	775	Accounts
-	-	93	-	-	551	Interest
-	-	-	3,310	68	4,519	Taxes
10	-	2	-	-	194	Due from other funds
-	-	-	-	-	302	Due from other governmental agencies
<u>\$ 10,616</u>	<u>\$ 4,265</u>	<u>\$ 9,637</u>	<u>\$ 3,310</u>	<u>\$ 1,932</u>	<u>\$ 143,385</u>	Prepaid items
						Inventories
						Total assets
						LIABILITIES
\$ 25	\$ -	\$ 310	\$ 150	\$ -	\$ 8,753	Accounts payable
-	-	106	88	-	862	Accrued salaries and benefits
-	-	87	1,425	-	1,587	Due to other funds
-	-	-	-	20	734	Unearned revenues
-	-	-	-	-	13	Deposits
-	-	-	-	-	5,862	Advances from other funds
<u>25</u>	<u>-</u>	<u>503</u>	<u>1,663</u>	<u>20</u>	<u>17,811</u>	Total liabilities
						DEFERRED INFLOWS OF RESOURCES
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,054</u>	<u>69</u>	<u>3,232</u>	Unavailable revenue
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,054</u>	<u>69</u>	<u>3,232</u>	Total deferred inflows of resources
						FUND BALANCES
10	-	2	-	-	496	Nonspendable
10,581	4,265	9,132	-	1,843	120,477	Restricted
-	-	-	-	-	1,776	Assigned
-	-	-	(407)	-	(407)	Unassigned
<u>10,591</u>	<u>4,265</u>	<u>9,134</u>	<u>(407)</u>	<u>1,843</u>	<u>122,342</u>	Total fund balances
<u>\$ 10,616</u>	<u>\$ 4,265</u>	<u>\$ 9,637</u>	<u>\$ 3,310</u>	<u>\$ 1,932</u>	<u>\$ 143,385</u>	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF SAN MATEO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Lighting Districts	Emergency Medical Services
Revenues						
Taxes	\$ 17	\$ 7,442	\$ 5,172	\$ 1,957	\$ 1,578	\$ -
Licenses and permits	718	-	153	-	-	-
Intergovernmental	23,331	2,386	86	3	4	-
Charges for services	2,391	247	2,014	22,761	130	-
Fines, forfeitures and penalties	-	-	-	-	-	950
Rents and concessions	36	21	-	-	-	-
Investment income/(loss)	(76)	-	(39)	(114)	(57)	(12)
Other	87	266	5	-	9	11
Total revenues	<u>26,504</u>	<u>10,362</u>	<u>7,391</u>	<u>24,607</u>	<u>1,664</u>	<u>949</u>
Expenditures						
Current:						
General government	-	-	276	-	443	-
Public protection	-	-	4,527	-	-	-
Public ways and facilities	24,652	-	-	-	-	-
Health and sanitation	-	-	1,411	18,617	-	861
Public assistance	-	-	-	-	-	-
Capital outlay	2,704	-	17	4,019	18	-
Debt service:						
Principal	-	-	-	151	-	-
Interest	-	-	-	63	-	-
Total expenditures	<u>27,356</u>	<u>-</u>	<u>6,231</u>	<u>22,850</u>	<u>461</u>	<u>861</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(852)</u>	<u>10,362</u>	<u>1,160</u>	<u>1,757</u>	<u>1,203</u>	<u>88</u>
Other financing sources (uses)						
Transfers in	881	-	-	-	-	-
Transfers out	(30)	(11,186)	-	(1)	-	-
Total other financing sources (uses)	<u>851</u>	<u>(11,186)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1)	(824)	1,160	1,756	1,203	88
Fund balances - beginning	<u>24,564</u>	<u>10,439</u>	<u>13,301</u>	<u>24,427</u>	<u>17,798</u>	<u>3,005</u>
Fund balances - end	<u>\$ 24,563</u>	<u>\$ 9,615</u>	<u>\$ 14,461</u>	<u>\$ 26,183</u>	<u>\$ 19,001</u>	<u>\$ 3,093</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, 2021
(In Thousands)

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	IHSS Public Authority	Other Special Revenue	Total	
\$ 3,722	\$ -	\$ -	\$ -	\$ 357	\$ 20,245	Revenues
-	-	2,651	-	-	3,522	Taxes
-	-	17	23,222	1	49,050	Licenses and permits
-	628	202	557	7	28,937	Intergovernmental
-	-	-	-	-	950	Charges for services
-	-	-	-	-	57	Fines, forfeitures and penalties
(19)	(14)	(77)	(5)	(1)	(414)	Rents and concessions
-	-	4	411	-	793	Investment income/(loss)
<u>3,703</u>	<u>614</u>	<u>2,797</u>	<u>24,185</u>	<u>364</u>	<u>103,140</u>	Other
						Total revenues
						Expenditures
						Current:
-	-	-	-	16	735	General government
-	-	-	-	-	4,527	Public protection
282	-	-	-	328	25,262	Public ways and facilities
-	-	4,957	-	-	25,846	Health and sanitation
-	-	-	27,505	-	27,505	Public assistance
-	-	-	-	-	6,758	Capital outlay
						Debt service:
-	-	-	-	-	151	Principal
-	-	-	-	-	63	Interest
<u>282</u>	<u>-</u>	<u>4,957</u>	<u>27,505</u>	<u>344</u>	<u>90,847</u>	Total expenditures
						Excess (deficiency) of revenues over (under) expenditures
<u>3,421</u>	<u>614</u>	<u>(2,160)</u>	<u>(3,320)</u>	<u>20</u>	<u>12,293</u>	
						Other financing sources (uses)
-	-	51	3,702	-	4,634	Transfers in
(776)	(688)	(139)	-	-	(12,820)	Transfers out
<u>(776)</u>	<u>(688)</u>	<u>(88)</u>	<u>3,702</u>	<u>-</u>	<u>(8,186)</u>	Total other financing sources (uses)
						Net change in fund balances
2,645	(74)	(2,248)	382	20	4,107	
<u>7,946</u>	<u>4,339</u>	<u>11,382</u>	<u>(789)</u>	<u>1,823</u>	<u>118,235</u>	Fund balances - beginning
<u>\$ 10,591</u>	<u>\$ 4,265</u>	<u>\$ 9,134</u>	<u>\$ (407)</u>	<u>\$ 1,843</u>	<u>\$ 122,342</u>	Fund balances - end

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Road Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 22,457	\$ 22,457	\$ -	\$ 22,417	\$ (40)
Resources (inflows):					
Taxes	64	64	-	17	(47)
Licenses and permits	350	350	-	718	368
Use of money and property	154	154	-	(40)	(194)
Intergovernmental revenues	27,309	27,309	-	23,331	(3,978)
Charges for services	9	9	-	2,391	2,382
Interfund revenue	2,689	2,689	-	-	(2,689)
Miscellaneous revenues	205	205	-	87	(118)
Other financing sources	2,904	2,904	-	881	(2,023)
Amounts available for appropriation	33,684	33,684	-	27,385	(6,299)
Charges to appropriations (outflows):					
Public ways and facilities					
Salaries and benefits	12,895	12,895	-	11,746	1,149
Services and supplies	23,853	23,853	-	10,011	13,842
Other charges	2,237	2,237	-	2,945	(708)
Capital assets	5,432	5,432	-	2,705	2,727
Other financing uses	31	31	-	30	1
Intrafund transfers	-	-	-	(51)	51
Contingencies	11,693	11,693	-	-	11,693
Total charges to appropriations	56,141	56,141	-	27,386	28,755
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 22,416	\$ 22,416

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 27,385
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	(881)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 26,504

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 27,386
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(30)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 27,356

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County Fire Protection Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	<u>\$ 10,193</u>	<u>\$ 10,193</u>	<u>\$ -</u>	<u>\$ 10,439</u>	<u>\$ 246</u>
Resources (inflows):					
Taxes	8,396	8,396	-	7,442	(954)
Use of money and property	122	122	-	21	(101)
Intergovernmental revenues	2,400	2,400	-	2,386	(14)
Charges for services	261	261	-	247	(14)
Miscellaneous revenues	366	366	-	266	(100)
Other financing sources	253	253	-	-	(253)
Amounts available for appropriation	<u>11,798</u>	<u>11,798</u>	<u>-</u>	<u>10,362</u>	<u>(1,436)</u>
Charges to appropriations (outflows):					
Public protection					
Other financing uses	15,369	15,369	-	11,186	4,183
Non-general fund reserves	<u>6,622</u>	<u>6,622</u>	<u>-</u>	<u>-</u>	<u>6,622</u>
Total charges to appropriations	<u>21,991</u>	<u>21,991</u>	<u>-</u>	<u>11,186</u>	<u>10,805</u>
Budgetary fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,615</u></u>	<u><u>\$ 9,615</u></u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 11,186
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(11,186)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u><u>\$ -</u></u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County Service Area Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	<u>\$ 13,580</u>	<u>\$ 13,652</u>	<u>\$ 72</u>	<u>\$ 13,301</u>	<u>\$ (351)</u>
Resources (inflows):					
Taxes	4,531	4,531	-	5,172	641
Licenses and permits	152	152	-	153	1
Use of money and property	126	126	-	(39)	(165)
Intergovernmental revenues	14	14	-	86	72
Charges for services	1,973	1,973	-	2,014	41
Miscellaneous revenues	49	49	-	5	(44)
Amounts available for appropriation	<u>6,845</u>	<u>6,845</u>	<u>-</u>	<u>7,391</u>	<u>546</u>
Charges to appropriations (outflows):					
General government, public protection, health and sanitation, and public assistance					
Salaries and benefits	136	136	-	50	86
Services and supplies	7,655	8,107	452	6,123	1,984
Other charges	69	141	72	41	100
Capital assets	80	80	-	17	63
Contingencies	1,197	1,197	-	-	1,197
Non-general fund reserves	11,288	10,836	(452)	-	10,836
Total charges to appropriations	<u>20,425</u>	<u>20,497</u>	<u>72</u>	<u>6,231</u>	<u>14,266</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,461</u>	<u>\$ 14,461</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Sewer and Sanitation Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 29,700	\$ 30,598	\$ 898	\$ 23,095	\$ (7,503)
Resources (inflows):					
Taxes	822	822	-	1,957	1,135
Use of money and property	400	400	-	(114)	(514)
Intergovernmental revenues	3	3	-	3	-
Charges for services	18,390	18,390	-	22,761	4,371
Interfund revenue	3,983	4,448	465	-	(4,448)
Miscellaneous revenues	-	-	-	-	-
Other financing sources	115	115	-	-	(115)
Amounts available for appropriation	<u>23,713</u>	<u>24,178</u>	<u>465</u>	<u>24,607</u>	<u>429</u>
Charges to appropriations (outflows):					
Health and sanitation					
Salaries and benefits	1,618	1,618	-	1,338	280
Services and supplies	19,236	19,036	(200)	16,579	2,457
Other charges	2,290	3,205	915	914	2,291
Capital assets	12,582	13,247	665	4,019	9,228
Other financing uses	115	115	-	1	114
Contingencies	17,357	17,340	(17)	-	17,340
Non-general fund reserves	215	215	-	-	215
Total charges to appropriations	<u>53,413</u>	<u>54,776</u>	<u>1,363</u>	<u>22,851</u>	<u>31,925</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,851</u>	<u>\$ 24,851</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 22,851
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(1)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 22,850</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Lighting Districts Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	<u>\$ 17,306</u>	<u>\$ 17,562</u>	<u>\$ 256</u>	<u>\$ 17,798</u>	<u>\$ 236</u>
Resources (inflows):					
Taxes	968	968	-	1,578	610
Use of money and property	231	231	-	(57)	(288)
Intergovernmental revenues	4	4	-	4	-
Interfund revenue	181	181	-	-	(181)
Charges for services	-	-	-	130	130
Miscellaneous revenues	-	-	-	9	9
Amounts available for appropriation	<u>1,384</u>	<u>1,384</u>	<u>-</u>	<u>1,664</u>	<u>280</u>
Charges to appropriations (outflows):					
General government					
Services and supplies	1,471	1,471	-	422	1,049
Other charges	38	94	56	21	73
Capital assets	1,500	1,500	-	18	1,482
Contingencies	<u>15,681</u>	<u>15,881</u>	<u>200</u>	<u>-</u>	<u>15,881</u>
Total charges to appropriations	<u>18,690</u>	<u>18,946</u>	<u>256</u>	<u>461</u>	<u>18,485</u>
Budgetary fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,001</u></u>	<u><u>\$ 19,001</u></u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Emergency Medical Services Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 2,944	\$ 2,944	\$ -	\$ 3,005	\$ 61
Resources (inflows):					
Fines, forfeitures and penalties	1,641	1,641	-	950	(691)
Use of money and property	28	28	-	(12)	(40)
Miscellaneous revenues	26	26	-	11	(15)
Amounts available for appropriation	1,695	1,695	-	949	(746)
Charges to appropriations (outflows):					
Health and sanitation					
Services and supplies	2,728	2,728	-	861	1,867
Non-general fund reserves	1,911	1,911	-	-	1,911
Total charges to appropriations	4,639	4,639	-	861	3,778
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 3,093	\$ 3,093

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County Half-Cent Transportation Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 7,777	\$ 7,777	\$ -	\$ 7,946	\$ 169
Resources (inflows):					
Taxes	3,097	3,097	-	3,722	625
Use of money and property	50	50	-	(19)	(69)
Amounts available for appropriation	<u>3,147</u>	<u>3,147</u>	<u>-</u>	<u>3,703</u>	<u>556</u>
Charges to appropriations (outflows):					
Public ways and facilities					
Services and supplies	6,761	6,761	-	211	6,550
Other charges	178	178	-	71	107
Other financing uses	3,427	3,427	-	776	2,651
Contingencies	558	558	-	-	558
Total charges to appropriations	<u>10,924</u>	<u>10,924</u>	<u>-</u>	<u>1,058</u>	<u>9,866</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,591</u>	<u>\$ 10,591</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,058
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(776)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 282</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County-Wide Road Improvement Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 4,254	\$ 4,254	\$ -	\$ 4,339	\$ 85
Resources (inflows):					
Use of money and property	25	25	-	(14)	(39)
Charges for services	425	425	-	628	203
Amounts available for appropriation	450	450	-	614	164
Charges to appropriations (outflows):					
Public ways and facilities					
Other financing uses	692	692	-	688	4
Non-general fund reserves	4,012	4,012	-	-	4,012
Total charges to appropriations	4,704	4,704	-	688	4,016
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 4,265	\$ 4,265

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 688
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(688)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ -

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Solid Waste Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 9,434	\$ 9,433	\$ (1)	\$ 11,382	\$ 1,949
Resources (inflows):					
Licenses and permits	2,894	2,894	-	2,651	(243)
Use of money and property	107	107	-	(77)	(184)
Intergovernmental revenues	17	17	-	17	-
Charges for services	808	808	-	202	(606)
Miscellaneous revenues	8	8	-	4	(4)
Other financing sources	274	274	-	51	(223)
Amounts available for appropriation	4,108	4,108	-	2,848	(1,260)
Charges to appropriations (outflows):					
Health and sanitation					
Salaries and benefits	2,038	2,038	-	1,910	128
Services and supplies	2,866	3,921	1,055	2,011	1,910
Other charges	1,474	2,003	529	1,036	967
Other financing uses	449	449	-	139	310
Non-general fund reserves	6,715	5,130	(1,585)	-	5,130
Total charges to appropriations	13,542	13,541	(1)	5,096	8,445
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 9,134	\$ 9,134

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 2,848
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	(51)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 2,797

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,096
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(139)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 4,957

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
In-Home Supportive Services Public Authority Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 862	\$ 862	\$ -	\$ (789)	\$ (1,651)
Resources (inflows):					
Use of money and property	15	15	-	(5)	(20)
Intergovernmental revenues	23,995	23,995	-	23,222	(773)
Charges for services	-	-	-	557	557
Interfund revenue	4,280	4,280	-	-	(4,280)
Miscellaneous revenues	14	14	-	411	397
Other financing sources	-	-	-	3,702	3,702
Amounts available for appropriation	28,304	28,304	-	27,887	(417)
Charges to appropriations (outflows):					
Public assistance					
Salaries and benefits	1,883	1,883	-	1,681	202
Services and supplies	7,700	7,700	-	6,738	962
Other charges	19,133	19,133	-	19,086	47
Other financing uses	-	-	-	-	-
Intrafund Transfers	(411)	(411)	-	-	(411)
Non-general fund reserves	861	861	-	-	861
Total charges to appropriations	29,166	29,166	-	27,505	1,661
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ (407)	\$ (407)

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 27,887
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	(3,702)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 24,185

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Highlands Landscape Maintenance District					
Budgetary fund balance, July 1	\$ 1,050	\$ 1,050	\$ -	\$ 412	\$ (638)
Resources (inflows):					
Taxes	46	46	-	-	(46)
Use of money and property	14	14	-	(1)	(15)
Charges for services	7	7	-	7	-
Intergovernmental	-	-	-	1	1
Amounts available for appropriation	<u>67</u>	<u>67</u>	<u>-</u>	<u>7</u>	<u>(60)</u>
Charges to appropriations (outflows):					
General Government					
Services and supplies	86	86	-	16	70
Contingencies	850	850	-	-	850
Non-general fund reserves	181	181	-	-	181
Total charges to appropriations	<u>1,117</u>	<u>1,117</u>	<u>-</u>	<u>16</u>	<u>1,101</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403</u>	<u>\$ 403</u>
Los Trancos County Maintenance Fund					
Budgetary fund balance, July 1	\$ 636	\$ 636	\$ -	\$ 434	\$ (202)
Resources (inflows):					
Taxes	205	205	-	357	152
Use of money and property	5	5	-	-	(5)
Intergovernmental	1	1	-	-	(1)
Amounts available for appropriation	<u>211</u>	<u>211</u>	<u>-</u>	<u>357</u>	<u>146</u>
Charges to appropriations (outflows):					
Public Ways and Facilities					
Services and supplies	340	340	-	328	12
Other Charges	9	9	-	-	9
Capital assets	-	-	-	-	-
Non-general fund reserves	498	498	-	-	498
Total charges to appropriations	<u>847</u>	<u>847</u>	<u>-</u>	<u>328</u>	<u>519</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463</u>	<u>\$ 463</u>
Fish and Game Fund					
Budgetary fund balance, July 1	\$ 61	\$ 61	\$ -	\$ 59	\$ (2)
Resources (inflows):					
Fines, forfeitures & penalties	2	2	-	-	(2)
Use of money and property	1	1	-	-	(1)
Amounts available for appropriation	<u>3</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>(3)</u>
Charges to appropriations (outflows):					
Public Protection					
Services and supplies	10	10	-	-	10
Non-general fund reserves	54	54	-	-	54
Total charges to appropriations	<u>64</u>	<u>64</u>	<u>-</u>	<u>-</u>	<u>64</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59</u>	<u>\$ 59</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<u>Total - Other Special Revenue Funds</u>					
Budgetary fund balance, July 1	\$ 1,747	\$ 1,747	\$ -	\$ 905	\$ (842)
Resources (inflows)	281	281	-	364	83
Charges to appropriations (outflows)	<u>2,028</u>	<u>2,028</u>	<u>-</u>	<u>344</u>	<u>1,684</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 925</u>	<u>\$ 925</u>

COUNTY OF SAN MATEO

Nonmajor Governmental Funds

Debt Service Fund

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

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

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Other Debt Service Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 24,097	\$ 24,097	\$ -	\$ 31,742	\$ 7,645
Resources (inflows):					
Use of money and property	-	-	-	(275)	(275)
Other financing sources	47,029	47,029	-	41,333	(5,696)
Amount available for appropriation	<u>47,029</u>	<u>47,029</u>	<u>-</u>	<u>41,058</u>	<u>(5,971)</u>
Charges to appropriations (outflows):					
Other charges	46,658	46,658	-	-	46,658
Other financing uses	2,810	2,810	-	41,668	(38,858)
Non-general fund reserves	21,658	21,658	-	-	21,658
Total charges to appropriations	<u>71,126</u>	<u>71,126</u>	<u>-</u>	<u>41,668</u>	<u>29,458</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,132</u>	<u>\$ 31,132</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 41,058
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(41,333)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ (275)</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 41,668
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(41,668)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ -</u>

COUNTY OF SAN MATEO

Nonmajor Governmental Funds

Capital Projects Funds

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

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

County One-Time Expense Fund – accounts for appropriations for County capital improvement projects. Ordinance No. 4821 amended sections 2.80.060 through 2.80.110 to provide other uses of the fund and renamed the Accumulated Capital Outlay Fund, known as the ACO Fund as the “County One-Time Expense Fund”. All revenues from sources designated to the fund of the County and any unencumbered surplus from other sources transferred to such fund shall be subject to the restrictions of appropriation and expenditures as provided in the Ordinance.

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

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

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

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2021
(In Thousands)

	Parks Acquisition	County One-Time Expense	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
ASSETS						
Cash and investments	\$ -	\$ 135,440	\$ 2,045	\$ -	\$ 39,439	\$ 176,924
Accounts receivable	-	-	10	10	-	20
Interest receivable	-	336	5	-	30	371
Due from other funds	-	-	-	-	1,828	1,828
Due from other governmental agencies	-	-	-	-	158	158
Total assets	<u>\$ -</u>	<u>\$ 135,776</u>	<u>\$ 2,060</u>	<u>\$ 10</u>	<u>\$ 41,455</u>	<u>\$ 179,301</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 500	\$ 13,948	\$ 14,448
Due to other funds	-	-	-	-	73	73
Unearned revenues	-	-	10	10	-	20
Total liabilities	<u>-</u>	<u>-</u>	<u>10</u>	<u>510</u>	<u>14,021</u>	<u>14,541</u>
FUND BALANCES						
Assigned	-	135,776	2,050	-	27,434	165,260
Unassigned	-	-	-	(500)	-	(500)
Total fund balances	<u>-</u>	<u>135,776</u>	<u>2,050</u>	<u>(500)</u>	<u>27,434</u>	<u>164,760</u>
Total liabilities, and fund balances	<u>\$ -</u>	<u>\$ 135,776</u>	<u>\$ 2,060</u>	<u>\$ 10</u>	<u>\$ 41,455</u>	<u>\$ 179,301</u>

COUNTY OF SAN MATEO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Parks Acquisition	County One-Time Expense	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 5,093	\$ 5,093
Intergovernmental	-	-	-	-	224	224
Charges for services	-	-	689	689	1,341	2,719
Investment income/(loss)	(3)	(544)	-	(6)	(195)	(748)
Other	-	-	-	-	217	217
Total revenues	<u>(3)</u>	<u>(544)</u>	<u>689</u>	<u>683</u>	<u>6,680</u>	<u>7,505</u>
Expenditures:						
Capital outlay	1,592	-	-	-	74,726	76,318
Total expenditures	<u>1,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,726</u>	<u>76,318</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,595)</u>	<u>(544)</u>	<u>689</u>	<u>683</u>	<u>(68,046)</u>	<u>(68,813)</u>
Other financing sources (uses)						
Transfers in	-	354	-	-	81,553	81,907
Transfers out	(204)	-	-	(1,184)	-	(1,388)
Total other financing sources (uses)	<u>(204)</u>	<u>354</u>	<u>-</u>	<u>(1,184)</u>	<u>81,553</u>	<u>80,519</u>
Net change in fund balances	(1,799)	(190)	689	(501)	13,507	11,706
Fund balances - beginning	1,799	135,966	1,361	1	13,927	153,054
Fund balances - end	<u>\$ -</u>	<u>\$ 135,776</u>	<u>\$ 2,050</u>	<u>\$ (500)</u>	<u>\$ 27,434</u>	<u>\$ 164,760</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Parks Acquisition Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 203	\$ 203	\$ -	\$ 1,799	\$ 1,596
Resources (inflows):					
Use of money and property	2	2	-	(3)	(5)
Amounts available for appropriation	2	2	-	(3)	(5)
Charges to appropriations (outflows):					
Capital assets	-	-	-	1,592	(1,592)
Other financing uses	205	205	-	204	1
Total charges to appropriations	205	205	-	1,796	(1,591)
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,796
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(204)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 1,592</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County One-Time Expense Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 133,312	\$ 133,312	\$ -	\$ 135,966	\$ 2,654
Resources (inflows):					
Use of money and property	500	500	-	(544)	(1,044)
Intergovernmental revenues	668	668	-	-	(668)
Miscellaneous revenues	857	857	-	-	(857)
Other financing sources	-	-	-	354	354
Amounts available for appropriation	2,025	2,025	-	(190)	(2,215)
Charges to appropriations (outflows):					
Capital assets	-	-	-	-	-
Other financing uses	91,757	91,757	-	-	91,757
Non-general fund reserves	43,580	43,580	-	-	43,580
Total charges to appropriations	135,337	135,337	-	-	135,337
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 135,776	\$ 135,776

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ (190)
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenue for financial reporting purposes.	(354)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	\$ (544)

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Criminal Facility Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 1,334	\$ 1,334	\$ -	\$ 1,361	\$ 27
Resources (inflows):					
Use of money and property	18	18	-	-	(18)
Charges for services	900	900	-	689	(211)
Amounts available for appropriation	918	918	-	689	(229)
Charges to appropriations (outflows):					
Other financing uses	1,100	1,100	-	-	1,100
Non-general fund reserves	1,152	1,152	-	-	1,152
Total charges to appropriations	2,252	2,252	-	-	2,252
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 2,050	\$ 2,050

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Courthouse Construction Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 1	\$ 1	\$ -	\$ 1	\$ -
Resources (inflows):					
Charges for services	900	900	-	689	(211)
Interfund revenue	464	464	-	-	(464)
Use of money and property	-	-	-	(6)	(6)
Amounts available for appropriation	1,364	1,364	-	683	(681)
Charges to appropriations (outflows):					
Other financing uses	1,364	1,364	-	1,184	180
Contingencies	1	1	-	-	1
Total charges to appropriations	1,365	1,365	-	1,184	181
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ (500)	\$ (500)

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,184
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(1,184)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	\$ -

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Other Capital Projects Fund
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 26,966	\$ 26,968	\$ 2	\$ 13,926	\$ (13,042)
Resources (inflows):					
Taxes	25,984	26,184	200	5,093	(21,091)
Use of money and property	20	20	-	(195)	(215)
Intergovernmental revenues	2,725	2,725	-	224	(2,501)
Charges for services	-	60	60	1,341	1,281
Miscellaneous revenues	270	270	-	217	(53)
Other financing sources	268,241	269,591	1,350	81,553	(188,038)
Amounts available for appropriation	<u>297,240</u>	<u>298,850</u>	<u>1,610</u>	<u>88,233</u>	<u>(210,617)</u>
Charges to appropriations (outflows):					
Services and supplies	32,280	42,548	10,268	20,554	21,994
Other charges	2,300	2,300	-	-	2,300
Capital assets	266,352	256,058	(10,294)	54,172	201,886
Contingencies	3,653	3,653	-	-	3,653
Other financing uses	18,384	20,022	1,638	-	20,022
Non-general fund reserves	1,237	1,237	-	-	1,237
Total charges to appropriations	<u>324,206</u>	<u>325,818</u>	<u>1,612</u>	<u>74,726</u>	<u>251,092</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,433</u>	<u>\$ 27,433</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 88,233
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(81,553)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 6,680</u>



Nonmajor Enterprise Funds

COUNTY OF SAN MATEO

Nonmajor Enterprise Funds

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

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

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

COUNTY OF SAN MATEO
Combining Statement of Fund Net Position
Nonmajor Enterprise Funds
June 30, 2021
(In Thousands)

	Airports	Coyote Point Marina	Total
ASSETS			
Current assets:			
Cash and investments	\$ 5,068	\$ 2,198	\$ 7,266
Receivables (net):			
Accounts	118	22	140
Interest	11	5	16
Due from other funds	6	-	6
Prepaid items	76	2	78
Total current assets	5,279	2,227	7,506
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	6,844	1,334	8,178
Construction in progress	783	-	783
Depreciable:			
Structures and improvements	35,658	15,685	51,343
Equipment	281	86	367
Less accumulated depreciation	(13,297)	(8,503)	(21,800)
Total capital assets	30,269	8,602	38,871
Total noncurrent assets	30,269	8,602	38,871
Total assets	35,548	10,829	46,377
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related items	872	278	1,150
OPEB-related items	69	21	90
Total deferred outflows of resources	941	299	1,240
LIABILITIES			
Current liabilities:			
Accounts payable	146	28	174
Accrued interest payable	-	90	90
Accrued salaries and benefits	84	28	112
Due to other funds	2	-	2
Unearned revenues	35	-	35
Deposits	1	3	4
Notes payable - current	-	75	75
Compensated absences - current	75	30	105
Total current liabilities	343	254	597
Noncurrent liabilities:			
Net pension liability - noncurrent	1,205	403	1,608
Net OPEB liability - noncurrent	94	32	126
Notes payable - noncurrent	-	2,028	2,028
Compensated absences - noncurrent	71	23	94
Total noncurrent liabilities	1,370	2,486	3,856
Total liabilities	1,713	2,740	4,453
DEFERRED INFLOWS OF RESOURCES			
OPEB-related items	104	33	137
Total deferred inflows of resources	104	33	137
NET POSITION			
Net investment in capital assets	30,269	6,499	36,768
Unrestricted	4,403	1,856	6,259
Total net position	\$ 34,672	\$ 8,355	\$ 43,027

COUNTY OF SAN MATEO
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 87	\$ 1,550	\$ 1,637
Rent and concessions	5,478	-	5,478
Miscellaneous	709	6	715
Total operating revenues	<u>6,274</u>	<u>1,556</u>	<u>7,830</u>
Operating expenses:			
Salaries and benefits	1,330	483	1,813
Pension expense	375	121	496
OPEB expense	23	7	30
General and administrative	2,408	436	2,844
Depreciation and amortization	621	314	935
Total operating expenses	<u>4,757</u>	<u>1,361</u>	<u>6,118</u>
Operating income	<u>1,517</u>	<u>195</u>	<u>1,712</u>
Nonoperating revenues (expenses):			
State and federal grants	19	80	99
Investment expense	(6)	(4)	(10)
Interest expense	-	(98)	(98)
Total nonoperating revenues (expenses)	<u>13</u>	<u>(22)</u>	<u>(9)</u>
Change in net position	<u>1,530</u>	<u>173</u>	<u>1,703</u>
Net position - beginning	<u>33,142</u>	<u>8,182</u>	<u>41,324</u>
Net position - end	<u>\$ 34,672</u>	<u>\$ 8,355</u>	<u>\$ 43,027</u>

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Airports	Coyote Point Marina	Total
Cash flows from operating activities			
Cash receipts from customers	\$ 6,183	\$ 1,556	\$ 7,739
Cash paid to suppliers of goods and services	(2,474)	(453)	(2,927)
Cash paid to employees for services	(1,647)	(574)	(2,221)
Net cash provided by operating activities	2,062	529	2,591
Cash flows from noncapital financing activities			
State and federal grants receipts	19	-	19
Net cash provided by noncapital financing activities	19	-	19
Cash flows from capital and related financing activities			
Acquisition of capital assets	(547)	-	(547)
Principal paid on long-term liabilities	-	(71)	(71)
Interest paid on long-term liabilities	-	(101)	(101)
Net cash (used in) capital and related financing activities	(547)	(172)	(719)
Cash flows from investing activities			
Investment income received	1	77	78
Investment expense paid	(6)	-	(6)
Net cash provided by (used in) investing activities	(5)	77	72
Net change in cash and cash equivalents	1,529	434	1,963
Cash and cash equivalents, beginning	3,539	1,764	5,303
Cash and cash equivalents, end	\$ 5,068	\$ 2,198	\$ 7,266
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,517	\$ 195	\$ 1,712
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	621	314	935
Decrease (increase) in:			
Accounts receivable	(101)	-	(101)
Due from other funds	2	-	2
Other assets	(70)	-	(70)
Increase (decrease) in:			
Accounts payable	4	(17)	(13)
Accrued salaries and benefits	13	6	19
Due to other funds	(10)	-	(10)
Unearned revenues	18	-	18
Net pension liability	32	13	45
Net OPEB liability	(8)	(3)	(11)
Compensated absences	4	9	13
Deferred inflows of resources	40	12	52
Net cash provided by operating activities	\$ 2,062	\$ 529	\$ 2,591



Internal Service Funds

COUNTY OF SAN MATEO

Internal Service Funds

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

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

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

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

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

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

COUNTY OF SAN MATEO
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2021
(In Thousands)

	Fleet Maintenance	Tower Road Construction	Workers' Compensation Insurance	Long-Term Disability	Personal Injury and Property Damage	Employee Benefits	Total
ASSETS							
Current assets:							
Cash and investments	\$ 17,507	\$ 174	\$ 18,370	\$ 895	\$ 1,821	\$ 25,910	\$ 64,677
Receivables (net):							
Accounts	10	106	-	-	7	491	614
Interest	41	-	46	3	7	54	151
Due from other funds	6	7	-	-	-	-	13
Due from other governmental agencies	-	-	-	-	-	2,525	2,525
Inventories	77	-	-	-	-	-	77
Prepaid items	6	4	992	-	5,777	-	6,779
Total current assets	<u>17,647</u>	<u>291</u>	<u>19,408</u>	<u>898</u>	<u>7,612</u>	<u>28,980</u>	<u>74,836</u>
Noncurrent assets:							
Capital assets:							
Depreciable:							
Structures and improvements	4,596	-	-	-	-	-	4,596
Equipment	28,971	37	-	-	-	-	29,008
Software	9	-	-	-	-	-	9
Less accumulated depreciation	(22,721)	(37)	-	-	-	-	(22,758)
Total capital assets	<u>10,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,855</u>
Total noncurrent assets	<u>10,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,855</u>
Total assets	<u>28,502</u>	<u>291</u>	<u>19,408</u>	<u>898</u>	<u>7,612</u>	<u>28,980</u>	<u>85,691</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pension-related items	881	911	-	-	-	-	1,792
OPEB-related items	92	71	-	-	-	-	163
Total deferred outflows of resources	<u>973</u>	<u>982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,955</u>
LIABILITIES							
Current liabilities:							
Accounts payable	143	6	145	-	163	475	932
Accrued salaries and benefits	75	77	-	3	-	-	155
Due to other funds	-	2	-	-	-	-	2
Unearned revenues	-	45	-	-	-	-	45
Deposits	94	-	-	-	-	-	94
Compensated absences - current	65	122	-	-	-	-	187
Estimated claims - current	-	-	15,664	59	3,208	1,187	20,118
Total current liabilities	<u>377</u>	<u>252</u>	<u>15,809</u>	<u>62</u>	<u>3,371</u>	<u>1,662</u>	<u>21,533</u>
Noncurrent liabilities:							
Advances from other funds	-	785	-	-	-	-	785
Net pension liability - noncurrent	1,319	1,349	-	-	-	-	2,668
Net OPEB liability - noncurrent	141	108	-	-	-	-	249
Compensated absences - noncurrent	68	26	-	-	-	-	94
Estimated claims - noncurrent	-	-	31,223	252	3,744	-	35,219
Total noncurrent liabilities	<u>1,528</u>	<u>2,268</u>	<u>31,223</u>	<u>252</u>	<u>3,744</u>	<u>-</u>	<u>39,015</u>
Total liabilities	<u>1,905</u>	<u>2,520</u>	<u>47,032</u>	<u>314</u>	<u>7,115</u>	<u>1,662</u>	<u>60,548</u>
DEFERRED INFLOWS OF RESOURCES							
OPEB-related items	142	109	-	-	-	-	251
Total deferred inflows of resources	<u>142</u>	<u>109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251</u>
NET POSITION							
Net investment in capital assets	10,855	-	-	-	-	-	10,855
Unrestricted	16,573	(1,356)	(27,624)	584	497	27,318	15,992
Total net position	<u>\$ 27,428</u>	<u>\$ (1,356)</u>	<u>\$ (27,624)</u>	<u>\$ 584</u>	<u>\$ 497</u>	<u>\$ 27,318</u>	<u>\$ 26,847</u>

COUNTY OF SAN MATEO
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Fleet Maintenance	Tower Road Construction	Workers' Compensation Insurance	Long-Term Disability	Personal Injury and Property Damage	Employee Benefits	Total
Operating revenues:							
Charges for services	\$ 5,997	\$ 2,386	\$ 17,736	\$ 930	\$ 10,742	\$ 123,860	\$ 161,651
Miscellaneous	292	1	661	3	698	498	2,153
Total operating revenues	<u>6,289</u>	<u>2,387</u>	<u>18,397</u>	<u>933</u>	<u>11,440</u>	<u>124,358</u>	<u>163,804</u>
Operating expenses:							
Salaries and benefits	1,251	1,490	-	-	-	-	2,741
Pension expense	375	377	-	-	-	-	752
OPEB expense	30	23	-	-	-	-	53
General and administrative	2,623	419	2,765	1,047	3,243	5,860	15,957
Benefits and claims	-	-	9,435	-	1,301	8,716	19,452
Insurance premiums	-	-	1,913	-	9,230	108,787	119,930
Depreciation and amortization	2,842	-	-	-	-	-	2,842
Total operating expenses	<u>7,121</u>	<u>2,309</u>	<u>14,113</u>	<u>1,047</u>	<u>13,774</u>	<u>123,363</u>	<u>161,727</u>
Operating income (loss)	<u>(832)</u>	<u>78</u>	<u>4,284</u>	<u>(114)</u>	<u>(2,334)</u>	<u>995</u>	<u>2,077</u>
Nonoperating expenses							
Investment expense	(101)	(2)	(67)	(3)	(31)	(116)	(320)
Total nonoperating expenses	<u>(101)</u>	<u>(2)</u>	<u>(67)</u>	<u>(3)</u>	<u>(31)</u>	<u>(116)</u>	<u>(320)</u>
Income (loss) before transfers	(933)	76	4,217	(117)	(2,365)	879	1,757
Transfers in	-	-	-	-	4,512	-	4,512
Transfers out	(4)	(8)	-	-	(21)	-	(33)
Change in net position	(937)	68	4,217	(117)	2,126	879	6,236
Net position - beginning	<u>28,365</u>	<u>(1,424)</u>	<u>(31,841)</u>	<u>701</u>	<u>(1,629)</u>	<u>26,439</u>	<u>20,611</u>
Net position - end	<u>\$ 27,428</u>	<u>\$ (1,356)</u>	<u>\$ (27,624)</u>	<u>\$ 584</u>	<u>\$ 497</u>	<u>\$ 27,318</u>	<u>\$ 26,847</u>

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Fleet Maintenance	Tower Construction	Workers' Compensation Insurance	Long-Term Disability
Cash flows from operating activities				
Cash received from interfund services provided	\$ 6,309	\$ 2,655	\$ 18,288	\$ 933
Cash payment to suppliers of goods and services	(3,046)	(586)	(4,761)	(1,051)
Cash payment to employees for services	(1,585)	(1,885)	-	-
Cash payment for judgments and claims	-	-	(12,968)	(40)
Net cash provided by (used in) operating activities	<u>1,678</u>	<u>184</u>	<u>559</u>	<u>(158)</u>
Cash flows from noncapital financing activities				
Transfers received from other funds	-	-	-	-
Transfers paid to other funds	(4)	(8)	-	-
Net cash provided by (used in) noncapital financing activities	<u>(4)</u>	<u>(8)</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities				
Acquisition of capital assets	(2,489)	-	-	-
Net cash used in capital and related financing activities	<u>(2,489)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Investment income received	29	-	24	5
Investment expense paid	(101)	(2)	(67)	(3)
Net cash provided by (used in) investing activities	<u>(72)</u>	<u>(2)</u>	<u>(43)</u>	<u>2</u>
Net increase (decrease) in cash and cash equivalents	(887)	174	516	(156)
Cash and cash equivalents, beginning	18,394	-	17,854	1,051
Cash and cash equivalents, end	<u>\$ 17,507</u>	<u>\$ 174</u>	<u>\$ 18,370</u>	<u>\$ 895</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (832)	\$ 78	\$ 4,284	\$ (114)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,842	-	-	-
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(6)	(30)	-	-
Due from other funds	23	295	-	-
Due from other government agencies	-	-	-	-
Inventories	(9)	-	-	-
Other assets	3	3	(109)	-
Deferred outflows of resources	(241)	(218)	-	-
Increase (decrease) in:				
Accounts payable	(414)	(214)	46	(1)
Accrued salaries and benefits	13	(7)	-	-
Due to other funds	-	2	(1)	(3)
Unearned revenues	-	45	(128)	-
Net pension liability	328	301	-	-
Net OPEB liability	(77)	(60)	-	-
Compensated absences	2	(49)	-	-
Estimated claims	-	-	(3,533)	(40)
Deferred inflows of resources	46	38	-	-
Net cash provided by (used in) operating activities	<u>\$ 1,678</u>	<u>\$ 184</u>	<u>\$ 559</u>	<u>\$ (158)</u>

(Continued)

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	Personal Injury and Property Damage	Employee Benefits	Total	
	\$ 9,519	\$ 126,577	\$ 164,281	Cash flows from operating activities
	(12,562)	(114,973)	(136,979)	Cash received from interfund services provided
	-	-	(3,470)	Cash payment to suppliers of goods and services
	(2,132)	(8,627)	(23,767)	Cash payment to employees for services
	(5,175)	2,977	65	Cash payment for judgments and claims
				Net cash provided by (used in) operating activities
	4,512	-	4,512	Cash flows from noncapital financing activities
	(21)	-	(33)	Transfers received from other funds
	4,491	-	4,479	Transfers paid to other funds
				Net cash provided by (used in) noncapital financing activities
	-	-	(2,489)	Cash flows from capital and related financing activities
	-	-	(2,489)	Acquisition of capital assets
				Net cash used in capital and related financing activities
	14	22	94	Cash flows from investing activities
	(31)	(116)	(320)	Investment income received
	(17)	(94)	(226)	Investment expense paid
				Net cash provided by (used in) investing activities
	(701)	2,883	1,829	Net increase (decrease) in cash and cash equivalents
	2,522	23,027	62,848	Cash and cash equivalents, beginning
	<u>\$ 1,821</u>	<u>\$ 25,910</u>	<u>\$ 64,677</u>	Cash and cash equivalents, end
				Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:
	\$ (2,334)	\$ 995	\$ 2,077	Operating income (loss)
	-	-	2,842	Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:
	(7)	689	646	Depreciation and amortization
	-	-	318	Changes in operating assets and liabilities:
	-	1,530	1,530	Decrease (increase) in:
	-	-	(9)	Accounts receivable
	(1,914)	-	(2,017)	Due from other funds
	-	-	(459)	Due from other government agencies
				Inventories
				Other assets
				Deferred outflows of resources
				Increase (decrease) in:
				Accounts payable
				Accrued salaries and benefits
				Due to other funds
	(85)	(14)	(168)	Unearned revenues
	-	-	629	Net pension liability
	-	-	(137)	Net OPEB liability
	-	-	(47)	Compensated absences
	(831)	89	(4,315)	Estimated claims
	-	-	84	Deferred inflows of resources
	<u>\$ (5,175)</u>	<u>\$ 2,977</u>	<u>\$ 65</u>	Net cash provided by (used in) operating activities



Fiduciary Funds

COUNTY OF SAN MATEO

Fiduciary Funds

Trust Funds

Investment Trust (External Investment Pool). The external investment pool is made up of three separate funds: Special Districts under Local Board, School Districts, and Other Investment Trust. These funds account for assets, primarily cash and investments in the County's investment pool, owned by legally separate entities such as school and community colleges, special districts governed by local boards, regional boards and authorities, and pass-through funds for tax collections for cities. Under sections 27133(h) and 27136 of the California Government Code, funds deposited in the County pool may be reclaimed at the rate of 20% of the principal balance per month, unless specifically authorized by the Treasurer.

Private Purpose Trust Funds

Redevelopment Agencies (RDA) – accounts for revenues to be allocated to various taxing entities in the County.

Unapportioned Taxes Fund – accounts for property tax receipts awaiting apportionment to other local governmental agencies.

Custodial Funds

County Library Fund – is governed by the Board of the San Mateo Joint Powers Authority (JPA). The Board has twelve members, one from each of the eleven cities and one from the County Board of Supervisors. JPA, primarily financed by property taxes, provides library services to eleven cities and all unincorporated areas within the County.

Trial Courts Operation Fund – is solely financed by the State of California and administered by the San Mateo County Superior Court. Expenditures from this fund require written authorization from the Court's Presiding Judge or his/her designee. The County only holds a custodial relationship to this fund.

Public Administrator Fund – accounts for all assets under the control of the Public Administrator. The County holds the assets in a fiduciary capacity.

Public Guardian Fund – accounts for all assets under the control of the Public Guardian. The County holds the assets in a fiduciary capacity.

Other Custodial Funds – accounts for assets held for other governmental agencies and entities by the County in a fiduciary capacity.

COUNTY OF SAN MATEO
Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2021
(In Thousands)

	External Investment Pool			Total
	Special Districts under Local Board	School Districts	Other Investment Trust	
ASSETS				
Cash and investments	\$ 443,307	\$ 2,475,194	\$ 826,680	\$ 3,745,181
Interest receivable	1,122	6,306	3,311	10,739
Due from other governmental agencies	12,070	8,847	-	20,917
Other assets	71	2	-	73
Total assets	456,570	2,490,349	829,991	3,776,910
LIABILITIES				
Accounts payable	287	-	2,601	2,888
Due to other governmental agencies	-	19,267	43	19,310
Other liabilities	12,070	-	1	12,071
Total liabilities	12,357	19,267	2,645	34,269
NET POSITION				
Net position restricted for investment pool participants	\$ 444,213	\$ 2,471,082	\$ 827,346	\$ 3,742,641

COUNTY OF SAN MATEO
Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	External Investment Pool			
	Special Districts under Local Board	School Districts	Other Investment Trust	Total
ADDITIONS				
Contributions to investment pool	\$ 472,490	\$ 3,905,604	\$ 574,749	\$ 4,952,843
Net investment income:				
Net depreciation in fair value of investments	(7,620)	(30,232)	(11,787)	(49,639)
Interest and investment income	5,302	25,022	111,488	141,812
Total net investment income	(2,318)	(5,210)	99,701	92,173
Total additions	470,172	3,900,394	674,450	5,045,016
DEDUCTIONS				
Distribution from investment pool	510,335	3,523,082	607,214	4,640,631
Change in net position	(40,163)	377,312	67,236	404,385
Net position - beginning	484,376	2,093,770	760,110	3,338,256
Net position - end	\$ 444,213	\$ 2,471,082	\$ 827,346	\$ 3,742,641

COUNTY OF SAN MATEO
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2021
(In Thousands)

	RDA	Unapportioned Taxes	Total
ASSETS			
Cash and investments	\$ 222	\$ 215,417	\$ 215,639
Receivables (net):			
Interest	161	418	579
Due from other governmental agencies	-	10,420	10,420
Total assets	383	226,255	226,638
LIABILITIES			
Accounts payable	-	20	20
Due to other governmental agencies	55	158,020	158,075
Other liabilities	-	36	36
Total liabilities	55	158,076	158,131
NET POSITION			
Net position restricted for individuals, organizations, and other governments	\$ 328	\$ 68,179	\$ 68,507

COUNTY OF SAN MATEO
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	<u>RDA</u>	<u>Unapportioned Taxes</u>	<u>Total</u>
ADDITIONS			
Property taxes collected for other governments	\$ 276,547	\$ 3,744,264	\$ 4,020,811
Interest and investment income	<u>288</u>	<u>2,230</u>	<u>2,518</u>
Total additions	<u>276,835</u>	<u>3,746,494</u>	<u>4,023,329</u>
DEDUCTIONS			
Property taxes distributed to other governments	<u>276,783</u>	<u>3,837,488</u>	<u>4,114,271</u>
Change in net position	52	(90,994)	(90,942)
Net position - beginning	<u>276</u>	<u>159,173</u>	<u>159,449</u>
Net position - end	<u><u>\$ 328</u></u>	<u><u>\$ 68,179</u></u>	<u><u>\$ 68,507</u></u>

COUNTY OF SAN MATEO
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2021
(In Thousands)

	County Library	Trial Courts Operation	Public Administrator	Public Guardian	Other Custodial	Total
ASSETS						
Cash and investments	\$ 41,730	\$ 1,525	\$ 29,408	\$ 15,348	\$ 231,284	\$ 319,295
Receivables (net):						
Accounts	-	-	-	-	986	986
Interest	100	3	69	40	542	754
Taxes, net	1,441	-	-	-	160,803	162,244
Other	3,898	-	-	-	208	4,106
Due from other governmental agencies	3,954	-	-	-	30,899	34,853
Other assets	2,096	1,108	17,061	22,188	-	42,453
Total assets	<u>53,219</u>	<u>2,636</u>	<u>46,538</u>	<u>37,576</u>	<u>424,722</u>	<u>564,691</u>
LIABILITIES						
Accounts payable	731	-	1,238	-	4,537	6,506
Due to other governmental agencies	158	-	62	48	2,285	2,553
Other liabilities	10,949	2,581	33	1,055	159,372	173,990
Total liabilities	<u>11,838</u>	<u>2,581</u>	<u>1,333</u>	<u>1,103</u>	<u>166,194</u>	<u>183,049</u>
NET POSITION						
Net position restricted for individuals, organizations, and other governments	<u>\$ 41,381</u>	<u>\$ 55</u>	<u>\$ 45,205</u>	<u>\$ 36,473</u>	<u>\$ 258,528</u>	<u>\$ 381,642</u>

COUNTY OF SAN MATEO
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended June 30, 2021
(In Thousands)

	<u>County Library</u>	<u>Trial Courts Operation</u>	<u>Public Administrator</u>	<u>Public Guardian</u>	<u>Other Custodial</u>	<u>Total</u>
ADDITIONS						
Contributions to investment pool	\$ 13,037	\$ 38,970	\$ -	\$ -	\$ 149,736	\$ 201,743
Contributions held on bequests	-	-	14,365	14,860	-	29,225
Property taxes collected for other governments	35,869	-	-	-	1,029,620	1,065,489
Interest and investment income	630	18	425	327	3,765	5,165
	<u>49,536</u>	<u>38,988</u>	<u>14,790</u>	<u>15,187</u>	<u>1,183,121</u>	<u>1,301,622</u>
Total additions						
DEDUCTIONS						
Distribution from investment pool	17,510	38,967	-	-	144,707	201,184
Property taxes distributed to other governments	11,399	-	-	-	1,047,988	1,059,387
Beneficiary payments to individuals	-	-	8,889	23,169	-	32,058
Payments to other local governments	19,288	360	-	-	3,402	23,050
Administrative expenses	1,451	12	-	-	748	2,211
Interest expense	-	-	-	-	17,250	17,250
	<u>49,648</u>	<u>39,339</u>	<u>8,889</u>	<u>23,169</u>	<u>1,214,095</u>	<u>1,335,140</u>
Total deductions						
Change in net position	(112)	(351)	5,901	(7,982)	(30,974)	(33,518)
Net position - beginning	<u>41,493</u>	<u>406</u>	<u>39,304</u>	<u>44,455</u>	<u>289,502</u>	<u>415,160</u>
Net position - end	<u>\$ 41,381</u>	<u>\$ 55</u>	<u>\$ 45,205</u>	<u>\$ 36,473</u>	<u>\$ 258,528</u>	<u>\$ 381,642</u>



STATISTICAL SECTION
(Unaudited)

COUNTY OF SAN MATEO

Statistical Section

This part of the County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Financial Trends

This segment contains trend information to help the reader understand how the County's financial performance and has changed over time.

Revenue Capacity

This segment includes information to help the reader assess the County's most significant local revenue source, property tax.

Debt Capacity

This segment presents information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Economic and Demographic Information

This segment depicts demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

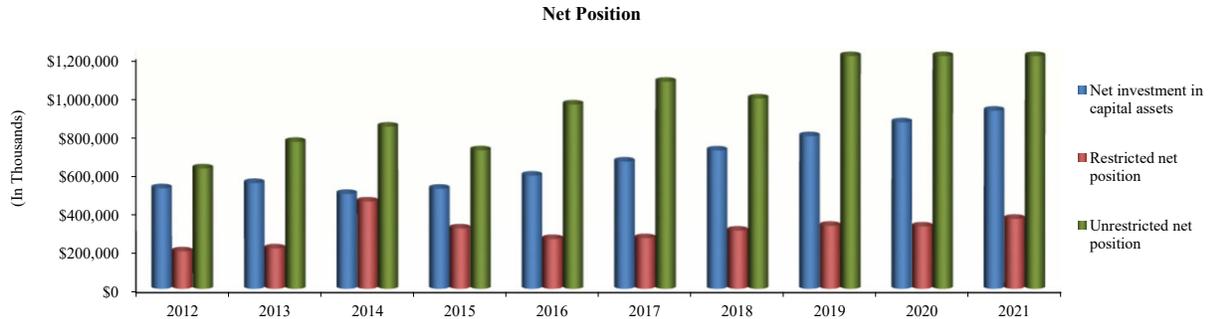
Operating Information

This segment displays service and capital asset data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise stated, the information in this section is derived from the comprehensive annual financial reports for the relevant years.

COUNTY OF SAN MATEO
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	As of June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net investment in capital assets ¹	\$ 459,511	\$ 482,077	\$ 418,671	\$ 441,955	\$ 508,490	\$ 579,485	\$ 634,859	\$ 706,423	\$ 779,091	\$ 836,052
Restricted for:										
Government programs ³	126,227	143,399	247,541	201,262	201,059	210,266	246,960	286,213	249,805	272,973
Capital projects	3,675	3,595	5,977	3,179	2,714	2,518	2,402	1,427	1,799	-
Debt service	60,863	60,726	195,628	105,907	52,451	47,752	49,130	35,383	68,035	86,574
Unrestricted	550,999	679,125	756,305	701,449	917,413	1,032,917	975,044	1,258,498	1,443,606	1,622,679
Subtotal governmental activities net position	1,201,275	1,368,922	1,624,122	1,453,752	1,682,127	1,872,938	1,908,395	2,287,944	2,542,336	2,818,278
Business-type Activities										
Net investment in capital assets ¹	58,904	63,516	70,560	73,924	75,231	76,676	78,508	80,568	79,271	82,464
Restricted for:										
Housing assistance programs	1,886	-	-	84	-	-	1,383	1,782	1,518	1,318
Airport management by FAA	-	524	843	709	362	362	-	-	-	-
Fuel Dock 10 project	-	-	137	137	-	-	-	-	-	-
Unrestricted	69,816	78,690	79,936	12,685	32,816	34,911	6,229	16,874	40,477	64,858
Subtotal business-type activities net position	130,606	142,730	151,476	87,539	108,409	111,949	86,120	99,224	121,266	148,640
Primary Government										
Net investment in capital assets	518,415	545,593	489,231	515,879	583,721	656,161	713,367	786,991	858,362	918,516
Restricted for:										
Governmental programs	126,227	143,399	247,541	201,262	201,059	210,266	246,960	286,213	249,805	272,973
Capital projects	3,675	3,595	5,977	3,179	2,714	2,518	2,402	1,427	1,799	-
Debt service	60,863	60,726	195,628	105,907	52,451	47,752	49,130	35,383	68,035	86,574
Housing assistance programs	1,886	-	-	84	-	-	1,383	1,782	1,518	1,318
Airport management by FAA	-	524	843	709	362	362	-	-	-	-
Fuel Dock 10 project	-	-	137	137	-	-	-	-	-	-
Total restricted	192,651	208,244	450,126	311,278	256,586	260,898	299,875	324,805	321,157	360,865
Unrestricted	620,815	757,815	836,241	714,134	950,229	1,067,828	981,273	1,275,372	1,484,083	1,687,537
Total primary government net position ²	\$ 1,331,881	\$ 1,511,652	\$ 1,775,598	\$ 1,541,291 ⁴	\$ 1,790,536	\$ 1,984,887	\$ 1,994,515	\$ 2,387,168	\$ 2,663,602	\$ 2,966,918
Percent of increase (decrease) in primary government net position	8.35%	13.50%	17.46%	-13.20%	16.17%	10.85%	0.49%	19.69%	11.58%	11.39%



Source: Government-Wide Financial Statements - Annual Comprehensive Financial Reports, County of San Mateo, California

Notes:

¹ Capital assets include land, easements, infrastructure, construction in progress, structures & improvements, equipment, and software.

² Accounting standards require that net position be reported in three components in the government-wide financial statements: net investment in capital assets, restricted, and unrestricted. Net position is considered restricted only when an external party, such as the state or federal government, places a restriction on how the resources may be used, or through enabling legislation enacted by the County.

³ Net position is restricted for specific purposes as indicated on the Statement of Net Position.

⁴ Decrease in total primary government net position is due to reporting net pension liability under GASB Statement Nos. 68 and 71.

COUNTY OF SAN MATEO
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
<u>Governmental activities:</u>										
General government	\$ 78,215	\$ 78,988	\$ 108,980	\$ 120,104	\$ 111,332	\$ 130,331	\$ 156,598	\$ 149,837	\$ 238,847	\$ 397,881
Public protection	330,062	337,059	353,458	321,375	357,729	403,393	409,330	423,996	477,616	485,608
Public ways and facilities	19,358	20,248	19,419	16,369	20,058	23,460	24,375	23,731	27,706	27,221
Health and sanitation	221,129	228,050	246,652	243,919	275,293	304,204	350,672	376,472	386,005	408,741
Public assistance	199,789	201,087	221,761	211,921	222,255	243,469	250,393	255,556	230,967	283,760
Recreation	8,538	8,621	10,420	11,537	13,171	15,483	16,252	16,839	22,676	21,148
Interest on long-term debt	16,841	16,292	16,351	22,980	22,187	19,068	17,691	22,098	22,817	23,745
Total governmental activities expenses	873,932	890,345	977,041	948,205	1,022,025	1,139,408	1,225,311	1,268,529	1,406,634	1,648,104
<u>Business-type activities:</u>										
San Mateo Medical Center	251,626	234,736	244,015	233,186	264,854	290,389	314,258	335,511	403,981	399,704
Airports	2,763	2,841	2,877	3,312	3,318	3,808	4,533	4,737	5,004	4,736
Coyote Point Marina	1,066	826	790	921	1,090	1,234	2,261	1,306	1,466	1,461
Housing Authority	70,553	70,578	71,052	68,016	72,783	82,567	89,191	95,526	108,385	123,320
Total business-type activities expenses	326,008	308,981	318,734	305,435	342,045	377,998	410,243	437,080	518,836	529,221
Total primary government expenses	\$ 1,199,940	\$ 1,199,326	\$ 1,295,775	\$ 1,253,640	\$ 1,364,070	\$ 1,517,406	\$ 1,635,554	\$ 1,705,609	\$ 1,925,470	\$ 2,177,325
Program Revenues										
<u>Governmental activities:</u>										
Charges for services										
General government	\$ 29,011	\$ 33,015	\$ 33,588	\$ 30,261	\$ 34,613	\$ 34,764	\$ 34,071	\$ 35,674	\$ 33,198	\$ 47,995
Public protection	35,478	35,822	34,680	35,191	36,755	35,998	37,529	41,024	57,108	56,922
Public ways and facilities	2,123	2,432	2,246	2,527	2,387	2,979	3,002	3,041	3,804	3,773
Health and sanitation	74,523	72,773	73,499	104,099	91,215	92,286	91,551	106,810	102,620	110,042
Public assistance	4,605	4,273	5,085	5,898	5,880	5,416	6,147	6,165	6,263	11,718
Recreation	2,253	2,028	1,983	1,649	2,238	2,531	2,906	2,663	3,650	2,425
Operating grants and contributions	446,884	483,718	481,941	516,195	479,695	501,166	566,848	594,396	568,353	783,503
Capital grants and contributions	-	907	-	-	-	-	-	-	-	-
Total governmental activities program revenues	594,877	634,968	633,022	695,820	652,783	675,140	742,054	789,773	774,996	1,016,378
<u>Business-type activities:</u>										
Charges for services										
San Mateo Medical Center	124,285	173,494	183,861	195,904	227,104	239,908	270,519	292,855	341,987	345,657
Airports	2,589	2,505	2,712	2,674	3,833	3,812	4,032	3,847	4,232	5,565
Coyote Point Marina	1,198	1,000	977	1,089	1,103	1,196	1,420	1,467	1,531	1,550
Housing Authority	3,586	3,647	3,402	67,625	71,351	78,238	97,623	94,057	116,163	130,386
Operating grants and contributions	138,170	66,128	70,400	5,369	3,316	1,488	1,095	71	20,339	8,584
Capital grants and contributions	5,939	5,607	6,623	2,279	5,226	6,431	4,919	5,007	4,585	3,211
Total business-type activities program revenues	275,767	252,381	267,975	274,940	311,933	331,073	379,608	397,304	488,837	494,953
Total primary government program revenues	\$ 870,644	\$ 887,349	\$ 900,997	\$ 970,760	\$ 964,716	\$ 1,006,213	\$ 1,121,662	\$ 1,187,077	\$ 1,263,833	\$ 1,511,331
Net Expense ¹										
Governmental activities	\$ (279,055)	\$ (255,377)	\$ (344,019)	\$ (252,385)	\$ (369,242)	\$ (464,268)	\$ (483,257)	\$ (478,756)	\$ (631,638)	\$ (631,726)
Business-type activities	(50,241)	(56,600)	(50,759)	(30,495)	(30,112)	(46,925)	(30,635)	(39,776)	(29,999)	(34,268)
Total primary government net expenses	\$ (329,296)	\$ (311,977)	\$ (394,778)	\$ (282,880)	\$ (399,354)	\$ (511,193)	\$ (513,892)	\$ (518,532)	\$ (661,637)	\$ (665,994)

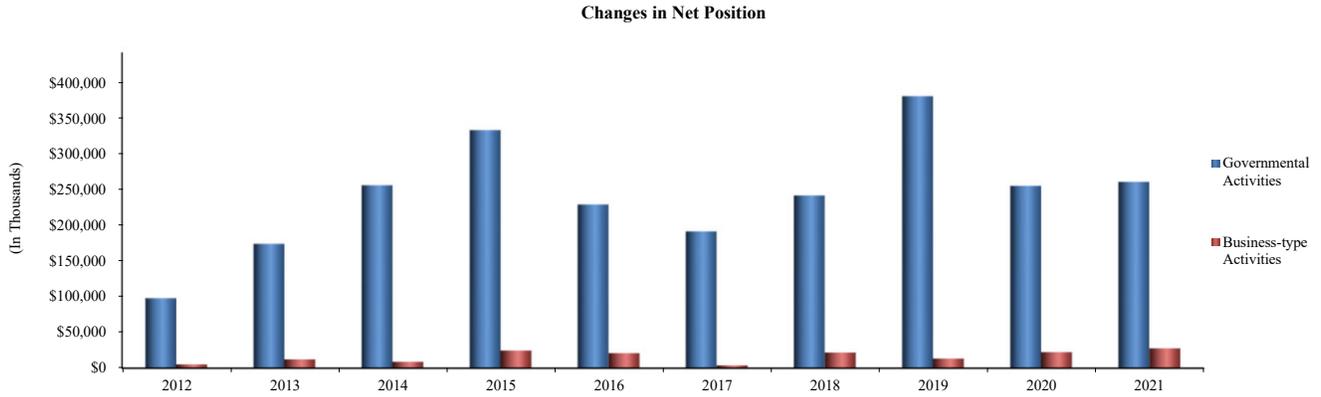
Source: Government-Wide Financial Statements - Annual Comprehensive Financial Reports, County of San Mateo, California

Notes:
¹ Net expense is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses are net expenses, indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program.

(Continued)

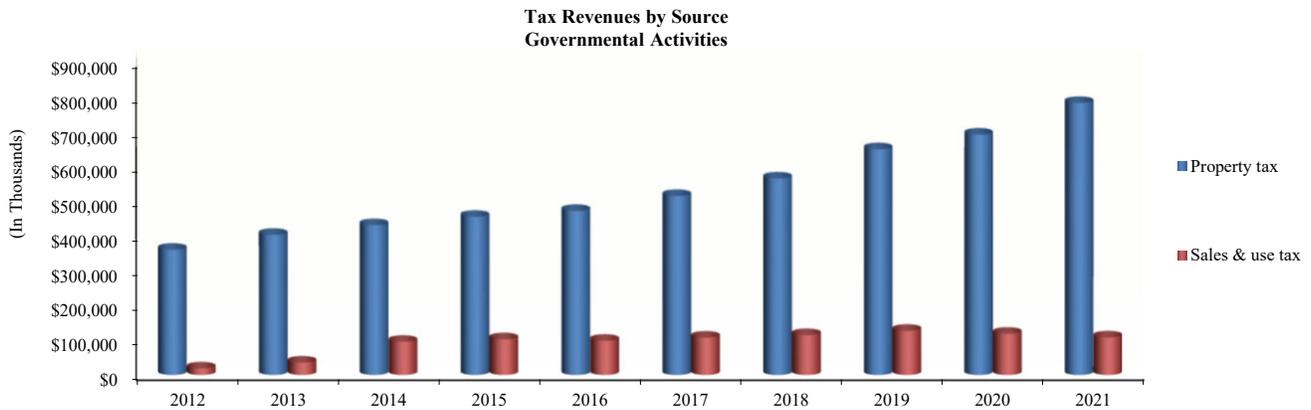
COUNTY OF SAN MATEO
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
<u>Governmental activities:</u>										
Taxes:										
Property taxes	\$ 360,310	\$ 403,021	\$ 430,981	\$ 455,001	\$ 471,985	\$ 514,936	\$ 565,264	\$ 649,342	\$ 691,462	\$ 782,391
Property transfer taxes	5,651	6,725	8,747	10,333	9,978	10,088	11,008	11,315	10,291	13,575
Sales and use taxes	18,869	35,687	95,357	102,724	98,437	107,398	114,743	127,083	118,681	108,058
Property tax in-lieu of sales taxes	5,560	6,247	5,726	6,793	4,808	-	-	-	-	-
Transient occupancy taxes	1,221	1,172	1,519	1,527	1,490	1,749	2,160	1,750	1,920	2,619
Aircraft taxes	1,091	1,576	1,399	1,125	1,086	1,487	1,418	1,413	984	1,016
Vehicle rental business license tax	-	7,907	12,254	12,181	12,145	12,581	10,946	11,540	10,911	2,476
Other taxes	2	-	-	-	-	-	-	-	-	-
Unrestricted interest and investment earnings	10,602	3,863	11,861	13,742	21,026	14,859	24,828	58,417	78,726	4,094
Miscellaneous	24,483	31,100	39,880	35,070	27,188	42,246	44,792	45,228	60,531	36,950
Special items	-	-	45,283	-	(603)	-	-	-	(39,088)	-
Transfers	(51,129)	(68,570)	(53,788)	(53,939)	(49,923)	(50,265)	(50,915)	(47,783)	(48,388)	(59,443)
Total governmental activities	<u>376,660</u>	<u>428,728</u>	<u>599,219</u>	<u>584,557</u>	<u>597,617</u>	<u>655,079</u>	<u>724,244</u>	<u>858,305</u>	<u>886,030</u>	<u>891,736</u>
<u>Business-type activities:</u>										
Unrestricted interest and investment earnings	372	173	170	333	776	(222)	156	2,448	1,784	321
Miscellaneous	3,812	2,787	5,547	502	283	422	1,271	2,649	1,869	1,878
Special item	-	(2,806)	-	-	-	-	-	-	-	-
Transfers	51,129	68,570	53,788	53,939	49,923	50,265	50,915	47,783	48,388	59,443
Total business-type activities	<u>55,313</u>	<u>68,724</u>	<u>59,505</u>	<u>54,774</u>	<u>50,982</u>	<u>50,465</u>	<u>52,342</u>	<u>52,880</u>	<u>52,041</u>	<u>61,642</u>
Total primary government	<u>\$ 431,973</u>	<u>\$ 497,452</u>	<u>\$ 658,724</u>	<u>\$ 639,331</u>	<u>\$ 648,599</u>	<u>\$ 705,544</u>	<u>\$ 776,586</u>	<u>\$ 911,185</u>	<u>\$ 938,071</u>	<u>\$ 953,378</u>
Change in Net Position										
Governmental activities	\$ 97,605	\$ 173,351	\$ 255,200	\$ 332,172	\$ 228,375	\$ 190,811	\$ 240,987	\$ 379,549	\$ 254,392	\$ 260,010
Business-type activities	5,072	12,124	8,746	24,279	20,870	3,540	21,707	13,104	22,042	27,374
Total primary government	<u>\$ 102,677</u>	<u>\$ 185,475</u>	<u>\$ 263,946</u>	<u>\$ 356,451</u>	<u>\$ 249,245</u>	<u>\$ 194,351</u>	<u>\$ 262,694</u>	<u>\$ 392,653</u>	<u>\$ 276,434</u>	<u>\$ 287,384</u>



COUNTY OF SAN MATEO
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

Fiscal Year	Property tax			Vehicle Rental		Transient Occupancy	Aircraft	Other	Total
	Property	Property Transfer	Sales and Use Taxes	in-lieu of Sales Tax	Business License Tax				
2012	\$ 360,310	\$ 5,651	\$ 18,869	\$ 5,560	\$ -	\$ 1,221	\$ 1,091	\$ 2	\$ 392,704
2013	403,021	6,725	35,687 ¹	6,247	7,907 ²	1,172	1,576	-	462,335
2014	430,981	8,747	95,357 ³	5,726	12,254	1,519	1,399	-	555,983
2015	455,001	10,333	102,724	6,793	12,181	1,527	1,125	-	589,684
2016	471,985	9,978	98,437	4,808	12,145	1,490	1,086	-	599,929
2017	514,936	10,088	107,398	- ⁴	12,581	1,749	1,487	-	648,239
2018	565,264	11,008	114,743	-	10,946	2,160	1,418	-	705,539
2019	649,342	11,315	127,083	-	11,540	1,750	1,413	-	802,443
2020	691,462	10,291	118,681	-	10,911	1,920	984	-	834,249
2021	782,391	13,575	108,058	-	2,476	2,619	1,016	-	910,135
Change									
2012 - 2021	117.1%	140.2%	472.7%	-100.0%	n/a	114.5%	-6.9%	-100.0%	131.8%



Source: Controller's Office - County of San Mateo, California

Notes:

- ¹ In November 2012, San Mateo County voters approved a measure that increases the sales tax throughout the County by half a cent for the next 10 years (Measure A). Revenues from Measure A will be used to help fund county critical facilities and services.
- ² In June 2012, with the voters' approval, the County adopted an ordinance to levy a business license tax on operators of vehicle rental businesses in the unincorporated area of the County. The Vehicle Rental Business License Tax was imposed at a rate of 2.5% on the gross receipts of vehicle rental businesses in the unincorporated areas effective July 1, 2012.
- ³ The sharp increase in sales and use tax revenue is predominantly from the passage of Measure A that increases the County's sales tax by half a cent for the next 10 years since its inception on April 1, 2013.
- ⁴ In-lieu sales and use taxes (triple flip) was fully distributed from the State, thus ended the triple flip revenue.

n/a - not applicable

COUNTY OF SAN MATEO
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

	As of June 30,									
General Fund	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Nondspendable	\$ 27,124	\$ 28,517	\$ 31,031	\$ 35,269	\$ 33,905	\$ 40,106	\$ 46,198	\$ 50,648	\$ 52,353	\$ 51,008
Restricted	46,149	60,119	146,966	85,816	89,025	94,418	127,495	151,220	130,731	148,768
Committed	-	-	13,481	-	-	-	-	-	-	-
Assigned	4,590	6,190	4,410	1,623	6,584	10,235	9,860	7,802	9,334	5,970
Unassigned	231,286	342,146	380,110	641,961	744,315	791,121	835,779	1,021,356	1,221,199	1,244,535
Total general fund	<u>309,149</u>	<u>436,972</u>	<u>575,998</u>	<u>764,669</u>	<u>873,829</u>	<u>935,880</u>	<u>1,019,332</u>	<u>1,231,026</u>	<u>1,413,617</u>	<u>1,450,281</u>
All Other Governmental Funds										
Nondspendable	354	343	362	347	464	709	718	1,176	1,262	1,097
Restricted	144,616	147,601	302,180	231,898	173,410	172,118	176,633	405,002	358,807	485,465
Assigned	12,725	15,730	95,372	95,239	107,192	100,162	96,646	99,039	153,189	167,036
Unassigned	-	(728)	-	(479)	(561)	(546)	(435)	(259)	(789)	(907)
Total all other governmental funds	<u>157,695</u>	<u>162,946</u>	<u>397,914</u>	<u>327,005</u>	<u>280,505</u>	<u>272,443</u>	<u>273,562</u>	<u>504,958</u>	<u>512,469</u>	<u>652,691</u>
Total Governmental Funds¹										
Nondspendable	28,860	28,860	31,393	35,616	34,369	40,815	46,916	53,615	53,615	52,105
Restricted	190,765	207,720	449,146	317,714	262,435	266,536	304,128	489,538	489,538	634,233
Committed	-	-	13,481	-	-	-	-	-	-	-
Assigned	17,315	21,920	99,782	96,862	113,776	110,397	106,506	162,523	162,523	173,006
Unassigned	342,146	341,418	380,110	641,482	743,754	790,575	835,344	1,220,410	1,220,410	1,243,628
Total governmental funds	<u>\$ 466,844</u>	<u>\$ 599,918</u>	<u>\$ 973,912</u>	<u>\$ 1,091,674</u>	<u>\$ 1,154,334</u>	<u>\$ 1,208,323</u>	<u>\$ 1,292,894</u>	<u>\$ 1,926,086</u>	<u>\$ 1,926,086</u>	<u>\$ 2,102,972</u>

Source: Governmental Funds Financial Statements - Annual Comprehensive Financial Reports, County of San Mateo, California

Notes:

¹ Governmental funds include general fund, special revenue funds, debt service funds, and capital projects funds.

COUNTY OF SAN MATEO
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

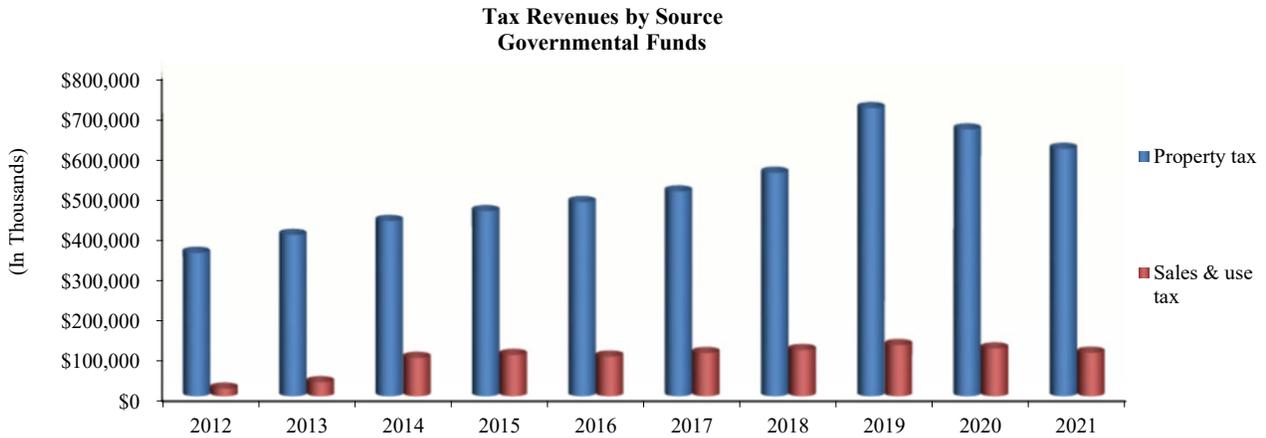
	Fiscal Year Ended June 30,										10 Year % of Increase/ Decrease
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Revenues											
Taxes	\$ 381,743	\$ 453,666	\$ 554,773	\$ 587,811	\$ 605,521	\$ 641,998	\$ 695,359	\$ 868,892	\$ 805,567	\$ 742,389	94.47%
Licenses and permits	8,692	9,082	9,678	10,023	7,963	10,982	11,283	11,428	10,957	11,126	28.00%
Intergovernmental	463,959	493,731	470,364	508,386	494,214	501,439	542,832	576,465	602,183	771,675	66.32%
Charges for services	118,445	114,940	140,023	176,654	161,243	153,387	163,242	169,368	185,000	225,526	90.41%
Fines, forfeitures and penalties	12,967	12,409	11,476	11,098	11,679	9,486	9,994	11,378	9,807	7,836	-39.57%
Rents and concessions	1,599	1,708	3,538	1,178	1,769	1,655	1,664	1,602	1,994	2,187	36.77%
Investment income (loss)	10,127	3,731	10,352	12,187	18,371	12,705	22,489	54,856	75,078	1,830	-81.93%
Other revenues	24,340	29,606	31,682	28,529	24,800	29,557	28,522	27,794	41,336	33,176	36.30%
Total revenues	1,021,872	1,118,873	1,231,886	1,335,866	1,325,560	1,361,209	1,475,385	1,721,783	1,731,922	1,795,745	75.73%
Expenditures											
Current:											
General government*	62,548	72,902	100,404	119,377	109,491	115,071	146,140	136,521	201,816	396,922	534.59%
Public protection*	335,123	328,862	342,040	358,412	387,217	399,087	409,443	431,708	435,617	447,202	33.44%
Public ways and facilities	18,906	19,599	18,910	16,790	20,284	22,225	23,575	23,171	25,663	25,262	33.62%
Health and sanitation	221,383	222,494	243,850	258,824	287,217	305,386	354,334	383,507	372,682	395,870	78.82%
Public assistance	202,959	200,458	220,554	225,296	232,283	245,416	254,197	262,152	223,089	275,127	35.56%
Recreation	8,222	8,005	9,633	11,553	12,992	14,629	15,314	16,100	20,023	18,649	126.82%
Capital outlay	23,238	34,384	76,041	125,473	97,594	67,477	57,103	99,858	126,002	124,741	436.80%
Debt service:											
Principal	12,990	13,645	14,340	14,130	15,054	33,680	34,008	33,590	32,163	28,957	122.92%
Interest	17,542	16,914	16,278	24,377	22,926	20,622	20,080	20,248	26,336	27,317	55.72%
Payment to bond refunding escrow	-	-	1,085	-	9,758	-	-	-	-	-	100.00%
Bond issuance costs	-	-	1,042	-	1,506	-	-	1,454	274	1,451	100.00%
Bond insurance costs	-	-	-	-	-	7	16	33	56	43	100.00%
Total expenditures	902,911	917,263	1,044,177	1,154,232	1,196,322	1,223,600	1,314,210	1,408,342	1,463,721	1,741,541	92.88%
Excess of revenues over expenditures	118,961	201,610	187,709	181,634	129,238	137,609	161,175	313,441	268,201	54,204	-54.44%
Other financing sources (uses)											
Issuance of debt	-	-	-	1,332	619	222	1,974	217,744	-	153,005	100.00%
Proceeds from sale of capital assets	23	3	3	-	9	33	3	3	-	-	-100.00%
Issuance of refunding bonds	-	-	215,130	-	126,325	-	-	-	45,170	-	100.00%
Premium on lease revenue and revenue refunding bonds	-	-	27,308	-	18,690	-	-	13,860	4,090	17,667	100.00%
Payment to bond refunding escrow/agent	-	-	(39,155)	-	(143,364)	-	-	-	(49,993)	-	100.00%
Transfers in	75,426	85,919	168,487	89,486	133,978	135,225	153,067	158,943	226,064	180,939	139.89%
Transfers out	(126,276)	(154,458)	(222,542)	(144,690)	(183,297)	(185,500)	(204,018)	(210,233)	(274,707)	(244,861)	93.91%
Total other financing sources (uses)	(50,827)	(68,536)	149,231	(53,872)	(47,040)	(50,020)	(48,974)	180,317	(49,376)	106,750	-310.03%
Change in fund balances before special item	68,134	133,074	336,940	127,762	82,198	87,589	112,201	493,758	218,825	160,954	136.23%
Special item	-	-	37,054	(10,000)	(19,538)	(33,600)	(27,630)	(50,668)	(28,723)	-	100.00%
Net change in fund balances	\$ 68,134	\$ 133,074	\$ 373,994	\$ 117,762	\$ 62,660	\$ 53,989	\$ 84,571	\$ 443,090	\$ 190,102	\$ 160,954	136.23%
Debt service as a percentage of noncapital expenditures	3.47%	3.46%	3.16%	3.74%	3.46%	4.70%	4.30%	4.11%	4.37%	3.48%	

Source: Governmental Funds Financial Statements - Annual Comprehensive Financial Reports, County of San Mateo, California

* Historically, General Fund departments in various programs/functions moved their shares of debt service payments and 10% surcharges (as "program expenses") to a "general government" program (as "intrafund revenues"). This program then transferred the departments' contributions to the County's Debt Service and Capital Projects Funds (as "transfers-out") accordingly. The 10% surcharge was split equally between Debt Service Fund and Capital Project Fund. Beginning in FY 2012-13, departments directly transferred their shares to these two funds (as "transfers out" in lieu of "program expenses"). This new method essentially changed the way expenditures were recorded and reported in FY 2012-13.

COUNTY OF SAN MATEO
Governmental Fund Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

Fiscal Year	Property Taxes	Sales & Use Taxes	Property Transfer Taxes	Vehicle Rental Business License Tax	All Other Taxes	Total
2012	\$ 356,221	\$ 18,869	\$ 5,651	-	\$ 1,002	\$ 381,743
2013	400,683	34,779	6,725	7,907 ³	3,572 ²	453,666
2014	435,497	95,357 ¹	8,747	12,254	2,918	554,773
2015	459,921	102,724	10,333	12,181	2,652	587,811
2016	482,385	98,437	9,978	12,145	2,576	605,521
2017	508,695	107,398	10,088	12,581	3,236	641,998
2018	555,084	114,743	11,008	10,946	3,578	695,359
2019	715,791 ⁴	127,083	11,315	11,540	3,163	868,892
2020	662,780	118,681	10,291	10,911	2,904	805,567
2021	614,645	108,058	13,575	2,476	3,635	742,389
10 year % of change	72.5%	472.7%	140.2%	100.0%	262.8%	94.5%



Source: Governmental Funds Financial Statements - Annual Comprehensive Financial Reports, County of San Mateo, California

¹ The sharp increase in sales and use tax revenue is predominantly from the passage of Measure A, which increased the County's sales tax by half a cent for the next 10 years since its inception on April 1, 2013.

² The sizeable increase in other taxes is due primarily to the significant increases in Property Transfer Tax, and other taxes.

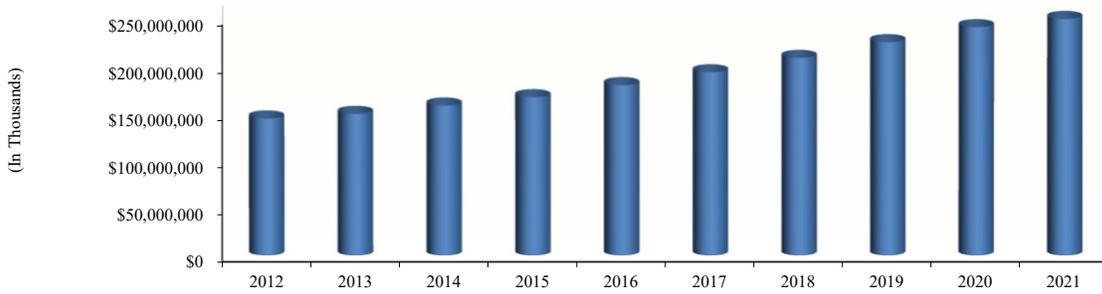
³ In June 2012, with the voters' approval, the County adopted an ordinance to levy a business license tax on operators of vehicle rental businesses in the unincorporated area of the County. The Vehicle Rental Business License Tax was imposed at a rate of 2.5% on the gross receipts of vehicle rental businesses in the unincorporated areas effective July 1, 2012.

⁴ In FY 2018-19, County received one-time distribution of \$45 million excess ERAF due to County's revised distribution schedule.

COUNTY OF SAN MATEO
Assessed Value of Taxable Property
Last Ten Fiscal Years
(In Thousands)

<u>Fiscal Year</u>	<u>Real Property</u> ²	<u>Personal Property</u>	<u>Less: Tax Exempt Real Property</u>	<u>Plus: Tax Exempt Homeowner</u>	<u>Total Taxable Assessed Value</u> ¹	<u>% of Change Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2012	\$ 142,561,543	\$ 6,193,886	\$ 4,849,067	\$ 915,997	\$ 144,822,359	1%	1%
2013	146,967,831	6,381,748	4,624,208	904,167	149,629,538	3%	1%
2014	156,221,561	6,389,447	5,036,955	889,732	158,463,785	6%	1%
2015	165,062,426	6,573,444	5,235,533	878,430	167,278,767	6%	1%
2016	177,738,379	6,972,721	5,501,611	870,020	180,079,509	8%	1%
2017	190,856,437	7,313,377	5,376,465	859,960	193,653,309	8%	1%
2018	205,112,738	8,339,059	5,492,569	850,200	208,809,428	8%	1%
2019	221,992,874	9,209,736	6,595,761	842,934	225,449,783	8%	1%
2020	238,245,297	9,777,421	7,568,631	835,055	241,289,142	7%	1%
2021	255,589,248	9,623,584	7,955,611	826,415	258,083,636	7%	1%
10 year % of Change	79.28%	55.37%	64.06%	-9.78%	78.21%		

Total Taxable Assessed Value



Source: Assessor's Office - County of San Mateo, California

Notes:

¹ Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the base for valuation of property that is subject to taxes at the full cash value that appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased to reflect:

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

² Value of taxable property in the County is not reassessed annually. Reassessment normally occurs when ownership changes.

COUNTY OF SAN MATEO
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year³	Direct Rate¹	Overlapping Rates²			Total
	County General	Local Special Districts	Schools	Cities	
2012	1.0000	0.0009	0.1057	0.0042	1.1108
2013	1.0000	0.0009	0.1057	0.0042	1.1108
2014	1.0000	0.0009	0.1100	0.0039	1.1148
2015	1.0000	0.0008	0.1234	0.0037	1.1279
2016	1.0000	0.0011	0.1284	0.0032	1.1327
2017	1.0000	0.0010	0.1333	0.0029	1.1372
2018	1.0000	0.0010	0.1315	0.0027	1.1352
2019	1.0000	0.0014	0.1235	0.0025	1.1274
2020	1.0000	0.0013	0.1328	0.0023	1.1364
2021	1.0000	0.0013	0.1254	0.0044	1.1311

Source: Controller's Office - County of San Mateo, California

Notes:

¹ On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, that limits the taxing power of California public agencies. Legislation enacted to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) which provides that notwithstanding any other law, local agencies may not levy property taxes except to pay debt service on indebtedness approved by voters prior to July 1, 1978. Proposition 13 allows each county to levy a maximum tax of \$1 per \$100 of full cash value. Full cash value is equivalent to assessed value pursuant to Statutes of 1978, Senate Bill 1656.

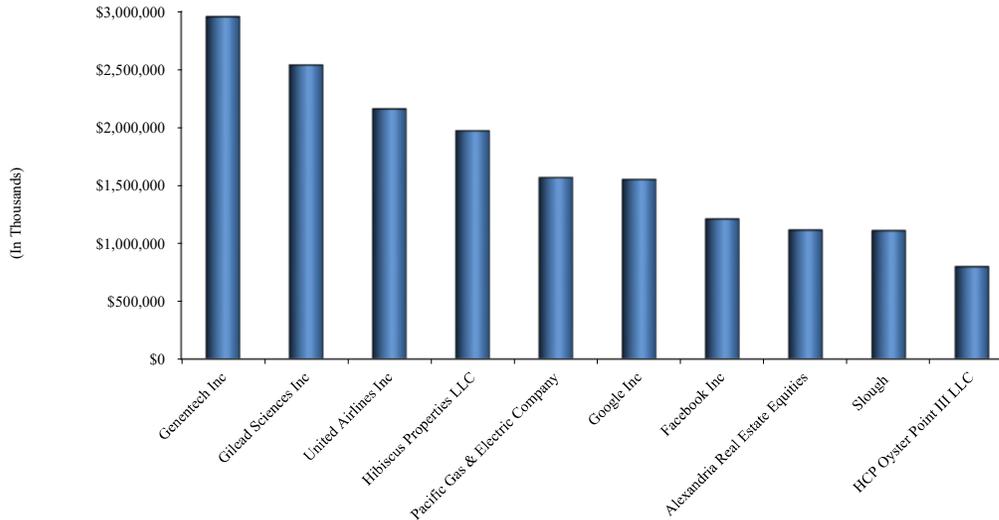
² These overlapping rates are in addition to the County rate, but only apply to taxpayers within the borders of the local special districts, schools, and cities that lie within the County.

³ Data includes retroactive revisions based on corrections to the categorization and inclusion of certain property tax rates.

COUNTY OF SAN MATEO
Principal Property Assesseees
As of January 1, 2021 and January 1, 2012
(In Thousands)

Assessee	Nature of Business	As of January 1, 2021			As of January 1, 2012		
		Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value ²	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value
Genentech Inc	Biotechnology	\$ 2,952,957	1	1.14%	\$ 1,802,360	1	1.24%
Gilead Sciences Inc	Biopharmaceutical	2,536,133	2	0.98%	411,348	6	0.28%
United Airlines Inc	Air Carrier	2,157,515	3	0.84%	1,285,796	2	0.89%
Hibiscus Properties LLC	Real Estate	1,968,833	4	0.76%			
Pacific Gas & Electric Company	Natural Gas Company	1,564,395	5	0.61%			
Google Inc	Technology	1,548,308	6	0.60%			
Facebook Inc	Technology	1,206,694	7	0.47%			
Alexandria Real Estate Equities	Real Estate	1,111,430	8	0.43%	282,853	10	0.20%
Slough	Lease	1,106,489	9	0.43%			
HCP Oyster Point III LLC	Biotechnology	795,928	10	0.31%			
Slough BTC	Lease				560,040	3	0.39%
Slough SSF LLC	Lease				447,097	4	0.31%
Oracle Corporation	Software				436,383	5	0.30%
Pacific Shores Investors	Investment				393,500	7	0.27%
Virgin America Inc	Air Carrier				330,609	8	0.23%
Well Real Estate Investment Trust	Real Estate				318,783	9	0.22%
Total		\$ 16,948,682		6.57%	\$ 6,268,769		4.33%

Principal Property Assesseees
As of January 1, 2021



Source: Controller's Office - County of San Mateo, California

Notes:

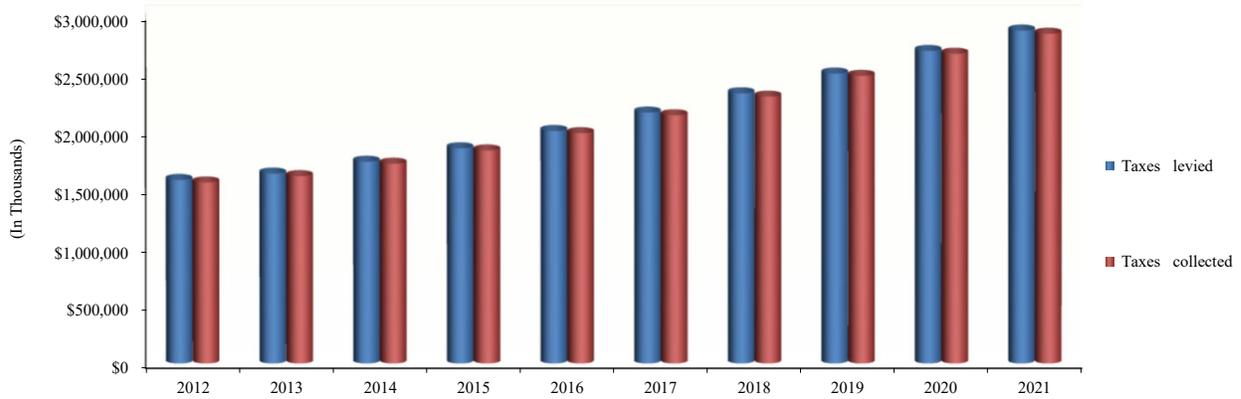
¹ Taxable assessed value includes locally and state assessed real and personal properties.

² Total taxable assessed value as of January 1, 2021 was approximately \$257 billion.

COUNTY OF SAN MATEO
Property Tax Levies and Collections
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Total Tax Levy for the Fiscal Year					Collected within the Fiscal Year of the Levy			Total Collections to Date		
	General Levy ¹	Debt Service Levy ²				Total ³	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
		Local Districts	Schools	Cities	Special						
2012	\$ 1,448,224	\$ 1,233	\$ 130,692	\$ 5,349	\$ 1,585,498	\$ 1,564,562	98.80%	\$ (765)	\$ 1,563,797	98.63%	
2013	1,496,295	1,235	137,591	5,442	1,640,563	1,615,533	98.47%	3,054	1,618,587	98.66%	
2014	1,584,637	1,233	151,643	5,362	1,742,875	1,723,890	98.91%	2,203	1,726,093	99.04%	
2015	1,672,818	1,237	179,632	5,347	1,859,034	1,838,579	98.90%	2,058	1,840,637	99.01%	
2016	1,800,795	1,716	201,131	5,051	2,008,693	1,985,831	98.86%	3,950	1,989,781	99.06%	
2017	1,936,533	1,636	224,731	4,865	2,167,765	2,142,107	98.82%	2,130	2,144,237	98.91%	
2018	2,088,094	1,897	239,323	4,880	2,334,194	2,302,415	98.64%	2,810	2,305,225	98.76%	
2019	2,254,498	2,742	242,669	4,908	2,504,817	2,483,644	99.15%	1,277	2,484,921	99.21%	
2020	2,412,891	2,825	279,525	4,816	2,700,057	2,665,985	98.74%	9,861	2,675,846	99.10%	
2021	2,580,836	2,824	282,494	9,823	2,875,977	2,848,982	99.06%	n/a	2,848,982	99.06%	

Property Tax Levies and Collections



Source: Controller's Office - County of San Mateo, California

Notes:

Data includes retroactive revisions based on corrections to the categorization and inclusion of certain property tax and debt service revenues.

¹ Figures show general tax dollars from secured, unsecured, homeowners, unitary and utility assessment rolls after tax shifts to schools.

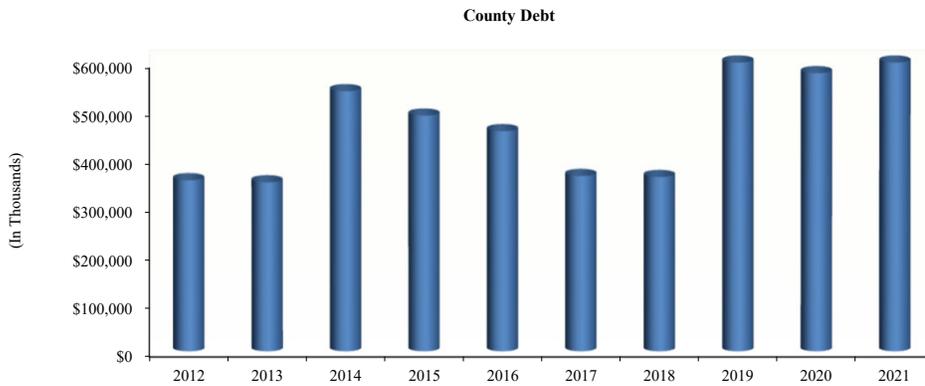
² Figures represent debt service levy for the local taxing agencies.

³ Total taxes levied for each fiscal year are based on the original property value assessment rolls provided by the County Assessor's Office.

n/a - Information is unavailable.

COUNTY OF SAN MATEO
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Governmental Activities						Business-Type Activities			Total Primary Government	Percentage of Personal Income	Total Outstanding Debt Per Capita (In Absolute \$)
	Lease Revenue Bonds ¹	Certificates of Participation ²	Revenue Refunding Bonds ³	Notes Payable	Other Long-term Obligation	Subtotal	Notes Payable	Other Long-term Obligation	Subtotal			
2012	\$ 326,750	\$ 22,709	\$ -	\$ 134	\$ 2,894	\$ 352,487	\$3,139	\$ -	\$ 3,139	\$ 355,626	0.55%	\$ 488
2013	324,091	22,322	-	124	1,887	348,424	2,818	-	2,818	351,242	0.53%	477
2014	513,149	21,914	-	124	1,486	536,673	3,865	-	3,865	540,538	0.76%	725
2015	460,065	23,436	-	-	2,293	485,794	4,000	-	4,000	489,794	0.62%	698
2016	432,360	-	18,725	-	2,946	454,031	3,511	-	3,511	457,542	0.55%	667
2017	339,390	-	18,095	-	2,613	360,098	3,116	1,158	4,274	364,372	0.40%	618
2018	336,157	-	17,465	-	4,441	358,063	2,706	1,409	4,115	362,178	0.37%	569
2019	608,022	-	19,076	-	4,397	631,495	2,277	1,138	3,415	634,910	0.62%	738
2020	570,202	-	- ⁴	-	4,249	574,451	2,207	1,337	3,544	577,995	n/a	747
2021	708,620	-	-	-	4,098	712,718	2,135	1,587	3,722	716,440	n/a	936



Source: County Annual Comprehensive Financial Reports.

Notes:

- ¹ Lease revenue bonds are limited obligations of the San Mateo County Joint Powers Financing Authority (JPFA) payable solely from, and secured by, revenues of the JPFA, which primarily consist of base rental payments receivable from the County under Master Facility Leases.
- ² Certificates of participation represent shares of lease-purchase payments from the Colma Creek Flood Control District via the JPFA. These tax-exempt certificates are sold publicly and privately to investors.
- ³ In FY 2015-16, the San Mateo County Flood Control District issued \$21.5 million Revenue Refunding Bonds to refund the certificates of participation.
- ⁴ In FY 2019-20, Revenue Refunding Bonds were transferred out of the County as part of the transition of the Colma Creek Flood Control District from the County's reporting entity pursuant to Assembly Bill No. 825.

n/a - Information is unavailable.

COUNTY OF SAN MATEO
Direct and Overlapping Debt
As of June 30, 2021
(In Thousands)

Assessed valuation (including unitary utility valuation)	\$ 258,083,637		
Redevelopment Incremental Assessed Valuation	\$ 28,513,790		
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
	Debt	Estimated	Estimated
	Outstanding	Percentage	Share of
		Applicable¹	Overlapping
			Debt⁴
Direct General Fund Obligation Debt			
San Mateo County General Fund Obligations	\$ 708,620	100.00%	\$ 708,620
Other long-term obligations	4,098	100.00%	4,098
Total direct debt	712,718		712,718
Overlapping General Fund Obligation Debt			
<i>Cities</i>			
City of Burlingame General Fund and Pension Obligations	48,805	100.00%	48,805
City of Daly City Pension Obligations	11,810	100.00%	11,810
City of Pacifica General Fund Obligations and Pension Obligations	22,165	100.00%	22,165
City of San Mateo General Fund Obligations	64,220	100.00%	64,220
City of South San Francisco General Fund Obligation Bonds	129,380	100.00%	129,380
Other City General Fund and Pension Obligations	83,228	100.00%	83,228
<i>Special Districts</i>			
Midpeninsula Regional Open Space Park General Fund Obligations	106,001	32.52%	34,470
Menlo Park Fire Protection District Certificates of Participation	9,600	100.00%	9,600
Woodside Fire Protection District Certificates of Participation	13,155	100.00%	13,155
Highland Recreation District General Fund Obligations	2,294	100.00%	2,294
San Mateo County Flood and Sea LRR District General Fund Obligations	15,425	100.00%	15,425
<i>School Districts</i>			
San Mateo County Board of Education Certificates of Participation	6,840	100.00%	6,840
South San Francisco Unified School District Certificates of Participation	3,185	100.00%	3,185
Jefferson Union High School District Certificates of Participation	47,490	100.00%	47,490
Portola Valley School District Certificates of Participation	1,280	100.00%	1,280
San Bruno School District General Fund Obligations	2,485	100.00%	2,485
Total overlapping general fund obligation debt	567,363		495,832
Overlapping Tax and Assessment Debt			
<i>Cities</i>			
	129,125	100.00%	129,125
<i>Special Districts</i>			
Midpeninsula Open Space Park District	86,400	32.52%	28,096
Montara Sanitary District	7,051	100.00%	7,051
Community Facilities Districts	99,245	100.00%	99,245
1915 Act Bonds	8,525	100.00%	8,525
<i>School Districts</i>			
San Mateo Community College District	761,306	100.00%	761,306
Cabrillo Unified School District	118,106	100.00%	118,106
La Honda-Pescadero Unified School District	8,741	100.00%	8,741
South San Francisco School District	163,486	100.00%	163,486
Jefferson Union High School District	265,555	100.00%	265,555
San Mateo Union High School District	680,211	100.00%	680,211
Sequoia Union High School District	494,220	100.00%	494,220
Belmont-Redwood Shores School and School Facilities Improvement Districts	114,986	100.00%	114,986
Burlingame School District	170,632	100.00%	170,632
Hillsborough School District	73,579	100.00%	73,579
Jefferson School District	121,720	100.00%	121,720
Menlo Park City School District	126,678	100.00%	126,678
Millbrae School District	49,460	100.00%	49,460
Redwood City School District	184,904	100.00%	184,904
San Carlos School District	109,661	100.00%	109,661
San Mateo - Foster City School District	414,613	100.00%	414,613
Other School District	378,064	100.00%	378,064
Total overlapping tax and assessment debt	4,566,268		4,507,964
Overlapping Tax Increment Debt	142,907	100.00%	142,907
Total overlapping debt	5,276,538		5,146,703
Total direct and overlapping debt	\$ 5,989,256 ²		\$ 5,859,421
Ratio of total direct and overlapping debt to adjusted assessed value:	2.32%		
Ratio of total overlapping tax increment debt to redevelopment incremental assessed value ³ of \$28,513,790	0.50%		

Source: California Municipal Statistics, Inc.

¹ Percentage of overlapping agency's assessed valuation located within the boundaries of the county.

² This total excludes enterprise revenue, mortgage revenue, tax and revenue anticipation notes, and non-bonded capital lease obligations.

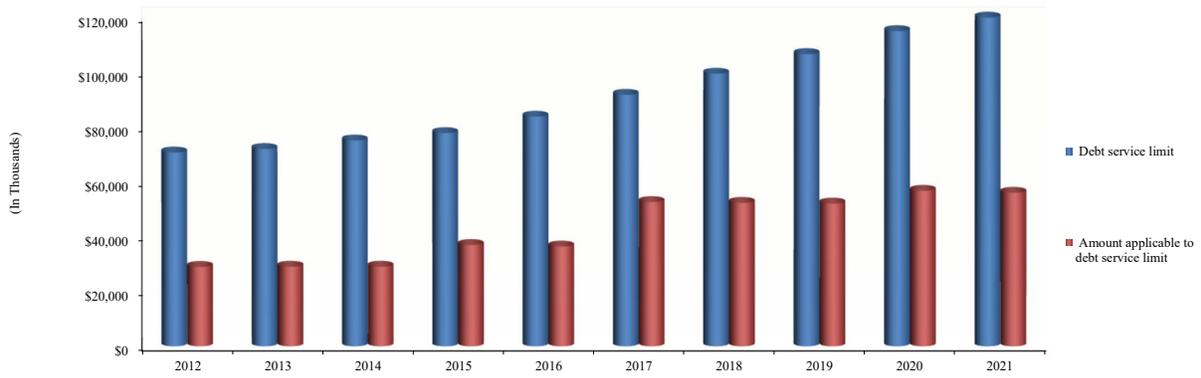
³ Redevelopment incremental valuation refers to the difference between base year assessed value and current year assessed value of properties in areas designated for redevelopment.

⁴ Overlapping debt refers to liability incurred by a municipality or local government body in partly or fully financing projects falling in the jurisdiction of such other bodies.

COUNTY OF SAN MATEO
Legal Debt Service Margin Information
Last Ten Fiscal Years
(In Thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Average Annual County budget ¹ for the current and preceding four fiscal years	\$ 1,768,913	\$ 1,800,809	\$ 1,878,770	\$ 1,946,229	\$ 2,095,976	\$ 2,295,408	\$ 2,487,914	\$ 2,667,040	\$ 2,876,603	\$ 3,230,258
Legal debt service limit ² 4% of average county annual budget for the current and preceding four fiscal years	70,757	72,032	75,151	77,849	83,839	91,816	99,517	106,682	115,064	129,210
Less: Amount applicable to debt service limit ³	(28,996)	(29,065)	(29,086)	(36,996)	(36,436)	(52,661)	(52,384)	(52,119)	(56,781)	(56,060)
Legal debt service margin	\$ 41,761	\$ 42,967	\$ 46,065	\$ 40,853	\$ 47,403	\$ 39,155	\$ 47,133	\$ 54,563	\$ 58,283	\$ 73,150
Legal debt service margin as a percentage of debt service limit	59.02%	59.65%	61.30%	52.48%	56.54%	42.65%	47.36%	51.15%	50.65%	56.61%

Legal Debt Service Limit



Source: County's Adopted Budget Books

Notes:

¹ The annual County budget represents the adopted annual budget of all funds in the County.

² County Ordinance No. 3773 requires the Board of Supervisors establish the County debt service limit annually. Under this ordinance, the debt service limit shall not exceed 4% of the average annual County budget for the current and the preceding four fiscal years, and shall be for non-voter approved debt that is the obligation of the County.

³ The information reflects debt service payments towards non-voter approved debt that is the obligation of the County.

COUNTY OF SAN MATEO
Pledged Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

1993 Lease Revenue Bonds
Purpose: Defeased 1991 Certificates of Participation and financed the costs of a parking garage and jail.
Funding Source: General Fund and Criminal Justice Facilities Fund.

Fiscal Year	Available Revenue	Debt Service		Coverage ratio ¹
		Principal	Interest	
2012	\$ 5,087	\$ 2,905	\$ 2,472	0.95
2013	5,073	3,085	2,276	0.95
2014	5,070	3,290	2,069	0.95
2015	5,064	3,505	1,848	0.95
2016	4,889	3,730	1,613	0.92
2017	4,886	3,975	1,234	0.94
2018	4,889	4,230	1,125	0.91
2019	4,894	4,450	789	0.93
2020	3,938	4,675	508	0.76
2021	260	4,960	384	0.05

2009 Lease Revenue Bonds
Purpose: Provided funds to refund a portion of outstanding 1997 Bonds and the outstanding 1999 Bonds, to pay for costs of issuance of the 2009 Bonds, and to pay for other costs relation to the refunding.

General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.

Fiscal Year	Available Revenue	Debt Service		Coverage ratio ¹
		Principal	Interest	
2012	\$ 10,486	\$ 5,200	\$ 5,286	1
2013	10,530	5,475	5,055	1.00
2014	10,569	5,765	4,804	1.00
2015	10,630	6,080	4,550	1.00
2016	10,644	6,350	4,294	1.00
2017	10,685	6,675	4,010	1.00
2018	9,844	6,145	3,699	1.00
2019	9,863	6,475	3,388	1.00
2020	9,884	6,815	3,068	1.00
2021	7,334	7,165	169	1.00

2013 Lease Revenue Bonds
Purpose: To provide funds, together with other available moneys, (i) to redeem outstanding 1997, 1999, and 2001 Bonds, (ii) finance certain capital improvements, and (iii) to pay costs of issuance of the 2013 Bonds.

Funding Source: County departments occupying the facilities.

Fiscal Year	Available Revenue	Debt Service		Coverage ratio ¹
		Principal	Interest	
2014	\$ 861	\$ -	\$ 861	1.00
2015	2,941	990	1,951	1.00
2016	3,073	1,155	1,918	1.00
2017	3,071	1,200	1,871	1.00
2018	3,066	1,250	1,816	1.00
2019	3,071	1,320	1,751	1.00
2020	3,069	1,385	1,684	1.00
2021	2,185	550	1,635	1.00

2014 Lease Revenue Bonds
Purpose: To provide funds, together with other available moneys, (i) to finance the acquisition, construction, and equipping of the Maple Street Correctional Center, (ii) to refund all of the outstanding notes previously issued by the County in FY 2013-14, the proceeds of which were used to reimburse the County for the purchase price of the jail project site, (iii) to pay capitalized interest on the 2014 Bonds through May 30, 2016, (iv) to provide the Reserve Account Requirement, and (v) pay issuance costs of the 2014 Bonds.

County departments occupying the facilities.

Fiscal Year	Available Revenue	Debt Service		Coverage ratio ¹
		Principal	Interest	
2014	\$ -	\$ -	\$ -	-
2015	-	-	8,775	-
2016	8,079	-	8,079	1.00
2017	25,824	17,745	8,079	1.00
2018	25,453	18,085	7,368	1.00
2019	23,464	16,910	6,554	1.00
2020	20,484	14,690	5,794	1.00
2021	17,342	12,220	5,122	1.00

2016 Lease Revenue Bonds
Purpose: To provide funds, together with other available moneys, (i) to refund outstanding 2008 Bonds to pay costs of issuance of the 2016 Bonds, and (ii) to pay costs relating to the refunding of the 2008 Bonds.

Funding Source: County departments occupying the facilities.

Fiscal Year	Available Revenue	Debt Service		Coverage ratio ¹
		Principal	Interest	
2017	\$ 7,744	\$ 3,375	\$ 4,369	1.00
2018	7,741	3,290	4,451	1.00
2019	7,743	3,410	4,333	1.00
2020	7,744	3,550	4,194	1.00
2021	7,744	3,695	4,049	1.00

1993 Satellite Clinic
Purpose: To finance a portion of the costs of constructing and equipping the North County Satellite Clinic and an adjacent parking structure.

Health department.

Fiscal Year	Available Revenue	Debt Service		Coverage ratio ¹
		Principal	Interest	
2017	\$ -	\$ -	\$ -	-
2018	925	233	692	1.00
2019	955	227	728	1.00
2020	995	220	775	1.00
2021	1,035	216	819	1.00

(Continued)

COUNTY OF SAN MATEO
Pledged Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

	<u>2018 Lease Revenue Bonds</u>	<u>2019 Revenue Refunding Bonds</u>
Purpose:	To provide funds, together with other available moneys, to (i) finance the acquisition, construction and equipping of capital improvement projects of the Medical Center Upgrade and County Office Building No. 3, (ii) pay capitalized interest through September 15, 2022, (iii) purchase a municipal bond insurance policy, (iv) purchase a municipal bond debt service reserve insurance policy, and (v) pay costs of issuance.	Purpose: To provide funds, together with other available moneys, to (i) refund the outstanding 2009 Bonds, and (ii) pay costs of issuance.
Funding Source:	County departments occupying the facilities.	County departments occupying the facilities.

	<u>Available</u>	<u>Debt Service</u>		<u>Coverage</u>	<u>Available</u>	<u>Debt Service</u>		<u>Coverage</u>
<u>Fiscal Year</u>	<u>Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>ratio ¹</u>	<u>Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>ratio ¹</u>
2019	\$ 1,669	\$ -	\$ 1,669	1.00	\$ -	\$ -	\$ -	-
2020	10,013	-	10,013	1.00	552	-	552	1.00
2021	10,013	-	10,013	1.00	2,259	-	2,259	1.00

	<u>2021A Lease Revenue Bonds</u>
Purpose:	Purpose: To provide funds, together with other available moneys, to (i) finance the reconstruction and equipping of the Cordilleras Mental Health Center, (ii) pay capitalized interest through June 15, 2024, and (iii) pay costs of issuance.
Funding Source:	County departments occupying the facilities.

	<u>Available</u>	<u>Debt Service</u>		<u>Coverage</u>
<u>Fiscal Year</u>	<u>Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>ratio ¹</u>
2021	\$ -	\$ -	\$ -	n/a

Sources:

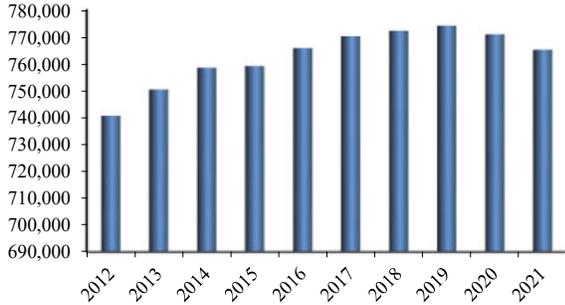
Available revenue - per contributions from responsible departments.
Principal and interest - per debt service schedules.

¹ Debt service payments not covered by available revenues were funded by amounts available in accounts with Trustee.

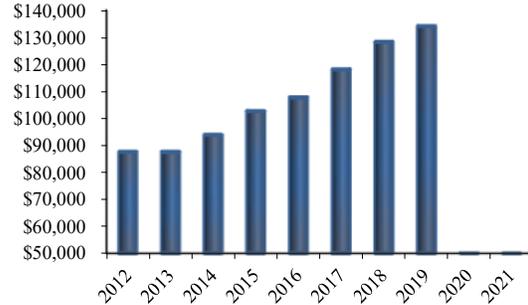
COUNTY OF SAN MATEO
Demographic and Economic Statistics
Last Ten Years

Year	Population¹ (January 1st)	Total Personal Income⁵ (in millions)	Per Capita Personal Income⁵	Median Age⁴	K-12 Public School Enrollment²	Average Unemployment Rate³
2012	740,738	\$ 64,765	\$ 87,523	39.6	93,674	7.0%
2013	750,489	65,656	87,501	39.3	93,931	5.7%
2014	758,581	71,027	93,802	39.4	94,667	4.2%
2015	759,155	78,525	102,639	39.8	95,187	3.3%
2016	765,895	82,681	107,670	39.5	95,502	3.3%
2017	770,256	90,766	118,047	39.9	95,620	2.9%
2018	772,372	98,568	128,230	39.9	95,155	2.5%
2019	774,231	102,803	134,107	39.9	94,234	2.2%
2020	771,061	n/a	n/a	n/a	93,554	10.8% ⁶
2021	765,245	n/a	n/a	n/a	90,315	5.0%

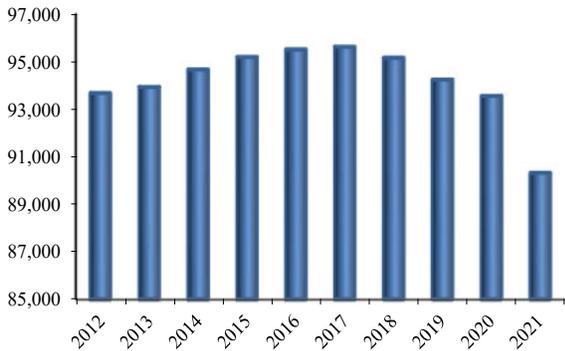
Population



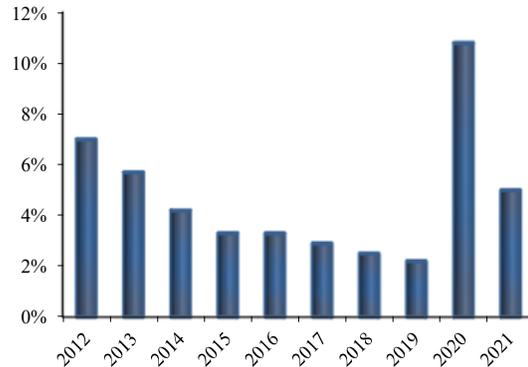
Per Capita Personal Income



K-12 Public School Enrollment



Average Unemployment Rate



Sources:

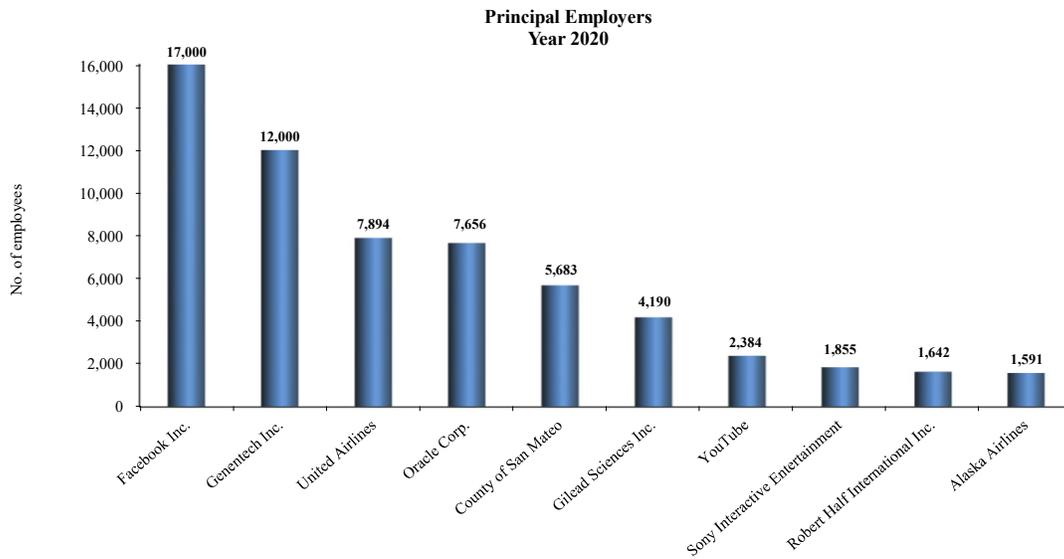
- ¹ Data include retroactive revisions by the State of California Department of Finance, Demographic Research Unit.
- ² Data include retroactive revisions by the State of California Department of Education.
- ³ Data include retroactive revisions by the State of California Employment Development Department. Unemployment rates are non-seasonally adjusted for June.
- ⁴ U.S. Census Bureau, American Community Survey.
- ⁵ Data include retroactive revisions by the U.S. Department of Commerce Bureau of Economic Analysis.
- ⁶ Unemployment rate increased in FY 2020 due to COVID-19 pandemic.

Note:

All data are presented in calendar year except for public school enrollment and average unemployment rate.
n/a - Information is unavailable.

**COUNTY OF SAN MATEO
Principal Employers
Year 2020 and Year 2012**

Employer	Business Type	2020 ¹			2012		
		Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Facebook Inc.	Social Network	17,000	1	4.14%			
Genentech Inc.	Biotechnology	12,000	2	2.93%	8,800	2	2.37%
United Airlines	Airline	7,894	3	1.92%	9,000	1	2.43%
Oracle Corp.	Hardware and Software	7,656	4	1.87%	7,000	3	1.89%
County of San Mateo	Government	5,683	5	1.39%	5,836	4	1.57%
Gilead Sciences Inc.	Biotechnology	4,190	6	1.02%	2,147	10	0.58%
YouTube	Online Video-Streaming Platform	2,384	7	0.58%			
Sony Interactive Entertainment	Interactive Entertainment	1,855	8	0.45%			
Robert Half International Inc.	Personnel Services	1,642	9	0.40%			
Alaska Airlines	Airline	1,591	10	0.39%			
Kaiser Permanente	Health Care				3,927	5	1.06%
Visa USA/Visa International	Global Payments Technology				3,707	6	1.00%
Dignity Health	Health Care				2,832	7	0.76%
Mills-Peninsula Health Services	Health Care				2,500	8	0.67%
Safway Inc	Retail Grocer				2,250	9	0.61%
Total		61,895		15.09%	47,999		12.94%



Source: San Francisco Business Times - 2021 Book of Lists.
California Employment Development Department

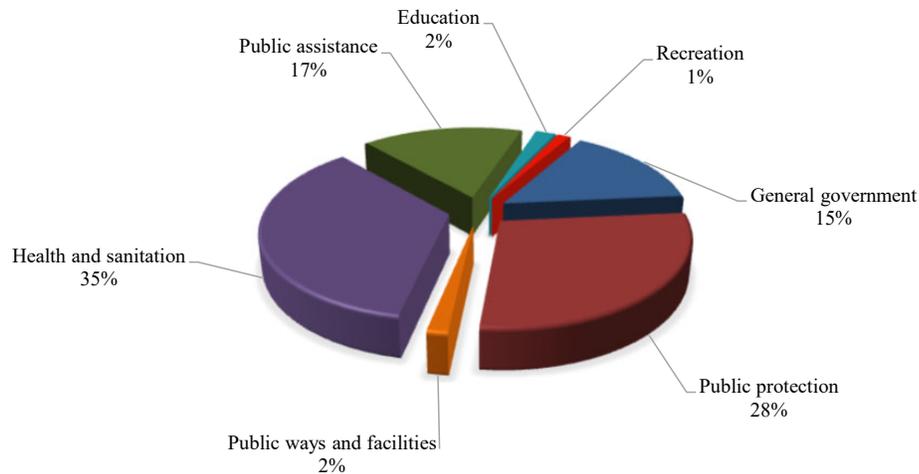
Notes:

¹ The latest information available for principal employers in the County.

COUNTY OF SAN MATEO
Full-time Equivalent County Employees by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	736	700	704	706	746	762	796	811	866	863
Public protection	1,389	1,422	1,454	1,531	1,545	1,581	1,606	1,621	1,592	1,603
Public ways and facilities	85	86	86	85	92	86	86	86	87	87
Health and sanitation	1,932	1,802	1,851	1,906	1,961	1,955	1,976	2,011	2,015	2,002
Public assistance	890	931	979	915	921	924	924	928	939	938
Education	112	108	108	109	110	109	111	111	113	116
Recreation	51	49	59	57	64	68	71	72	74	74
Total full-time equivalent employees ¹	5,195	5,098	5,241	5,309	5,439	5,485	5,570	5,640	5,686	5,683

Full-time Equivalent County Employees by Function
As of June 30, 2021



Source: County's Budget System - County of San Mateo, California

Notes:

¹ The full-time equivalent (FTE) employee count is based on the information available in the County's Budget System and may change due to revision.

COUNTY OF SAN MATEO
Operating Indicators by Function
Fiscal Years 2019-2020

Function ¹	Fiscal Year ²	
	2019	2020
<u>General Government</u>		
<i>County Manager's Office</i>		
Issuer credit rating from Moody's/Standard & Poor's	Aaa/AAA	Aaa/AAA
<i>County Counsel</i>		
Percent of post-litigation survey respondents rating services	100%	100%
<i>Treasurer Tax Collector</i>		
Dollar earnings in County pool due to investments	\$120M	\$106M
<u>Public Protection</u>		
<i>District Attorney</i>		
Percent of cases where the District Attorney's Office makes contact with victims of crime	83%	n/a
<i>Private Defender Program</i>		
Number of criminal arraignments, both limited and general jurisdiction	20,197	14,405
<i>Sheriff's Office</i>		
Forensic Laboratory		
Average Number of Days to Analyze Sexual Assault Kits with Qualifying DNA Profiles and enter in CODIS	96	96
Number of positive associations or new suspects identified through forensic analysis	285	n/a
Patrol Bureau		
Average response time for priority one calls	5.03	n/a
Number of life endangering interventions on railway system	40	n/a
Percent of Domestic Violence Calls Successfully Referred to Intervention Programs	100%	100%
Investigations Bureau		
Annual clearance rates of violent crimes	63%	65%
Maguire Correctional Facility		
Number of persons booked into custody	15,222	n/a
Percent of Inmates Working with In-Custody Case Managers	89%	86%
Court Security and Transportation Services		
Number of inmates transported annually per deputy	2,367	n/a
<i>Probation Department</i>		
Administrative Services		
³ Number of diversity/cultural sensitivity-related training hours completed by sworn staff	n/a	586
Adult Services		
Percent of adult offenders successfully completing probation	75%	n/a
Juvenile Services		
Percent of juvenile probationers completing probation without new sustained law violations	95%	n/a
Institutions Services		
Percent of youth not committing a new law violation	80%	n/a
<i>Coroner's Office</i>		
Average Cost per Investigation	\$1,623	\$1,651
Percent of cases closed within 90 days	94%	75%
<u>Public Ways and Facilities</u>		
<i>Department of Public Works</i>		
Facilities Services		
Facilities Condition Measure		
Office/ Other Building	6.0%	n/a
Detention	4.0%	n/a
Health/ Hospitals	5.0%	n/a
Construction Services		
Percent of jobs completed within budget/schedule	100%	n/a
Waste management		
Number of resolved sewer/sanitation district customer requests related to sewer lateral back-ups	548	n/a
Percent of Streetlights Repaired in Ten Working Days	95%	95%

Source: County's Recommended Budget for FY 2021-23

n/a - not applicable

¹ Functions/programs operate by the County.

² The County continuously develops and updates new set of performance measures yearly.

³ The latest information available for operating indicators by function in the County.

(Continued)

COUNTY OF SAN MATEO
Operating Indicators by Function (continued)
Fiscal Years 2019-2020

Function ¹	Fiscal Year ²	
	2019	2020
<u>Health and Sanitation</u>		
<i>Health System</i>		
Health Administration		
Average cost per capita	\$521	n/a
Health Coverage Unit		
Number of San Mateo County residents in Covered California	24,090	n/a
Percent of Residents Enrolled in ACE	2.9%	2.9%
Emergency Medical Services		
Percent of ambulance emergency medical service calls responded to on time per contract standards	93%	n/a
Community-Based Programs		
Percent of Adult Protective Services cases that are resolved and stabilized for at least twelve months	78%	n/a
Environmental Health Services		
Percent of suspected food-borne illness complaints responded to within one business day	99%	n/a
Number of Violations Observed in Multifamily Homes	1,348	1,193
Mental Health Adult Services		
Percent of adults who receive a follow up visit within 7 days of an inpatient stay from a psychiatric hospital	42%	n/a
Correctional Health Services		
Percent of juvenile offenders receiving timely histories and physicals within 96 hours of incarceration	100%	n/a
San Mateo Medical Center		
Likelihood to recommend SMMC to family and friends as a great place to receive care	69%	n/a
Percent Gap in Controlled Hypertension Between Black Patients and SMMC Average Across All Populations	6.8%	3.6%
<u>Public Assistance</u>		
<i>IHSS Public Authority</i>		
Average number of days it takes to provide a registry caregiver	11	n/a
<i>Human Services Agency</i>		
Key Performance Measures		
Percent of public assistance applications that are processed within State standards for timeliness		
Medi-Cal	82%	n/a
CalFresh	91%	n/a
CalWorks	97%	n/a
Percent of Children who Exited to a Permanent Home Within 12 Months of Entering Foster Care	52%	n/a
Percent of foster youth graduating from high school or in GED	81%	n/a
Vocational Rehabilitation Services (VRS)		
Overall satisfaction rated good or better for all VRS services	93%	n/a
Number of Clients Served by Vocational Rehabilitation Services (VRS)	656	597
Childcare Services		
Percent of clients residing in homeless transitional shelters that are connected to mainstream services and benefits	84%	n/a
⁴ Number of clients served by Core Service Agencies	26,143	40,740
<i>Department of Housing</i>		
Housing & Community Development		
Number of households benefitting directly from County administered loans and grants for home purchase, repair, or rehabilitation	103	n/a
Housing Authority		
Number of individuals and families through Provider Based Assistance Program	71	n/a
Number of Family Self-Sufficiency Program Participants Exiting the Voucher Program with Increased Economic Self-Sufficiency	11	19
<u>Recreation</u>		
<i>Parks & Recreation</i>		
Percent of customers rating services and experiences 'good' or 'excellent'	94%	n/a
<i>Coyote Point Marina</i>		
Percent of customers rating marina services and experiences 'good' or 'excellent'	97%	n/a
³ Percent of berths filled	78%	80%

Source: County's Recommended Budget for FY 2021-23

n/a - not applicable

¹ Functions/programs operated by the County.

² The County continuously develops and updates new set of performance measures yearly.

³ The latest information available for operating indicators by function in the County.

⁴ Sharp increase due to pandemic from providing emergency safety net services to meet basic food, housing, and financial assistance.

COUNTY OF SAN MATEO
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Governmental Activities:</u>										
General government										
Child care centers	2	2	2	2	2	2	2	2	2	2
Fairground	1	1	1	1	1	1	1	1	1	1
Corporation yards	6	6	6	6	6	6	6	6	6	6
Law library	1	1	1	1	1	1	1	1	1	1
Office buildings	4	4	4	4	4	4	4	4	5	7
Parking structures	2	2	2	2	2	2	2	2	1	2
Public protection										
Fire stations	4	4	4	4	4	4	4	4	4	4
Sheriff stations	1	1	1	1	1	1	1	1	1	1
Jail	2	2	2	2	2	3	3	3	2	2
Youth services center	1	1	1	1	1	1	1	1	1	1
Public ways and facilities										
Road										
Pavement (miles)	315.50	315.50	315.50	315.80	316.10	316.20	316.23	316.23	316.16	316.16
Bridges	32	33	33	33	33	33	33	33	33	33
Traffic signals	19	19	19	19	19	19	19	19	19	19
Flashing Beacons	4	4	4	4	4	4	2	6	6	6
Lighted Crosswalks	4	4	4	6	6	8	6	14	14	16
Radar Feedback signs	11	11	11	11	11	14	11	22	24	24
Sewer and water										
Sewer:										
Sanitary sewers (miles)	144.18	144.18	144.18	144.18	144.18	144.18	144.18	144.18	144.18	144.18
Water:										
Water mains (miles)	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Fire hydrants	20	20	20	20	20	20	20	21	21	21
Storage capacity (thousands of gallons)	710	710	710	710	710	710	850	850	850	850
Lighting										
Street lights	2,167	2,179	2,193	2,194	2,194	2,197	2,197	2,197	2,199	2,202
Flood control										
Channels (miles)	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	0 ¹	0
Health and sanitation										
Warehouse	2	2	2	2	2	2	2	2	1	1
Psychiatric center	1	1	1	1	1	1	1	1	1	1
Satellite clinic	1	1	1	1	1	1	3	3	3	4
Public assistance										
Drug treatment center	1	1	1	1	1	1	1	1	1	1
Employment and training center	1	1	1	1	1	1	1	1	1	1
Animal Shelter	-	-	-	-	-	-	-	-	1	1
Homeless Shelter	1	1	1	1	2	2	2	2	2	2
Recreation										
Parks	19	19	19	19	20	20	20	20	23	24
<u>Business-type Activities:</u>										
Medical center	1	1	1	1	1	1	1	1	1	1
Airports	2	2	2	2	2	2	2	2	2	2
Coyote Point Marina Recreation Area	1	1	1	1	1	1	1	1	1	1

Sources:

County Capital Asset Master File
Department of Public Works

Notes:

¹ Per Assembly Bill No. 825, the County transferred oversight of the Colma Creek Flood Control District to the San Mateo Flood and Sea Level Rise Resiliency District.



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