

# County of San Mateo, California

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2012



**Bob Adler**  
**Controller**

**COUNTY OF SAN MATEO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Fiscal Year Ended June 30, 2012**

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## **INTRODUCTORY SECTION**

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**Controller**

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## **County of San Mateo**

### **Office of the Controller**

October 31, 2012

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

California Government Code sections 25250 and 25253 require that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. The Comprehensive Annual Financial Report (CAFR) of the County of San Mateo (County) for the fiscal year ended June 30, 2012, is hereby published to fulfill this requirement.

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

The County's independent auditor, Macias Gini & O'Connell LLP, has issued an unqualified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A), which appears on pages 3-18 of this report, provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The County, one of the nine counties in the San Francisco Bay Area, was established by an Act of the State Law in 1856. The County occupies 455 square miles and contains 20 cities on a peninsula bounded by San Francisco to the North, Santa Clara County to the South, San Francisco Bay to the East, and the Pacific Ocean to the West. Though sandwiched between two large urban areas, the County is a pleasant mix of suburban and rural areas. Most of the County's 729,443 residents live in the suburban corridor east of the Santa Cruz Mountains, which bisects the County. The western part of the County remains primarily rural and has some of California's most beautiful coastline.

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

Under a charter form of government, the County is governed by a five-member Board of Supervisors (the Board) that serves four-year terms on a full-time basis. Each Supervisor must reside in one of the five districts of the County and is elected at large in non-partisan elections. The Board is responsible, among other things, for passing ordinances, adopting the County's budget, and appointing committees, the County Manager, and the County Counsel. The County Manager appoints the non-elected directors of six departments. The County has six elected officials responsible for the offices of the Assessor-County Clerk-Recorder, Controller, Coroner, Sheriff, District Attorney/Public Administrator, and Treasurer-Tax Collector.

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

### **Economic and Financial Outlook**

The 2012 year began on a positive note. A marked improvement in market sentiment, combined with monetary policy easing in developing countries, was reflected in a rebound of economic activity in both developing and advanced countries. Industrial production, trade and capital goods sales all returned to positive territory, following the slow growth of the fourth quarter of 2011. Developing countries led the rebound, helping to pull the Euro Area into marginally positive Gross Domestic Product (GDP) growth in the first quarter. However, since the beginning of May 2012, much of this progress has been called into question by a re-igniting of Euro Area jitters, which roiled financial markets around the globe. The resurgence of tensions in the Euro Area is a reminder that the after effects of the 2008/2009 crisis have not yet played out fully.

In spite of these global economic uncertainties, GDP for the United States is expected to gradually increase over the next years while the national and local unemployment rates slowly decrease. While world GDP growth is estimated to be 2.5%, 3.0%, and 3.3% for 2012, 2013, and 2014, respectively, growth for the United States is projected to be a little lower at 2.1%, 2.4%, and 2.8% for the same periods.

The U.S. unemployment rate is projected to decrease to an estimated 8.0% to 8.2% for 2012, 7.6% to 7.9% in 2013, and 6.7% to 7.3% in 2014. For September 2012, the national unemployment rate of 7.8% was 1.2% lower than in September 2011 when it was 9.0%. California’s August 2012 unemployment rate of 10.6% was the third highest in the nation, even though the State’s unemployment rate decreased by 1.3% from a year earlier when it was 11.9% (August 2011). The unemployment rate in the County was 6.8% in August 2012 (the second lowest unemployment rate of all Counties in the State), which is down from August 2011 when the rate was at 8.1%.

Given that property tax revenues make-up the County’s largest source of general fund revenues, the health of the local real estate market and the associated changes in property assessed values are key indicators of the financial outlook for the County. The FY 2012-2013 net Property Assessment Roll values (\$147.26 billion as of January 1, 2012) for the County increased 3.33%, or \$4.75 billion compared to last year’s property tax roll. This increase in property assessment value translates to an increase in property tax revenues of about \$47.5 million that are shared by all local agencies: schools, cities, special districts and the County. The \$47.5 million increase in property tax revenues does not take into account refunds which are difficult to predict for any fiscal year. For example, in FY 2011-12 the County processed \$36.2 million in refunds.

In the latest sign that the housing market is on the mend, August 2012 was the strongest month for Bay Area home sales in six years. The number of homes sold in the Bay Area increased by 14% compared to August 2011. This represents the 11th straight month sales have registered a year-over-year increase. Among existing single-family homes in the Bay Area, sales prices jumped more than 12% from a year ago, and the median price increased 6% to \$435,000. The median price was \$650,000 in the County for August 2012, an increase of 14% from \$570,000 in August 2011. The improving real estate market in the County should continue to increase assessed property values, which in turn will increase future property tax revenues.

### **Long-Term Financial Planning**

The County has explored new processes to tackle budget challenges from a different perspective. Rather than a focus on spending cuts, the emphasis switched to exploration of ways to maximize the value of dollars expended. The County also collaborated with external service providers and nonprofit partners to identify methods that will improve the efficiency and effectiveness of service delivery. In the years to come, County management continues to face significant challenges that will have long-term impacts on the County’s financial strength.



**Pension and Other Post-Employment Benefit (OPEB) Costs**

The landscape for public defined benefit pension plans in the United States remains extremely difficult to analyze both because of the huge dollars involved and the complexity and variety of the methods used to calculate these obligations. However, one thing can be said with certainty the unfunded actuarial liabilities (the present value of promised benefits minus the assets held to pay these promises) have become significant and worrisome. The most recently available figures support this:

	(a) Total Accrued Pension & OPEB Liabilities	(b) Total Assets Held	(a) - (b) Unfunded Liabilities	Percent Unfunded
Largest 100 Public Sector Defined Benefit Plans*	\$ 3,706,000,000,000	\$ 2,513,000,000,000	\$ 1,193,000,000,000	32.2%
State of California **	401,509,000,000	238,379,000,000	163,130,000,000	40.6%
San Mateo County **	3,489,876,000	2,558,311,000	931,565,000	26.7%

\* The figures are based on the most recently available comprehensive annual financial reports with valuation dates ranging from June 30, 2009 to January 1, 2012, and do not include OPEB.  
 \*\* The figures are based on the comprehensive annual financial reports for the fiscal year ended June 30, 2011.

Below we have analyzed the full pension and OPEB liabilities for the County, several other Bay Area counties, and the State. The County’s funded ratio of 73.3% is higher than the average funded ratio, 70.6%. The County’s funded ratio is significantly better than the State’s ratio of 59.4%. Perhaps more importantly, the County’s per employee liability ranks the 4<sup>th</sup> lowest of the compared entities and the 3<sup>rd</sup> lowest per capita liability. The analysis shown below includes Pension Obligation Bonds (POBs) outstanding balances, where applicable.

As of June 30, 2011			Retirement Costs - Defined Benefit Pension Plan, OPEB, and Pension Obligation Bonds			
Counties	Employees	Population	UAAL <sup>(a)</sup> plus Outstanding Bonds	Percent Funded <sup>(b)</sup>	Per Capita Liability	Per Employee Liability
San Mateo	5,187	724,702	\$ 931,565,000	73.3%	\$ 1,285	\$ 179,596
Alameda	7,898	1,521,157	2,115,293,000	71.9%	1,391	267,826
Contra Costa	8,142	1,056,064	2,556,762,369	67.7%	2,421	314,021
Marin	2,103	254,692	867,919,000	54.0%	3,408	412,719
Monterey	4,590	419,038	237,893,000	84.5%	568	51,829
Napa	1,308	137,639	119,627,000	78.2%	869	91,479
Sacramento	8,924	1,428,355	2,023,045,000	76.0%	1,416	226,697
Santa Clara	15,474	1,797,375	3,906,657,000	65.7%	2,174	252,466
Santa Cruz	2,319	264,430	361,090,853	70.6%	1,366	155,716
Sonoma	3,975	487,125	1,079,808,000	64.4%	2,217	271,650
Average of Counties			1,419,966,022	70.6%		
State of California	371,959	37,510,766	163,130,000,000	59.4%	4,349	438,570

(a) Unfunded Actuarial Accrued Liability (UAAL) is the excess of the actuarial accrued liabilities over the actuarial value of assets for both pension and OPEB plans.  
 (b) Percent funded equals the net value of plan assets divided by the sum of UAAL and outstanding bonds.

Below are significant positive and negative factors that will impact the County relative to its pension obligations.

- The 100 largest private plans use “discount rate” to mean the estimated return on investment associated only with the unfunded liabilities; a different rate of return (usually much higher) is used for assets held. However, public entities use the same discount rate for both unfunded liabilities and assets held. As of September 2012 these 100 private plans used an average discount rate of 4%. The actuaries for SamCERA, the County’s pension plan, use an estimated “discount rate” of 7.5% beginning July 1, 2012.

- For every 0.25% reduction in the discount rate, the County's annual required contribution increases by 3% of covered payroll (estimated to be \$436 million for FY 2012-13), or approximately \$13 million. Looked at differently, if the County paid \$13 million over and above the required annual contribution for the next fiscal year, it would be equivalent to assuming a decrease of 0.25% from the assumed 7.5% discount rate; a 7.25% discount rate for next year.
- The newly passed California's Public Employees' Pension Reform Act of 2013 ("PEPRA"), aimed at controlling future pension costs of State and local government agencies, will primarily impact County employees hired after January 1, 2013. The total pension benefits promised to be paid to future employees will be significantly less because of the PEPRA. In the long run it should reduce the growth in pension liabilities.
- The reduced County workforce will also reduce future growth in the unfunded pension liabilities. Over 700 positions have been eliminated from the County in the past four years.
- The issuance of (Pension Obligation Bonds) POBs by some government entities may have improved their pension liability standing. However, these entities essentially borrowed in order to buy investments. These POBs liabilities are being repaid, with interest, but are not included in the calculation of unfunded liabilities of their benefits. Additionally, many of the assets purchased by the pension plans from the proceeds of these POBs lost significant value in the Great Recession. Fortunately, the County never issued POBs and is therefore not in this position.
- Pension benefits are largely driven by employee salaries. Many County employees have not received raises for the past four years, which has reduced the rate of increase in the unfunded liabilities.
- The number of employees in the more expensive retirement plans is diminishing over time and so will the liabilities associated with their future pension obligations.

The following actions can be taken now to help the County meet its future benefit obligations:

- Use one-time discretionary revenues excess Educational Revenue Augmentation Fund (ERAF), sales tax increases, and other unanticipated discretionary revenues), which are currently considered to be on-going and used for operational purposes, to reduce future operating costs by increasing payments to fund long-term benefit obligations rather than fund current operating costs.
  - This will reduce the unfunded liability (slightly) but, more significantly, reduce the required annual contribution in future years. For example, a \$40 million additional payment for the next five years to SamCERA, the County's pension plan, would reduce the employer contribution by approximately 3.2% and have the same impact as decreasing the discount rate by 0.75%. After five years of paying an additional \$40 million each year, the annual required contribution to SamCERA would also be reduced by approximately \$17 million thereafter.
  - This is advisable as the State is constantly exploring ways to "take-back" these types of revenues to close its budget gaps. The State is also likely to continue to shift responsibilities to local governments without paying the full cost of these responsibilities (e.g., the shift of inmates from State to local facilities) and to find ways to obligate local revenues for the State's budget shortfalls.
- Continue to look for opportunities to improve operational efficiencies. County leadership is looking into redesigning the structure of its workforce to more efficiently meet operational needs thereby reducing the cost of services.

The Governmental Accounting Standards Board (GASB) has released new pronouncements (GASB Statements 67 and 68) to bring public pension accounting more in line with the private sector rules. GASB Statement 67 will be implemented by SamCERA for the fiscal year ending June 30, 2014, and GASB Statement 68 will be implemented for the County for the fiscal year ending June 30, 2015 (SamCERA must implement one year before the County). As part of the change, the discount rate for public defined benefit pension plans will be more in line with the discount rate and investment rate of return for private defined benefit plans. These pronouncements are expected to have a material impact to the liabilities reported in the County's Government-wide financial statements.

In summary, the County's Board and management have done much to address future benefit obligations. The County has reduced its workforce, kept salaries stable, avoided pension spiking schemes, kept current with its annual required contributions, and never issued POBs. Despite all these efforts the County will continue to face high annual employer contribution rates for benefit obligations into the foreseeable future. This will continue to reduce the amounts available for services unless there is a commitment for significant and on-going lump sum payments to the benefit plans. Significant and on-going lump sum payments equate to assuming a more realistic discount rate as well as a reduction in unfunded benefit liabilities and associated annual required contributions. This is true for both retirement benefits and other post-employment benefits. Most assuredly the County leadership can anticipate that one-time discretionary revenues will disappear (more likely sooner than later), and the State will continue to delegate its obligations to counties and cities without sufficient funding to meet these delegated obligations. The State is also expected to continue to pass complex legislation aimed at taking local revenues to meet the State's budget shortfalls. The operational structure of local governments is slowly changing, but more can be done in the short-term to continue to ensure basic services to County residents remain.

### **Affordable Care Act**

Driven in part by the U.S. Supreme Court's recent decision on the Affordable Care Act (ACA), all health care providers, including the County's San Mateo Medical Center (Medical Center), will be required to make major changes in the way they deliver care. The ACA is designed to provide health care insurance coverage for most Americans.

The ACA makes health care coverage affordable for lower-income Americans in two ways: by expanding Medicaid (called Medi-Cal in California) to cover more very impoverished individuals and by providing subsidies for low and middle income Americans to purchase insurance through State-established health insurance marketplaces called "Exchanges".

In the County we estimate that 47,000 uninsured residents will qualify for health insurance through the ACA, though a smaller number will actually get it. Approximately 13,000 County residents will qualify for Medi-Cal as eligibility expands to all documented residents with income below 138% of the Federal Poverty Level (FPL), which is \$15,024 in 2012 for a single adult. Currently Medi-Cal is only available if the income threshold is met and one is disabled, elderly or a minor. It is estimated that 34,000 residents will qualify for federal subsidies to purchase private health insurance through the State Exchange. Estimates of the percentage of people eligible for coverage who will actually get it range between 50-70%.

The ACA does not cover undocumented residents. In California, counties are responsible for arranging healthcare for the medically indigent. The County's Access and Care for Everyone (ACE) healthcare program for indigents is available for adult residents with incomes at or below 200% of the FPL and assets of \$2,000 or less. The County also provides health insurance to all children living in households with incomes at or below 400% of FPL.

We estimate that 16,000 adult residents and 4,500 children will continue to be uninsured and thus the County's responsibility after the ACA's implementation. This compares to 28,000 adults and 5,000 children currently enrolled in ACE and Health Kids.

The ACA is financed through a broad range of sources including: new taxes/fees on healthcare sector manufacturers; penalties on individuals and employers who do not obtain or offer health insurance coverage; increased Medicare taxes on the wealthiest Americans; and phased-in reduction in payments to hospitals that see a disproportionate share of uninsured and Medicaid patients. This reduction in the amount of disproportionate share payments will represent a significant decrease in federal and State payments to the County, especially the Medical Center.

The Human Services Agency has its own challenges with ACA implementation, as it will be responsible for up to 13,000 more Medi-Cal enrollments each year, which represents a 14% increase in Medi-Cal caseload. The net financial effect of the ACA on the County is unclear at this point. On one hand we expect to transition some patients from ACE to Medi-Cal (approximately 8,000 current ACE enrollees). On the other hand, the payments to the Medical Center as a disproportionate share hospital will decrease over time. At this point we expect an overall neutral financial effect from the law's implementation.

**Sales Tax Revenues**

The County’s Board of Supervisors has placed a tax measure on the November 2012 election asking voters to approve a half-cent sales tax increase. The measure would increase sales taxes throughout the County, and is expected to add \$60 million a year to the County’s general fund. Voter approval of this tax increase would help the County to balance its annual budget as well as meet its liabilities such as the unfunded pension liabilities. These additional monies will also allow the County to more easily prepay long-term obligations, as discussed previously, with current one-time discretionary funds that are likely to disappear.

**Vehicle License Fee**

Vehicle License Fee (VLF) is collected annually by the State and thereafter allocated to counties and cities for public services. The following terms are provided to facilitate understanding the issues discussed in this section.

- **Revenue limit entitlement (minimum funding guarantee).** The minimum amount of funding a school district is guaranteed to receive based on average daily attendance and other factors established by the State annually.
- **Educational Revenue Augmentation Fund (ERAF).** In 1992 the State enacted legislation that shifted responsibility for funding education to local governments by instructing County Auditor-Controller’s to shift local property tax revenues from local government agencies to the ERAF trust fund. ERAF is used to fund non-basic aid school districts up to their revenue limit entitlement which reduces the State’s funding obligation. Basic aid school districts are not entitled to receive ERAF funding.
- **Basic aid school districts.** Districts that receive their revenue limit solely from property tax revenues.
- **Non-basic aid school districts.** Districts that receive their revenue limit entitlement partially from local property taxes, ERAF, and State General Fund.

Effective FY 2004-05, California law was revised such that VLF due to the County and cities is paid from ERAF and property tax revenues of non-basic aid school districts. Any monies taken from non-basic aid school districts to fund VLF are replenished by the State. The law does not allow property tax revenues to be taken from basic aid school districts to fund VLF. As more school districts become basic aid, less money is available to pay VLF.

In FY 2011-12, \$203,960 out of the total \$125,046,133 VLF payable to the County and cities was not paid due to insufficient funds. The County's share of the \$203,960 shortfall is \$120,666. If additional school districts become basic aid in future years, the VLF shortfall could grow significantly, which in turn decreases the discretionary revenues available to the County and cities. Factors that can cause a school district to become basic aid include: increased local property tax revenues (from the recently dissolved redevelopment agencies and an improving economy) and any State mandated reduction in annual school district revenue limits.

The table below uses FY 2011-12 data to show the school districts closest to becoming basic aid and the associated estimated decrease in the VLF funds to the County and cities.

<b>Top 5 San Mateo County Non-Basic Aid School Districts Closest To Becoming Basic Aid in FY 2011-12<sup>1</sup></b>				
<b>Non-Basic Aid School District</b>	<b>Additional Property Taxes Needed To Become Basic Aid</b>	<b>County's Share of VLF Loss (A)</b>	<b>Cities Share of VLF Loss (B)</b>	<b>Total VLF Loss (A) + (B)</b>
Bayshore	\$ 514,283	\$ 962,014	\$ 668,519	\$ 1,630,533
San Carlos	597,290	7,687,144	5,341,913	13,029,057
Burlingame	1,194,195	7,707,553	5,356,096	13,063,649
Millbrae	1,716,737	5,871,189	4,079,978	9,951,167
Pacifica	3,614,153	7,064,671	4,909,347	11,974,018
		<b>\$ 29,292,571</b>	<b>\$ 20,355,853</b>	<b>\$ 49,648,424</b>

<sup>1</sup> The amounts above are based on the school districts P-2 2012 reports which are subject to further revisions upon issuance of the State annual reports in Feb/March 2013

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## Relevant Financial Policies

### Investment

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

### Reserves

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

Fund balance and reserves are viewed as one-time sources of funding and can only be used either for one-time purposes or as part of a multi-year financial plan to balance the budget. Such constraints prohibit creation of operating deficits through dependency on fund balance and reserves for ongoing expenditures. The policy establishes minimum requirements for departmental reserves at a minimum of 2% of net appropriations, General Fund reserves at a minimum of 5% of total General Fund net appropriations, appropriation for contingencies at 3% of total General Fund net appropriations, reserves for capital improvements at a minimum of \$2 million, and reserves for Countywide automation projects at a minimum of \$2 million.

### Budget

Under State law, the County is required to adopt a balanced budget by October 2<sup>nd</sup> of each year. Except for the Joint Powers Financing Authority and certain other special revenue funds, the County Manager's Office prepares a budget for all governmental funds on the modified accrual basis of accounting in accordance with California Government Code Sections 29000 and 29143. For the fiscal year 2012-13, the Board adopted a final budget of \$1.88 billion that is \$0.13 billion, or 7%, higher than the prior fiscal year.

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

### Debt Service Limit

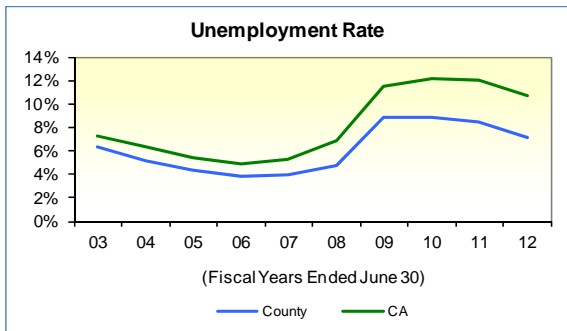
Under the County's Debt Limit Ordinance, the Board is required to establish the County debt service limit annually. The debt service limit is applicable to non-voter approved debt that is the obligation of the County. The limit does not include any voter approved debt or any debts of agencies, whether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

**Factors Affecting Economy**

**Employment**

The County had an estimated 27,600 unemployed residents as of June 2012.

- The County’s unemployment rate was 7.1% for June 2012, below the prior year’s average of 8.4%.
- This compares with an unadjusted unemployment rate of 10.7% for California and 8.4% for the U.S. for June 2012.
- Among California’s 58 counties, the County recorded the second lowest unemployment rate as of June 2012.



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

**Residential Property**

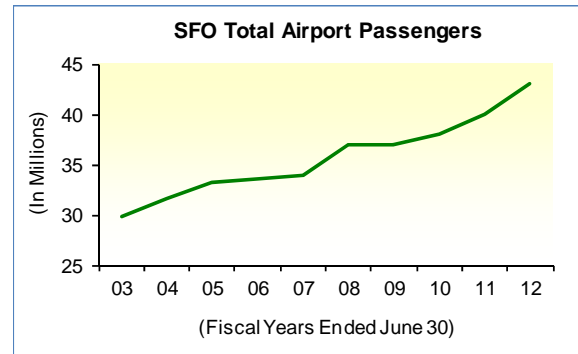
- The County’s median single-family home price rose 8.9% to \$826,250 as of June 2012, from \$758,500 as of June 2011.
- The County’s median condominium price rose 10.4% to \$425,000 as of 2012, from \$385,000 for as of 2011.
- The California median single-family home price rose 8.1% to \$320,540 in June 2012, from \$296,410 in June 2011.

**Commercial Property**

- The vacancy rate in June 2012 was at 14.1%, up from 13.5% in June 2011. The June 2010 vacancy rate was 17.1%.
- The average asking rate for space rose 12.5% to \$3.32 per square foot per month as of June 2012, up from \$2.95 per square foot per month as of June 2011. The rate at June 2010 was \$2.65 per square foot per month.

**Tourism**

- San Francisco International Airport remains a significant economic engine in the region by providing tens of thousands of jobs.
- The Airport’s total passenger volume rose 7.7% to 43.1 million for June 2012 from 40.0 million for June 2011.



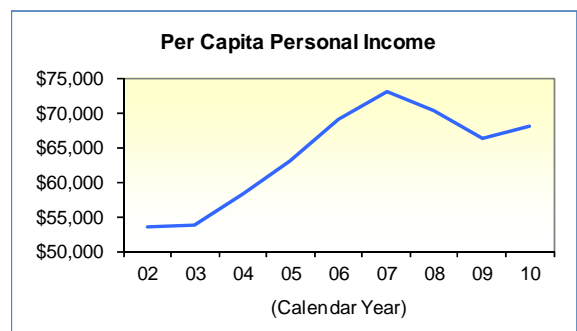
Source: SFO Comparative Traffic Reports

**Taxable Sales**

County’s total taxable sales rose 8.2% to \$3.20 billion for the quarter ended June 2011 (latest data) from \$2.96 billion for the same period ended June 2010.

**Per Capita Income**

- The County’s estimated median family income was \$99,043 for 2011 (latest available data) compared to \$101,753 for 2010 per the U.S. Census Bureau.
- The County’s per capita personal income increased to \$67,964 in 2010 (latest available data), 2.6% increase from \$66,254 in 2009.



Source: U.S. Department of Commerce Bureau of Economic Analysis

**Major Initiatives**



**Healthy Community**

*Board of Supervisors*

- Ensure residents have access to quality health care by enlarging and renovating the Coastside Clinic in Half Moon Bay.

*First 5*

- Promote school readiness and seek to close the achievement gap in target communities through the Bridges to Success program.

*Health System*

- Prepare for healthcare reform and respond to criminal justice realignment.



**Safe Community**

*Board of Supervisors*

- Arrange for Caltrans to hire former jail inmates to work on State roads with the goal of improving safety and reducing recidivism.

*Coroner’s Office*

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

*District Attorney*

- Train office staff and partner agencies on State realignment legislation and successfully implement related changes within the criminal justice system.

*Information Services Department*

- Increase communications among criminal justice agencies via an improved and secure Criminal Justice Information System.

*Probation*

- Seek innovative ways for supervising and managing the formerly incarcerated individuals to protect public safety and to improve the ability of individuals to successfully reenter society.

*Public Safety Communications*

- Continue to work with the County and City Managers to determine the feasibility of consolidated law enforcement communications.

*Sheriff’s Office*

- Continue construction of a replacement jail facility to adequately meet our current and future custody needs, including future state realignment prisoner populations.



**Environmentally Conscious Community**

*Board of Supervisors*

- Encourage the use of County parks and promote healthy living by sponsoring “Take A Hike”.

*Assessor-County Clerk-Recorder/Elections Office*

- Promote the “Go Green” program that enables voters to receive ballots and voter information pamphlets online.

*Department of Public Works*

- Protect water quality and prevent sanitary sewer overflows into streams by completing the final design and commencing construction of Crystal Springs County Sanitation District Master Plan Capital Improvements.



**Prosperous Community**

*Board of Supervisors*

- Provide awards of up to \$5,000 each to eight San Mateo County educators for innovative projects that promote the study of science, technology, engineering, and mathematics.

*Child Support Services*

- Evaluate the effectiveness of an electronic workflow mail system allowing the department to scan and upload incoming mail directly into the child support system.

*Human Services Agency*

- Implement Healthcare Enrollment Expansion in preparation for healthcare reform and improve the current client service environment.



**Livable Community**

*Department of Housing*

- Partner with MidPeninsula Housing Corporation to build an initial 60-units of Half Moon Village, an affordable senior housing complex.

*Planning and Building Department*

- Develop a community Climate Action Plan and other resources to assist in reducing greenhouse gas emissions and limiting energy use.



**Collaborative Community**

*Board of Supervisors*

- Sponsor and organize Disaster Preparedness Day in cooperation with local law enforcement agencies, fire departments and community groups

*County Manager’s Office*

- Lead Five-Year Budget Plan to eliminate structural deficit by FY 2017 through revenues and economic development, labor cost savings, shared services and operational efficiencies.

*Human Resources*

- Expand wellness program that promotes healthy living by employees and reduces health care costs.

**Meeting the Future**

Through the budget process, departments were directed to develop proposals aligned to the public's priorities. The Board's efforts revealed that the public overwhelmingly wants to live in a county that is healthy, safe, prosperous, livable, collaborative and environmentally conscious. Being in a leadership role, the County strives to fulfill these priorities by incorporating them into the County's strategic plan (Shared Vision 2025).

County management believes the ultimate result of a program is what counts. The more closely a County program aligns with desired outcomes, the higher the program is ranked on a priority list (priority based budgeting). Changing organizational strategies to build upon this core principle will maximize impact of each dollar expended on the priorities of the community. The Board continues to guide changes to strengthen partnerships, implement reorganizations and labor cost restructurings, reduce long-term facilities and property costs, use technologies for administrative and operational efficiencies, and explore revenue generation opportunities. Difficult decisions continue to be on the County's financial horizon and the County will need to continue to meet these challenges with innovation, long-term financial strategic planning and fiscal prudence.

**Awards and Acknowledgements****Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report (CAFR) for the prior fiscal year ended June 30, 2011. This was the twelfth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The County also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2011.

**Acknowledgements**

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

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

Respectfully submitted,



Bob Adler, CPA  
Controller



# 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, 2011

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



*Linda C. Sandson*

President

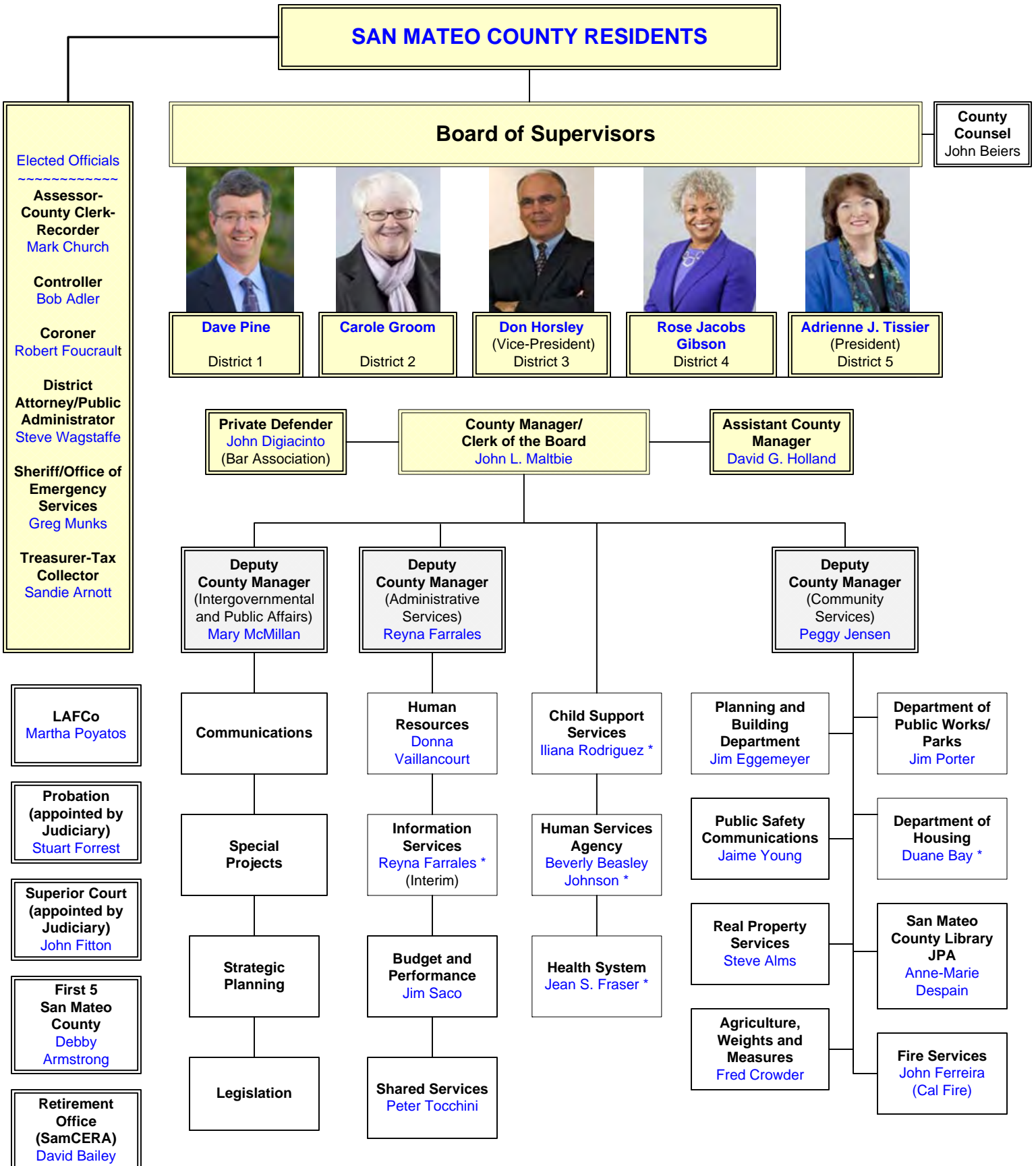
*Jeffrey R. Enos*

Executive Director

# COUNTY OF SAN MATEO

## Organization Chart

June 30, 2012



**Elected Officials**

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

- LAFCo  
Martha Poyatos
- Probation (appointed by Judiciary)  
Stuart Forrest
- Superior Court (appointed by Judiciary)  
John Fitton
- First 5 San Mateo County  
Debby Armstrong
- Retirement Office (SamCERA)  
David Bailey

\* Direct report to the County Manager

**COUNTY OF SAN MATEO**  
**Public Officials**  
June 30, 2012

**ELECTED OFFICIALS**

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Board of Supervisors:

President	Adrienne J. Tissier
Vice-president	Don Horsley
Supervisor	Dave Pine
Supervisor	Carole Groom
Supervisor	Rose Jacobs Gibson

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

**APPOINTED OFFICIALS**

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

**DEPARTMENT DIRECTORS**

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

**AFFILIATED ORGANIZATIONS**

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First 5 San Mateo County, Executive Director	Debby Armstrong
San Mateo County Housing Authority, Director	Duane Bay
San Mateo County Joint Powers Financing Authority, President	Robert Sans
San Mateo County Employees' Retirement Association, Chief Executive Officer	David Bailey



## **FINANCIAL SECTION**

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

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Mateo, California (County) as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the County of San Mateo (Housing Authority) and the San Mateo County Employees' Retirement Association (SamCERA). The Housing Authority is a major enterprise fund and also represents 21%, 26%, and 27% of the assets, net assets, and revenues, respectively, of the business-type activities. SamCERA represents 51%, 54%, and 5% of the assets, net assets, and revenues, respectively, of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts for the Housing Authority and SamCERA, 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

*Macias Gini & Connell LLP*

Walnut Creek, California  
October 31, 2012



**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, 2012

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, 2012. The information presented herein should be read in conjunction with the transmittal letter in the preceding section and the County's basic financial statements in the succeeding section. **All dollar amounts are expressed in thousands unless otherwise indicated.**

**FINANCIAL HIGHLIGHTS**

**Government-wide financial analysis**

The assets of the County exceeded its liabilities at the close of the fiscal year 2011-12 by \$1.3 billion (*net assets*). Of this amount, \$621 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors, \$193 million is restricted for specific purpose (*restricted net assets*), and \$518 million is invested in capital assets, net of related debt.

**Fund financial analysis**

Total fund balances for the County's governmental funds reached \$467 million as of June 30, 2012, reflecting an increase of \$68 million from the prior fiscal year. About \$218 million of this total, or 47%, is either nonspendable or restricted for specific uses; and \$249 million, or 53%, is available to meet the County's current and future uses.

The total fund balance in the County's primary operating fund, the General Fund, at year-end was \$309 million. Approximately \$73 million is either nonspendable or for specific uses. The remaining \$236 million, which approximates to 30% of the General fund's total expenditures for the year, is available for appropriation.

**Capital asset and debt administration**

The County's overall investment in capital assets was about the same as last fiscal year at \$841 million. This amount includes \$779 million for the governmental activities and \$62 million for the business-type activities.

The County's total long-term debt (including lease revenue bonds, certificates of participation, notes payable, and other long-term liabilities) decreased by \$15 million to \$356 million. The decrease is primarily due to the scheduled retirement of outstanding debts.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the County's basic financial statements. The County's basic financial statements include 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.

**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 assets* presents information on all of the County's assets and liabilities with the difference between the two reported as net assets. Over time increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The *statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported 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 and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or 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 the funds for the San Mateo Medical Center (Medical Center), two Airports, Coyote Point Marina, and the Housing Authority.

*The government-wide financial statements can be found on pages 19-21 of this report.*



**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2012

**Fund Financial Statements** are groupings 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. The County's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The County maintains 20 individual governmental funds. Information for the General Fund and 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 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 22-25 of this report.*

**Proprietary funds** are maintained in the following two ways:

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

*Internal service funds* are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its workers' compensation insurance, long-term disability 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 26-29 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 30-31 of this report.*

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2012

The basic financial statements also incorporate *component units* that are legally separate entities for which the County is financially accountable. These units possess substantially the same Board as the County or provide services entirely to the County. The County's blended component units include JPFA; Housing Authority of the County of San Mateo (Housing Authority); In-Home Supportive Services Public Authority; County service areas, sewer and sanitation, flood control, lighting and other special districts. First 5 San Mateo County (First 5) does not meet the requirements as blended component unit and thus is reported as a discretely presented component unit.

**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 32-72 of this report.*

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

*Required supplementary information can be found on pages 73-84 of this report.*

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

*Combining and individual fund statements and schedules can be found on pages 85-128 of this report.*

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets can 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 assets exceeded its liabilities by \$1.3 billion at June 30, 2012. The County's total net assets increased by \$103 million, or 8%, in FY 2011-12.

**Net Assets  
(In Thousands)**

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2012	2011	2012	2011	2012	2011	Amount	Percentage
<b>Assets:</b>								
Current and other assets	\$ 993,151	\$ 918,943	\$ 116,286	\$ 104,775	\$1,109,437	\$1,023,718	\$ 85,719	8%
Capital assets	779,342	782,484	62,043	58,895	841,385	841,379	6	0%
Total assets	1,772,493	1,701,427	178,329	163,670	1,950,822	1,865,097	85,725	5%
<b>Liabilities:</b>								
Long-term liabilities	436,300	450,985	12,536	13,741	448,836	464,726	(15,890)	-3%
Other liabilities	134,918	146,772	35,187	24,395	170,105	171,167	(1,062)	-1%
Total liabilities	571,218	597,757	47,723	38,136	618,941	635,893	(16,952)	-3%
<b>Net assets:</b>								
Invested in capital assets, net of related debt	459,511	449,235	58,904	54,851	518,415	504,086	14,329	3%
Restricted	190,765	173,431	1,886	1,095	192,651	174,526	18,125	10%
Unrestricted	550,999	481,004	69,816	69,588	620,815	550,592	70,223	13%
Total net assets	\$ 1,201,275	\$ 1,103,670	\$ 130,606	\$ 125,534	\$1,331,881	\$ 1,229,204	\$ 102,677	8%

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2012

***Governmental activities***

**Total assets** for the governmental activities increased by \$71.1 million, or 4%, primarily caused by:

- \$82.1 million increase in cash and investments, largely due to the following:
  - \$47.0 million increase from excess Educational Revenue Augmentation Fund (ERAF) that has not been used to fund the County's outlays. Under the California law, local taxing agencies are required to shift a portion of their property tax revenues to ERAF for public education. Amount in excess of the mandated level are refunded to local taxing agencies.
  - \$14.0 million increase from the delayed payment of annual required contribution to the County's Retiree Health Plan. The payment to the plan administrator was processed in July 2012 instead of June 2012.
  - \$5.9 million increase because of increased funding from the Public Safety Augmentation Fund (PSAF).
  - \$2.7 million increase caused by increased allocation from the highway user tax to the Road Fund for road repair and maintenance.
- \$3.9 million increase in mortgages receivable as the Department of Housing added nine home loans totaling \$4.0 million to its loan portfolio.
- \$14.4 million decrease in due from other governmental agencies, primarily resulted from two revenue accruals made in the prior year totaling \$14.0 million. Most of this amount was subsequently settled in the current fiscal year.

**Total liabilities** for the governmental activities decreased by \$26.5 million, or 4%, primarily due to the following:

- \$5.9 million increase in accounts payable, primarily resulted from the timing difference between when transactions were executed and when payments were made.
- \$17.8 million decrease in accrued salaries and benefits as the number of days subject to accrual fell sharply this year. For employees on "24/7" schedule, the accrual was based on 7 days versus 19 days last year. For other employees, the accrual was based on 5 days versus 14 days last year.
- \$14.0 million increase in accrued liabilities which was caused by the delayed payment of annual required contribution to the County's Retiree Health Plan discussed earlier.
- \$13.3 million decrease in long-term debt resulted from scheduled retirement of outstanding debts.
- \$14.4 million decrease in deferred revenues caused by revenue recognition for resources that have been earned.

***Business-type activities***

**Total assets** for the business-type activities increased by \$14.7 million, or 9%. Significant changes are as follows:

- The Medical Center's total assets increased by \$7.9 million, primarily due to the following:
  - \$3.5 million increase in cash. The Medical Center received \$65.9 million, which included \$60.3 million in County subsidies, \$5.5 million in capital contributions, and \$0.1 million in short-term loans from other funds. These funds enabled the Medical Center to meet its operating cash outlays of \$55.7 million, loan repayments plus interest of \$1.3 million, and capital outlays of \$5.3 million.

**COUNTY OF SAN MATEO**  
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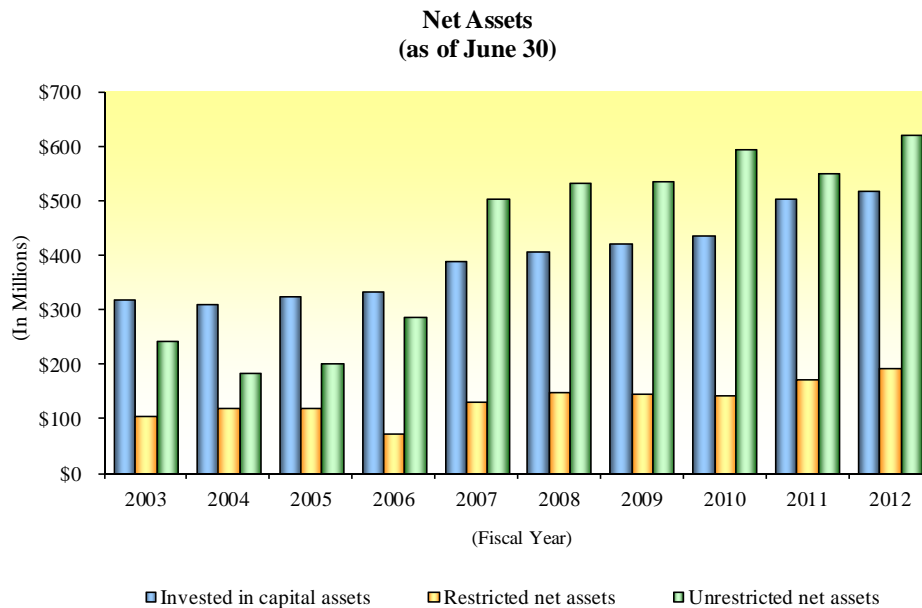
- \$3.1 million increase in capital assets net of accumulated depreciation.
- \$2.4 million decrease in net patient accounts receivable due to increased collection efforts.
- The Housing Authority's total assets increased by \$5.3 million, primarily due to a \$4.2 million increase in cash retained by the Midway Village Fund for program based reserves and a \$0.9 million increase in receivable from the U.S. Department of Housing and Urban Development due to deferred payment.

**Total liabilities** for the business-type activities increased by \$9.6 million, or 25%, primarily due to the following:

- The Medical Center's total liabilities increased by \$10.8 million, primarily from a \$14.3 million increase in due to other governmental agencies for the establishment of an audit reserve of \$9.9 million required by the Department of Health Care Services and a \$4.4 million pay backs to the Medicare Federally Qualified Health Center. The increase was partially offset by a \$4.6 million decrease in accrued payroll as the number of days subject to accrual decreased sharply as discussed earlier.
- The Housing Authority's total liabilities decreased by \$0.4 million, primarily due to decreases in accounts payable and accrued salaries and benefits.

The County's total net assets from the governmental and business-type activities can be divided into three portions: investment in capital assets less any related debt, restricted net assets, and unrestricted net assets.

- 39%, or \$518 million, of the County's net assets represent its *investment in capital assets* (e.g., land, buildings and equipment); net of any related debts used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; these assets 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 must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.
- 14%, or \$193 million, of the County's net assets is *restricted net assets* that are subject to external restrictions on how they may be used.
- 47%, or \$621 million, of total the County's net assets is *unrestricted net assets* that may be used to meet the County's ongoing obligations to citizens and creditors.

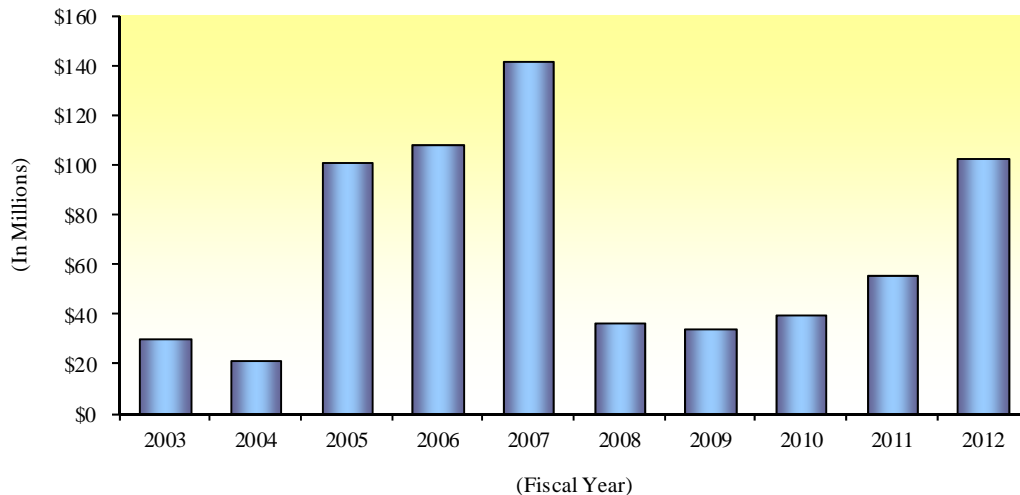


**COUNTY OF SAN MATEO**  
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The County's net assets overall increased by \$103 million during FY 2011-12, compared to an increase of \$56 million in the prior fiscal year. About \$98 million of the overall increase was from the governmental activities and \$5 million of this increase from the business-type activities. Reclassifications were made to the prior year's revenues to conform to the current year's presentation.

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2012	2011	2012	2011	2012	2011	Amount	Percentage
<b>Revenues:</b>								
Program revenues:								
Charges for services	\$ 147,993	\$ 138,915	\$ 131,658	\$ 127,173	\$ 279,651	\$ 266,088	\$ 13,563	5%
Operating grants and contributions	455,477	426,932	138,170	138,510	593,647	565,442	28,205	5%
Capital grants and contributions	-	-	5,939	4,514	5,939	4,514	1,425	32%
General revenues:								
Property taxes	365,961	342,189	-	-	365,961	342,189	23,772	7%
Other taxes	26,743	22,995	-	-	26,743	22,995	3,748	16%
Unrestricted interest and investment earnings	10,602	10,008	372	279	10,974	10,287	687	7%
Security lending activities:								
Securities lending income	-	34	-	2	-	36	(36)	-100%
Securities lending expenses	-	(29)	-	(2)	-	(31)	31	100%
Miscellaneous	20,585	20,873	3,812	3,323	24,397	24,196	201	1%
<b>Total revenues</b>	<b>1,027,361</b>	<b>961,917</b>	<b>279,951</b>	<b>273,799</b>	<b>1,307,312</b>	<b>1,235,716</b>	<b>71,596</b>	<b>6%</b>
<b>Expenses:</b>								
Program expenses:								
General government	72,195	68,325	-	-	72,195	68,325	3,870	6%
Public protection	340,503	329,087	-	-	340,503	329,087	11,416	3%
Public ways and facilities	19,358	19,089	-	-	19,358	19,089	269	1%
Health and sanitation	222,081	214,952	-	-	222,081	214,952	7,129	3%
Public assistance	198,742	207,316	-	-	198,742	207,316	(8,574)	-4%
Recreation	8,907	9,608	-	-	8,907	9,608	(701)	-7%
Interest on long-term liabilities	16,841	18,185	-	-	16,841	18,185	(1,344)	-7%
San Mateo Medical Center	-	-	251,626	241,028	251,626	241,028	10,598	4%
Airports	-	-	2,763	2,598	2,763	2,598	165	6%
Coyote Point Marina	-	-	1,066	1,067	1,066	1,067	(1)	0%
Housing Authority	-	-	70,553	68,728	70,553	68,728	1,825	3%
<b>Total expenses</b>	<b>878,627</b>	<b>866,562</b>	<b>326,008</b>	<b>313,421</b>	<b>1,204,635</b>	<b>1,179,983</b>	<b>24,652</b>	<b>2%</b>
Excess (deficiency) before transfers	148,734	95,355	(46,057)	(39,622)	102,677	55,733	46,944	84%
Transfers	(51,129)	(55,528)	51,129	55,528	-	-	-	---
<b>Change in net assets</b>	<b>97,605</b>	<b>39,827</b>	<b>5,072</b>	<b>15,906</b>	<b>102,677</b>	<b>55,733</b>	<b>46,944</b>	<b>84%</b>
Net assets - beginning	1,103,670	1,063,843	125,534	109,628	1,229,204	1,173,471	55,733	5%
<b>Net assets - ending</b>	<b>\$ 1,201,275</b>	<b>\$ 1,103,670</b>	<b>\$ 130,606</b>	<b>\$ 125,534</b>	<b>\$ 1,331,881</b>	<b>\$ 1,229,204</b>	<b>\$ 102,677</b>	<b>8%</b>

**Change in Net Assets**



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**Net Assets** for the governmental activities increased by \$97.6 million, or 8.8%, in FY 2011-12. Key factors are:

***Revenues for governmental activities.***

Revenues from *Charges for Services* increased by \$9.1 million, or 7%. Most of this increase was from behavioral health and recovery services, including \$2.0 million from increased claimable services delivered to Medi-Cal eligible clients; \$1.4 million from Medicaid Coverage Expansion program for low-income individuals; and \$6.0 million from claims and cost settlements for services rendered to eligible individuals. The increase was partially offset by other immaterial decreases.

Revenues from *Operating Grants and Contributions* increased by \$28.5 million, or 7%, primarily due to the following:

- \$5.9 million increased funding from PSAF. The sales activity in the County improved as the consumer confidence rebounded. The PSAF funding is from the receipt of half-cent State sales tax for local public safety services based on the County's share of statewide taxable sales.
- \$6.9 million from law enforcement services to cities. Last year the County signed a service agreement with two cities, San Carlos and Half Moon Bay, whereby the County agreed to take over their law enforcement units and provide law enforcement services to the cities for an agreed upon fees. In March 2012, the County signed a similar service agreement with City of Millbrae with effective date March 4, 2012.
- \$14.4 million from recognizing revenues previously deferred.

Revenues from *Property Taxes* increased by \$23.8 million, or 7%. Most of the increase was due to the following:

- \$9.8 million increase in excess ERAF refund. The difference between total ERAF revenue and total amount schools entitled to receive is "Excess ERAF". In FY 2011-12, San Mateo Community College District (SMCCD) received sufficient local revenues from property taxes and student enrollment fees to meet the guaranteed funding threshold. As a result, SMCCD is no longer eligible to receive ERAF. The amount of Excess ERAF refunded to local taxing agencies was thus increased.
- \$4.1 million from residual balances in the Redevelopment Property Tax Trust Fund (RPTTF). In 2011, the State passed a legislature requiring State Redevelopment Agencies (RDAs) to dissolve by February 1, 2012. Pursuant to this legislation, monies held by former RDAs are transferred to RPTTF. The County is responsible for allocating the monies to the County for administrative costs, to taxing entities for pass-through payments, and to the Successor Agencies for outstanding obligations incurred by the former RDAs and administrative costs. Any monies remaining in the RPTTF are distributed to local taxing entities.
- \$8.0 million from a sizable property tax refund in FY 2010-11. In April 2011, the County settled property tax claims filed by Genentech. The settlement resolved all claims spanning from the years 1990 through 1999. The County agreed to credit Genentech with \$26.5 million in property taxes plus interest over the next six years. Refunds of property tax overpayments are collected from local taxing entities including \$4.0 million from the County. The refunds increased the County's liabilities and reduced the property tax revenues for FY 2010-11, and accordingly caused a \$8.0 million increase in property tax revenues in FY 2011-12.

Revenues from *Other Taxes* increased by \$3.8 million, or 16%, primarily due to a \$2.3 million in Point-of-Sales taxes from improved sales activities in the County as consumer confidence gradually restored.

***Expenses for governmental activities.***

Expenses for *Public protection* increased by \$11.4 million, or 3%. Most of the increase resulted from the absorption of the three law enforcement units from cities as discussed earlier, and increased operating costs at the Maguire Jail facilities due to merit increases, overtime, and associated benefits.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
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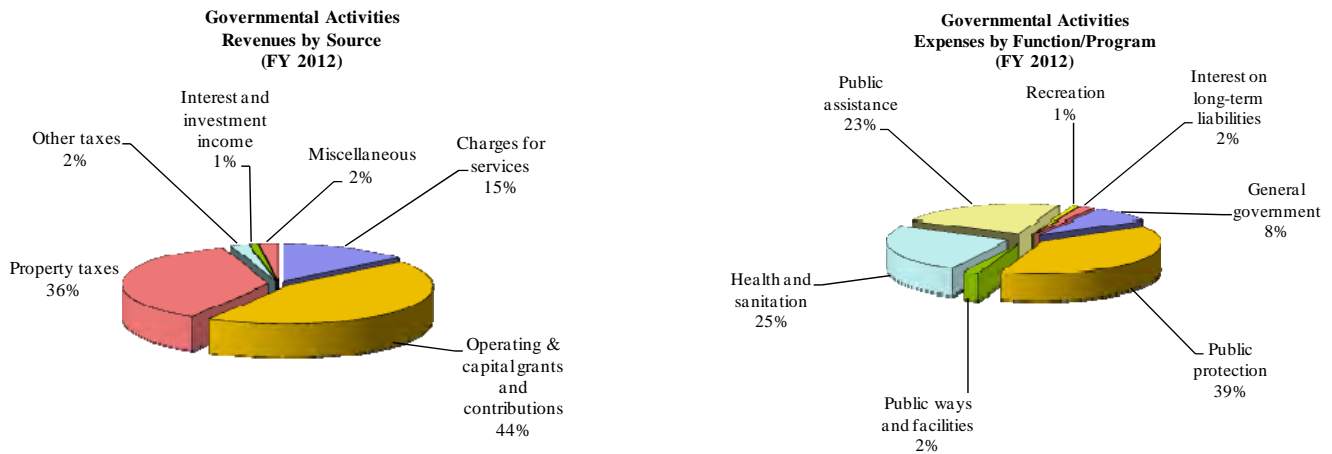
Expenses for *Heath and sanitation* increased by \$7.1 million, or 3%, primarily caused by the following:

- \$4.8 million increased outlays in the delivery of behavioral health and recovery services due to increased service contracts to support evolving business needs, collaborative efforts in health care, and pharmacy service costs for indigent clients.
- \$4.3 million increased expenses reported by the Sewer and Sanitation special revenue fund, largely due to increased sewage transport, treatment, and disposal service charges imposed by cities on July 1, 2011.

Expenses for *Public assistance* decreased by \$8.6 million, or 4%, primarily resulted from a \$1.2 million reduction in services as the federal Temporary Assistance for Needy Families block grant ended in FY11; a \$3.0 million savings in costs due to cost containment strategies; a \$2.0 million decrease in assistance payments from CalWORKs; and lastly a \$3.1 million decrease in contract services because of the State Governor's decision to redirect the Special Education funding and responsibility of placement to Education.

*Transfers out* decreased by \$4.4 million, or 8%, primarily due to reduced County subsidies to the Medical Center for indigent health care, from 64.5 million last year to \$59.5 million this year. Pursuant to California Welfare and Institutions Code Section 17000, the County is required to provide medical care and public health services to the uninsured and the poor.

For the fiscal year ended June 30, 2012, revenues and expenses for governmental activities are as follows:



Net assets for business-type activities increased by \$5.1 million, or 4%. Significant changes are as follows:

**Medical Center.** Net assets for the Medical Center decreased by \$2.9 million. The Medical Center reported a net operating loss of \$59.8 million because the cost of providing healthcare services was substantially higher than the revenues received. The loss and transfers out of \$9.1 million were partially absorbed by a \$60.2 million subsidy from the County and \$5.5 million capital contributions from Hospital Foundation and SB 1732 funds.

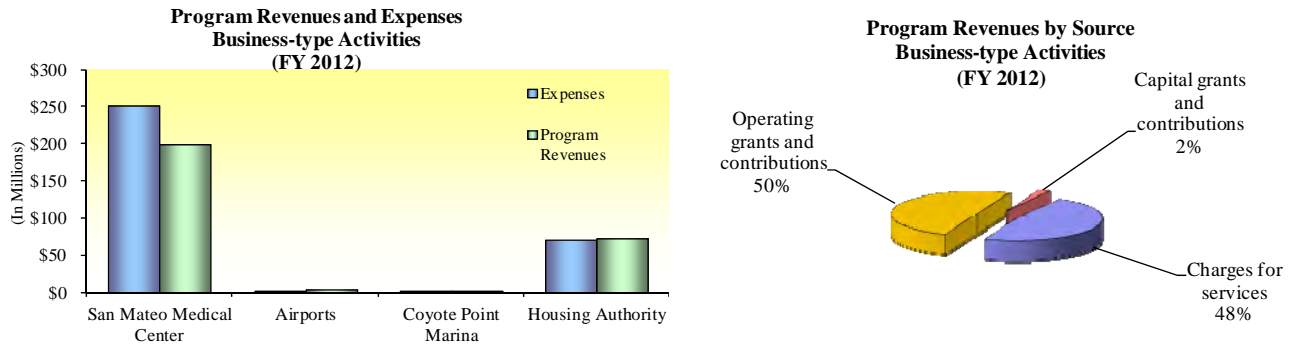
- Total operating revenues reported were \$193.7 million, an increase of \$2.3 million from last fiscal year. This total included \$106.5 million from net patient revenue, \$69.4 million from grant programs, and \$17.8 million from other sources.
- Total operating expenses reported were \$253.5 million, an increase of \$12.3 million from last fiscal year. Key factors for this increase include the following:
  - \$3.0 million increase in employee salaries and benefits primarily resulted from increases in employee benefit and pension expenses.

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- \$1.9 million increase in drug consumptions for additional services to the Burlingame Long Term Care facility.
  - \$2.3 million increase in contract services from out-of-network providers administering care to patients enrolled in the County's "Access and Care for Everyone" program.
  - \$4.1 million increase in other purchased services, fees, and general expenses.
- Total net nonoperating revenues were \$0.3 million compared to \$1.8 million last year, mainly due to a \$1.9 million decrease in State funding with the end of the Healthcare for the Homeless program.

**Housing Authority.** Net assets for the Housing Authority increased by \$5.7 million, largely due to increased grant funding of \$5.4 million.

For the fiscal year ended June 30, 2012, revenues and expenses for business-type activities are distributed as follows:



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

**Governmental funds.** The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The general government's functions are reported in the general, special revenue, debt service, and capital projects funds. Included in these funds are various special districts governed by the Board that are blended into nonmajor governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of unrestricted resources. Such information is useful in assessing the County's financing requirements. In particular, unrestricted fund balance at the end of the fiscal year can serve as a useful measure of the County's net resources available for spending.

As of June 30, 2012, the County's governmental funds reported combined fund balances of \$467 million at year-end, an increase of \$68 million, or 17%, compared to the prior fiscal year. Approximately 53% of the combined amount, or \$249 million, constitutes fund balance that is available for appropriation in the upcoming year. The remainder of the fund balance totaling \$218 million is restricted, including \$27 million "not in spendable form" for items that are not expected to be converted into cash such as inventories and long-term loans, and \$191 million restricted for programs at various levels.

The *General Fund* is the primary operating fund of the County. As of June 30, 2012, the General Fund's available fund balance was \$236 million when total fund balance reached \$309 million. As a measure of liquidity, both available fund balance and total fund balance can be compared to total fund expenditures. Available fund balance represents 30% of total fund expenditures and total fund balance represents 39% of the same amount. The overall fund balance in the General Fund has increased by \$63 million in FY 2011-12.



**COUNTY OF SAN MATEO**  
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For the fiscal years ended June 30, 2012 and 2011, revenues for the General Fund are distributed as follows (reclassifications were made to the prior year's revenues to conform to the current year's presentation):

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

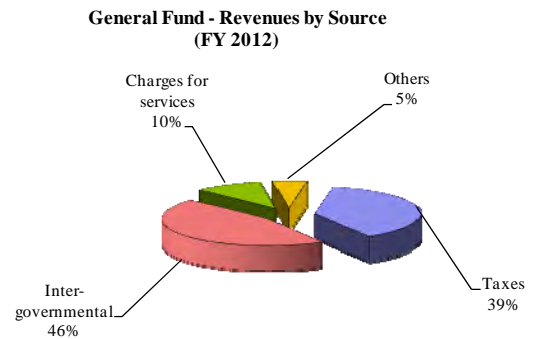
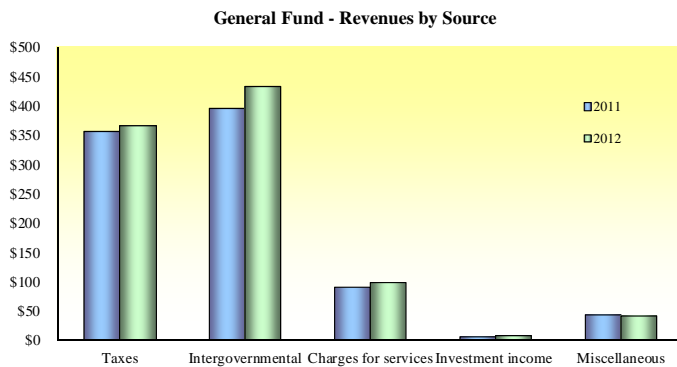
Revenues by Source	FY 2012		FY 2011		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 367,234	39%	\$ 356,248	40%	\$ 10,986	3%
Licenses and permits	5,891	1%	5,415	1%	476	9%
Intergovernmental	433,201	46%	395,548	44%	37,653	10%
Charges for services	98,155	10%	91,380	10%	6,775	7%
Fines, forfeitures, and penalties	10,532	1%	12,232	1%	(1,700)	-14%
Rents and concessions	1,510	0%	1,859	0%	(349)	-19%
Investment income	8,157	1%	6,602	1%	1,555	24%
Securities lending income, net	-	0%	4	0%	(4)	-100%
Other	23,489	2%	24,690	3%	(1,201)	-5%
<b>Total</b>	<b>\$ 948,169</b>	<b>100%</b>	<b>\$ 893,978</b>	<b>100%</b>	<b>\$ 54,191</b>	<b>6%</b>

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

*Taxes* increased by \$11.0 million, or 3%. See explanations on page 9. Two items discussed earlier, the \$9.8 million increase from excess ERAF and the \$8.0 million increase from property tax refunds to Genentech recorded last year, do not apply here due to different accounting treatments. Revenues in the governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available within sixty days after year-end. Revenues not available within this period are deferred. On the contrary, revenues in the statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when they are earned, regardless when the related cash flows take place.

*Intergovernmental revenue* increased by \$37.7 million, or 10%. Explanations on page 9 under operating grants and contributions also apply here. The difference is mainly due to the timing in revenue recognition as discussed earlier.

*Charges for services* increased by \$6.8 million, or 7%. See explanations previously discussed on page 9.



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**Management's Discussion and Analysis (Continued)**  
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For the fiscal years ended June 30, 2012 and 2011, expenditures for the General Fund are distributed as follows:

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

Expenditures by Function	FY 2012		FY 2011		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 59,660	8%	\$ 59,005	8%	\$ 655	1%
Public protection	326,717	41%	314,501	40%	12,216	4%
Health and sanitation	203,066	26%	197,778	25%	5,288	3%
Public assistance	187,570	24%	195,904	25%	(8,334)	-4%
Recreation	8,222	1%	9,110	1%	(888)	-10%
Capital outlay	7,336	1%	7,503	1%	(167)	-2%
Debt service - interest charges	3	0%	-	0%	3	---
<b>Total</b>	<b>\$ 792,574</b>	<b>100%</b>	<b>\$ 783,801</b>	<b>100%</b>	<b>\$ 8,773</b>	<b>1%</b>

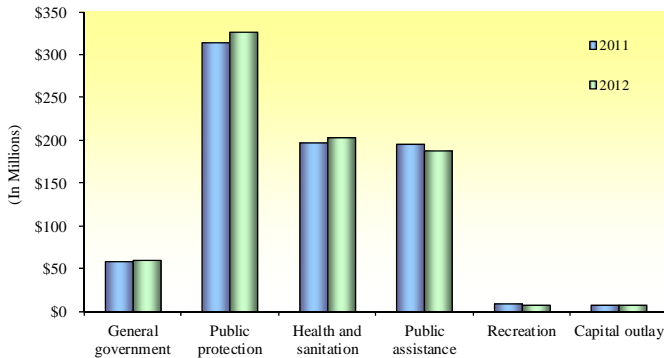
**General Fund Expenditures.** Significant changes in expenditures are as follows:

Expenditures for *Public protection* increased by \$12.2 million, or 4%. See explanations on page 9.

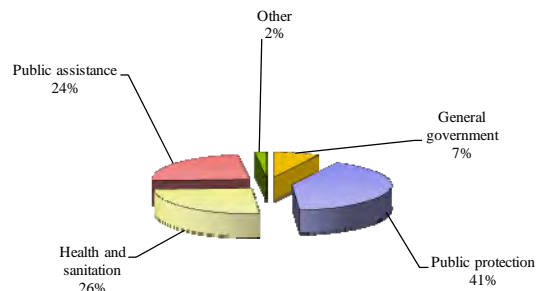
Expenditures for *Health and sanitation* increased by \$5.3 million, or 3%. See explanations on page 10.

Expenditures for *Public assistance* decreased by \$8.3 million, or 4%. See explanations on page 10.

**General Fund - Expenditures by Function**



**General Fund - Expenditures by Function (FY 2012)**



**Joint Powers Financing Authority** is a major governmental fund. Overall, the JPFA realized a \$0.6 million decrease in fund balance predominantly due to capital outlays on unfinished projects at Youth Services Center.

**Nonmajor governmental funds** include all special revenue funds, the debt service fund, and all capital projects funds. These funds reported a combined net increase in fund balance of \$5.6 million, mainly resulted from:

*Special revenue funds.* Total fund balances increased by \$4.6 million, primarily caused by the following:

- Road Fund reported a net increase of \$3.1 million in fund balance, primarily due to a \$2.8 million increase in State Streets and Highways Code Section 2103 funds. Most of the increase was caused by a higher number of monthly payments in FY 2011-12 because Section 2103 monies first started in November of 2011 with a monthly average of \$0.6 million.

**COUNTY OF SAN MATEO**  
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- County Fire Protection Fund realized a net increase of \$1.4 million in fund balance, mainly from a \$0.8 million increase in County subsidy to address its increasing structural deficit for revenues from property taxes have not grown enough to cover the shortfall.
- Solid Waste Fund realized a net increase of \$1.2 million in fund balance, largely caused by a significant cutback in spending due to the uncertainty of Assembly Bill 939 revenues.
- In-Home Supportive Services (IHSS) Public Authority reported a net decrease in fund balance of \$1.8 million, primarily due to increased County's share of individual provider wages to 17.5% in FY 2011-12 from 13.4% in the 2<sup>nd</sup> quarter of FY 2010-11.

*Debt service fund* reported a net increase in fund balance of \$0.4 million, primarily due to increased investment return from the County investment pool.

*Capital projects funds* reported a net increase in fund balance of \$0.5 million, primarily due to increased project costs.

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

*Enterprise funds. Discussion on major enterprise funds (Medical Center and Housing Authority) can be found in the business-type activities section.* Nonmajor enterprise funds, Airports and Coyote Point Marina, were able to operate at nearly break-even with a \$0.4 million increase in net assets.

*Internal service funds.* Internal service funds reported a \$10.6 million increase in net assets. The increase is essentially composed of the following:

- *Workers' Compensation Insurance.* Premiums collected from departments have not been able to cover increased operating expenses incurred causing most of the \$1.3 million decrease in net assets.
- *Long-Term Disability.* This fund experienced a \$1.4 million increase in net assets, largely caused by a \$1.3 million negative increment in estimated claims liability as the number of removed participants outweighed the number of new participants.
- *Personal Injury and Property Damage.* Premium collected from departments exceeded the actual expenses incurred, causing a \$1.7 million increase in net assets.
- *Employee Benefits.* This fund realized a \$9.2 million increase in net assets. Half of this amount was from excess premiums collected through charge-back and half from refund of overpayments.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund's final budget exceeded its original by \$8.3 million, or about 1%, for the fiscal year ended June 30, 2012. Supplemental appropriations were sponsored through unanticipated revenues. In most cases, unanticipated revenues were appropriated within the receiving budget units to balance operating outlays.

The County received \$8.5 million of unanticipated revenues in FY 2011-12, including \$3.1 million from 2011 Public Safety Realignment (a historic legislation that mandates individuals sentenced to non-serious, non-violent or non-sex offenses serve their sentences in county jails instead of state prison); \$1.6 million from the City of Millbrae for law enforcement services; \$1.0 million from State Employment Development Department to provide employment services for dislocated workers; \$1.2 million from State Departments to augment funding for programs related to public safety and public health; \$0.5 million from California Home Visiting Program to improve outcomes for families residing in identified at-risk communities; and \$1.1 million from other sources to provide additional funding for various functions.

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Actual General Fund revenues exceeded budgeted by \$44 million, or 5%. About \$37 million came from property taxes; \$24 million from intergovernmental revenues; and \$2 million from use of money and property. The excess; however, was partially offset by budget deficits from other revenue sources.

Actual General Fund expenditures were below budgeted by \$263 million, or 22%. The savings were achieved by an array of continuous efforts to reduce costs.

- \$164 million savings in appropriations for contingencies due to cognizant long-term financial planning.
- \$75 million savings in services, supplies and other charges. Human Services Agency reported a \$17 million savings due to lower program expenses for eligibility determination, out of home placement, and CalWORKs aid payment; Sheriff a \$9 million savings resulted from conscientious spending; and Information System Department a \$7 million savings due to project deferral. The remaining savings were realized through prudent spending county-wide.
- \$25 million savings in salaries and benefits, primarily due to unfilled positions, elimination of vacant positions, voluntary early retirement, and involuntary terminations of employment.
- \$18 million savings in other financing uses from multi-year projects that were not yet started, including tenant improvements at the County's owned office building, the new jail, and several miscellaneous projects.
- \$1 million savings in capital outlays primarily due to scaling back and cancellation of certain capital projects.

The overall savings of \$283 million discussed earlier were reduced by a \$20 million decline in unrealized intrafund transfers.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** The County's capital assets include land and easements, infrastructure, construction in progress, structures and improvements, equipment, and software. As of June 30, 2012, the County's total investment in capital assets remained almost the same at \$841 million.

The County's capital assets as of June 30, 2012 and 2011, are comprised of the following:

	<b>Capital Assets Net of Accumulated Depreciation (In Thousands)</b>							
	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2012	2011	2012	2011	2012	2011	Amount	Percentage
Land and easements	\$ 84,404	\$ 81,511	\$ 10,147	\$ 10,147	\$ 94,551	\$ 91,658	\$ 2,893	3%
Infrastructure	131,876	130,531	-	-	131,876	130,531	1,345	1%
Construction in progress	35,201	40,920	3,312	5,206	38,513	46,126	(7,613)	-17%
Structures & improvements	515,755	514,762	39,863	35,651	555,618	550,413	5,205	1%
Equipment	11,397	14,616	6,554	4,717	17,951	19,333	(1,382)	-7%
Software	709	144	2,167	3,174	2,876	3,318	(442)	-13%
Total	<u>\$ 779,342</u>	<u>\$ 782,484</u>	<u>\$ 62,043</u>	<u>\$ 58,895</u>	<u>\$ 841,385</u>	<u>\$ 841,379</u>	<u>\$ 6</u>	<u>0%</u>

The County records its infrastructure assets at historical cost, and uses the modified approach to report its maintained road subsystem of the road network of \$77 million. Infrastructure assets reported under the modified approach are not subject to depreciation per 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).

**COUNTY OF SAN MATEO**  
**Management’s Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2012

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

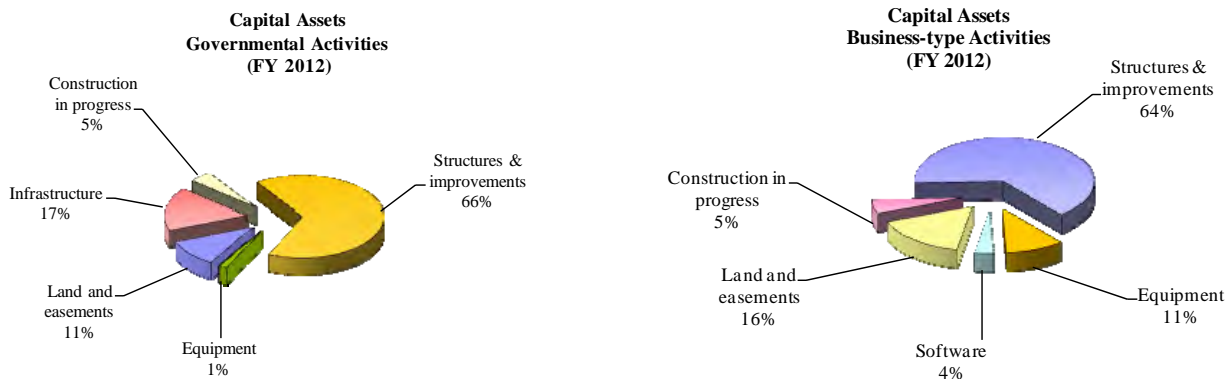
A complete condition assessment is performed every three years. The latest complete condition assessment was completed in FY 2009-10 where the County’s maintained pavement subsystem was rated at a PCI of 75 based on a weighted average by area for the primary roads and 56 for the secondary roads. For the fiscal year ended June 30, 2012, the estimated maintenance and preservation costs exceeded the actual amount by \$0.2 million due to the lower than anticipated construction cost.

**Road Condition Assessment**

PCI Condition Rating	2010	2010	2007	2007	2004	2004
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
<b>Primary:</b>						
Good to excellent (55-100)	138.22	88.9%	137.62	87.7%	122.45	78.9%
Substandard to fair (0-54)	17.35	11.2%	19.22	12.3%	32.66	21.1%
Total	155.57	100.1%	156.84	100.0%	155.11	100.0%
<b>Secondary:</b>						
Fair to excellent (40-100)	117.05	73.2%	118.16	75.0%	117.03	72.5%
Substandard to fair (0-39)	42.77	26.8%	39.41	25.0%	44.49	27.5%
Total	159.82	100.0%	157.57	100.0%	161.52	100.0%

The JPFA issued lease revenue bonds in November 2003 to construct a new County Youth Services Center. The main facility of the Youth Services Center was completed in September 2006 and the Receiving Home in January 2010. The demolition of the old Hillcrest Facility and grading of the Berm were completed in November 2011. As of June 30, 2012, approximately \$0.7 million has been committed to finish the remaining project for the closure of Loop Road.

The County’s capital assets are distributed as follows:



Additional information on the County’s capital assets can be found in Note 8 on pages 52-53 of this report.

**Long-term debt.** The County’s total debt has decreased by \$15 million, or 4%, mainly due to the scheduled retirement of outstanding debts of \$13 million. The County’s total outstanding debt was \$356 million as of June 30, 2012. This is comprised of \$327 million in lease revenue bonds, \$23 million in certificates of participation, \$3 million in notes payable, and \$3 million in other long-term liabilities.

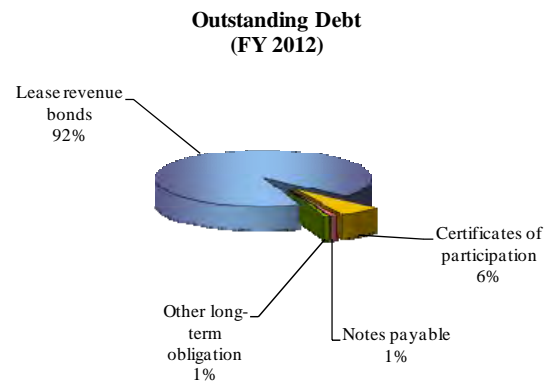
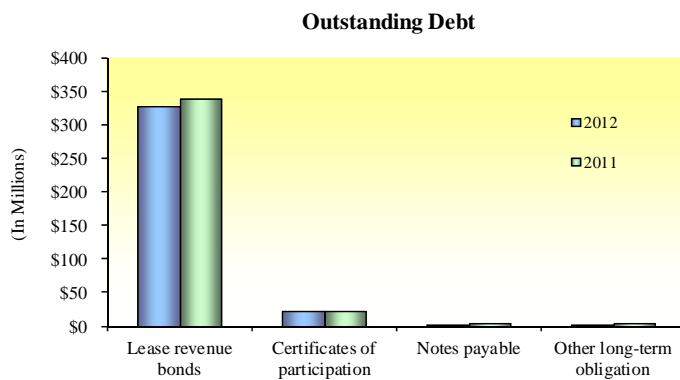
**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2012

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 2011-12 was \$71 million. The amount applicable to the debt service limit was \$29 million, which was \$42 million, or 59%, less than authorized.

**Outstanding Debt  
 (In Thousands)**

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2012	2011	2012	2011	2012	2011	Amount	Percentage
Lease revenue bonds (including accreted interest)	\$ 326,750	\$ 339,076	\$ -	\$ -	\$ 326,750	\$ 339,076	\$ (12,326)	-4%
Certificates of participation	22,709	23,076	-	-	22,709	23,076	(367)	-2%
Notes payable	134	154	3,139	3,863	3,273	4,017	(744)	-19%
Other long-term obligation	2,894	4,047	-	181	2,894	4,228	(1,334)	-32%
<b>Total</b>	<b>\$ 352,487</b>	<b>\$ 366,353</b>	<b>\$ 3,139</b>	<b>\$ 4,044</b>	<b>\$ 355,626</b>	<b>\$ 370,397</b>	<b>\$ (14,771)</b>	<b>-4%</b>

The County's debts are comprised of and distributed as follows:



Additional information on the County's long-term debt can be found in Note 10 on pages 54-57 of this report.

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

In preparing the County's budget for FY 2012-13, the following factors were considered:

- Although the County is not immune to the forces affecting the economy, it fares better than the overall state in its unemployment rate at 7.1% in June 2012, far above historic levels but below the state average of 10.7% for the same period.
- Despite the stagnant economy and housing market, the underlying equity in the County's real estate remains substantial. The median sales price for home in the County was \$0.7 million for the period April 2011 through 2012. The number of financially distressed homeowners with notices of default fell 26.2% during the first quarter of 2012 compared to the same period in 2011.
- Rents in the County continue to climb. Average rent for a two-bedroom apartment was about two thousands in the first quarter of 2012, a 17.1% increase over a year. In 2009, about 47% of renters in the County spent 30% or more of household income on housing.
- In September 2012, the County Board signed off a \$1.88 billion budget with 5,127 positions for FY 2012-13, an increase of 7.4% over the prior year's budget of \$1.75 billion. The County uses about \$40 million from excess ERAF reserves to balance the budget.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2012

- One of the County's most important responsibilities is public safety. Last year State Governor enacted two Assembly Bills, 109 and 117, which together provides for the early release of some inmates from State prison and requires less serious felons be incarcerated in county jails. These sweeping changes reduce State expenses by shifting the responsibility to local governments. In response to the "public safety realignment", the County includes \$5.1 million for additional reentry services to reduce recidivism and \$44.2 million for the design of the new jail. The County anticipates a \$10 million from the State for such realignment next year.

As of June 30, 2012, available fund balance in the General Fund was \$236 million. The County has appropriated the full amount of available fund balance for spending in the FY 2012-13's budget.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Controller, 555 County Center, 4<sup>th</sup> Floor, Redwood City, CA 94063. This report is also available online at [www.co.sanmateo.ca.us](http://www.co.sanmateo.ca.us)

SamCERA, Housing Authority, and First 5 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



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



**COUNTY OF SAN MATEO**  
**Statement of Net Assets**  
**June 30, 2012**  
**(In Thousands)**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 San Mateo County
<b>ASSETS</b>				
Cash and investments	\$ 561,785	\$ 53,812	\$ 615,597	\$ 25,214
Restricted cash and investments	25,434	1,231	26,665	-
Receivables (net)	126,762	14,902	141,664	58
Due from other governmental agencies	168,423	17,781	186,204	1,198
Inventories	538	2,896	3,434	-
Other assets	5,818	5,668	11,486	-
Internal balances	3,765	(3,765)	-	-
Net OPEB asset	100,626	23,761	124,387	163
Capital assets:				
Nondepreciable	196,858	13,459	210,317	-
Depreciable, net	582,484	48,584	631,068	-
Total assets	<u>\$ 1,772,493</u>	<u>\$ 178,329</u>	<u>\$ 1,950,822</u>	<u>\$ 26,633</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 33,838	\$ 8,798	\$ 42,636	\$ 1,948
Payable from restricted cash and investments	-	268	268	25
Accrued interest payable	7,975	29	8,004	-
Accrued salaries and benefits	10,387	3,083	13,470	-
Accrued liabilities	14,679	39	14,718	-
Due to other governmental agencies	23,990	22,508	46,498	-
Unearned revenues	43,909	458	44,367	-
Deposits	140	4	144	-
Long-term liabilities:				
Net OPEB obligation - due beyond one year	-	378	378	-
Lease revenue bonds				
Due within one year	13,316	-	13,316	-
Due beyond one year	313,434	-	313,434	-
Certificates of participation				
Due within one year	387	-	387	-
Due beyond one year	22,322	-	22,322	-
Notes payable				
Due within one year	10	58	68	-
Due beyond one year	124	3,081	3,205	-
Other long-term obligations				
Due within one year	948	-	948	-
Due beyond one year	1,946	-	1,946	-
Estimated claims				
Due within one year	13,390	12	13,402	-
Due beyond one year	37,116	669	37,785	-
Compensated absences				
Due within one year	26,401	7,751	34,152	70
Due beyond one year	6,906	587	7,493	10
Total liabilities	<u>571,218</u>	<u>47,723</u>	<u>618,941</u>	<u>2,053</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	459,511	58,904	518,415	-
Restricted for:				
General government	15,075	-	15,075	-
Public protection	15,650	-	15,650	-
Public ways and facilities	31,538	-	31,538	-
Health and sanitation	26,759	-	26,759	-
Public assistance	37,205	-	37,205	-
Capital projects	3,675	-	3,675	-
Debt service	60,863	-	60,863	-
Housing assistance programs	-	1,886	1,886	-
New parent kit program	-	-	-	1
Unrestricted	550,999	69,816	620,815	24,579
Total net assets	<u>1,201,275</u>	<u>130,606</u>	<u>1,331,881</u>	<u>24,580</u>
Total liabilities and net assets	<u>\$ 1,772,493</u>	<u>\$ 178,329</u>	<u>\$ 1,950,822</u>	<u>\$ 26,633</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, 2012**  
**(In Thousands)**

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Functions/Programs:</b>				
<b>Primary government</b>				
Governmental activities:				
General government	\$ 72,195	\$ 29,011	\$ 23,269	\$ -
Public protection	340,503	35,478	129,266	-
Public ways and facilities	19,358	2,123	19,874	-
Health and sanitation	222,081	74,523	125,680	-
Public assistance	198,742	4,605	154,378	-
Recreation	8,907	2,253	3,010	-
Interest on long-term liabilities	16,841	-	-	-
Total governmental activities	878,627	147,993	455,477	-
Business-type activities:				
San Mateo Medical Center	251,626	124,285	69,387	5,530
Airports	2,763	2,589	-	230
Coyote Point Marina	1,066	1,198	-	103
Housing Authority	70,553	3,586	68,783	76
Total business-type activities	326,008	131,658	138,170	5,939
Total primary government	\$ 1,204,635	\$ 279,651	\$ 593,647	\$ 5,939
<b>Component unit:</b>				
First 5 San Mateo County	\$ 9,369	\$ -	\$ 6,780	\$ -

General revenues:

- Taxes:
  - Property taxes
  - Property transfer taxes
  - Sales and use taxes
  - Property tax in-lieu of sales taxes
  - Transient occupancy taxes
  - Aircraft taxes
  - Other taxes
- Unrestricted interest and investment earnings
- Miscellaneous
- Extraordinary item - Reversal of Assembly Bill 99
- Transfers
  - Total general revenues, extraordinary item, and transfers
  - Change in net assets
- Net assets, beginning of year
- Net assets, 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, 2012**  
**(In Thousands)**

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business- type Activities	Total	First 5 San Mateo County
\$ (19,915)	\$ -	\$ (19,915)	
(175,759)	-	(175,759)	
2,639	-	2,639	
(21,878)	-	(21,878)	
(39,759)	-	(39,759)	
(3,644)	-	(3,644)	
(16,841)	-	(16,841)	
<u>(275,157)</u>	<u>-</u>	<u>(275,157)</u>	
-	(52,424)	(52,424)	
-	56	56	
-	235	235	
-	1,892	1,892	
<u>-</u>	<u>(50,241)</u>	<u>(50,241)</u>	
<u>(275,157)</u>	<u>(50,241)</u>	<u>(325,398)</u>	
			\$ (2,589)
360,310	-	360,310	
5,651	-	5,651	
18,869	-	18,869	
5,560	-	5,560	
1,221	-	1,221	
1,091	-	1,091	
2	-	2	
10,602	372	10,974	312
20,585	3,812	24,397	167
-	-	-	15,340
(51,129)	51,129	-	-
<u>372,762</u>	<u>55,313</u>	<u>428,075</u>	<u>15,819</u>
97,605	5,072	102,677	13,230
<u>1,103,670</u>	<u>125,534</u>	<u>1,229,204</u>	<u>11,350</u>
<u>\$ 1,201,275</u>	<u>\$ 130,606</u>	<u>\$ 1,331,881</u>	<u>\$ 24,580</u>
			<b>Functions/Programs:</b> <b>Primary government</b> 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  <b>Component unit:</b> First 5 San Mateo County  General revenues: Taxes: Property taxes Property transfer taxes Sales and use taxes Property tax in-lieu of sales taxes Transient occupancy taxes Aircraft taxes Other taxes Unrestricted interest and investment earnings Miscellaneous Extraordinary item - Reversal of Assembly Bill 99 Transfers Total general revenues, extraordinary item, and transfers  Change in net assets Net assets, beginning of year Net assets, end of year



## **Basic Financial Statements -**

**Fund Financial Statements**

**COUNTY OF SAN MATEO**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**  
**(In Thousands)**

	<u>General Fund</u>	<u>Joint Powers Financing Authority</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 362,404	\$ 11,797	\$ 124,380	\$ 498,581
Restricted cash and investments	-	25,434	-	25,434
Receivables (net):				
Accounts	7,716	-	73	7,789
Interest	12,405	66	254	12,725
Taxes	14,488	-	905	15,393
Mortgages	67,555	-	-	67,555
Other	23,113	-	15	23,128
Due from other funds	2,640	-	215	2,855
Due from other governmental agencies	163,725	-	1,881	165,606
Other assets	357	-	-	357
Inventories	61	-	354	415
Advances to other funds	5,345	-	-	5,345
Total assets	<u>\$ 659,809</u>	<u>\$ 37,297</u>	<u>\$ 128,077</u>	<u>\$ 825,183</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 28,405	\$ 12	\$ 4,662	\$ 33,079
Accrued salaries and benefits	10,132	-	201	10,333
Accrued liabilities	14,492	-	186	14,678
Due to other funds	551	-	118	669
Due to other governmental agencies	23,990	-	-	23,990
Advances from other funds	-	-	200	200
Deferred revenues	273,090	-	2,255	275,345
Deposits	-	-	45	45
Total liabilities	<u>350,660</u>	<u>12</u>	<u>7,667</u>	<u>358,339</u>
<b>Fund Balances:</b>				
Nonspendable	27,124	-	354	27,478
Restricted	46,149	37,285	107,331	190,765
Assigned	4,590	-	12,725	17,315
Unassigned	231,286	-	-	231,286
Total fund balances	<u>309,149</u>	<u>37,285</u>	<u>120,410</u>	<u>466,844</u>
Total liabilities and fund balances	<u>\$ 659,809</u>	<u>\$ 37,297</u>	<u>\$ 128,077</u>	<u>\$ 825,183</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 Assets**  
**June 30, 2012**  
**(In Thousands)**

**Fund balances - total governmental funds (page 22)** \$ 466,844

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

Deferred charges in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	2,901
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	775,595
Net OPEB asset is not financial resource and, therefore, is not reported in the governmental funds.	99,948
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	231,610
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 assets.	17,961
Interest payable on long-term liabilities does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.	(7,975)
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	\$ (326,750)
Certificates of participation	(22,709)
Notes payable	(134)
Other long-term obligations	(2,894)
Compensated absences	(33,122)
	(385,609)

**Net assets of governmental activities (page 19)** \$ 1,201,275

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, 2012**  
**(In Thousands)**

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
<b>Revenues:</b>				
Taxes	\$ 367,234	\$ -	\$ 14,509	\$ 381,743
Licenses and permits	5,891	-	2,801	8,692
Intergovernmental	433,201	-	30,758	463,959
Charges for services	98,155	-	20,290	118,445
Fines, forfeitures and penalties	10,532	-	2,435	12,967
Rents and concessions	1,510	-	89	1,599
Investment income	8,157	622	1,348	10,127
Other revenues	23,489	76	775	24,340
Total revenues	<u>948,169</u>	<u>698</u>	<u>73,005</u>	<u>1,021,872</u>
<b>Expenditures:</b>				
Current:				
General government	59,660	148	2,740	62,548
Public protection	326,717	-	8,406	335,123
Public ways and facilities	-	-	18,906	18,906
Health and sanitation	203,066	-	18,317	221,383
Public assistance	187,570	-	15,389	202,959
Recreation	8,222	-	-	8,222
Capital outlay	7,336	983	14,919	23,238
Debt service:				
Principal	-	12,970	20	12,990
Interest	3	17,538	1	17,542
Total expenditures	<u>792,574</u>	<u>31,639</u>	<u>78,698</u>	<u>902,911</u>
Excess (deficiency) of revenues over (under) expenditures	<u>155,595</u>	<u>(30,941)</u>	<u>(5,693)</u>	<u>118,961</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	2	-	21	23
Transfers in	268	30,305	44,853	75,426
Transfers out	<u>(92,671)</u>	<u>-</u>	<u>(33,605)</u>	<u>(126,276)</u>
Total other financing sources (uses)	<u>(92,401)</u>	<u>30,305</u>	<u>11,269</u>	<u>(50,827)</u>
<b>Net change in fund balances</b>	63,194	(636)	5,576	68,134
Fund balances - beginning	<u>245,955</u>	<u>37,921</u>	<u>114,834</u>	<u>398,710</u>
Fund balances - end	<u>\$ 309,149</u>	<u>\$ 37,285</u>	<u>\$ 120,410</u>	<u>\$ 466,844</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, 2012**  
**(In Thousands)**

**Net change in fund balances - total governmental funds (page 24)** \$ 68,134

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 their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets and infrastructure	\$ 23,238	
Expenditures not subject to capitalization	(2,200)	
The net effect of various miscellaneous transactions involving capital assets such as sales, retirements, trade-ins, and donations	(5,760)	
Less current year depreciation	<u>(17,633)</u>	(2,355)

Unavailable revenues are reported as deferred revenues in the governmental funds, but are recognized as revenues in the statement of activities. 7,551

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

Payments towards:

Lease revenue bonds	12,605	
Certificates of participation	365	
Notes payable	20	
Other long-term obligation - capital lease	<u>35</u>	13,025

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 deferred charges	(148)	
Amortization of bond discount	(5)	
Amortization of bond premium	544	
Amortization of deferred loss on refunding	(471)	
Change in accrued interest payable	508	
Accretion of capital appreciation bonds	(345)	
Change in net OPEB asset	891	
Change in long-term liabilities	1,118	
Change in compensated absences	<u>464</u>	2,556

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues of certain activities of the internal service funds are reported with governmental activities. 8,694

**Change in net assets of governmental activities (page 21)** \$ 97,605

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



**COUNTY OF SAN MATEO**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**June 30, 2012**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental Activities
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 26,733	\$ 25,843	\$ 1,236	\$ 53,812	\$ 63,204
Restricted cash and investments	-	1,231	-	1,231	-
Receivables (net):					
Accounts	13,055	134	48	13,237	40
Grant	692	-	-	692	-
Interest	-	61	3	64	132
Other	887	22	-	909	-
Due from other funds	307	-	-	307	59
Due from other governmental agencies	15,416	2,365	-	17,781	2,817
Inventories	2,896	-	-	2,896	123
Other assets	3,946	-	-	3,946	2,560
Total current assets	<u>63,932</u>	<u>29,656</u>	<u>1,287</u>	<u>94,875</u>	<u>68,935</u>
Noncurrent assets:					
Notes receivable	200	525	-	725	-
Deposits	997	-	-	997	-
Net OPEB asset	23,460	-	301	23,761	678
Capital assets:					
Nondepreciable:					
Land	841	1,128	8,178	10,147	7
Construction in progress	1,500	1,026	786	3,312	-
Depreciable:					
Structures and improvements	9,249	21,274	41,189	71,712	1,078
Equipment	14,313	1,024	179	15,516	20,583
Software	8,974	-	-	8,974	10
Less accumulated depreciation	<u>(16,093)</u>	<u>(17,671)</u>	<u>(13,854)</u>	<u>(47,618)</u>	<u>(17,931)</u>
Total noncurrent assets	<u>43,441</u>	<u>7,306</u>	<u>36,779</u>	<u>87,526</u>	<u>4,425</u>
Total assets	<u>107,373</u>	<u>36,962</u>	<u>38,066</u>	<u>182,401</u>	<u>73,360</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	8,548	124	126	8,798	762
Payable from restricted cash and investments	-	268	-	268	-
Accrued interest payable	-	-	29	29	-
Accrued salaries and benefits	2,988	71	24	3,083	53
Accrued liabilities	-	39	-	39	-
Due to other funds	2,495	-	2	2,497	55
Due to other governmental agencies	22,508	-	-	22,508	-
Unearned revenues	350	100	8	458	174
Notes payable - current	-	-	58	58	-
Compensated absences - current	7,475	243	33	7,751	131
Estimated claims - current	-	12	-	12	13,390
Total current liabilities	<u>44,364</u>	<u>857</u>	<u>280</u>	<u>45,501</u>	<u>14,565</u>
Noncurrent liabilities:					
Advances from other funds	3,000	784	-	3,784	1,361
Deposits	-	-	4	4	94
Net OPEB obligation - noncurrent	-	378	-	378	-
Notes payable - noncurrent	-	188	2,893	3,081	-
Compensated absences - noncurrent	384	140	63	587	54
Estimated claims - noncurrent	-	669	-	669	37,116
Total noncurrent liabilities	<u>3,384</u>	<u>2,159</u>	<u>2,960</u>	<u>8,503</u>	<u>38,625</u>
Total liabilities	<u>47,748</u>	<u>3,016</u>	<u>3,240</u>	<u>54,004</u>	<u>53,190</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	18,784	6,593	33,527	58,904	3,747
Restricted	-	963	923	1,886	-
Unrestricted	40,841	26,390	376	67,607	16,423
Total net assets	<u>\$ 59,625</u>	<u>\$ 33,946</u>	<u>\$ 34,826</u>	<u>2,209</u>	<u>\$ 20,170</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				2,209	
Net assets of business-type activities (page 19)				<u>\$ 130,606</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 Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Activities Internal Service Funds
<b>Operating revenues:</b>					
Charges for services	377,308	\$ 3,586	\$ 1,206	\$ 382,100	\$ 121,643
Less:					
Contractual allowances	(256,896)	-	-	(256,896)	-
Provision for doubtful accounts	(13,927)	-	-	(13,927)	-
Net charges for services	106,485	3,586	1,206	111,277	121,643
Other program revenues:					
Supplemental programs	52,618	-	-	52,618	-
Medical managed care	16,769	-	-	16,769	-
Sales tax	4,180	-	-	4,180	-
Other operating revenues:					
Rent and concessions	-	-	2,581	2,581	-
Revenue from other County agencies	1,848	-	-	1,848	-
Revenue from foundations	4,110	-	-	4,110	-
Sales of drugs and medical supplies, fees, and others	7,662	-	-	7,662	-
Miscellaneous	-	3,537	96	3,633	5,791
Total operating revenues	193,672	7,123	3,883	204,678	127,434
<b>Operating expenses:</b>					
Salaries and benefits	150,602	4,487	1,425	156,514	2,920
Pharmaceutical drugs	9,049	-	-	9,049	-
Supplies	11,378	-	-	11,378	-
Contract provider services	31,175	-	-	31,175	-
Other fees and purchased services	34,907	-	-	34,907	-
General and administrative	14,226	6,711	1,425	22,362	11,190
Benefits and claims	-	-	-	-	16,573
Insurance premiums	-	-	-	-	84,851
Depreciation and amortization	2,172	334	827	3,333	1,693
Housing assistance payments	-	59,021	-	59,021	-
Total operating expenses	253,509	70,553	3,677	327,739	117,227
Operating income (loss)	(59,837)	(63,430)	206	(123,061)	10,207
<b>Nonoperating revenues (expenses):</b>					
State and federal grants	-	68,783	-	68,783	-
Gain on forgiveness of loan from County	179	-	-	179	-
Loss from disposal of capital assets	(11)	-	-	(11)	-
Investment income	117	237	18	372	685
Interest expense	(5)	-	(172)	(177)	-
Total nonoperating revenues (expenses), net	280	69,020	(154)	69,146	685
Income (loss) before capital contributions and transfers	(59,557)	5,590	52	(53,915)	10,892
Capital contributions	5,530	76	333	5,939	-
Transfers in	60,283	-	9	60,292	22
Transfers out	(9,148)	-	(15)	(9,163)	(301)
<b>Change in net assets</b>	(2,892)	5,666	379	3,153	10,613
Net assets - beginning	62,517	28,280	34,447		9,557
Net assets - end	\$ 59,625	\$ 33,946	\$ 34,826		\$ 20,170
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				1,919	
Change in net assets of business-type activities (page 21)				\$ 5,072	

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, 2012**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo	Housing	Other	Total	Internal
	Medical Center	Authority	Enterprise Funds		Service Funds
<b>Cash flows from operating activities</b>					
Cash receipts from customers	\$ 208,047	\$ 7,112	\$ 4,120	\$ 219,279	\$ -
Cash receipts from interfund services provided	-	-	-	-	125,840
Cash paid to suppliers of goods and services	(100,089)	(3,863)	(1,407)	(105,359)	(95,907)
Cash paid to employees for services	(155,688)	(4,516)	(1,537)	(161,741)	(3,055)
Cash paid for housing assistance	-	(62,189)	-	(62,189)	-
Cash paid for judgments and claims	-	-	-	-	(16,904)
Net cash provided by (used in) operating activities	<u>(47,730)</u>	<u>(63,456)</u>	<u>1,176</u>	<u>(110,010)</u>	<u>9,974</u>
<b>Cash flows from noncapital financing activities</b>					
County subsidy transfers	60,283	-	-	60,283	-
Transfers received from other funds	-	-	9	9	22
Transfers paid to other funds	(9,148)	-	(15)	(9,163)	(301)
Loan from other funds	-	-	2	2	-
Loan repayments to other funds	(65)	(7)	(185)	(257)	-
Interest payment	(5)	-	-	(5)	-
State and federal grant receipts	-	67,904	-	67,904	-
Net cash provided by (used in) noncapital financing activities	<u>51,065</u>	<u>67,897</u>	<u>(189)</u>	<u>118,773</u>	<u>(279)</u>
<b>Cash flows from capital and related financing activities</b>					
Acquisition of capital assets	(5,272)	(496)	(724)	(6,492)	(907)
Proceeds from sale of capital assets	-	-	-	-	1
Capital contribution	5,530	76	333	5,939	-
Proceeds from long term borrowings	-	-	27	27	-
Payment on long-term liabilities	(181)	-	(750)	(931)	-
Interest paid on long-term liabilities	-	(24)	(174)	(198)	-
Net cash provided by (used in) capital and related financing activities	<u>77</u>	<u>(444)</u>	<u>(1,288)</u>	<u>(1,655)</u>	<u>(906)</u>
<b>Cash flows from investing activities</b>					
Principal received from loans and investments	-	3	-	3	-
Cash disbursed for loans	-	(201)	-	(201)	-
Interest received from loans	-	4	-	4	-
Investment income received	117	268	19	404	705
Investment expense paid	-	-	-	-	(3)
Net cash provided by investing activities	<u>117</u>	<u>74</u>	<u>19</u>	<u>210</u>	<u>702</u>
Net increase (decrease) in cash and cash equivalents	3,529	4,071	(282)	7,318	9,491
Cash and cash equivalents, beginning	23,204	23,003	1,518	47,725	53,713
Cash and cash equivalents, end	<u>\$ 26,733</u>	<u>\$ 27,074</u>	<u>\$ 1,236</u>	<u>\$ 55,043</u>	<u>\$ 63,204</u>

(Continued)

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

**COUNTY OF SAN MATEO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo	Housing	Other	Total	Activities
	Medical Center	Authority	Enterprise Funds		Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>					
<b>Operating income (loss)</b>	\$ (59,837)	\$ (63,430)	\$ 206	\$ (123,061)	\$ 10,207
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	2,172	334	827	3,333	1,693
Decrease (increase) in:					
Accounts receivable	2,441	10	(12)	2,439	(35)
Grant receivable	72	-	-	72	-
Other receivable	(835)	(22)	-	(857)	-
Due from other funds	-	-	-	-	(58)
Due from other governmental agencies	(983)	-	248	(735)	(305)
Deposits	(166)	-	-	(166)	-
Inventories	(392)	-	-	(392)	(10)
Net OPEB assets	(249)	-	(3)	(252)	(7)
Other assets	(892)	7	-	(885)	(1,196)
Increase (decrease) in:					
Accounts payable	1,204	(214)	18	1,008	71
Accrued salaries and benefits	(4,649)	(136)	(57)	(4,842)	(104)
Accrued liabilities	-	10	-	10	-
Net cash provided by (used in) noncapital financing activities	-	-	-	-	47
Due to other governmental agencies	14,642	-	-	14,642	-
Unearned revenues	(70)	45	-	(25)	26
Net OPEB obligations	-	85	-	85	-
Compensated absences	(188)	(7)	(52)	(247)	(24)
Refundable deposits	-	-	1	1	-
Estimated claims	-	(138)	-	(138)	(331)
Net cash provided by (used in) operating activities	<u>\$ (47,730)</u>	<u>\$ (63,456)</u>	<u>\$ 1,176</u>	<u>\$ (110,010)</u>	<u>\$ 9,974</u>

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

**COUNTY OF SAN MATEO**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**  
**(In Thousands)**

	SamCERA Pension Trust	Investment Trust	Agency
	<u>Trust</u>	<u>Trust</u>	<u>Agency</u>
<b>ASSETS</b>			
Cash and investments (in County investment pool)	\$ 2,565	\$ 1,833,960	\$ 267,582
Cash and investments (outside County investment pool)	47,168	-	-
Securities lending collateral (outside County investment pool)	199,381	-	-
Receivables (net):			
Due from broker for investments sold	125,067	-	-
Contributions	3,702	-	-
Interest	5,173	4,379	608
Taxes	-	-	116,007
Due from other governmental agencies	-	4,044	13,934
Prepaid expense	7	-	-
Net OPEB asset	453	-	-
Investments:			
Fixed income securities - domestic and international	554,504	-	-
Equities:			
Domestic	902,423	-	-
International	408,833	-	-
Real estate	146,917	-	-
Private equities	19,405	-	-
Risk parity	152,629	-	-
Hedge funds	68,995	-	-
Commodities	69,902	-	-
Other assets	-	113	74,762
Total assets	<u>2,707,124</u>	<u>1,842,496</u>	<u>\$ 472,893</u>
<b>LIABILITIES</b>			
Accounts payable	2,534	5,165	\$ -
Due to broker for investments purchased	141,487	-	-
Securities lending collateral (outside County investment pool) - due to borrowers	199,381	-	-
Due to other governmental agencies	-	1,714	64,730
Other liabilities	3,418	5,470	-
Fiduciary liabilities	-	-	408,163
Total liabilities	<u>346,820</u>	<u>12,349</u>	<u>\$ 472,893</u>
<b>NET ASSETS</b>			
Net assets held in trust for pension benefits/investment pool participants	<u>\$ 2,360,304</u>	<u>\$ 1,830,147</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 Assets**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	SamCERA Pension Trust	Investment Trust
	<u>          </u>	<u>          </u>
<b>ADDITIONS</b>		
Contributions:		
Employer contributions	\$ 150,950	\$ -
Plan member contributions	49,687	-
Contributions to investment pool	<u>-</u>	<u>3,250,751</u>
Total contributions	<u>200,637</u>	<u>3,250,751</u>
Net investment income:		
Net appreciation (depreciation) in fair value of investments	(51,738)	3,600
Investment income	61,654	55,677
Investment expense	(20,941)	-
Securities lending activities:		
Securities lending income	453	-
Securities lending expenses	<u>269</u>	<u>-</u>
Total net investment income	<u>(10,303)</u>	<u>59,277</u>
Other additions	<u>29</u>	<u>-</u>
Total additions	<u>190,363</u>	<u>3,310,028</u>
<b>DEDUCTIONS</b>		
Benefits and refunds paid to plan members and beneficiaries:		
Service retirement benefits	122,542	-
Disability retirement benefits	15,532	-
Death and other benefits	1,134	-
Withdrawals of members' contributions	<u>3,627</u>	<u>-</u>
Total benefits and refunds paid to plan members and beneficiaries	<u>142,835</u>	<u>-</u>
Distributions from investment pool	-	3,255,495
Administrative expenses	<u>5,000</u>	<u>-</u>
Total deductions	<u>147,835</u>	<u>3,255,495</u>
<b>Change in net assets</b>	42,528	54,533
Net assets - beginning	<u>2,317,776</u>	<u>1,775,614</u>
Net assets - end	<u>\$ 2,360,304</u>	<u>\$ 1,830,147</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, 2012**  
**(In Thousands)**

**NOTE 1 – THE FINANCIAL REPORTING ENTITY**

**(a) Reporting Entity**

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

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

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the County Board. The financial statements of the individual component units may be obtained by writing to the County of San Mateo, Controller's Office, 555 County Center, 4<sup>th</sup> Floor, Redwood City, California 94063.

**(b) Blended Component Units**

*San Mateo County Joint Powers Financing Authority*

The San Mateo County Joint Powers Financing Authority (JPFA), a joint exercise of powers agency organized under the laws of the State of California by agreements dated May 15, 1993, was formed to assist the County in the financing of public capital improvements. The County Board appointed a five-member board to set policies. The JPFA has no employees; all staff work is done by the County staff or outside 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 financial statements. The JPFA issues a separate financial report that can be obtained by writing to the Office of the County Manager, 400 County Center, 1<sup>st</sup> Floor, Redwood City, California 94065.

*Housing Authority of the County of San Mateo*

The Housing Authority of the County of San Mateo (Housing Authority), established pursuant to the State Health and Safety Code by the County Board, provides housing assistance to low and moderate-income families at rents they can afford. Eligibility is determined by family composition and income in areas served by the Housing Authority. Most of the housing programs administered by the Housing Authority are funded by contributions from the U.S. Department of Housing and Urban Development (HUD) pursuant to the United States Housing Act of 1937 and the HUD Act. The Housing Authority's Board of Commissioners is composed of the same members as the County Board. Decisions affecting the Housing Authority are addressed as part of the Board's overall meeting. As such, the Housing Authority is reported as a major enterprise fund in the County's 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.



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

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

The IHSS Public Authority assists IHSS clients in finding qualified caregivers. Though a legally separate entity, the IHSS Public Authority is programmatically integrated into the County service systems for seniors and persons with disabilities. The County Board serves as its governing body. Because of its prominent relationship with the County, the IHSS Public Authority is reported as a nonmajor governmental fund in the County's financial statements. Starting FY 2010-11, the County reported activities performed by the IHSS Public Authority in "public assistance" functional category rather than in the "health and sanitation."

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

The County Board is the governing body of the County Service Areas, Sewer and Sanitation, Flood Control, Lighting, and Other Special Districts (special districts). Among its duties, the County Board approves the budgets, special taxes, and fees of these special districts. As an integral part of the County, these special districts are reported as nonmajor special revenue funds in the County's financial statements.

**(c) Discretely Presented Component Unit**

*First 5 San Mateo County*

The First 5 San Mateo County (First 5) was created in 1998 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. First 5 is an independent body comprised of nine members, including County public officials and community leaders from the fields of early childhood education, healthcare, and family support. The primary role of First 5 is to ensure that resources from the California Children and Families Trust Fund are allocated in a fiscally responsible manner. Because its relationship with the County is prominent, First 5 is reported as a discretely presented component unit in the County's 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.

**(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. Management of the SamCERA 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 prominent financial 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 fiduciary fund 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 assets* and *statement of activities* display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

discretely presented component unit. Governmental activities, which are normally supported by taxes and inter-governmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees charged to external parties. When both restricted and unrestricted net assets are available, restricted resources are generally depleted first before the unrestricted resources are used.

The *statement of activities* presents a comparison between direct expenses and program revenues for each different identifiable activity of the County's *business-type activities* and for each function of the County's *governmental activities*. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. 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 an adjustment 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.

***Fund Financial Statements***

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

The County reports the following major governmental funds:

- *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for by other funds. These activities 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 primarily come from lease payments from the County under a master facility lease.

The County reports the following major enterprise funds:

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

The County also reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet maintenance and road construction services provided to departments or other governmental agencies; employee benefits including medical, vision, and dental; and self-insurance programs including workers' compensation, long-term disability, and personal injury and property damage 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.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

These funds include:

- *SamCERA Pension Trust Fund* accumulates contributions from the County, the San Mateo County Mosquito and Vector Control District, 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 accounts for all assets of the SamCERA.
- *Investment Trust Fund* accounts for assets of legally separate entities (commonly known as *External Investment Pool*) being held by the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities, and pass through funds for tax collections for cities. The County Treasurer is obligated to disburse monies from these funds on demand.
- *Agency Funds* are custodial in nature and do not report operating results. These funds are used to account for assets held by the County as an agent for various local governments and individuals, such as the County Library Fund governed by the Board of San Mateo Joint Powers Authority; unapportioned taxes for other local governmental agencies; funds administered by the San Mateo County Superior Court; and funds held for the Public Administrator, Public Guardian, and other governmental agencies.

**(b) Measurement Focus and Basis of Accounting**

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. 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 grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements for the business-type activities and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The County has elected not to follow subsequent private-sector guidance.

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

*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 encompass revenues from foundation contributions, sales of drugs and medical supplies, State supplemental programs, and other fees. *Nonoperating revenues*, such as interest income, state and federal grants, and subsidies, result from nonexchange transactions or ancillary activities. *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)**  
**For the Fiscal Year Ended June 30, 2012**  
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*Fiduciary funds* include trust funds and agency funds. Trust funds (including pension and investment trusts) are reported using the economic measurement focus and the accrual basis of accounting. Agency funds are reported using the accrual basis of accounting to recognize receivables and payables.

**(c) Cash and Cash Equivalents**

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

**(d) Restricted Cash and Investments**

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

**(e) Investments**

The County sponsors an investment pool to invest funds from the County and external public entities. The County's pool activity is governed by California Government Code statutes and the County Investment Policy. Those statutes and policy authorize the County Treasurer to invest in securities issued by the U.S. Department of the Treasury and its agencies, 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 significant accounting policies for its investments are separately discussed in Note 13.

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

Participants' equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses; net of banking costs and administrative fees; are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains or losses are not apportioned to pool participants. During the fiscal year ended June 30, 2012, the County Treasurer has not entered into any legally binding guarantees to support the participant equity in the investment pool. Income from pooled investments is allocated to individual funds or external participants based on each fund's or participant's average daily cash balance at quarter end in relation to the total pool investments. Investment income earned in agency funds with no interest earning requirements is assigned to the General Fund per County Policy. Income from non-pooled investments is deposited into funds that provided the resources.

**(f) Mortgages Receivable**

For the purpose of the fund financial statements, the governmental fund expenditures arising from long-term loan subsidy programs are charged to operations upon funding and the loans are recorded, net of an estimated allowance for potentially uncollectible loans, as mortgages receivable with an offset to a deferred credit account. The balance of the mortgages receivable includes loans that may be forgiven if certain terms and conditions of the loans are being met. As of June 30, 2012, the County reported mortgages receivable of \$67.6 million, net of allowance of \$5.3 million, on the governmental fund balance sheet.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

**(g) Inventories**

Inventories are stated at cost (first-in, first-out basis) for governmental funds and lower of average cost or fair value for proprietary funds. Inventories in governmental funds are recorded as expenditures when consumed. Unconsumed inventories in 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 as the supplies are consumed.

**(h) Property Tax Levy, Collection, and Maximum Rates**

The State's Constitution Article XIII A, commonly known as Proposition 13, provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless two-thirds of the voters have approved additional taxes be levied to fund general obligation bond debt service. Under Proposition 13, beginning with FY 1978-79, assessed value is calculated at 100% of market value and may be adjusted by no more than 2% per year unless the property is sold or transferred. In 2002, California voters approved Proposition 39 that sets the approval threshold at 55% for school facilities related bonds.

The County is responsible for assessing, collecting, and distributing property taxes in accordance with State law. Property taxes are levied on both secured (real property) and unsecured (personal property other than land and buildings) property. Supplemental property taxes are assessed upon transfer of ownership in property or completion of new construction. The State legislature determines the method of distribution of receipts from a 1% tax levy among the County, cities, school districts, and other districts. The total fiscal year 2011-12 net assessed valuation of the County was \$130 billion, after deducting \$12 billion for the redevelopment tax allocation increment.

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 sixty days 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 is legally required to maintain a minimum of 1% of the total tax levies on secured properties within the tax areas of participating entities, which was approximately \$16.8 million at June 30, 2012.

County management believes that any ownership rights to the TLRF the County may have are effective only upon a Board-approved transfer or to the extent of losses related to the sale of tax defaulted property. Balance in TLRF is being held in a custodial capacity for the participants in the County's Teeter Plan and accounted for in an agency fund. The balance in the TLRF was \$109.8 million at June 30, 2012.

In accordance with Section 97.2 (D)(4)(i) of the California Revenue and Taxation Code (Code), the County established an agency fund, the Educational Revenue Augmentation Fund (ERAF), in 1992 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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
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maximum allowable, the Code requires the excess ERAF be refunded to these local agencies. The County General Fund received a total of \$81 million from the excess ERAF for the fiscal year ended June 30, 2012.

**(i) Capital Assets**

Capital assets, including public domain (infrastructure such as road, bridge, water and sewer, lighting, drainage, and flood control systems), are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. The County defines capital assets as assets with an initial unit cost of more than \$5 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide financial statements, and proprietary funds.

Estimated useful lives for the capital assets are as follows:

Infrastructure (except for the maintained pavement subsystem)	20 to 50 years
Structures and improvements	50 years
Equipment	3 to 15 years
Software	3 to 5 years

The County has six networks of infrastructure assets: road, bridge, water and sewer, lighting, drainage, and flood control. The maintained pavement subsystem of the road network is reported using the modified approach. The County commissioned a complete, physical assessment of the maintained pavement subsystem condition in FY2009-10. The condition assessment is completed triennially. The County’s maintained pavement subsystem has been classified as roads with or without formal structural sections.

Each road segment is rated and given a Pavement Condition Index (PCI) value from zero to one hundred (0 – 100). Roads with a PCI of 40 or higher are considered in a “Fair” or better condition and roads with a PCI of 55 or higher 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, 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.

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

The County accrues for compensated absences, in the government-wide and proprietary fund financial statements, to pay its employees for unused vacation, compensatory time, and holiday. The accrual for compensated absences includes the County’s share of social security and Medicare contributions payable on behalf of the employees. Unused vacation, compensatory, and holiday time are cashed out upon separation from the County.

**(k) Other Postemployment Benefits (OPEB)**

The County is not obligated to pay for unused sick leave if employees terminate employment prior to retirement, except for those individuals who are laid off. Upon retirement, unused sick leave can be converted to postemployment healthcare benefits. The amount and duration of the County-paid benefits vary, depending on the bargaining units to which the employee belongs. The public safety employees are eligible to retire after attaining age 50 with at least ten years of service or at any age with 20 years of services. Others must retire from the County on or after attaining age 50 with at least ten years of service.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

**(l) 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.

**(m) Estimates**

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

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

**Deficit Fund Equity**

As of June 30, 2012, the Tower Road Construction, the Workers’ Compensation Insurance, and the Long-Term Disability internal service funds reported net deficits of \$981, \$16,075, and \$6,651, respectively.

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

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

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

**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. Part of the JPFA’s and SamCERA’s cash and investments are deposited in and managed by outside financial institutions. As of June 30, 2012, the net asset value of involuntary participation in the investment pool was \$2.0 billion.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
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In accordance with California Government Code Section 53600, the County Treasurer manages funds deposited by the County, all County school districts, various districts, and some cities within the County. The investment pool is not registered with the Securities and Exchange Commission as an investment company. California Government Code and the County Investment Policy govern the investment pool activity. The objectives of the 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 evaluate the economic outlook, portfolio diversification, maturity structure and potential risks to the funds. 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 each month. 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 can be found in Note 2(e).

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. Under the County Investment Policy and subject to California law, funds deposited in the County pool may only be reclaimed at the rate of 20% of the principal balance per month, exclusive of apportionment, payrolls and day-to-day operations, unless specifically authorized by the Treasurer.

The County's cash and investments as of June 30, 2012, consist of the following:

<i>Cash and cash equivalents:</i>	
Cash on hand - County	\$ 3,602
Money market deposit accounts - JPFA	4,845
Money market mutual fund - JPFA	17,593
Cash and deposits - SamCERA	47,168
Deposit in earning credit plus account - County	35,000
Deposits - County*	4,340
Total cash and cash equivalents	112,548
<i>Investments:</i>	
In Treasurer's pool	2,697,254
With fiscal agents of the JPFA	8,949
In SamCERA's portfolio	2,522,989
Total investments	5,229,192
Total cash and investments	\$5,341,740

\* At year-end, the carrying amount of the County's cash deposits was \$4,340 and the bank balance was \$60,814. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

The County's cash and investments are reported in the basic financial statements as follows:

Primary government	\$ 642,262
Discretely Presented Component unit	25,214
Pension trust	2,572,722
Investment trust fund	1,833,960
Agency funds	267,582
Total cash and investments	\$ 5,341,740



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

**Investments**

The County's investments as of June 30, 2012, consist of the following:

	Interest Rates	Maturities	Par Value	Fair Value	Weighted Average Maturity (Years)
<b>Investments in Investment Pool</b>					
U.S. government securities	0.625% - 2.125%	1/31/13 - 9/30/18	\$ 310,000	\$ 312,002	3.63
U.S. government agency securities	0.061% - 2.240%	7/5/12 - 6/29/17	1,412,715	1,415,148	1.48
U.S. government agency securities - floating rate	0.270%	9/20/12	20,000	20,006	0.22
Corporate bonds	0.550% - 3.950%	8/1/12 - 5/15/17	338,250	344,179	2.69
Corporate bonds - floating rate	0.450% - 1.250%	11/14/12 - 6/1/15	160,000	160,713	1.55
LAIF	0.360%	8/1/12	38,000	38,000	0.08
Commerical paper	0.150% - 0.360%	7/13/12 - 7/27/12	60,000	59,993	0.05
Certificate of deposit	0.666% - 2.250%	7/17/12 - 3/15/13	50,000	50,213	0.41
Repurchase agreements	0.100% - 0.130%	7/2/12	297,000	297,000	0.05
<b>Total investments in investment pool</b>			<u>2,685,965</u>	<u>2,697,254</u>	1.65
<b>Investments outside of Investment Pool</b>					
<b>San Mateo Joint Powers Financing Authority</b>					
Federal Home Loan Mortgage Corporation - discount note			2,540	2,540	*
Republic National Bank - repurchase agreements			938	938	1.51
Investment contract			5,471	5,471	5.50
Subtotal			<u>8,949</u>	<u>8,949</u>	3.52
<b>San Mateo County Employees' Retirement Association</b>					
Fixed income securities:					
Agency				6,211	14.76
Asset backed securities				11,795	3.90
Commerical mortgage-backed securities				10,918	3.34
Collateralized mortgage obligations				31,844	5.60
Commingled funds				35,679	**
Corporate bonds				129,121	8.87
Foreign sovereign bonds				75,700	3.51
Mortgage pass through				64,984	6.60
Taxable municipal bonds				6,026	20.43
Preferred stock				191	0.88
U. S. treasury securities				132,592	11.78
Yankee				18,855	13.70
Fixed income securities				30,588	28.02
Alternative investments <sup>1</sup>				310,931	**
Equities:					
Domestic				902,423	**
International				408,833	**
Real estate				146,917	**
Securities lending collateral in short-term investment portfolio				199,381	**
Subtotal				<u>2,522,989</u>	1.98
<b>Total investments outside of investment pool</b>				<u>2,531,938</u>	
<b>Total investments</b>				<u>\$ 5,229,192</u>	

<sup>1</sup> Investments made up of private equities, risk parity, hedge funds, and commodities.

\* Weighted average maturity is less than 0.01 year.

\*\* Not applicable or not available.

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

California Government Code and the County Investment Policy govern the investment pool activity. The composition and value of investments in the County pool vary from time to time depending on cash flow needs of the County and public agencies invested in the County pool, and sale and purchase of new 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, 2012, the investment pool had a weighted average maturity of 1.65 years and its investment in floating rate securities was \$161 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.

Investment as of June 30, 2012	Standard & Poor's Rating	% of Portfolio
U.S. Government Securities		
U.S. Treasury Securities	AA+	11.57%
U.S. Government Agency Securities		
Federal Home Loan Bank	AA+	21.23%
Federal Home Loan Mortgage Corporation	AA+	12.24%
Federal National Mortgage Association	AA+	18.04%
Federal Farm Credit Bank	AA+	0.96%
Federal Farm Credit Bank - Floating Rate	AA+	0.74%
Corporate Bonds		
Corporate Bonds	AAA	1.54%
Corporate Bonds	AA+	3.22%
Corporate Bonds	AA	1.94%
Corporate Bonds	AA-	3.57%
Corporate Bonds	A+	0.74%
Corporate Bonds	A	0.93%
Corporate Bonds	A-	0.81%
Corporate Bonds - Floating Rate Securities	AA+	1.12%
Corporate Bonds - Floating Rate Securities	AA-	3.90%
Corporate Bonds - Floating Rate Securities	A+	0.75%
Corporate Bonds - Floating Rate Securities	A	0.19%
LAIF	Not applicable	1.41%
Commerical Paper	A-1	1.30%
Commerical Paper	A-1+	0.93%
Negotiable Certificate of Deposit	AA-	0.75%
Negotiable Certificate of Deposit	A+	1.11%
Repurchase Agreements	AA+	11.01%
Total		100.00%

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

*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, 2012, the investment pool is in compliance with the above mentioned guidelines. The investment pool has more than 5% of its total investments with the following issuers as of June 30, 2012: 21% in Federal Home Loan Bank, 12% in Federal Home Loan Mortgage Corporation, and 18% in Federal National Mortgage Association.

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

The County's investment pool is invested in the State of California Local Agency Investment Fund (LAIF), which is part of the State of California Pooled Money Investment Account (PMIA). As of June 30, 2012, the PMIA balance was \$60.6 billion, of which 2.75% is in structured notes and medium-term asset backed securities, and 0.72% in short-term asset-backed commercial paper. The total amount invested by all public agencies in LAIF was \$21.9 billion, and the County's investment in LAIF was \$38.0 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 270 days as of June 30, 2012. The Local Investment Advisory Board, which consisted of five members designated by State statutes, has oversight responsibility for LAIF.

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

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

*Interest Rate Risk.* The JPFA has not adopted a formal policy that limits investment maturity as a means of managing its exposure to declines in fair values arising from increasing interest rates. As of June 30, 2012, the JPFA's investment portfolio had a weighted average maturity of 3.52 years.

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

As of June 30, 2012, the JPFA's money market mutual fund was rated "AAAm" by Standard & Poor's and "Aaa-mf" by Moody's Investors Service. The repurchase agreement with Republic National Bank was rated "Aa3" by Moody's Investors Service. The discount note with the Federal Home Loan Mortgage Corporation was rated "AA+" by Standard

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& Poor's and "Aa1" by Moody's Investors Service. The investment contract with Financial Guaranty Insurance Company Capital Market Services Group was unrated.

*Concentration of Credit Risk.* The JPFA places no limit on the amount invested in any one issuer. At June 30, 2012, the JPFA has \$0.9 million, or 11%, of its total investments in repurchase agreements with Republic National Bank; \$2.5 million, or 28%, in a discount note with the Federal Home Loan Mortgage Corporation; and \$5.5 million, or 61%, in an investment contract with Financial Guaranty Insurance Company Capital Market Services Group.

**SamCERA's Investment Portfolio**

SamCERA's investments are managed by independent investment management firms subject to the guidelines and controls specified in the SamCERA's investment plan and contracts. The guidelines stipulate the investment style, performance objective, performance benchmarks, and portfolio characteristics.

*Derivatives.* SamCERA records all of its investments at fair value and has no hedging derivatives. Further disclosure on the derivative positions held at fiscal year-end are contained in the table below. In comparison to SamCERA's total investments at fair value, the fair value of SamCERA's derivative positions as of June 30, 2012 is not material. SamCERA's investment in derivatives as of June 30, 2012 is as follows:

<u>Investment Derivatives as of June 30, 2012</u>	<u>Notional Value</u>	<u>Fair Value</u>
Credit default swaps bought	\$ 1,380	\$ 139
Credit default swaps written	637	(43)
Fixed income futures long	6,250	-
Fixed income futures short	(14,650)	-
Fixed income options bought	1,584	10
Fixed income options written	(1,584)	(3)
Futures option bought	273	17
Futures option written	(320)	(7)
Currency forward contracts	107,652	1,785
Rights	305	-
Total	<u>\$ 101,527</u>	<u>\$ 1,898</u>

SamCERA's investments contain various derivative positions as of and for the fiscal year ended June 30, 2012, primarily in swaps and foreign currency forward positions. As of June 30, 2012, SamCERA held derivatives with a notional amount of \$101.5 million and a fair value of \$1.9 million. Changes in fair value during FY2011-12 are reported in the statement of changes in fiduciary net assets as a component of investment income. The fair values of the derivatives are determined using a pricing service and validated by SamCERA's custodians. Management of SamCERA accepts these valuations. No derivatives were held that would be classified as hedging derivatives – all are classified as investment derivatives.

*Currency Forward Contracts.* The fair values of currency forward contracts use published foreign exchange rates as the primary source. The fair values of credit default swaps, interest rate swaps, warrants, and "to-be-announced" transactions are determined by the custodian pricing vehicles.

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

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*Credit Risk.* SamCERA’s investment policy seeks to maintain a diversified portfolio of fixed income instruments to obtain the highest total return for the fund at an acceptable level of risk within the asset class. To control credit risk, credit quality guidelines have been established for separately managed accounts. SamCERA’s investment policy has three requirements addressing fixed income quality. First, the minimum average rating of the total portfolio of fixed income assets under a manager’s supervision must be “A” or better as rated by Standard & Poor’s or Moody’s Investors Services, or equivalent, dollar weighted at market value. Second, the minimum quality rating eligible for the portfolio must be “B” or better as rated by Standard & Poor’s or Moody’s Investors Services, or equivalent. The third requirement is that no more than 10% of SamCERA’s fixed income assets under a manager’s supervision shall be invested in securities with a rating below “Baa3”, “BBB-“, “P-1” or “A-1”. SamCERA’s core plus fixed income investment manager was given an exemption and may hold more than 10% in assets rated below “BBB”.

On June 30, 2012, the credit breakdown of SamCERA’s investments in bonds was as follows:

<u>Credit Rating</u>	<u>Active Management</u>	<u>Commingled Management</u>
AAA	34.8%	0.1%
AA	2.6%	2.4%
A	1.5%	1.3%
BBB	45.1%	5.0%
Less than BBB	7.5%	89.5%
Not rated	8.5%	1.7%
	<u>100.0%</u>	<u>100.0%</u>

*Credit Risk - Derivatives.* SamCERA is exposed to credit risk on investment derivatives that are traded over the counter and are reported in asset positions. Derivatives exposed to credit risk include credit default and interest rate swaps, currency forward contracts, rights, warrants and “to-be-announced” transactions. To minimize credit risk exposure, SamCERA’s investment managers continuously monitor credit rating of counterparties. Should there be a counterparty failure, SamCERA would be exposed to the loss of fair value of derivatives that are in asset positions and any collateral provided to the counterparty, net of the effect of applicable netting arrangements. SamCERA has no general investment policy with respect to netting arrangements or collateral requirements. Netting arrangements legally provide SamCERA with a right of offset in the event of bankruptcy or default by the counterparty. SamCERA has no exposure to loss in case of default of a counterparty as of June 30, 2012. In addition, SamCERA has no collateral reducing exposure or liabilities subject to netting arrangements.

*Concentration of Credit Risk.* SamCERA’s investment policy states no investment shall constitute more than 5% of a company’s outstanding equity. When measuring this aspect of compliance, SamCERA considers its ownership in relation to the “free float” of a particular security. As of June 30, 2012, SamCERA did not hold any investments in any one issuer that would represent 5% or more of total investments.

*Custodial Credit Risk - Deposits.* SamCERA has no general policy on custodial credit risk for deposits. SamCERA maintains operation cash deposits to support day-to-day cash management requirements. As of June 30, 2012, cash held with a financial institution in a pooled money market fund totaled \$3.4 million and cash held in the County’s investment pool was \$2.6 million. These deposits are uninsured and uncollateralized, and subject to custodial credit risk.

*Custodial Credit Risk - Investments.* The individual investment guidelines for each investment manager require that managed investments be held in the name of SamCERA. The master custodian may rely on sub-custodians. The custodial requirement does not apply to real estate investments and investments in pools. As of June 30, 2012, SamCERA had no investments that were exposed to custodial credit risk. SamCERA does not have a general policy addressing custodial credit risk, but generally required that all investments are insured, registered, or held by the plan or its agent in the SamCERA’s name. Deposits are to be insured, registered or collateralized with securities held at fiscal agents in SamCERA’s name.

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*Custodial Credit Risk - Derivatives.* As of June 30, 2012, SamCERA's investments did not include collateral associated with derivative activities.

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

*Foreign Currency Risk - Foreign Exchange Contracts.* Foreign currency contracts are subject to foreign currency risk. Foreign exchange contracts include forward contracts and spot contracts. Currency forward contracts are derivatives and generally serve to hedge or offset the impact of foreign currency exchange rate fluctuations on the reported U.S. dollar fair value of investments denominated in foreign currencies. Spot contracts are generally used when SamCERA is required to make or receive payments in a foreign currency. Spot contracts are agreements to buy or sell a certain amount of foreign currency at the current market rate, for settlement in two business days. There was no dollar impact from foreign exchange contracts on foreign exchange currency risk as of June 30, 2012.

The table below shows the fair value of investments that are exposed to foreign currency risk by investment type and currency denomination in U.S. dollars.

Currency	Common Stock	Corporate Bonds	Foreign Currency	Government Issues	Depository Receipts	Total
Australian Dollar	\$ 15,730	\$ -	\$ 126	\$ 299	\$ -	\$ 16,155
Brazilian Real	-	-	21	3,047	-	3,068
Canadian Dollar	2,339	-	48	-	-	2,387
Danish Krone	7,606	-	53	-	-	7,659
Euro Currency	71,125	833	820	12,013	1,523	86,314
Ghana Cedi	-	-	5	2,250	-	2,255
Hong Kong Dollar	6,021	-	3	-	-	6,024
Hungarian Forint	-	-	1	5,083	-	5,084
Indonesian Rupiah	-	-	-	5,490	-	5,490
Israeli Shekel	-	-	1	4,512	-	4,513
Japanese Yen	51,570	-	313	-	-	51,883
Malaysian Ringgit	-	-	7	9,502	-	9,509
Mexican Peso	-	-	44	6,209	-	6,253
New Bulgaria Lev	221	-	56	-	-	277
New Taiwan Dollar	-	-	2,590	-	-	2,590
Norwegian Krone	1,969	-	-	-	-	1,969
Philippine Peso	-	-	-	5,380	-	5,380
Polish Zloty	-	-	-	4,142	-	4,142
Pound Sterling	56,869	-	282	2,227	-	59,378
Singapore Dollar	6,950	-	53	-	-	7,003
South African Rand	1,575	-	-	-	-	1,575
South Korean Won	-	-	14	15,162	-	15,176
Swedish Krona	9,631	-	158	-	-	9,789
Swiss Franc	22,064	-	59	-	-	22,123
Turkish Ura	1,790	-	-	-	-	1,790
Ukraine Hryvna	-	1,928	-	-	-	1,928
Uruguayan Peso	-	-	-	2,820	-	2,820
<b>Total</b>	<b>\$ 255,460</b>	<b>\$ 2,761</b>	<b>\$ 4,654</b>	<b>\$ 78,136</b>	<b>\$ 1,523</b>	<b>\$ 342,534</b>

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

For the year ended June 30, 2012, SamCERA's securities lending agent lent SamCERA securities to borrowers under the securities lending agreement. In return, SamCERA received cash, securities issued or guaranteed by the United States government, and sovereign debt or irrevocable bank letters of credit as collateral. As SamCERA did not have the ability to pledge or sell collateral securities delivered absent a borrower default, such non-cash collateral is not reported on the statement of fiduciary net assets.

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

SamCERA did not impose any restrictions for the fiscal year ended June 30, 2012, on the amount of loans that the securities lending agent made on its behalf. The securities lending agent indemnified SamCERA by agreeing to purchase replacement securities or supplement the amount of cash collateral in the event the borrower failed to return the loaned securities and the collateral was inadequate to replace the securities lent or the borrower failed to pay SamCERA for any income distributions on loaned securities. There were no losses during the fiscal year ended June 30, 2012, resulting from a default of the borrowers or the securities lending agent.

SamCERA and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders had in a short-term investment pool managed by the securities lending agent. As of June 30, 2012, this investment pool had an average duration of 26 days, and an average weighted maturity of 39 days. As the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral.

For the fiscal year ended June 30, 2012, SamCERA had no credit risk exposure to borrowers because, for each borrower, the value of borrower collateral held exceeded the value of the securities on loan to the borrower. As of June 30, 2012, SamCERA had securities on loan with a total value of \$199.7 million, and the cash and other collateral held against the loaned securities of \$205.1 million.

*Security Lending Collateral Interest Rate Risk.* Cash collateral from loans of securities is invested in the State Street Navigator Securities Lending Prime Portfolio. The portfolio's average effective duration is restricted to 90 days or less. As of June 30, 2012, the actual effective duration was 26 days.

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

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**County Investment Pool Condensed Financial Information**

Below is a condensed statement of net assets and changes in net assets for the investment pool as of and for the fiscal year ended June 30, 2012:

<b>Assets:</b>	
U.S. government securities	\$ 312,002
U.S. government agency securities	1,415,148
U.S. government agency securities - floating rate	20,006
Corporate bonds	344,179
Corporate bonds - floating rate	160,713
LAIF	38,000
Commerical papers	59,993
Certificate of deposit	50,213
Repurchase agreements	297,000
Total investments	<u>2,697,254</u>
Other assets	8,536
Pool deposits	60,814
Total assets	<u>2,766,604</u>
<b>Liabilities:</b>	
Unfunded checks and warrants	56,474
Other liabilities	12,349
Total liabilities	<u>68,823</u>
<b>Net Assets:</b>	
Equity of internal pool participants	867,634
Equity of external pool participants	1,830,147
Total net assets	<u>\$ 2,697,781</u>
<b>Statement of Changes in Net Assets</b>	
Net assets at July 1, 2011	\$ 2,530,914
Net change in investments by pool participants	166,867
Net assets at June 30, 2012	<u>\$ 2,697,781</u>

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

Participant units outstanding (one dollar par value)	\$ 2,694,181
Undistributed and unrealized gain	3,600
Net assets at June 30, 2012	<u>\$ 2,697,781</u>
Participant net asset value at fair value price per share (\$2,697,781 divided by 2,694,181 units)	<u>\$ 1.0013</u>

**NOTE 5 – RECEIVABLES**

As of June 30, 2012, 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 \$125 million, of which \$89 million is not expected to be collected within the next twelve months.



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As of June 30, 2012, receivables are as follows:

<u>Governmental Activities</u>	General		Nonmajor	Internal	Total
	Fund	JPFA	Governmental Funds	Service Funds	
Accounts	\$ 247,028	\$ -	\$ 220	\$ 40	\$ 247,288
Interest	12,775	66	253	132	13,226
Taxes	24,749	-	1,544	-	26,293
Mortgages	72,866	-	-	-	72,866
Other	23,113	-	16	-	23,129
Gross receivables	380,531	66	2,033	172	382,802
Less: allowances for uncollectibles	(255,254)	-	(786)	-	(256,040)
Total receivables, net	<u>\$ 125,277</u>	<u>\$ 66</u>	<u>\$ 1,247</u>	<u>\$ 172</u>	<u>\$ 126,762</u>
			Nonmajor		
	Medical	Housing	Enterprise	Total	
	Center	Authority	Funds		
<u>Business-type Activities</u>					
Accounts	\$ 71,904	\$ 134	\$ 48	\$ 72,086	
Grant	692	-	-	692	
Interest	-	61	3	64	
Other	887	22	-	909	
Gross receivables	73,483	217	51	73,751	
Less: allowances for uncollectibles	(58,849)	-	-	(58,849)	
Total receivables, net	<u>\$ 14,634</u>	<u>\$ 217</u>	<u>\$ 51</u>	<u>\$ 14,902</u>	

**NOTE 6 – DEFERRED REVENUES**

Under both the accrual and modified accrual basis of accounting, revenues are recognized only when earned. Thus, the government-wide statement of net assets, governmental funds, and enterprise funds defer revenue recognition for resources that have been received at year-end, but not yet earned. Assets recognized before the earning process is complete are offset by a corresponding liability as unearned revenues.

Under the modified accrual basis of accounting, revenues are recognized when earned and susceptible to accrual. Revenues are considered susceptible to accrual if they are measurable and available to finance expenditures of the current period. Thus, governmental funds defer revenue recognition for revenues not considered available to liquidate liabilities of the current period.

As of June 30, 2012, unavailable and unearned revenues reported are as follows:

	Unavailable	Unearned	Total
<b>Governmental activities</b>			
General fund:			
Property taxes receivable	\$ 893	\$ 13,203	\$ 14,096
Mortgages receivable	67,555	-	67,555
Mortgages interest receivable	8,438	-	8,438
Grant drawdowns prior to meeting all eligibility requirements	-	23,758	23,758
Due from other governmental agencies	148,120	-	148,120
Other receivables and advances	5,450	5,673	11,123
Subtotal - General fund	<u>230,456</u>	<u>42,634</u>	<u>273,090</u>
Nonmajor governmental funds:			
Property taxes receivable	56	825	881
Due from other governmental agencies	469	-	469
Other receivables and advances	629	276	905
Subtotal - Nonmajor governmental funds	<u>1,154</u>	<u>1,101</u>	<u>2,255</u>
Internal service funds:			
Other receivables and advances	-	174	174
Total governmental activities	<u>\$ 231,610</u>	<u>\$ 43,909</u>	<u>\$275,519</u>
<b>Business-type activities</b>			
Revenues received but not earned			
Medical Center		\$ 350	
Housing Authority		100	
Nonmajor enterprise funds		8	
Total business-type activities		<u>\$ 458</u>	

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
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**NOTE 7 – INTERFUND TRANSACTIONS**

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.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 115
	Medical Center	2,495
	Nonmajor Enterprise Funds	2
	Internal Service Funds	28
		<u>2,640</u>
Nonmajor Governmental Funds	General Fund	185
	Nonmajor Governmental Funds	3
	Internal Service Funds	27
		<u>215</u>
Medical Center	General Fund	307
Internal Service Funds	General Fund	59
	Total	<u><u>\$ 3,221</u></u>

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

Advances from the General Fund are comprised of the following as of June 30, 2012:

- \$1 million to the Crystal Springs County Sanitation District in January 2006. Loan proceeds were used to reimburse the Town of Hillsborough for the District’s cost of a sewer capital improvement project. The loan has an outstanding balance of \$0.2 million.
- \$5 million to the Medical Center for the purchase of diagnostic equipment in January 2000. The loan has an outstanding balance of \$3 million.
- \$0.1 million in January 1995 and \$0.7 million in July 2003 to the Housing Authority for the development of affordable rental housing for low-income households. The loan has an outstanding balance of \$0.8 million.
- \$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. The loan has an outstanding balance of \$1.4 million.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 200
	Medical Center	3,000
	Housing Authority	784
	Internal Service Fund	1,361
	Total	<u><u>\$ 5,345</u></u>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
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**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	\$ 59,481	Provide budgeted subsidy to Medical Center for indigent healthcare.
		802	Provide subsidy to finance retiree health benefits.
		<u>60,283</u>	
	Nonmajor Enterprise Funds	9	Provide subsidy to finance retiree health benefits.
	Subtotal	<u>60,292</u>	
Medical Center	Nonmajor Governmental Funds	9,148	Transfer funds to cover lease payments.
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	15	Transfer funds to finance capital projects.
	Total	<u>\$ 69,455</u>	

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

Transfer from	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 8,513	Transfer funds to finance capital projects.
		18,273	Transfer funds to cover lease payments.
		1,869	Transfer funds to finance County Fire Protection services.
		3,702	Provide subsidy to finance in-home support services.
		<u>32,357</u>	
	Internal Service Funds	22	Provide subsidy to finance retiree health benefits.
	Subtotal	<u>32,379</u>	
Nonmajor Governmental Funds	Nonmajor Governmental Funds	3,069	Transfer funds to cover lease payments.
		225	Transfer funds to finance capital projects.
		<u>3,294</u>	
	General Fund	6	Provide funds to augment operating outlays.
	JPFA	30,305	Transfer funds to cover debt service payments.
	Subtotal	<u>33,605</u>	
Internal Service Funds	General Fund	21	Provide funds to support Sheriff's driver's training.
		241	Transfer funds to finance department purchases.
		<u>262</u>	
	Nonmajor Governmental Funds	39	Transfer funds to finance capital projects.
	Subtotal	<u>301</u>	
	Total	<u>\$ 66,285</u>	

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

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

Capital asset activities for the fiscal year ended June 30, 2012, are as follows:

	Balance July 1, 2011	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2012
<b>Governmental activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land and easements	\$ 81,511	\$ 3,051	\$ (158)	\$ -	\$ 84,404
Infrastructure - maintained road subsystem	77,253	-	-	-	77,253
Construction in progress	40,920	15,093	-	(20,812)	35,201
Total capital assets, not being depreciated	199,684	18,144	(158)	(20,812)	196,858
<i>Capital assets, being depreciated:</i>					
Infrastructure	77,670	-	-	2,917	80,587
Structures and improvements	641,299	20	-	12,416	653,735
Equipment	83,333	3,237	(2,945)	(1,053)	82,572
Software	3,106	688	-	1,053	4,847
Total capital assets, being depreciated	805,408	3,945	(2,945)	15,333	821,741
<i>Less accumulated depreciation for:</i>					
Infrastructure	(24,392)	(1,572)	-	-	(25,964)
Structures and improvements	(126,537)	(11,185)	-	(258)	(137,980)
Equipment	(68,717)	(6,351)	2,935	958	(71,175)
Software	(2,962)	(218)	-	(958)	(4,138)
Total accumulated depreciation	(222,608)	(19,326)	2,935	(258)	(239,257)
Total capital assets, being depreciated, net	582,800	(15,381)	(10)	15,075	582,484
<b>Governmental activities capital assets, net</b>	<b>\$ 782,484</b>	<b>\$ 2,763</b>	<b>\$ (168)</b>	<b>\$ (5,737)</b>	<b>\$ 779,342</b>
<b>Business-type activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 10,147	\$ -	\$ -	\$ -	\$ 10,147
Construction in progress	5,206	5,970	(2)	(7,862)	3,312
Total capital assets, not being depreciated	15,353	5,970	(2)	(7,862)	13,459
<i>Capital assets, being depreciated:</i>					
Structures and improvements	66,286	363	-	5,063	71,712
Equipment	13,054	57	(247)	2,652	15,516
Software	8,725	102	-	147	8,974
Total capital assets, being depreciated	88,065	522	(247)	7,862	96,202
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(30,635)	(1,214)	-	-	(31,849)
Equipment	(8,337)	(863)	238	-	(8,962)
Software	(5,551)	(1,256)	-	-	(6,807)
Total accumulated depreciation	(44,523)	(3,333)	238	-	(47,618)
Total capital assets, being depreciated, net	43,542	(2,811)	(9)	7,862	48,584
<b>Business-type activities capital assets, net</b>	<b>\$ 58,895</b>	<b>\$ 3,159</b>	<b>\$ (11)</b>	<b>\$ -</b>	<b>\$ 62,043</b>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

**Depreciation**

Depreciation expense was charged to various functions as follows:

<u>Governmental Activities</u>		<u>Business-type Activities</u>	
General government	\$ 4,033	Medical Center	\$ 2,172
Public protection	8,029	Housing Authority	334
Public ways and facilities	701	Airports	563
Health and sanitation	2,617	Coyote Point Marina	264
Public assistance	1,553	Total depreciation - business-type activities	<u>\$ 3,333</u>
Recreation	700		
Depreciation on capital assets held by the County's internal service funds are charged to various functions based on their usage of the assets.	<u>1,693</u>		
Total depreciation - governmental activities	<u>\$ 19,326</u>		

**Capital Project Commitments**

The JPFA issued lease revenue bonds in November 2003 to construct a new County Youth Services Center. The construction included a juvenile hall, a girls' camp, a community school, a receiving home, group homes, juvenile courts, and probation administration offices for the County. The main facility of the Youth Services Center was completed in September 2006 and the Receiving Home in January 2010. The demolition of the old Hillcrest Facility and grading of the Berm were completed in November. As of June 30, 2012, the JPFA has committed an approximately \$0.7 million to finish the remaining project for the closure of Loop Road.

**NOTE 9 – LEASES**

**Operating 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 \$8.8 million for the fiscal year ended June 30, 2012, and the future minimum lease payments are as follows:

<u>Governmental Activities</u>		<u>Business-type Activities</u>	
<u>Fiscal year ending June 30,</u>		<u>Fiscal year ending June 30,</u>	
2013	\$ 8,571	2013	\$ 3,253
2014	8,272	2014	2,021
2015	8,180	2015	2,036
2016	7,665	2016	1,688
2017	4,501	2017	1,801
2018-2022	11,498	2018-2022	7,719
2023-2027	2,188	2023-2027	8,419
2028-2032	2,049	2028-2032	9,760
2032-2037	2,049	2032-2037	11,315
2038-2042	2,049	2038-2042	7,176
Total	<u>\$ 57,022</u>	Total	<u>\$ 55,188</u>

The County has leased various properties under non-cancelable operating leases to other entities. Income from these rental activities was \$0.8 million for the fiscal year ended June 30, 2012.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

**NOTE 10 - LONG-TERM LIABILITIES**

The County's long-term liabilities as of June 30, 2012, are as follows:

Type of indebtedness (purpose)	Maturities	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2012
<b>Lease Revenue Bonds:</b>					
<b><u>1993 Issue</u></b>					
Purpose: To defease 1991 Certificates of Participation and finance the costs of a parking garage and jail.					
Term Current Interest Bonds	7/1/12 - 7/1/16	6.50%	\$3,085 - \$3,975	\$ 36,170	\$ 17,585
Term Current Interest Bonds	7/1/17 - 7/1/21	5% - 6%	\$4,230 - \$5,205	23,520	23,520
1993 Issue				<u>59,690</u>	<u>41,105</u>
<b><u>1993 Issue - Satellite Clinic</u></b>					
Purpose: To finance a portion of the costs of constructing and equipping the North County Satellite Clinic and an adjacent parking structure.					
Serial Capital Appreciation Bonds	9/1/17 - 9/1/26	5.9% - 6%	\$188 - \$233	2,085	2,085
Accreted interest on capital appreciation bonds				8,941	3,948
1993 Issue - Satellite Clinic				<u>11,026</u>	<u>6,033</u>
<b><u>1997 Issue</u></b>					
Purpose: To finance the costs of constructing, furnishing and equipping an office building, and partial defeasance of the 1994 Issue.					
Term Current Interest Bonds	7/15/27 - 7/15/28	5.125%	\$1,540 - \$1,640	3,180	3,180
Term Current Interest Bonds	7/15/29 - 7/15/32	5.125%	\$1,745 - \$2,095	7,670	7,670
1997 Issue				<u>10,850</u>	<u>10,850</u>
<b><u>1999 Issue</u></b>					
Purpose: To finance a portion of the costs of completing the Health Center and partial defeasance of the 1993, 1994, and 1995 Issues.					
Term Current Interest Bonds	7/15/27 - 7/15/29	5%	\$2,405 - \$7,985	12,815	12,815
1999 Issue				<u>12,815</u>	<u>12,815</u>
<b><u>2001 Issue</u></b>					
Purpose: To finance a portion of acquisition costs of a microwave and law enforcement mutual aid communications system, a sheriff's radio system, and the costs of acquisition and construction of a forensics laboratory and a coroner's office.					
Series A Current Interest Bonds	7/15/12 - 7/15/21	4% - 4.75%	\$220 - \$1,665	21,470	9,405
Series A Term Interest Bonds	7/15/22 - 7/15/31	4.75%	\$230 - \$355	2,900	2,900
Series B Current Interest Bonds	7/15/12 - 7/15/21	4% - 4.75%	\$215 - \$320	4,270	2,640
Series B Term Interest Bonds	7/15/22 - 7/15/26	4.875%	\$340 - \$410	1,865	1,865
Series B Term Interest Bonds	7/15/27 - 7/15/31	5%	\$430 - \$525	2,385	2,385
2001 Issue				<u>32,890</u>	<u>19,195</u>
<b><u>2008 Issue</u></b>					
Purpose: To provide funds, together with other available moneys, to redeem the 2003 Bonds.					
Series A Current Interest Bonds	7/15/12 - 7/15/25	4% - 5%	\$2,875 - \$5,205	62,480	54,465
Term Interest Bonds	7/15/26 - 7/15/28	5.25%	\$5,465 - \$6,070	17,295	17,295
Term Interest Bonds	7/15/29 - 7/15/33	5%	\$6,390 - \$7,805	35,405	35,405
Term Interest Bonds	7/15/34 - 7/15/36	5%	\$8,205 - \$9,070	25,900	25,900
2008 Issue				<u>141,080</u>	<u>133,065</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

<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, 2012</u>
<b><u>2009 Issue</u></b>					
Purpose: To provide funds, together with other available moneys, to refund a portion of the outstanding 1997 Bonds and the outstanding 1999 Bonds (collectively, the "Prior Bonds"), to pay for costs of issuance of the 2009 Bonds, and to pay for other costs relating to the refunding of the Prior Bonds.					
Serial Current Interest Bonds	7/15/12 - 7/15/17	4% - 5%	\$5,475 - \$6,145	46,130	36,490
Serial Current Interest Bonds	7/15/18 - 7/15/26	5% - 5.25%	\$6,475 - \$8,990	69,375	69,375
2009 Issue				115,505	105,865
<b>Total lease revenue bonds and accreted interest on capital appreciation bonds</b>				383,856	328,928
<b>Certificates of Participation:</b>					
<b><u>1997 Issue</u></b>					
Purpose: To finance the design, construction and installation of storm water, and flood control improvements located in the Colma Creek Flood Control Zone.					
Serial Certificates	8/1/2012	5%	\$345	3,635	345
Term Certificates	8/1/13 - 8/1/17	5.25%	\$360 - \$440	2,000	2,000
Term Certificates	8/1/18 - 8/1/32	5.125%	\$465 - \$935	10,145	10,145
1997 certificates of participation				15,780	12,490
<b><u>2004 Issue</u></b>					
Purpose: To finance the acquisition, design, construction, improvement, and installation of certain improvements to the flood control system.					
Serial Certificates	8/1/12 - 8/1/25	3.25% - 4.5%	\$40 - \$70	975	755
Term Certificates	8/1/26 - 8/1/29	4.75%	\$70 - \$85	310	310
Term Certificates	8/1/30 - 8/1/34	4.75%	\$85 - \$1,140	2,500	2,500
Term Certificates	8/1/35 - 8/1/39	5%	\$1,195 - \$1,450	6,595	6,595
2004 certificates of participation				10,380	10,160
<b>Total certificates of participation</b>				26,160	22,650
<b>Total long-term liabilities</b>				\$ 410,016	\$ 351,578
<b>Notes Payable:</b>					
<b>Department of Housing</b>					
Housing Development Loan	8/1/14	-	-	\$ 124	\$ 124
<b>County Service Area 11</b>					
State of California	4/1 and 10/1				
Department of Water Resources	through 2012	3.3712%	\$10 - \$20	296	10
<b>Total notes payable</b>				420	134
<b>Total governmental activities</b>				\$ 420	\$ 134
<b><u>Business-type Activities</u></b>					
<b>Notes Payable:</b>					
<b>Coyote Point Marina</b>					
Department of Boating and Waterways	8/1/11 - 8/1/29	4.5%	\$14 - \$77	\$ 3,173	\$ 737
<b>Housing Authority</b>					
California Housing Finance Agency	5/20/57	-	-	49	40
Downey Savings and Loan Bank <sup>a</sup>	2/28/16	-	-	148	148
<b>Airports</b>					
Department of Transportation	2/7/12 - 2/7/23	4.78%	\$207 - \$362	4,000	2,214
<b>Total business-type activities</b>				\$ 7,370	\$ 3,139

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

The table below summarizes changes in the County's long-term liabilities for the fiscal year ended June 30, 2012:

	Balance July 1, 2011	Additions/ Accretions	Retirements	Balance June 30, 2012	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Lease revenue bonds	\$ 337,585	\$ -	\$ (12,605)	\$ 324,980	\$ 13,250
Accreted interest on capital appreciation bonds	3,603	345	-	3,948	-
Add: unamortized premium	9,220	-	(542)	8,678	542
Less: unamortized deferred loss on refunding	(11,234)	-	471	(10,763)	(471)
Less: unamortized discount	(98)	-	5	(93)	(5)
Lease revenue bonds, net	<u>339,076</u>	<u>345</u>	<u>(12,671)</u>	<u>326,750</u>	<u>13,316</u>
Certificates of participation	23,015	-	(365)	22,650	385
Add: unamortized premium	61	-	(2)	59	2
Certificates of participation, net	<u>23,076</u>	<u>-</u>	<u>(367)</u>	<u>22,709</u>	<u>387</u>
Notes payable	154	-	(20)	134	10
Other long-term obligation	4,047	-	(1,153)	2,894	948
Estimated claims	50,837	16,573	(16,904)	50,506	13,390
Compensated absences	33,795	24,907	(25,395)	33,307	26,401
<b>Total Governmental Activities</b>	<u>\$ 450,985</u>	<u>\$ 41,825</u>	<u>\$ (56,510)</u>	<u>\$ 436,300</u>	<u>\$ 54,452</u>
<b>Business-type Activities:</b>					
Notes payable	\$ 3,863	\$ 83	\$ (807)	\$ 3,139	\$ 307
Other long-term obligation	181	-	(181)	-	-
Net OPEB Obligation	293	85	-	378	-
Estimated claims	819	-	(138)	681	12
Compensated absences	8,585	7,276	(7,523)	8,338	7,751
<b>Total Business-type Activities</b>	<u>\$ 13,741</u>	<u>\$ 7,444</u>	<u>\$ (8,649)</u>	<u>\$ 12,536</u>	<u>\$ 8,070</u>

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

- The *lease revenue bonds* are payable by a pledge of revenues from the base rental payments payable by the County, pursuant to the Master Facility Lease Agreements between the JPFA and the County for the use of equipment and facilities acquired or constructed by the JPFA. Under California law, the County cannot make lease payments until the County has constructive use or occupancy of the property being financed. Once construction is completed, the leases act like direct financing leases with lease payments equal to debt service payments. Total debt service requirements remaining on the lease revenue bonds is \$511 million payable through July 15, 2036. For the current year, principal and interest paid by the JPFA totaled \$12.6 million and \$16.4 million, respectively.
- The *certificates of participation* are payable by a pledge of revenues from the installment payments payable by the County Flood Control District, pursuant to Installment Payment Agreements between the JPFA and the County. Total debt service requirements remaining on the certificates of participation is \$42 million payable through August 1, 2039. For the current year principal and interest paid by the JPFA totaled \$0.4 million and \$1.1 million, respectively.
- *Notes payable* to the Department of Water Resources are funded by County Service Area special revenue fund; other notes payable under business-type activities are funded separately by respective enterprise funds.
- *Other long-term obligation, net OPEB obligation, and compensated absences* are financed by individual funds that are responsible for the charges.
- *Estimated claims* are liquidated by charges for services collected through individual internal service funds and reserves of the Housing Authority.



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

Annual debt service requirements for governmental activities as of June 30, 2012, are summarized as follows:

Fiscal Year Ended June 30,	<b>Governmental Activities</b>						
	<u>Lease Revenue Bonds</u>			<u>Certificates of Participation</u>		<u>Notes Payable</u>	
	Principal	Interest		Principal	Interest	Principal	Interest
2013	\$ 13,250	\$ -	\$ 15,684	\$ 385	\$ 1,127	\$ 10	\$ 1
2014	13,935	-	15,028	405	1,107	-	-
2015	13,800	-	14,348	425	1,086	124	-
2016	14,490	-	13,658	445	1,064	-	-
2017	15,235	-	12,932	470	1,041	-	-
2018-2022	83,139	3,881	53,093	2,720	4,814	-	-
2023-2027	70,321	5,060	34,500	3,485	4,034	-	-
2028-2032	57,585	-	17,382	4,460	3,030	-	-
2033-2037	43,225	-	5,400	5,710	1,767	-	-
2038-2040	-	-	-	4,145	318	-	-
Total requirements	<u>324,980</u>	<u>8,941</u>	<u>182,025</u>	<u>\$ 22,650</u>	<u>\$ 19,388</u>	<u>\$ 134</u>	<u>\$ 1</u>
Less: unaccreted interest	-	(4,993)	-				
Total	<u>\$ 324,980</u>	<u>\$ 3,948</u>	<u>\$ 182,025</u>				

Annual debt service requirements for business-type activities as of June 30, 2012, are summarized as follows:

Fiscal Year Ended June 30,	<b>Business-type Activities</b>	
	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 58	\$ 162
2014	108	147
2015	301	133
2016	463	119
2017	330	104
2018-2022	1,520	269
2023-2027	208	62
2028-2032	111	14
2033-2037	-	-
2038-2042	-	-
2043-2047	-	-
2048-2052	-	-
2053-2057	40	-
Total requirements	<u>\$ 3,139</u>	<u>\$ 1,010</u>

**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 \$71 million for the fiscal year ended June 30, 2012.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

**NOTE 11 – NET ASSETS**

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

- *Invested in Capital Assets, Net of Related Debt* groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* reflects net assets that are 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, 2012, restricted net assets for the governmental activities were \$191 million as reported on the government-wide statement of net assets, and \$55 million of which was restricted by enabling legislation.
- *Unrestricted Net Assets* represents net assets of the County that are not restricted for any project or purpose.

**NOTE 12 – FUND BALANCES**

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

As of June 30, 2012, fund balances for governmental funds are comprised of the following:

- *Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the County’s highest level of decision-making authority, the County’s Board. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance* – comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. The County Manager and department heads or their designees can assign available fund balance to be used for specific purposes during budget preparation. Budgets recommended by departments require the County’s Board approval.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

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. Fund balances for all the major and nonmajor governmental funds as of June 30, 2012, are distributed as follows:

	General Fund	JPFA	Nonmajor Funds	Total
<b>Nonspendable:</b>				
Inventory	\$ 61	\$ -	\$ 354	\$ 415
Long-term receivable	21,718	-	-	21,718
Advances	5,345	-	-	5,345
Subtotal	<u>27,124</u>	<u>-</u>	<u>354</u>	<u>27,478</u>
<b>Restricted for:</b>				
General government	290	-	14,785	15,075
Public protection	2,477	-	13,173	15,650
Public ways and facilities	-	-	31,538	31,538
Health and sanitation	6,177	-	20,582	26,759
Public assistance	37,205	-	-	37,205
Capital projects	-	-	3,675	3,675
Debt service	-	37,285	23,578	60,863
Subtotal	<u>46,149</u>	<u>37,285</u>	<u>107,331</u>	<u>190,765</u>
<b>Assigned to:</b>				
General government	1,392	-	1,862	3,254
Public protection	316	-	1,657	1,973
Public ways and facilities	-	-	1,085	1,085
Health and sanitation	1,288	-	2,884	4,172
Public assistance	1,594	-	568	2,162
Capital projects	-	-	4,669	4,669
Subtotal	<u>4,590</u>	<u>-</u>	<u>12,725</u>	<u>17,315</u>
<b>Unassigned</b>	<u>231,286</u>	<u>-</u>	<u>-</u>	<u>231,286</u>
<b>Total</b>	<u>\$ 309,149</u>	<u>\$ 37,285</u>	<u>\$ 120,410</u>	<u>\$ 466,844</u>

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 restricted for one-time purposes or as part of multi-year financial plan to balance the budget and avoid operating deficits. The policy establishes minimum requirements for General Fund departmental reserves, General Fund non-departmental reserves, Service department reserves and Non-General Fund department reserves, including guidelines for the use of these funds. On January 31, 2011, the Board authorized the use of 50% of future excess ERAF proceeds for ongoing purposes. The current ERAF reserves and 50% of future proceeds can only be used for one-time purposes as described in the County Reserves Policy.

**General Fund Departmental Reserve Requirements**

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

Departments must obtain approval from the County Manager prior to using reserves that will reduce the reserve below the two percent requirement. Excess fund balance at the end of each fiscal year 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.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
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Fund balance in excess of two percent minimum departmental reserves can only be allocated to the following: 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 the end of each fiscal year 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 the end of each fiscal year must be first used to replenish this amount to achieve the highest possible credit rating.
3. *Reserve for Capital Improvements* – should be maintained at a minimum of \$2 million to preserve the County’s capital assets. The reserve will be appropriated annually to finance countywide capital improvements as specified in the five-year County’s Capital Improvement plan. This plan will be updated annually during the budget process.
4. *Reserve for Countywide Automation Projects* – should be maintained at a minimum of \$2 million to support automation projects that will generate long-term ongoing savings and reductions to net county cost.
5. *Reserve in Excess of Above Requirements* – can only be allocated for the following one-time or short-term purposes:
  - Capital and technology improvements;
  - Reduction of unfunded liabilities, including Retirement and Retiree Health obligations;
  - Debt retirement;
  - Productivity enhancements;
  - Cost avoidance projects;
  - Litigation;
  - Local match for grants involving multiple departments;
  - Innovation and Entrepreneurial Fund to create one-time and short term incentives for team efforts that generate ongoing savings or revenues in new and creative ways, including one-time investments in infrastructure and other areas with established parameters regarding payback periods and returns on investments;
  - Seed money for new programs involving multiple departments with future ongoing funding sources; and outcome measures; and
  - Other purposes deemed to be fiscally prudent for the County as identified and recommended by the County Manager’s Office to the Board.

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

**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 employer), the San Mateo County Mosquito and Vector Control District, and the Superior Courts of County of San Mateo. SamCERA was founded in 1944 under the authority granted by Article XVI of the Constitution of the State of California and the County Employees’ Retirement Law of 1937 (the 1937 Act), and is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

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

The Board of Retirement undertakes the administrative and fiduciary responsibility over the pension plan. As of June 30, 2012, the total number of plan participants was 10,582, of which 10,554 were County employees and 28 were Mosquito and Vector Control District employees. SamCERA issues a publicly available financial report that can be obtained by writing to the San Mateo County Employees’ Retirement Association, 100 Marine Parkway, Suite 125, Redwood Shores, California 94065.

*Benefit Provisions.* SamCERA provides service retirement, disability, and death benefits to plan members and beneficiaries based on defined benefit formulas using final average compensation, years of service, and age factors to calculate benefits payable.

SamCERA has six 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, and 6. 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.

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

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

*Basis of Accounting.* SamCERA follows the accounting principles and reporting guidelines as set forth by GASB. The accrual basis of accounting is used to account for its financial activities. Investment income is recognized when it is earned, and expenses are recognized when they are incurred. Contributions are recognized when they are due, and benefits and refunds are recognized when payable under the terms of each tier. SamCERA is an independent public employee retirement system with its own governing board. SamCERA's financial statements are reported in the County's financial report as a pension trust fund. SamCERA's management is responsible for maintaining appropriate controls and preparing the SamCERA's financial reports.

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

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

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

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

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

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

***(c) Funding Policy***

The 1937 Act established the basic obligations for employers and members to make contributions to the pension trust fund. The employer and member contribution rates are based on recommendations made by an independent actuary and adopted by the Board of Retirement. The participating employers are required by statutes to contribute the amounts necessary to fund the estimated benefits accruing to SamCERA members not otherwise funded by member contributions or expected investment earnings. Employer contribution rates for each tier are determined pursuant to

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Government Code Section 31453 of the 1937 Act. Contribution rates are actuarially determined using the entry age normal method and consist of an amount for normal cost, the estimated amount necessary to finance benefits earned by members during the year, and an amount required to amortize the unfunded actuarial accrued liability (UAAL).

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

For the fiscal year ended June 30, 2012, the County's annual pension cost was equal to the County's annual required contributions of \$151 million determined by the actuarial valuation as of June 30, 2011, using the entry age normal actuarial cost method. The actuarial assumptions included 7.75% annual investment rate of return, 3.5% annual inflation rate, 4% annual payroll increases, and 5.2% average annual projected salary increases attributed to inflation of 4% and adjustments for merit and longevity of 1.2%.

Beginning with the June 30, 2008 actuarial valuation, SamCERA converted to the 15-year layered amortization methodology. Under this method, the original UAAL is amortized over 15 years as of the valuation date. Future actuarial gains and losses are amortized over the new 15-year periods. The weighted average employer contribution rate was 34% of the covered payroll, and the weighted average member contribution rate was 10.32%. The UAAL is being amortized as a level percentage of projected payroll over the new 15-year periods.

The table below presents three-year trend information:

Fiscal Year Ended	Annual Pension Cost	Percentage of APC Contributed
6/30/2010	\$106,265	100%
6/30/2011	150,475	100%
6/30/2012	150,950	100%

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

As of June 30, 2012, the most recent actuarial valuation date, the plan was 72% funded. The actuarial accrued liability for benefits was \$3.44 billion, and the actuarial value of assets was \$2.48 billion, resulting in an UAAL of \$0.96 billion. The actuarial assets are valued using a five-year smoothed method based on the difference between the expected market value and the actual market value of the assets as of the valuation date. The annual covered payroll (annual payroll of active employees covered by the plan) was \$0.42 billion, and the ratio of the UAAL to the annual covered payroll was 229%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

The Housing Authority, a blended component unit and a major enterprise fund of the County, has its own employees and participates in a defined contribution retirement plan administered by The Variable Annuity Life Insurance Company. Employees with more than six months of service can participate in the plan. This plan provides an individual account for each participant. The amount a participant will receive depends solely on the amount contributed to the participant's account plus earnings from investments of those contributions. Employer contributions are set forth in the plan and are vested 20% for each year of service until an employee becomes fully vested after five years.

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Under this plan, the Authority contributes 14% of the gross salary monthly for management. Management employees do not need to make contributions. Monthly contributions made by the Housing Authority and its regular 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%

As of June 30, 2012, the plan had 41 active participants. For the fiscal year ended June 30, 2012, the Housing Authority contributed \$351 to its retirement plan.

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS**

**County of San Mateo**

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

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

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

The County contracts with Kaiser, Secure Horizons, and Blue Shield to provide supplemental health coverage for retirees enrolled in Medicare. Medical premiums for retirees enrolled in Medicare are not based on blended active experience; therefore, implicit subsidy does not exist in premiums for retirees enrolled in Medicare. Dental and vision premiums for retirees over age 65 who are enrolled in Medicare include implicit subsidy because such premiums are based on blended active experience.

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

**Funding Policy.** Contribution requirements for the members and the County are established and may be amended through negotiations between the County and the bargaining units. For the fiscal year ended June 30, 2012, the County contributed \$19.4 million, or 100%, of the annual required contributions to the Retiree Health Plan.



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**Annual OPEB Cost and Net OPEB Asset.** The County's annual OPEB cost consists of: (a) the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, (b) one year's interest on the beginning balance of the net OPEB asset, and (c) an adjustment to the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over a closed 30-year period from July 1, 2005. The remaining amortization period as of June 30, 2012, is 23 years.

The valuation presented in this section is a "roll forward" valuation based on the valuation of January 1, 2011. The following table shows the components of the County's annual OPEB cost for the year, the amount contributed to the plan, and changes in the County's net OPEB asset to the Retiree Health Plan:

Annual required contribution	\$ 19,439
Interest on prior year net OPEB asset	(8,744)
Adjustment to annual required contribution	7,587
Annual OPEB cost	<u>18,282</u>
Contribution made	<u>(19,439)</u>
Increase in net OPEB asset	(1,157)
Net OPEB asset - beginning of year	<u>(123,846)</u>
Net OPEB asset - end of year	<u><u>\$ (125,003)</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2010	\$ 15,504	111.8%	\$ (122,159)
6/30/2011	15,722	110.7%	(123,846)
6/30/2012	18,282	106.3%	(125,003)

The table below shows how the total net OPEB asset as of June 30, 2012, is distributed. SamCERA's and First 5's employees are County employees and thereby eligible for postemployment health benefits.

	Net OPEB Obligation (Asset)
Governmental Activities	\$ (100,626)
Business-type Activities	(23,761)
SamCERA	(453)
First 5 San Mateo County	(163)
	<u><u>\$ (125,003)</u></u>

**Funded Status and Funding Progress.** The unfunded actuarial accrued liability is being amortized as a level of percentage of expected payroll on a closed basis over 30 years, beginning July 1, 2005. The table below indicates the funded status of the Retiree Health Plan as of June 30, 2011, the most recent actuarial valuation date.

Actuarial accrued liability (AAL)	\$ 267,927
Actuarial value of plan assets	167,852
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 100,075</u></u>
Funded ratio (actuarial value of plan assets/AAL)	62.6%
Annual covered payroll (active plan members)	\$ 465,111
UAAL as a percentage of annual covered payroll	21.5%

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The Entry Age Normal Cost Method was used for the valuation as of June 30, 2011. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percent of expected salary for each year of employment between entry age (age at hire) and assumed exit (maximum retirement age). The actuarial assumptions included a 7.06% investment rate of return on investment; an annual healthcare cost trend rate of 8% for 2011, reduced gradually each year with an ultimate rate of 6% for 2021 and thereafter; annual dental and vision cost trend rate of 5%; negotiated annual increase in County-paid benefits; a 3.25% annual increase in projected payroll; and various demographic assumptions. The salary and demographic assumptions for termination, disability, and retirement are based on statistics from the June 30, 2010 pension valuation for SamCERA.

The June 30, 2011 valuation does not reflect potential changes in future health costs due to the passage of the Patient Protection and Affordable Care Act enacted on March 23, 2010, as amended by the Health Care and Education Reconciliation Act on March 30, 2010. The impact on future health costs due to this legislation will depend on a number of factors, including future regulations that are not yet known.

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

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

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

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

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The table below summarizes the position of the Housing Authority's OPEB plan for the fiscal year ended June 30, 2012.

Annual required contribution	\$ 104
Interest on prior year net OPEB obligation	11
Adjustment to annual required contribution	(16)
Annual OPEB cost	99
Contribution made	(14)
Increase in net OPEB obligation	85
Net OPEB obligation - beginning of year	293
Net OPEB obligation - end of year	\$ 378

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 78	15.6%	\$ 216
6/30/2011 *	90	14.6%	293
6/30/2012	99	14.1%	378

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

**Funded Status and Funding Progress.** The unfunded actuarial accrued liability is amortized as a level dollar over an "open" 30 years. The table below indicates the funded status as of July 1, 2012, the most recent actuarial valuation date.

Actuarial accrued liability (AAL)	\$ 1,159
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 1,159
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Annual covered payroll (active plan members)	\$ 3,184
UAAL as a percentage of annual covered payroll	36.4%

**Actuarial Methods and Assumptions.** The entry age cost method was used for the valuation as of July 1, 2012. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees assuming the return on investment is 3.75%; the sick leave accrual rate 35% for management employees and 25% for non-management employees; and the sick leave usage rate of 65% for management employees and 75% for non-management employees.

The demographic assumptions (including termination, retirement, and mortality), the sick leave accrual rate, and the sick leave usage rate are updated in each new valuation to determine the actuarial present value of projected benefits. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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**NOTE 15 – RISK MANAGEMENT**

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

- Real and personal property in excess of \$100 per incident, but limited to a maximum of \$500,000.
- Earthquake in excess of \$250 or 5% of the replacement value, whichever is more per incident, but limited to a maximum of \$25,000 in aggregate.
- Flood damage in excess of 5% of the replacement value per location, but limited to a maximum of \$25,000 in aggregate.
- General liability in excess of \$1,000 per incident, but limited to a maximum of \$55,000.
- Workers’ compensation in excess of \$1,000 per incident including statutorily required limits.
- Auto liability in excess of \$1,000 per incident, but limited to a maximum of \$55,000.
- Malpractice in excess of \$10 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 prior and current years’ claims.

The estimated claims liability of \$50,506 as reported in the internal service funds at June 30, 2012, is based on requirements of GASB Statements No. 10 and 30. Under these statements, the County is required to report a liability for claims if, prior to issuance of the financial statements, information indicates that the liability is probable and the amount of loss can be reasonably estimated. About \$43,160 of the \$50,506 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 2011-12. As of June 30, 2012, the Long-term Disability fund recognized a negative increment of \$1,321 in estimated claims liability. As a result, this fund reported a negative expense of \$515 in benefits and claims.

Changes to the claims liability for FY2010-11 and FY2011-12 are as follows:

Liability at June 30, 2010	\$	52,079
Current year claims and changes in estimates		12,796
Payments on claims		(14,038)
Liability at June 30, 2011		50,837
Current year claims and changes in estimates		16,573
Payments on claims		(16,904)
Liability at June 30, 2012	\$	50,506

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**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 joined the Housing Authority Insurance Group (HARRG) to transfer risk through various levels of insurance. Through HARRG, the Housing Authority maintains liability coverage for commercial and auto claims up to \$10 million and for public officials and employment practice defense up to \$1 million.

All other common perils such as business, auto, and flood are insured through commercial carriers. For fiscal year ended June 30, 2012, the Housing Authority paid \$124 towards premium and received surplus distribution of \$26 from HARRG.

**NOTE 16 – COMMITMENTS AND CONTINGENCIES**

**Grants**

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

**Encumbrances**

The County uses “encumbrances” to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve portion of applicable appropriations. Encumbrances still open at year end are not accounted for as expenditures and liabilities but, rather, as assigned fund balance. As of June 30, 2012, the County’s General Fund had a total of \$0.8 million in encumbrances, which were reported as assigned fund balance on the government fund balance sheet.

**Medical Center Third-Party Reimbursement Agreement**

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

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

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

Under the Demonstration, payments for public hospitals were comprised of: (1) fee-for-service (FFS) cost-based reimbursement for inpatient hospital services (exclusive of physician component); (2) Medicare Disproportionate Share Hospital (DSH) payments; (3) distribution from a newly created pool of federal funding for uninsured care known as the Safety Net Care Pool (SNCP); (4) unreimbursed cost of physician and non-physician practitioner cost; and (5) cost applicable to the Coverage Initiative. The nonfederal share of these five types is provided by the public hospitals, primarily through certified public expenditures (CPE) whereby the hospital expends its local funding for services to draw down the federal financial participation (FFP). The match was initially at 50% from July 1, 2009,

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through September 30, 2009. Starting October 1, 2009 through June 30, 2010, there was a temporary enhancement of the Federal Medical Assistance Percentage (FMAP) of 11.59% for a total of 61.59% which reverted back to 50% as of July 1, 2011, and forward. For the inpatient hospital cost-based reimbursement, each hospital provides its own CPE and receives the resulting federal match. For the DSH and SNCP distributions, the CPEs of all the public hospitals are used in the aggregate to draw down the federal match.

Under the Bridge to Reform, payments for the public hospitals are essentially comprised of: (1) to (4) discussed above, (5) Low Income Health Expansion, which includes the Medicaid Expansion Coverage and Health Care Coverage Initiative previously called Coverage Initiative, and (6) Delivery System Reform Incentive Pool program, which is a subset of the SNCP. The nonfederal share of these payments is provided by the public hospitals, primarily through CPE whereby the hospital expends its local funding for services to draw down the FFP. The match was 61.59% from July 1, 2010 to December 31, 2010. The temporary enhancement of the FMAP of 11.59% for a total of 61.59% reverted back to 50% as of July 1, 2011, and forward. For the inpatient hospital cost-based reimbursement, each hospital provides its own CPE and receives the resulting federal match. For the DSH and SNCP distributions, the CPEs of all the public hospitals are used in the aggregate to draw down the federal match.

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

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

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

*Health Plan of San Mateo.* The HPSM, a managed care plan under contract by the State, reimburses the Medical Center directly for services rendered to Medi-Cal patients. The Medical Center receives a fixed monthly premium payment for each patient enrolled. The Medical Center received a total of \$16.8 million in FY 2011-12 which includes \$14.0 million in managed care intergovernmental transfers, \$2.5 million in capitation revenue, and \$0.3 million for pay-for-performance revenue which is reported as part of "Other program revenues" on the Statement of Revenues of Revenues, Expenses and Changes in Net Assets for the Proprietary Funds. Effective January 1, 2006, the HPSM contracted with the Federal government to provide services to Medicare HMO patients, a program called Care Advantage. The Medical Center contracted with the HPSM to be reimbursed the same amount as traditional Medicare reimburses the Medical Center.

*Medicare.* The Medical Center meets the requirements of a Federally Qualified Health Center (FQHC) provider, and a large percentage of its outpatient clinic patients are covered by this reimbursement. 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. As of June 30, 2012, the last Medical Center Medicare cost report audited by the fiscal intermediary was for June 30, 2002. Medicare revenue is presented as part of the "Net charges for services" on the Statement of Revenues of Revenues, Expenses and Changes in Net Assets for the Proprietary Funds.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

**Medical Center Net Patient Service Revenue**

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

**Safety Net Care Pool**

The Medical Center and Behavioral Health and Rehabilitation Services (BHRS) entered into a Memorandum of Understanding (MOU) related to the responsibilities of each division as it pertains to the Paragraph 14 Safety Net Care Pool (SNCP) claiming for eligible uncompensated care. Both the Medical Center and BHRS claim uncompensated costs on the Paragraph 14 Workbook ("P14 Cost Report"). All P14 Cost Reports filed for report years 05-06 through 09-10 have yet to be settled by the State in final audit. SNCP funds are shared among the California public hospitals participating in the Waiver, so there is uncertainty as to the outcome of all the P14 audits and their subsequent impact to the SNCP funds' allocation to each hospital. Because of this, neither the Medical Center nor BHRS has booked these expected revenues and pass-through amounts. As of June 30, 2012, the management of the Medical Center estimates approximately \$22 million in additional SNCP funds resulting from the audits of the P14 Cost Report years 05-06 through 09-10. Of these potential payments, management estimates that 55% will pass through to BHRS.

**Charity Care**

The Medical Center provides treatment to all patients regardless of their ability to pay. Throughout the admission, billing and collection processes, certain patients are identified by the Medical Center as qualifying for the charity-discounted-health program. Once a patient is determined to be eligible for the Medical Center program, the patient's account is classified as charity-discounted care. Costs are the basis for valuing charity care. The cost of charity care provided was approximately \$202.2 million for the year ended June 30, 2012. The total cost estimate is based on a ratio of cost to charge basis, where costs are allocated as a percentage of payer mix. The net cost of charity-discount care is determined by the total charity care cost less payer revenue, patient-related revenue due to sliding-scale payments, and other patient-specific sources, which were \$70.8 million for the year ended June 30, 2012.

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

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

In November 2008, the Parties entered into a Release and Settlement Agreement (the Agreement) under which the Parties agreed that the payments made pursuant to the Agreement represent a good faith compromise of disputed claims and that the compromise represents a fair, reasonable, and equitable discharge of the claim in the Agreement. Pursuant to the Agreement, on or before 15 years from the effective date (November 2008) of the Agreement, the Authority and the City of Daly City, California shall jointly and severally pay DTSC's Response Costs in an amount of \$1 million, except that the Response Costs shall be reduced based on the time period of payments as defined in the Agreement. At June 30, 2012, the Housing Authority accrued \$0.7 million to address the potential liability for the above claim. This amount is presented as current and non-current estimated claims in the Statement of Net Assets.

**Genentech Tax Settlement**

In April 2011, the County settled property tax claims brought by Genentech that the company paid excess taxes for the years 1990 through 1999. The original dispute arose when Genentech challenged the methodology used to determine the taxable value of its land, buildings, fixtures, and equipment. The settlement not only includes a resolution of the

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

valuation of the property at issue, but also encompasses a refund due pursuant to a 2008 Court-issued Writ ordering the enrollment of the property values on certain Genentech assessment appeal applications for tax years 1994 to 1999. The settlement resolved all claims spanning 10 years and brought to an end years of litigation. The County agreed to credit Genentech with \$26.5 million in property taxes plus interest over the next six years. The \$26.5 million tax credits will be spread over six years, approximately \$7 million for the 2011 and 2012 tax years and approximately \$3 million a year over the next four years.

Property tax paid in San Mateo County is distributed to schools, cities and redevelopment agencies, the County, and special districts such as for flood control and mosquito abatement. Refunds of property tax overpayments are collected from these entities as determined by the County's Property Tax Division. Total tax refund due from the County to Genentech is approximately \$2.9 million as of June 30, 2012, and is recorded as other long-term obligation in the Statement of Net Assets.

**Pending Litigation**

The County is also a defendant in several lawsuits arising in the normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the County, the loss has been accrued in the accompanying financial statements. Litigation where loss to the County is reasonably possible has not been accrued. County management and Counsel estimate that such loss was about \$266 as of June 30, 2012.

**NOTE 17 – SUBSEQUENT EVENTS**

**Medical Center**

On July 15, 2012, the Medical Center entered into a management agreement with Brius, LLC to manage and operate the Burlingame Long Term Care facility through September 30, 2015. Brius, LLC assumes the profits and losses resulting from operating the facility, but operates under the Medical Center's license. As such, the Medical Center maintains oversight over the management of facility.

**County's Retirement Contribution**

The County's contribution to the pension plan will increase from the average rate of 34% of payroll to a new average rate of 35.49% beginning in FY 2013-14. The increase in the County's contribution of 1.49% of payroll equates to approximately \$7.25 million, mainly due to continual recognition of investment losses from prior years.

The passage of pension legislation by the California Legislature on August 31, 2012, puts new members hired on or after January 1, 2013, in lower benefit tiers and makes other changes to the benefit and contribution requirements. All the legal and actuarial impacts are yet to be determined, but will have some effect on the employer and member contribution rates beginning as early as January 1, 2013.

**NOTE 18 – EXTRAORDINARY ITEM**

On March 24, 2011, the Governor of California signed Assembly Bill 99 (AB 99) to establish the Children and Families Health and Human Services Fund. This fund will be used to provide health and human services, including direct health care services to children from birth through age five. Each First 5 Commission not exempted from AB99 is required to remit into this fund fifty percent of its total net assets as of June 30, 2010, to cover the cost of this new fund. First 5 San Mateo County conservatively estimated that its obligation under AB99 was approximately \$15 million. Such obligation was reported as a current liability on the statement of net assets and as an extraordinary item on the statement of activities in FY 2010-11. In November 2011, AB99 was overruled. As a result, the \$15.3 million previously set aside for remittance to the State was restored to First 5's net assets in FY 2011-12.





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

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**For the Fiscal Year Ended June 30, 2012**  
**(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 \$77 million at June 30, 2012, is reported under the modified approach and is not subject to depreciation per GASB Statement No. 34.

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

A complete condition assessment is determined triennially. The latest complete condition assessment was completed in FY 2009-10. Per the assessment report, the County's maintained pavement subsystem was rated at a PCI of 75 on a weighted by area average for the primary roads and 56 for the secondary roads. The condition of the primary and secondary road subsystems deteriorated slightly when compared to that of FY 2006-07.

PCI Condition Rating	2010	2010	2007	2007	2004	2004
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
<b>Primary:</b>						
Good to excellent (55-100)	138.22	88.9%	137.62	87.7%	122.45	78.9%
Substandard to fair (0-54)	17.35	11.2%	19.22	12.3%	32.66	21.1%
Total	<u>155.57</u>	<u>100.1%</u>	<u>156.84</u>	<u>100.0%</u>	<u>155.11</u>	<u>100.0%</u>
<b>Secondary:</b>						
Fair to excellent (40-100)	117.05	73.2%	118.16	75.0%	117.03	72.5%
Substandard to fair (0-39)	42.77	26.8%	39.41	25.0%	44.49	27.5%
Total	<u>159.82</u>	<u>100.0%</u>	<u>157.57</u>	<u>100.0%</u>	<u>161.52</u>	<u>100.0%</u>

For the fiscal year ended June 30, 2012, the estimated maintenance and preservation costs exceeded the actual by \$207. The variance was mainly caused by the lower than anticipated construction cost.

Fiscal Year Ended June 30,	Maintenance and Perservation Cost		Variance
	Estimated	Actual	
2008	\$ 3,595	\$ 3,424	\$ 171
2009	4,320	4,509	(189)
2010	3,900	3,850	50
2011	3,425	3,931	(506)
2012	5,943	5,736	207

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

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

SamCERA issues a publicly available financial report that can be obtained by writing to the San Mateo County Employees' Retirement Association, 100 Marine Parkway, Suite 125, Redwood Shores, California 94065. The actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll are obtained from SamCERA's audited financial reports.

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited) – (Continued)**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

The table below presents three-year historical information about the funding status of the County’s pension plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
6/30/2010	\$ 2,179,076	\$ 3,098,453	\$ 919,377	70.3%	\$ 428,559	214.5%
6/30/2011	2,405,140	3,246,727	841,587	74.1%	424,061	198.5%
6/30/2012	2,480,271	3,442,553	962,282	72.0%	419,779	229.2%

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

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
1/1/2009 <sup>a</sup>	\$ 101,362	\$ 207,742	\$ 106,380	48.8%	\$ 479,981	22.2%
1/1/2011	153,171	243,149	89,978	63.0%	451,307	19.9%
6/30/2011	167,852	267,927	100,075	62.6%	465,111	21.5%

<sup>a</sup> Based on the revised valuation on June 17, 2010, which covers Medicare Part B premium reimbursements for management employees.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
7/1/2010	\$ -	\$ 821	\$ 821	0.0%	n/a	n/a
7/1/2011 <sup>*</sup>	-	1,158	1,158	0.0%	\$ 2,997	38.6%
7/1/2012	-	1,159	1,159	0.0%	3,184	36.4%

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



General Fund

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 262,108	\$ 261,915	\$ (193)	\$ 151,698	\$ (110,217)
<b>Resources (inflows):</b>					
Taxes	329,718	329,718	-	367,041	37,323
Licenses and permits	5,559	5,559	-	5,860	301
Fines, forfeitures and penalties	8,562	8,879	317	8,647	(232)
Use of money and property	6,894	6,894	-	8,787	1,893
Intergovernmental revenues	379,814	389,522	9,708	413,837	24,315
Charges for services	101,866	100,005	(1,861)	96,686	(3,319)
Interfund revenue	70,195	70,242	47	60,005	(10,237)
Miscellaneous revenue	28,162	28,353	191	22,451	(5,902)
Other financing sources	242	292	50	270	(22)
Amounts available for appropriation	931,012	939,464	8,452	983,584	44,120
<b>Charges to appropriations (outflows):</b>					
<b><u>General Government</u></b>					
<b>Board of Supervisors - Special Projects</b>					
Services and supplies	25	25	-	5	20
Total Board of Supervisors - Special Projects	25	25	-	5	20
<b>Board of Supervisors - District 1</b>					
Salaries and benefits	657	657	-	611	46
Services and supplies	70	70	-	42	28
Other charges	40	40	-	34	6
Total Board of Supervisors - District 1	767	767	-	687	80
<b>Board of Supervisors - District 2</b>					
Salaries and benefits	657	657	-	616	41
Services and supplies	70	70	-	36	34
Other charges	40	40	-	37	3
Total Board of Supervisors - District 2	767	767	-	689	78
<b>Board of Supervisors - District 3</b>					
Salaries and benefits	528	528	-	412	116
Services and supplies	70	70	-	42	28
Other charges	40	40	-	36	4
Total Board of Supervisors - District 3	638	638	-	490	148
<b>Board of Supervisors - District 4</b>					
Salaries and benefits	657	657	-	569	88
Services and supplies	69	69	-	48	21
Other charges	40	40	-	37	3
Total Board of Supervisors - District 4	766	766	-	654	112
<b>Board of Supervisors - District 5</b>					
Salaries and benefits	657	657	-	601	56
Services and supplies	69	69	-	32	37
Other charges	40	40	-	36	4
Total Board of Supervisors - District 5	766	766	-	669	97

(continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>County Manager/Clerk of the Board</b>					
Salaries and benefits	6,002	6,002	-	5,696	306
Services and supplies	2,912	3,090	178	1,850	1,240
Other charges	919	919	-	876	43
Fixed assets	15	15	-	5	10
Intrafund transfers	(310)	(310)	-	(324)	14
Contingencies	330	330	-	-	330
Total County Manager/Clerk of the Board	9,868	10,046	178	8,103	1,943
<b>Special Services</b>					
Salaries and benefits	620	620	-	567	53
Services and supplies	56	56	-	54	2
Other charges	14,931	14,931	-	14,218	713
Intrafund transfers	(11,866)	(11,866)	-	(11,781)	(85)
Contingencies	68	68	-	-	68
Total Special Services	3,809	3,809	-	3,058	751
<b>Assessor-Clerk-Recorder</b>					
Salaries and benefits	16,009	16,009	-	14,104	1,905
Services and supplies	5,251	5,251	-	3,953	1,298
Other charges	2,079	2,079	-	2,068	11
Fixed assets	20	20	-	-	20
Intrafund transfers	(3,859)	(3,859)	-	(1,792)	(2,067)
Contingencies	826	826	-	-	826
Total Assessor-Clerk-Recorder	20,326	20,326	-	18,333	1,993
<b>Controller's Office</b>					
Salaries and benefits	5,726	5,726	-	5,435	291
Services and supplies	262	262	-	175	87
Other charges	1,984	2,301	317	2,193	108
Fixed assets	105	105	-	34	71
Intrafund transfers	(56)	(56)	-	(23)	(33)
Contingencies	1,261	1,120	(141)	-	1,120
Total Controller's Office	9,282	9,458	176	7,814	1,644
<b>Tax Collector/Treasurer</b>					
Salaries and benefits	7,388	7,388	-	5,970	1,418
Services and supplies	2,757	2,659	(98)	1,094	1,565
Other charges	1,099	1,187	88	1,152	35
Fixed assets	-	10	10	10	-
Intrafund transfers	(2,980)	(2,980)	-	(3,173)	193
Contingencies	1,728	1,587	(141)	-	1,587
Total Tax Collector/Treasurer	9,992	9,851	(141)	5,053	4,798
<b>County Counsel</b>					
Salaries and benefits	8,061	8,104	43	7,353	751
Services and supplies	663	865	202	657	208
Other charges	371	383	12	360	23
Intrafund transfers	(928)	(928)	-	(1,097)	169
Contingencies	1,847	1,924	77	-	1,924
Total County Counsel	10,014	10,348	334	7,273	3,075

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Human Resources</b>					
Salaries and benefits	7,165	7,165	-	7,150	15
Services and supplies	2,027	2,047	20	1,704	343
Other charges	512	512	-	503	9
Intrafund transfers	(1,439)	(1,439)	-	(1,165)	(274)
Contingencies	630	630	-	-	630
Total Human Resources	8,895	8,915	20	8,192	723
<b>Information Services</b>					
Salaries and benefits	21,904	21,904	-	20,842	1,062
Services and supplies	30,231	30,286	55	22,904	7,382
Other charges	1,398	1,398	-	1,398	-
Fixed assets	2,702	2,702	-	370	2,332
Other financing uses	286	286	-	286	-
Intrafund transfers	(43,874)	(43,874)	-	(34,541)	(9,333)
Contingencies	1,982	1,927	(55)	-	1,927
Total Information Services	14,629	14,629	-	11,259	3,370
<b>Public Works</b>					
Salaries and benefits	21,520	21,175	(345)	19,802	1,373
Services and supplies	14,163	14,488	325	14,478	10
Other charges	5,729	5,729	-	4,293	1,436
Fixed assets	295	315	20	157	158
Other financing uses	13,082	13,082	-	13,045	37
Intrafund transfers	(30,489)	(30,489)	-	(29,973)	(516)
Contingencies	1,102	1,102	-	-	1,102
Total Public Works	25,402	25,402	-	21,802	3,600
<b>Non-Departmental Services</b>					
Salaries and benefits	2,100	3,357	1,257	2,872	485
Services and supplies	27,659	27,574	(85)	15,735	11,839
Other charges	3,301	3,800	499	1,728	2,072
Fixed assets	43	43	-	43	-
Other financing uses	20,691	32,126	11,435	14,963	17,163
Intrafund transfers	(663)	(663)	-	(663)	-
Contingencies	116,583	100,567	(16,016)	-	100,567
Total Non-Departmental Services	169,714	166,804	(2,910)	34,678	132,126
<b>Total General Government</b>	285,660	283,317	(2,343)	128,759	154,558
<b><u>Public Protection</u></b>					
<b>Public Safety Communication</b>					
Salaries and benefits	8,165	9,013	848	9,013	-
Services and supplies	466	350	(116)	343	7
Other charges	500	479	(21)	478	1
Intrafund transfers	(124)	(124)	-	(132)	8
Contingencies	651	149	(502)	-	149
Total Public Safety Communication	9,658	9,867	209	9,702	165

(continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Agricultural Commissioner</b>					
Salaries and benefits	3,718	3,718	-	3,659	59
Services and supplies	284	284	-	133	151
Other charges	628	628	-	571	57
Contingencies	261	261	-	-	261
Total Agricultural Commission	4,891	4,891	-	4,363	528
<b>Grand Jury</b>					
Salaries and benefits	56	56	-	50	6
Services and supplies	449	449	-	352	97
Other charges	2	2	-	-	2
Contingencies	129	129	-	-	129
Total Grand Jury	636	636	-	402	234
<b>Message Switch</b>					
Services and supplies	459	459	-	363	96
Other charges	286	286	-	268	18
Intrafund transfers	(150)	(150)	-	(167)	17
Contingencies	731	731	-	-	731
Total Message Switch	1,326	1,326	-	464	862
<b>Criminal Division</b>					
Salaries and benefits	22,113	22,113	-	21,128	985
Services and supplies	1,126	1,126	-	1,114	12
Other charges	1,606	1,606	-	1,567	39
Contingencies	81	81	-	-	81
Total Criminal Division	24,926	24,926	-	23,809	1,117
<b>Child Support Services</b>					
Salaries and benefits	10,468	10,438	(30)	9,605	833
Services and supplies	411	441	30	410	31
Other charges	1,172	1,172	-	999	173
Intrafund transfers	(149)	(149)	-	-	(149)
Total Child Support Services	11,902	11,902	-	11,014	888
<b>County Support of Courts</b>					
Salaries and benefits	460	460	-	456	4
Services and supplies	1,170	1,049	(121)	757	292
Other charges	18,996	19,117	121	18,600	517
Total County Support of Courts	20,626	20,626	-	19,813	813
<b>Private Defender Program</b>					
Services and supplies	16,449	16,449	-	16,449	-
Other charges	60	60	-	60	-
Total Private Defender Program	16,509	16,509	-	16,509	-

(Continued)



**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Sheriff</b>					
Salaries and benefits	134,017	135,576	1,559	131,324	4,252
Services and supplies	21,540	22,274	734	15,101	7,173
Other charges	18,117	18,273	156	17,293	980
Fixed assets	4,185	4,374	189	2,891	1,483
Other financing uses	904	3,248	2,344	904	2,344
Intrafund transfers	(2,476)	(2,476)	-	(933)	(1,543)
Contingencies	7,611	5,117	(2,494)	-	5,117
Total Sheriff	183,898	186,386	2,488	166,580	19,806
<b>Probation</b>					
Salaries and benefits	50,085	51,427	1,342	51,262	165
Services and supplies	21,703	21,469	(234)	19,682	1,787
Other charges	16,251	16,266	15	15,981	285
Other financing uses	25	54	29	5	49
Intrafund transfers	(17,088)	(17,088)	-	(16,207)	(881)
Contingencies	352	352	-	-	352
Total Probation	71,328	72,480	1,152	70,723	1,757
<b>Coroner's Office</b>					
Salaries and benefits	1,847	1,847	-	1,754	93
Services and supplies	692	692	-	586	106
Other charges	303	303	-	287	16
Contingencies	363	363	-	-	363
Total Coroner's Office	3,205	3,205	-	2,627	578
<b>Local Agency Formation Commission</b>					
Salaries and benefits	220	220	-	215	5
Services and supplies	73	73	-	27	46
Other charges	51	51	-	24	27
Intrafund transfers	(77)	(77)	-	(77)	-
Contingencies	8	8	-	-	8
Total Local Agency Formation Commission	275	275	-	189	86
<b>Fire Protection</b>					
Services and supplies	6,154	6,154	-	5,518	636
Other charges	172	172	-	152	20
Fixed assets	311	311	-	5	306
Total Fire Protection	6,637	6,637	-	5,675	962
<b>Planning</b>					
Salaries and benefits	6,395	6,395	-	6,035	360
Services and supplies	5,713	5,713	-	5,279	434
Other charges	589	589	-	551	38
Intrafund transfers	(4,810)	(4,810)	-	(4,816)	6
Contingencies	493	493	-	-	493
Total Planning	8,380	8,380	-	7,049	1,331
<b>Total Public Protection</b>	364,197	368,046	3,849	338,919	29,127

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b><u>Health and Sanitation</u></b>					
<b>Health Services Administration</b>					
Salaries and benefits	2,222	2,222	-	2,022	200
Services and supplies	2,002	2,002	-	1,401	601
Other charges	1,514	1,514	-	1,057	457
Intrafund transfers	(3,369)	(3,369)	-	(2,860)	(509)
Contingencies	76	76	-	-	76
Total Health Services Administration	2,445	2,445	-	1,620	825
<b>Health Policy Plan Promotion</b>					
Salaries and benefits	5,595	5,595	-	5,556	39
Services and supplies	8,253	8,253	-	7,545	708
Other charges	256	266	10	241	25
Intrafund transfers	(3,683)	(3,683)	-	(3,646)	(37)
Contingencies	260	260	-	-	260
Total Health Policy Plan Promotion	10,681	10,691	10	9,696	995
<b>Emergency Medical Services</b>					
Salaries and benefits	952	952	-	858	94
Services and supplies	4,232	4,418	186	476	3,942
Other charges	71	115	44	78	37
Intrafund transfers	(379)	(379)	-	(266)	(113)
Total Emergency Medical Svcs	4,876	5,106	230	1,146	3,960
<b>Contributions to Medical Center</b>					
Services and supplies	49,624	-	(49,624)	-	-
Other financing uses	9,375	61,249	51,874	59,481	1,768
Intrafund transfers	(1,500)	(1,500)	-	(1,500)	-
Total Contributions to Medical Center	57,499	59,749	2,250	57,981	1,768
<b>Environmental Health Services</b>					
Salaries and benefits	10,064	10,064	-	9,836	228
Services and supplies	2,494	2,494	-	4,443	(1,949)
Other charges	1,084	1,084	-	1,206	(122)
Intrafund transfers	(113)	(113)	-	-	(113)
Contingencies	2,469	2,469	-	-	2,469
Total Environmental Health Services	15,998	15,998	-	15,485	513
<b>Behavioral Health Services</b>					
Salaries and benefits	50,013	49,963	(50)	48,219	1,744
Services and supplies	52,966	53,169	203	49,755	3,414
Other charges	31,363	32,085	722	31,445	640
Intrafund transfers	(3,210)	(3,210)	-	(2,332)	(878)
Contingencies	3,521	3,521	-	-	3,521
Total Behavioral Health Services	134,653	135,528	875	127,087	8,441

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Public Health Services</b>					
Salaries and benefits	14,145	14,145	-	12,345	1,800
Services and supplies	9,845	9,845	-	9,172	673
Other charges	2,083	2,083	-	1,998	85
Intrafund transfers	(3,136)	(3,136)	-	(1,480)	(1,656)
Contingencies	2,029	2,029	-	-	2,029
Total Public Health Services	24,966	24,966	-	22,035	2,931
<b>Family Health Services</b>					
Salaries and benefits	20,128	20,499	371	19,676	823
Services and supplies	3,039	3,198	159	2,938	260
Other charges	1,835	1,835	-	1,793	42
Fixed assets	200	200	-	122	78
Intrafund transfers	(1,206)	(1,206)	-	(840)	(366)
Contingencies	1,189	1,189	-	-	1,189
Total Family Health Services	25,185	25,715	530	23,689	2,026
<b>Correctional Health Services</b>					
Salaries and benefits	11,992	11,992	-	11,833	159
Services and supplies	4,475	4,475	-	4,386	89
Other charges	1,244	1,244	-	419	825
Intrafund transfers	(8,317)	(8,317)	-	(8,063)	(254)
Contingencies	182	182	-	-	182
Total Correctional Health Services	9,576	9,576	-	8,575	1,001
<b>Total Health and Sanitation</b>	<b>285,879</b>	<b>289,774</b>	<b>3,895</b>	<b>267,314</b>	<b>22,460</b>
<b>Public Assistance</b>					
<b>Aging &amp; Adult Services</b>					
Salaries and benefits	14,368	14,485	117	13,713	772
Services and supplies	3,841	4,093	252	3,182	911
Other charges	5,634	5,754	120	4,694	1,060
Intrafund transfers	(1,728)	(1,728)	-	(1,677)	(51)
Contingencies	1,025	1,025	-	-	1,025
Total Aging & Adult Services	23,140	23,629	489	19,912	3,717
<b>In Home Support Services - Public Authority</b>					
Other charges	3,702	-	(3,702)	-	-
Other financing uses	-	3,702	3,702	3,702	-
Total In Home Support Services - Public Authority	3,702	3,702	-	3,702	-
<b>Human Services Agency</b>					
Salaries and benefits	81,541	82,102	561	78,551	3,551
Services and supplies	44,219	44,704	485	38,290	6,414
Other charges	76,207	77,500	1,293	65,668	11,832
Fixed assets	100	100	-	-	100
Other financing uses	293	293	-	293	-
Intrafund transfers	(23,993)	(23,993)	-	(22,218)	(1,775)
Contingencies	5,915	5,915	-	-	5,915
Total Human Services Agency	184,282	186,621	2,339	160,584	26,037

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Department of Housing</b>					
Salaries and benefits	2,031	2,031	-	1,783	248
Services and supplies	451	471	20	205	266
Other charges	6,209	6,209	-	6,089	120
Contingencies	37	37	-	-	37
Total Department of Housing	8,728	8,748	20	8,077	671
<b>Total Public Assistance</b>	219,852	222,700	2,848	192,275	30,425
<b>Recreation</b>					
<b>Parks &amp; Recreation</b>					
Salaries and benefits	6,238	6,128	(110)	6,017	111
Services and supplies	963	983	20	902	81
Other charges	1,050	1,150	100	1,141	9
Fixed assets *	-	-	-	3,052	(3,052)
Intrafund transfers	(55)	(55)	-	(55)	-
Contingencies	-	-	-	-	-
Total Parks & Recreation	8,196	8,206	10	11,057	(2,851)
<b>Total Recreation</b>	8,196	8,206	10	11,057	(2,851)
<b>Contingencies</b>					
Contingencies	29,336	29,336	-	-	29,336
<b>Total Contingencies</b>	29,336	29,336	-	-	29,336
Total charges to appropriations	1,193,120	1,201,379	8,259	938,324	263,055
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 196,958	\$ 196,958

(Continued)

\* The County received a \$3 million grant from the Wildlife Conservation Board for the acquisition of three parcels at Pillar Point Bluff. The monies were paid directly from the Conservation Board to the escrow company. The \$3 million was reported as a non-cash donation with a corresponding amount as capital outlay.

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (page 75)	\$ 983,584
Differences - budget to GAAP:	
Reimbursements are inflows of budgetary resources but are used to offset expenditures for financial reporting purposes.	(60,005)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(268)
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	(2)
Receipts from sub-funds reclassified from County Agency Fund, not budgeted.	<u>24,860</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 24)	<u><u>\$ 948,169</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 82)	\$ 938,324
Differences - budget to GAAP:	
Expenditures offset by reimbursements for financial reporting purposes are outflows of budgetary appropriations.	(60,005)
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.	(2,851)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(92,671)
Disbursements from sub-funds reclassified from County Agency Fund, not budgeted.	<u>9,777</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 24)	<u><u>\$ 792,574</u></u>

See Notes to the Budgetary Comparison Schedule.

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Note to the Budgetary Comparison Schedule – General Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

**BUDGETARY BASIS OF ACCOUNTING**

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

In late May of each year, the County Manager prepares and submits the recommended budget document to the County Board. In late June, public hearings will be held to provide the general public with an opportunity to speak on any budget items before the County Board. The recommended budget, once adopted, is uploaded to the County's financial system in early July so that budget monitoring for the new fiscal year can begin. After fiscal year-end closing activities are completed and the State Budget is approved, the County Manager submits to the County Board final adjustments to the recommended budget as a result of state budget adjustments for a final budget hearing in September. Changes approved by the County Board are included in the adopted budget approved on or before October 2.

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

The County uses an encumbrance system as an extension of normal budgetary accounting for all governmental funds except for the JPFA to control expenditures. Under the encumbrance system, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered in order to reserve that portion of applicable appropriations. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year-end; encumbered appropriations at year-end are carried forward in the ensuing year's budget and reported in the original budget column.

The budget approved by the County Board for the General Fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other governmental funds. In the accompanying budgetary financial schedules, actual reimbursements for these items have been eliminated from the resources and related expenditures have been eliminated from the charges to appropriations to provide a meaningful comparison of actual and budgeted results of operations.

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 (an example would be the General Fund).

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



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



## Nonmajor Governmental Funds



**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2012**  
**(In Thousands)**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 91,282	\$ 23,538	\$ 9,560	\$ 124,380
Receivables (net):				
Accounts	40	-	33	73
Interest	196	40	18	254
Taxes	905	-	-	905
Other	15	-	-	15
Due from other funds	38	-	177	215
Due from other governmental agencies	1,718	-	163	1,881
Inventories	354	-	-	354
Total assets	<u>\$ 94,548</u>	<u>\$ 23,578</u>	<u>\$ 9,951</u>	<u>\$ 128,077</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,300	\$ -	\$ 1,362	\$ 4,662
Accrued salaries and benefits	201	-	-	201
Accrued liabilities	-	-	186	186
Due to other funds	89	-	29	118
Advances from other funds	200	-	-	200
Deferred revenues	2,225	-	30	2,255
Deposits	45	-	-	45
Total liabilities	<u>6,060</u>	<u>-</u>	<u>1,607</u>	<u>7,667</u>
<b>Fund balances:</b>				
Nonspendable	354	-	-	354
Restricted	80,078	23,578	3,675	107,331
Assigned	8,056	-	4,669	12,725
Total fund balances	<u>88,488</u>	<u>23,578</u>	<u>8,344</u>	<u>120,410</u>
Total liabilities and fund balances	<u>\$ 94,548</u>	<u>\$ 23,578</u>	<u>\$ 9,951</u>	<u>\$ 128,077</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, 2012**  
**(In Thousands)**

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 14,509	\$ -	\$ -	\$ 14,509
Licenses and permits	2,801	-	-	2,801
Intergovernmental	29,468	-	1,290	30,758
Charges for services	17,890	-	2,400	20,290
Fines, forfeitures and penalties	2,435	-	-	2,435
Rents and concessions	89	-	-	89
Investment income	1,031	216	101	1,348
Other	544	69	162	775
Total revenues	68,767	285	3,953	73,005
<b>Expenditures:</b>				
Current:				
General government	2,714	26	-	2,740
Public protection	8,406	-	-	8,406
Public ways and facilities	18,906	-	-	18,906
Health and sanitation	18,317	-	-	18,317
Public assistance	15,389	-	-	15,389
Capital outlay	4,457	-	10,462	14,919
Debt service:				
Principal	20	-	-	20
Interest	1	-	-	1
Total expenditures	68,210	26	10,462	78,698
Excess (deficiency) of revenues over (under) expenditures	557	259	(6,509)	(5,693)
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	21	-	-	21
Transfers in	5,571	30,489	8,793	44,853
Transfers out	(1,510)	(30,305)	(1,790)	(33,605)
Total other financing sources	4,082	184	7,003	11,269
<b>Net change in fund balances</b>	4,639	443	494	5,576
Fund balances - beginning	83,849	23,135	7,850	114,834
Fund balances - end	\$ 88,488	\$ 23,578	\$ 8,344	\$ 120,410

## 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 are derived from user charges and property taxes.

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

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

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

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

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

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

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

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

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2012**  
**(In Thousands)**

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
<b>ASSETS</b>							
Cash and investments	\$ 28,660	\$ 1,582	\$ 6,863	\$ 16,433	\$ 13,133	\$ 9,625	\$ 2,640
Receivables (net):							
Accounts	-	-	11	-	-	-	13
Interest	57	4	15	37	27	22	7
Taxes	-	337	210	38	243	71	-
Other	15	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governmental agencies	-	112	2	117	120	226	209
Inventories	354	-	-	-	-	-	-
Total assets	<u>\$ 29,086</u>	<u>\$ 2,035</u>	<u>\$ 7,101</u>	<u>\$ 16,625</u>	<u>\$ 13,523</u>	<u>\$ 9,944</u>	<u>\$ 2,869</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 192	\$ -	\$ 15	\$ 2,036	\$ 7	\$ 12	\$ -
Accrued salaries and benefits	156	-	-	13	-	-	-
Due to other funds	52	-	2	19	3	-	-
Advances from other funds	-	-	-	200	-	-	-
Deferred revenues	120	440	207	154	357	295	13
Deposits	42	-	3	-	-	-	-
Total liabilities	<u>562</u>	<u>440</u>	<u>227</u>	<u>2,422</u>	<u>367</u>	<u>307</u>	<u>13</u>
<b>Fund Balances:</b>							
Nonspendable	354	-	-	-	-	-	-
Restricted	27,104	-	5,055	14,201	13,094	9,594	-
Assigned	1,066	1,595	1,819	2	62	43	2,856
Total fund balances	<u>28,524</u>	<u>1,595</u>	<u>6,874</u>	<u>14,203</u>	<u>13,156</u>	<u>9,637</u>	<u>2,856</u>
Total liabilities and fund balances	<u>\$ 29,086</u>	<u>\$ 2,035</u>	<u>\$ 7,101</u>	<u>\$ 16,625</u>	<u>\$ 13,523</u>	<u>\$ 9,944</u>	<u>\$ 2,869</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2012**  
**(In Thousands)**

<u>County Half-Cent Transportation</u>	<u>County-Wide Road Improvement</u>	<u>Solid Waste</u>	<u>IHSS Public Authority</u>	<u>Other Special Revenue</u>	<u>Total</u>	
\$ 1,358	\$ 3,075	\$ 6,046	\$ 907	\$ 960	\$ 91,282	<b>ASSETS</b>
						Cash and investments
16	-	-	-	-	40	Receivables (net):
3	7	14	-	3	196	Accounts
-	-	-	-	6	905	Interest
-	-	-	-	-	15	Taxes
-	-	-	38	-	38	Other
-	-	-	928	4	1,718	Due from other funds
-	-	-	-	-	354	Due from other governmental agencies
<u>\$ 1,377</u>	<u>\$ 3,082</u>	<u>\$ 6,060</u>	<u>\$ 1,873</u>	<u>\$ 973</u>	<u>\$ 94,548</u>	Inventories
						Total assets
						<b>LIABILITIES AND FUND BALANCES</b>
						<b>Liabilities:</b>
\$ 1	\$ -	\$ 42	\$ 995	\$ -	\$ 3,300	Accounts payable
3	-	19	10	-	201	Accrued salaries and benefits
2	-	11	-	-	89	Due to other funds
-	-	-	-	-	200	Advances from other funds
-	-	-	629	10	2,225	Deferred revenues
-	-	-	-	-	45	Deposits
<u>6</u>	<u>-</u>	<u>72</u>	<u>1,634</u>	<u>10</u>	<u>6,060</u>	Total liabilities
						<b>Fund Balances:</b>
-	-	-	-	-	354	Nonspendable
1,365	3,069	5,962	-	634	80,078	Restricted
<u>6</u>	<u>13</u>	<u>26</u>	<u>239</u>	<u>329</u>	<u>8,056</u>	Assigned
<u>1,371</u>	<u>3,082</u>	<u>5,988</u>	<u>239</u>	<u>963</u>	<u>88,488</u>	Total fund balances
<u>\$ 1,377</u>	<u>\$ 3,082</u>	<u>\$ 6,060</u>	<u>\$ 1,873</u>	<u>\$ 973</u>	<u>\$ 94,548</u>	Total liabilities and fund balances

**COUNTY OF SAN MATEO**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
<b>Revenues</b>							
Taxes	\$ -	\$ 4,723	\$ 2,933	\$ 744	\$ 3,099	\$ 981	\$ -
Licenses and permits	170	-	116	-	-	-	-
Intergovernmental	19,874	34	19	4	110	5	-
Charges for services	1,535	356	1,373	12,141	-	78	-
Fines, forfeitures and penalties	-	-	-	-	-	-	2,433
Rents and concessions	56	28	-	-	5	-	-
Investment income	306	18	79	179	144	112	35
Other	100	156	36	38	40	24	45
Total revenues	<u>22,041</u>	<u>5,315</u>	<u>4,556</u>	<u>13,106</u>	<u>3,398</u>	<u>1,200</u>	<u>2,513</u>
<b>Expenditures</b>							
Current:							
General government	-	-	2,303	-	-	411	-
Public protection	-	5,667	2,027	-	711	-	-
Public ways and facilities	17,334	-	-	-	-	-	-
Health and sanitation	-	-	-	12,322	-	-	2,645
Public assistance	-	-	-	-	-	-	-
Capital outlay	1,572	143	-	220	2,522	-	-
Debt service:							
Principal	-	-	20	-	-	-	-
Interest	-	-	1	-	-	-	-
Total expenditures	<u>18,906</u>	<u>5,810</u>	<u>4,351</u>	<u>12,542</u>	<u>3,233</u>	<u>411</u>	<u>2,645</u>
Excess (deficiency) of revenues over (under) expenditures	3,135	(495)	205	564	165	789	(132)
<b>Other financing sources (uses)</b>							
Proceeds from sale of capital assets	-	21	-	-	-	-	-
Transfers in	-	1,869	-	-	-	-	-
Transfers out	-	-	-	-	(1,510)	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,890</u>	<u>-</u>	<u>-</u>	<u>(1,510)</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	3,135	1,395	205	564	(1,345)	789	(132)
Fund balances - beginning	<u>25,389</u>	<u>200</u>	<u>6,669</u>	<u>13,639</u>	<u>14,501</u>	<u>8,848</u>	<u>2,988</u>
Fund balances - end	<u>\$ 28,524</u>	<u>\$ 1,595</u>	<u>\$ 6,874</u>	<u>\$ 14,203</u>	<u>\$ 13,156</u>	<u>\$ 9,637</u>	<u>\$ 2,856</u>

(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, 2012**  
**(In Thousands)**

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	IHSS Public Authority	Other Special Revenue	Total	
\$ 1,997	\$ -	\$ -	\$ -	\$ 32	\$ 14,509	<b>Revenues</b>
-	-	2,515	-	-	2,801	Taxes
-	-	249	9,173	-	29,468	Licenses and permits
246	294	1,602	258	7	17,890	Intergovernmental
-	-	-	-	2	2,435	Charges for services
-	-	-	-	-	89	Fines, forfeitures and penalties
13	36	78	16	15	1,031	Rents and concessions
-	12	90	1	2	544	Investment income
<u>2,256</u>	<u>342</u>	<u>4,534</u>	<u>9,448</u>	<u>58</u>	<u>68,767</u>	Other
						Total revenues
						<b>Expenditures</b>
-	-	-	-	-	2,714	Current:
-	-	-	-	1	8,406	General government
1,549	23	-	-	-	18,906	Public protection
-	-	3,337	-	13	18,317	Public ways and facilities
-	-	-	14,989	400	15,389	Health and sanitation
-	-	-	-	-	4,457	Public assistance
-	-	-	-	-	20	Capital outlay
-	-	-	-	-	1	Debt service:
<u>1,549</u>	<u>23</u>	<u>3,337</u>	<u>14,989</u>	<u>414</u>	<u>68,210</u>	Principal
						Interest
						Total expenditures
<u>707</u>	<u>319</u>	<u>1,197</u>	<u>(5,541)</u>	<u>(356)</u>	<u>557</u>	Excess (deficiency) of revenues over (under) expenditures
						<b>Other financing sources (uses)</b>
-	-	-	-	-	21	Proceeds from sale of capital assets
-	-	-	3,702	-	5,571	Transfers in
-	-	-	-	-	(1,510)	Transfers out
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,702</u>	<u>-</u>	<u>4,082</u>	Total other financing sources (uses)
<u>707</u>	<u>319</u>	<u>1,197</u>	<u>(1,839)</u>	<u>(356)</u>	<u>4,639</u>	<b>Net change in fund balances</b>
<u>664</u>	<u>2,763</u>	<u>4,791</u>	<u>2,078</u>	<u>1,319</u>	<u>83,849</u>	Fund balances - beginning
<u>\$ 1,371</u>	<u>\$ 3,082</u>	<u>\$ 5,988</u>	<u>\$ 239</u>	<u>\$ 963</u>	<u>\$ 88,488</u>	Fund balances - end

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Road Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 24,046	\$ 24,046	\$ -	\$ 23,242	\$ (804)
<b>Resources (inflows):</b>					
Licenses and permits	160	160	-	170	10
Use of money and property	78	78	-	362	284
Intergovernmental revenues	14,551	14,551	-	19,874	5,323
Charges for services	3	3	-	1,535	1,532
Interfund revenue	493	493	-	-	(493)
Miscellaneous revenue	400	400	-	100	(300)
Amounts available for appropriation	<u>15,685</u>	<u>15,685</u>	<u>-</u>	<u>22,041</u>	<u>6,356</u>
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Salaries and benefits	9,239	9,239	-	8,313	926
Services and supplies	18,327	17,727	(600)	9,763	7,964
Other charges	1,127	1,127	-	804	323
Fixed assets	1,400	2,000	600	1,727	273
Intrafund transfers	-	-	-	(1,701)	1,701
Contingencies	9,638	9,638	-	-	9,638
Total charges to appropriations	<u>39,731</u>	<u>39,731</u>	<u>-</u>	<u>18,906</u>	<u>20,825</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,377</u>	<u>\$ 26,377</u>



**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Fire Protection Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 191	\$ (1,678)	\$ (1,869)	\$ 200	\$ 1,878
<b>Resources (inflows):</b>					
Taxes	4,218	4,218	-	4,723	505
Use of money and property	42	42	-	46	4
Intergovernmental revenues	29	29	-	34	5
Charges for services	265	265	-	356	91
Interfund revenue	1,869	1,869	-	-	(1,869)
Miscellaneous revenue	23	23	-	177	154
Other financing source	-	1,869	1,869	1,869	-
Amounts available for appropriation	6,446	8,315	1,869	7,205	(1,110)
<b>Charges to appropriations (outflows):</b>					
Public protection					
Services and supplies	6,637	6,637	-	5,667	970
Fixed assets	-	-	-	143	(143)
Total charges to appropriations	6,637	6,637	-	5,810	827
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 1,595	\$ 1,595

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 7,205
Differences - budget to GAAP:	
Proceeds from sale of captial assets are inflows of budgetary resources but are not revenues for financing reporting purposes	(21)
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes	(1,869)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 5,315

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Service Area Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 6,649	\$ 6,671	\$ 22	\$ 6,669	\$ (2)
<b>Resources (inflows):</b>					
Taxes	2,777	2,777	-	2,933	156
Licenses and permits	69	69	-	116	47
Use of money and property	50	50	-	79	29
Intergovernmental revenues	19	19	-	19	-
Charges for services	1,314	1,314	-	1,373	59
Miscellaneous revenue	-	-	-	36	36
Amounts available for appropriation	4,229	4,229	-	4,556	327
<b>Charges to appropriations (outflows):</b>					
General government and public protection					
Services and supplies	4,437	4,437	-	3,894	543
Other charges	264	286	22	457	(171)
Contingencies	4,792	4,792	-	-	4,792
Non-general fund reserves	1,385	1,385	-	-	1,385
Total charges to appropriations	10,878	10,900	22	4,351	6,549
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 6,874	\$ 6,874

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Sewer and Sanitation Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 14,006	\$ 14,458	\$ 452	\$ 13,639	\$ (819)
<b>Resources (inflows):</b>					
Taxes	522	522	-	744	222
Use of money and property	65	65	-	179	114
Intergovernmental revenues	3	3	-	4	1
Charges for services	9,674	9,674	-	9,865	191
Interfund revenue	986	986	-	2,276	1,290
Miscellaneous revenue	-	-	-	38	38
Other financing sources	529	529	-	-	(529)
Amounts available for appropriation	<u>11,779</u>	<u>11,779</u>	<u>-</u>	<u>13,106</u>	<u>1,327</u>
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	870	870	-	877	(7)
Services and supplies	12,098	12,098	-	11,412	686
Other charges	392	844	452	33	811
Fixed assets	5,293	5,293	-	220	5,073
Other financing uses	152	152	-	-	152
Intrafund transfers	(954)	(954)	-	-	(954)
Contingencies	7,934	7,934	-	-	7,934
Total charges to appropriations	<u>25,785</u>	<u>26,237</u>	<u>452</u>	<u>12,542</u>	<u>13,695</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,203</u>	<u>\$ 14,203</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Flood Control Zone Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 14,465	\$ 14,776	\$ 311	\$ 14,501	\$ (275)
<b>Resources (inflows):</b>					
Taxes	2,645	2,645	-	3,099	454
Use of money and property	84	84	-	149	65
Intergovernmental revenues	21	21	-	110	89
Miscellaneous revenue	-	-	-	40	40
Other financing sources	1,130	1,130	-	-	(1,130)
Amounts available for appropriation	3,880	3,880	-	3,398	(482)
<b>Charges to appropriations (outflows):</b>					
Public protection					
Services and supplies	2,362	2,362	-	342	2,020
Other charges	1,190	1,501	311	369	1,132
Fixed assets	5,500	5,500	-	2,522	2,978
Other financing uses	2,640	2,640	-	1,510	1,130
Contingencies	6,653	6,653	-	-	6,653
Total charges to appropriations	18,345	18,656	311	4,743	13,913
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 13,156	\$ 13,156

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,743
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(1,510)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 3,233

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Lighting Districts Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 8,828	\$ 8,863	\$ 35	\$ 8,848	\$ (15)
<b>Resources (inflows):</b>					
Taxes	652	652	-	981	329
Use of money and property	51	51	-	112	61
Intergovernmental revenues	4	4	-	5	1
Interfund Revenue	-	-	-	78	78
Miscellaneous revenue	-	-	-	24	24
Amounts available for appropriation	707	707	-	1,200	493
<b>Charges to appropriations (outflows):</b>					
General government					
Services and supplies	837	837	-	411	426
Other charges	-	35	35	-	35
Intrafund transfers	(95)	(95)	-	-	(95)
Contingencies	8,793	8,793	-	-	8,793
Total charges to appropriations	9,535	9,570	35	411	9,159
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 9,637	\$ 9,637

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Emergency Medical Services Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 2,982	\$ 2,982	\$ -	\$ 2,988	\$ 6
<b>Resources (inflows):</b>					
Fines, forfeitures and penalties	1,961	2,489	528	2,433	(56)
Use of money and property	31	31	-	35	4
Miscellaneous revenue	-	-	-	45	45
Amounts available for appropriation	1,992	2,520	528	2,513	(7)
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Services and supplies	2,059	2,649	590	2,645	4
Non-general fund reserves	2,915	2,853	(62)	-	2,853
Total charges to appropriations	4,974	5,502	528	2,645	2,857
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 2,856	\$ 2,856

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Half-Cent Transportation Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 841	\$ 841	\$ -	\$ 664	\$ (177)
<b>Resources (inflows):</b>					
Taxes	\$ 1,682	\$ 1,682	-	1,997	315
Use of money and property	-	-	-	13	13
Charges for services	75	75	-	246	171
Amounts available for appropriation	1,757	1,757	-	2,256	499
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Salaries and benefits	192	192	-	166	26
Services and supplies	2,285	2,205	(80)	1,235	970
Other charges	121	201	80	148	53
Total charges to appropriations	2,598	2,598	-	1,549	1,049
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 1,371	\$ 1,371

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County-Wide Road Improvement Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 2,757	\$ 2,757	\$ -	\$ 2,763	\$ 6
<b>Resources (inflows):</b>					
Use of money and property	13	13	-	36	23
Charges for services	262	262	-	294	32
Miscellaneous Revenue	-	-	-	12	12
Amounts available for appropriation	275	275	-	342	67
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Services and supplies	64	64	-	23	41
Non-general fund reserves	2,968	2,968	-	-	2,968
Total charges to appropriations	3,032	3,032	-	23	3,009
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 3,082	\$ 3,082



**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Solid Waste Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 4,780	\$ 4,780	\$ -	\$ 4,791	\$ 11
<b>Resources (inflows):</b>					
Licenses and permits	2,321	2,321	-	2,515	194
Use of money and property	17	17	-	78	61
Intergovernmental revenues	185	185	-	249	64
Charges for services	79	79	-	170	91
Interfund revenue	2,844	2,844	-	1,432	(1,412)
Miscellaneous revenue	-	-	-	90	90
Amounts available for appropriation	5,446	5,446	-	4,534	(912)
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	1,327	1,327	-	1,036	291
Services and supplies	5,120	5,075	(45)	2,245	2,830
Other charges	61	106	45	56	50
Contingencies	2,398	2,398	-	-	2,398
Non-general fund reserves	1,320	1,320	-	-	1,320
Total charges to appropriations	10,226	10,226	-	3,337	6,889
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 5,988	\$ 5,988

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**In-Home Supportive Services Public Authority Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 3,373	\$ 3,373	\$ -	\$ 2,078	\$ (1,295)
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	16	16
Intergovernmental revenues	10,694	10,694	-	9,173	(1,521)
Interfund Revenue	4,052	4,052	-	258	(3,794)
Miscellaneous revenue	-	-	-	1	1
Other financing sources	-	-	-	3,702	3,702
Amounts available for appropriation	14,746	14,746	-	13,150	(1,596)
<b>Charges to appropriations (outflows):</b>					
Public assistance					
Salaries and benefits	673	673	-	513	160
Services and supplies	3,043	3,043	-	2,981	62
Other charges	13,203	13,203	-	11,495	1,708
Non-general fund reserves	1,200	1,200	-	-	1,200
Total charges to appropriations	18,119	18,119	-	14,989	3,130
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 239	\$ 239

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 13,150
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	\$ 9,448

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b><u>Highlands Landscape Maintenance District</u></b>					
<b>Budgetary fund balance, July 1</b>	\$ 73	\$ 73	\$ -	\$ 277	\$ 204
Resources (inflows):					
Taxes	7	7	-	8	1
Use of money and property	-	-	-	1	1
Amounts available for appropriation	<u>7</u>	<u>7</u>	<u>-</u>	<u>9</u>	<u>2</u>
Charges to appropriations (outflows):					
Public protection					
Services and supplies	5	5	-	1	4
Non-general fund reserves	<u>75</u>	<u>75</u>	<u>-</u>	<u>-</u>	<u>75</u>
Total charges to appropriations	<u>80</u>	<u>80</u>	<u>-</u>	<u>1</u>	<u>79</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285</u>	<u>\$ 285</u>
<b><u>Alameda Tree Maintenance</u></b>					
<b>Budgetary fund balance, July 1</b>	\$ 47	\$ 47	\$ -	\$ -	\$ (47)
Resources (inflows):					
Use of money and property	-	-	-	1	1
Charges for services	<u>12</u>	<u>12</u>	<u>-</u>	<u>7</u>	<u>(5)</u>
Amounts available for appropriation	<u>12</u>	<u>12</u>	<u>-</u>	<u>8</u>	<u>(4)</u>
Charges to appropriations (outflows):					
Public protection					
Services and supplies	14	14	-	-	14
Contingencies	<u>45</u>	<u>45</u>	<u>-</u>	<u>-</u>	<u>45</u>
Total charges to appropriations	<u>59</u>	<u>59</u>	<u>-</u>	<u>-</u>	<u>59</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 8</u>
<b><u>Sewer District Maintenance Fund</u></b>					
<b>Budgetary fund balance, July 1</b>	\$ 404	\$ 404	\$ -	\$ -	\$ (404)
Resources (inflows):					
Taxes	20	20	-	24	4
Use of money and property	2	2	-	5	3
Miscellaneous Revenue	-	-	-	1	1
Amounts available for appropriation	<u>22</u>	<u>22</u>	<u>-</u>	<u>30</u>	<u>8</u>
Charges to appropriations (outflows):					
Public protection					
Services and supplies	67	67	-	13	54
Contingencies	<u>359</u>	<u>359</u>	<u>-</u>	<u>-</u>	<u>359</u>
Total charges to appropriations	<u>426</u>	<u>426</u>	<u>-</u>	<u>13</u>	<u>413</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 17</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b><u>Fish and Game Fund</u></b>					
<b>Budgetary fund balance, July 1</b>	\$ 76	\$ 76	\$ -	\$ 231	\$ 155
Resources (inflows):					
Fines, forfeitures, and 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>3</u>	<u>-</u>
Charges to appropriations (outflows):					
General government					
Services and supplies	15	15	-	1	14
Non-general fund reserves	64	64	-	-	64
Total charges to appropriations	<u>79</u>	<u>79</u>	<u>-</u>	<u>1</u>	<u>78</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233</u>	<u>\$ 233</u>

**Total - Other Special Revenue Funds**

<b>Budgetary fund balance, July 1</b>	\$ 600	\$ 600	\$ -	\$ 508	\$ (92)
Resources (inflows)	44	44	-	50	6
Charges to appropriations (outflows)	<u>644</u>	<u>644</u>	<u>-</u>	<u>15</u>	<u>629</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ 543</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 50
Differences - budget to GAAP:	
Receipts from other special revenue funds, not budgeted	<u>8</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 58</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 15
Differences - budget to GAAP:	
Disbursements from other special revenue funds, not budgeted	<u>399</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 414</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, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 16,673	\$ 16,673	\$ -	\$ 23,135	\$ 6,462
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	216	216
Miscellaneous Revenue	-	-	-	69	69
Other financing sources	30,796	30,796	-	30,489	(307)
Amount available for appropriation	<u>30,796</u>	<u>30,796</u>	<u>-</u>	<u>30,774</u>	<u>(22)</u>
<b>Charges to appropriations (outflows):</b>					
Other charges	30,715	30,715	-	26	30,689
Other financing uses	-	-	-	30,305	(30,305)
Non-general fund reserves	16,754	16,754	-	-	16,754
Total charges to appropriations	<u>47,469</u>	<u>47,469</u>	<u>-</u>	<u>30,331</u>	<u>17,138</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,578</u>	<u>\$ 23,578</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 30,774
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(30,489)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ 285</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 30,331
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(30,305)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ 26</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 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.

*Accumulated Capital Outlay Fund* - accounts for appropriations for County capital improvement and maintenance projects. Revenues are derived from selling the County real properties and interest earnings.

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

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

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

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2012**  
**(In Thousands)**

	Parks Acquisition	Accumulated Capital Outlay	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
<b>ASSETS</b>						
Cash and investments	\$ 2,619	\$ -	\$ 1,638	\$ 1,103	\$ 4,200	\$ 9,560
Accounts receivable	-	-	15	15	3	33
Interest receivable	5	-	5	2	6	18
Due from other funds	-	-	-	-	177	177
Due from other governmental agencies	-	-	-	-	163	163
Total assets	<u>\$ 2,624</u>	<u>\$ -</u>	<u>\$ 1,658</u>	<u>\$ 1,120</u>	<u>\$ 4,549</u>	<u>\$ 9,951</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 39	\$ -	\$ -	\$ -	\$ 1,323	\$ 1,362
Accrued liabilities	-	-	-	-	186	186
Due to other funds	-	-	-	-	29	29
Deferred revenues	-	-	15	15	-	30
Total liabilities	<u>39</u>	<u>-</u>	<u>15</u>	<u>15</u>	<u>1,538</u>	<u>1,607</u>
<b>Fund Balances:</b>						
Restricted	2,574	-	-	1,101	-	3,675
Assigned	11	-	1,643	4	3,011	4,669
Total fund balances	<u>2,585</u>	<u>-</u>	<u>1,643</u>	<u>1,105</u>	<u>3,011</u>	<u>8,344</u>
Total liabilities and fund balances	<u>\$ 2,624</u>	<u>\$ -</u>	<u>\$ 1,658</u>	<u>\$ 1,120</u>	<u>\$ 4,549</u>	<u>\$ 9,951</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, 2012**  
**(In Thousands)**

	<u>Parks Acquisition</u>	<u>Accumulated Capital Outlay</u>	<u>Criminal Facility</u>	<u>Courthouse Construction</u>	<u>Other Capital Projects</u>	<u>Total</u>
<b>Revenues:</b>						
Intergovernmental	\$ 343	\$ -	\$ -	\$ -	\$ 947	\$ 1,290
Charges for services	-	-	1,200	1,200	-	2,400
Investment income	30	-	23	13	35	101
Other	91	-	4	22	45	162
Total revenues	<u>464</u>	<u>-</u>	<u>1,227</u>	<u>1,235</u>	<u>1,027</u>	<u>3,953</u>
<b>Expenditures:</b>						
Capital outlay	<u>342</u>	<u>-</u>	<u>-</u>	<u>862</u>	<u>9,258</u>	<u>10,462</u>
Total expenditures	<u>342</u>	<u>-</u>	<u>-</u>	<u>862</u>	<u>9,258</u>	<u>10,462</u>
Excess (deficiency) of revenues over (under) expenditures	<u>122</u>	<u>-</u>	<u>1,227</u>	<u>373</u>	<u>(8,231)</u>	<u>(6,509)</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	8,793	8,793
Transfers out	<u>(226)</u>	<u>(6)</u>	<u>(1,100)</u>	<u>(458)</u>	<u>-</u>	<u>(1,790)</u>
Total other financing sources (uses)	<u>(226)</u>	<u>(6)</u>	<u>(1,100)</u>	<u>(458)</u>	<u>8,793</u>	<u>7,003</u>
<b>Net change in fund balances</b>	<b>(104)</b>	<b>(6)</b>	<b>127</b>	<b>(85)</b>	<b>562</b>	<b>494</b>
Fund balances - beginning	<u>2,689</u>	<u>6</u>	<u>1,516</u>	<u>1,190</u>	<u>2,449</u>	<u>7,850</u>
Fund balances- end	<u>\$ 2,585</u>	<u>\$ -</u>	<u>\$ 1,643</u>	<u>\$ 1,105</u>	<u>\$ 3,011</u>	<u>\$ 8,344</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Parks Acquisition Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 2,530	\$ 2,530	\$ -	\$ 2,689	\$ 159
<b>Resources (inflows):</b>					
Use of money and property	35	35	-	30	(5)
Intergovernmental revenues	2,600	2,600	-	343	(2,257)
Miscellaneous revenue	-	77	77	91	14
Amounts available for appropriation	2,635	2,712	77	464	(2,248)
<b>Charges to appropriations (outflows):</b>					
Services and supplies	562	639	77	318	321
Fixed assets	1,784	1,459	(325)	24	1,435
Other financing uses	2,403	2,728	325	226	2,502
Non-general fund reserves	416	416	-	-	416
Total charges to appropriations	5,165	5,242	77	568	4,674
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 2,585	\$ 2,585

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 568
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(226)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	\$ 342

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Accumulated Capital Outlay Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 6	\$ 6	\$ -	\$ 6	\$ -
<b>Charges to appropriations (outflows): *</b>					
Other Financing Uses	6	6	-	6	-
Total charges to appropriations	6	6	-	6	-
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\* No resources were budgeted.

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

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

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Criminal Facility Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 1,513	\$ 1,513	\$ -	\$ 1,516	\$ 3
<b>Resources (inflows):</b>					
Use of money and property	10	10	-	23	13
Charges for services	1,250	1,250	-	1,200	(50)
Miscellaneous Revenue	-	-	-	4	4
Amounts available for appropriation	<u>1,260</u>	<u>1,260</u>	<u>-</u>	<u>1,227</u>	<u>(33)</u>
<b>Charges to appropriations (outflows):</b>					
Other financing uses	1,100	1,100	-	1,100	-
Non-general fund reserves	<u>1,673</u>	<u>1,673</u>	<u>-</u>	<u>-</u>	<u>1,673</u>
Total charges to appropriations	<u>2,773</u>	<u>2,773</u>	<u>-</u>	<u>1,100</u>	<u>1,673</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,643</u>	<u>\$ 1,643</u>

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

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

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Courthouse Construction Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 1,187	\$ 1,187	\$ -	\$ 1,190	\$ 3
<b>Resources (inflows):</b>					
Use of money and property	30	30	-	13	(17)
Charges for services	1,250	1,250	-	1,200	(50)
Miscellaneous Revenue	-	-	-	22	22
Amounts available for appropriation	<u>1,280</u>	<u>1,280</u>	<u>-</u>	<u>1,235</u>	<u>(45)</u>
<b>Charges to appropriations (outflows):</b>					
Other charges	872	872	-	862	10
Other financing uses	458	458	-	458	-
Non-general fund reserves	1,137	1,137	-	-	1,137
Total charges to appropriations	<u>2,467</u>	<u>2,467</u>	<u>-</u>	<u>1,320</u>	<u>1,147</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,105</u>	<u>\$ 1,105</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,320
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(458)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 862</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 2,627	\$ 2,627	\$ -	\$ 2,449	\$ (178)
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	35	35
Intergovernmental revenues	-	-	-	947	947
Miscellaneous revenue	-	-	-	45	45
Other financing sources	23,399	35,108	11,709	8,793	(26,315)
Amounts available for appropriation	<u>23,399</u>	<u>35,108</u>	<u>11,709</u>	<u>9,820</u>	<u>(25,288)</u>
<b>Charges to appropriations (outflows):</b>					
Services and supplies	373	280	(93)	163	117
Other charges	763	-	(763)	-	-
Fixed assets	23,456	36,021	12,565	9,095	26,926
Contingencies	1,434	1,434	-	-	1,434
Total charges to appropriations	<u>26,026</u>	<u>37,735</u>	<u>11,709</u>	<u>9,258</u>	<u>28,477</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,011</u>	<u>\$ 3,011</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule

\$ 9,820

Differences - budget to GAAP:

    Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.

(8,793)

Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds

\$ 1,027



## 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 Assets**  
**Nonmajor Enterprise Funds**  
**June 30, 2012**  
**(In Thousands)**

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 951	\$ 285	\$ 1,236
Receivables (net):			
Accounts	29	19	48
Interest	<u>2</u>	<u>1</u>	<u>3</u>
Total current assets	<u>982</u>	<u>305</u>	<u>1,287</u>
Noncurrent assets:			
Net OPEB asset	183	118	301
Capital assets:			
Nondepreciable:			
Land	6,844	1,334	8,178
Construction in progress	677	109	786
Depreciable:			
Structures and improvements	28,141	13,048	41,189
Equipment	73	106	179
Less accumulated depreciation	<u>(8,044)</u>	<u>(5,810)</u>	<u>(13,854)</u>
Total noncurrent assets	<u>27,874</u>	<u>8,905</u>	<u>36,779</u>
Total assets	<u>28,856</u>	<u>9,210</u>	<u>38,066</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	120	6	126
Accrued interest payable	-	29	29
Accrued salaries and benefits	18	6	24
Due to other funds	2	-	2
Unearned revenues	8	-	8
Notes payable - current	-	58	58
Compensated absences - current	<u>28</u>	<u>5</u>	<u>33</u>
Total current liabilities	<u>176</u>	<u>104</u>	<u>280</u>
Noncurrent liabilities:			
Deposits	1	3	4
Notes payable - noncurrent	2,214	679	2,893
Compensated absences - noncurrent	<u>40</u>	<u>23</u>	<u>63</u>
Total noncurrent liabilities	<u>2,255</u>	<u>705</u>	<u>2,960</u>
Total liabilities	<u>2,431</u>	<u>809</u>	<u>3,240</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	25,477	8,050	33,527
Restricted	923	-	923
Unrestricted	<u>25</u>	<u>351</u>	<u>376</u>
Total net assets	<u>\$ 26,425</u>	<u>\$ 8,401</u>	<u>\$ 34,826</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services	\$ 25	\$ 1,181	\$ 1,206
Rent and concessions	2,564	17	2,581
Miscellaneous	83	13	96
Total operating revenues	<u>2,672</u>	<u>1,211</u>	<u>3,883</u>
<b>Operating expenses:</b>			
Salaries and benefits	1,062	363	1,425
General and administrative	1,001	424	1,425
Depreciation and amortization	563	264	827
Total operating expenses	<u>2,626</u>	<u>1,051</u>	<u>3,677</u>
Operating income	<u>46</u>	<u>160</u>	<u>206</u>
<b>Nonoperating revenues (expenses):</b>			
Investment income	15	3	18
Interest expense	(141)	(31)	(172)
Total nonoperating expenses, net	<u>(126)</u>	<u>(28)</u>	<u>(154)</u>
Income before capital contributions and transfers	(80)	132	52
Capital contributions	230	103	333
Transfers in	6	3	9
Transfers out	<u>-</u>	<u>(15)</u>	<u>(15)</u>
<b>Change in net assets</b>	156	223	379
Net assets - beginning	<u>26,269</u>	<u>8,178</u>	<u>34,447</u>
Net assets - end	<u>\$ 26,425</u>	<u>\$ 8,401</u>	<u>\$ 34,826</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
<b>Cash flows from operating activities</b>			
Cash receipts from customers	\$ 2,917	\$ 1,203	\$ 4,120
Cash paid to suppliers of goods and services	(973)	(434)	(1,407)
Cash paid to employees for services	(1,139)	(398)	(1,537)
Net cash provided by operating activities	<u>805</u>	<u>371</u>	<u>1,176</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers received from other funds	6	3	9
Transfers paid to other funds	-	(15)	(15)
Loan from other funds	2	-	2
Loan repayment to other funds	-	(185)	(185)
Net cash provided by (used in) noncapital financing activities	<u>8</u>	<u>(197)</u>	<u>(189)</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	(656)	(68)	(724)
Capital contributions from other governments	230	103	333
Proceeds from long term borrowings	-	27	27
Principal paid on long-term liabilities	(750)	-	(750)
Interest paid on long-term liabilities	(141)	(33)	(174)
Net cash provided by (used in) capital and related financing activities	<u>(1,317)</u>	<u>29</u>	<u>(1,288)</u>
<b>Cash flows from investing activities</b>			
Investment income received	16	3	19
Net cash provided by investing activities	<u>16</u>	<u>3</u>	<u>19</u>
Net cash provided by noncapital financing activities			
Net increase (decrease) in cash and cash equivalents	(488)	206	(282)
Cash and cash equivalents, beginning	1,439	79	1,518
Cash and cash equivalents, end	<u>\$ 951</u>	<u>\$ 285</u>	<u>\$ 1,236</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
<b>Operating income</b>	\$ 46	\$ 160	\$ 206
Adjustments to reconcile operating income to cash flows from operating activities:			
Depreciation	563	264	827
Decrease (increase) in:			
Accounts receivable	(4)	(8)	(12)
Due from other governmental agencies	248	-	248
Net OPEB assets	(2)	(1)	(3)
Increase (decrease) in:			
Accounts payable	28	(10)	18
Accrued salaries and benefits	(41)	(16)	(57)
Compensated absences	(34)	(18)	(52)
Refundable deposits	1	-	1
Net cash provided by operating activities	<u>\$ 805</u>	<u>\$ 371</u>	<u>\$ 1,176</u>



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 Assets**  
**Internal Service Funds**  
**June 30, 2012**  
**(In Thousands)**

	Fleet Maintenance	Tower Road Construction	Workers' Compensation Insurance	Long-Term Disability	Personal Injury and Property Damage	Employee Benefits	Total
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 7,735	\$ 59	\$ 25,169	\$ 172	\$ 10,430	\$ 19,639	\$ 63,204
Receivables (net):							
Accounts	6	-	-	34	-	-	40
Interest	16	-	54	-	26	36	132
Due from other funds	59	-	-	-	-	-	59
Due from other governmental agencies	-	-	-	-	-	2,817	2,817
Inventories	123	-	-	-	-	-	123
Other assets	-	-	-	-	2,560	-	2,560
Total current assets	<u>7,939</u>	<u>59</u>	<u>25,223</u>	<u>206</u>	<u>13,016</u>	<u>22,492</u>	<u>68,935</u>
Noncurrent assets:							
Net OPEB asset	237	441	-	-	-	-	678
Capital assets:							
Nondepreciable:							
Land	7	-	-	-	-	-	7
Depreciable:							
Structures and improvements	1,078	-	-	-	-	-	1,078
Equipment	20,559	24	-	-	-	-	20,583
Software	10	-	-	-	-	-	10
Less accumulated depreciation	(17,907)	(24)	-	-	-	-	(17,931)
Total noncurrent assets	<u>3,984</u>	<u>441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,425</u>
Total assets	<u>11,923</u>	<u>500</u>	<u>25,223</u>	<u>206</u>	<u>13,016</u>	<u>22,492</u>	<u>73,360</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	285	5	34	15	96	327	762
Accrued salaries and benefits	25	28	-	-	-	-	53
Due to other funds	3	-	27	-	-	25	55
Unearned revenues	-	-	109	-	65	-	174
Compensated absences - current	58	73	-	-	-	-	131
Estimated claims - current	-	-	11,127	750	1,099	414	13,390
Total current liabilities	<u>371</u>	<u>106</u>	<u>11,297</u>	<u>765</u>	<u>1,260</u>	<u>766</u>	<u>14,565</u>
Noncurrent liabilities:							
Advances from other funds	-	1,361	-	-	-	-	1,361
Deposits	94	-	-	-	-	-	94
Compensated absences - noncurrent	40	14	-	-	-	-	54
Estimated claims - noncurrent	-	-	30,001	6,092	1,023	-	37,116
Total noncurrent liabilities	<u>134</u>	<u>1,375</u>	<u>30,001</u>	<u>6,092</u>	<u>1,023</u>	<u>-</u>	<u>38,625</u>
Total liabilities	<u>505</u>	<u>1,481</u>	<u>41,298</u>	<u>6,857</u>	<u>2,283</u>	<u>766</u>	<u>53,190</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	3,747	-	-	-	-	-	3,747
Unrestricted	7,671	(981)	(16,075)	(6,651)	10,733	21,726	16,423
Total net assets (deficits)	<u>\$ 11,418</u>	<u>\$ (981)</u>	<u>\$ (16,075)</u>	<u>\$ (6,651)</u>	<u>\$ 10,733</u>	<u>\$ 21,726</u>	<u>\$ 20,170</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Fleet Maintenance	Tower Road Construction	Workers' Compensation Insurance	Long-Term Disability	Personal Injury and Property Damage	Employee Benefits	Total
<b>Operating revenues:</b>							
Charges for services	\$ 5,505	\$ 1,666	\$ 11,994	\$ 850	\$ 6,674	\$ 94,954	\$ 121,643
Miscellaneous	116	28	936	66	91	4,554	5,791
Total operating revenues	<u>5,621</u>	<u>1,694</u>	<u>12,930</u>	<u>916</u>	<u>6,765</u>	<u>99,508</u>	<u>127,434</u>
<b>Operating expenses:</b>							
Salaries and benefits	1,465	1,455	-	-	-	-	2,920
General and administrative	2,822	208	2,783	-	1,848	3,529	11,190
Benefits and claims	-	-	10,913	(515)	677	5,498	16,573
Insurance premiums	-	-	822	-	2,605	81,424	84,851
Depreciation	1,693	-	-	-	-	-	1,693
Total operating expenses	<u>5,980</u>	<u>1,663</u>	<u>14,518</u>	<u>(515)</u>	<u>5,130</u>	<u>90,451</u>	<u>117,227</u>
Operating income (loss)	<u>(359)</u>	<u>31</u>	<u>(1,588)</u>	<u>1,431</u>	<u>1,635</u>	<u>9,057</u>	<u>10,207</u>
<b>Nonoperating revenues (expenses)</b>							
Investment income (loss)	84	(1)	286	2	126	188	685
Total nonoperating revenues (expenses)	<u>84</u>	<u>(1)</u>	<u>286</u>	<u>2</u>	<u>126</u>	<u>188</u>	<u>685</u>
Income (loss) before transfers	(275)	30	(1,302)	1,433	1,761	9,245	10,892
Transfers in	11	11	-	-	-	-	22
Transfers out	(241)	-	(39)	-	(21)	-	(301)
<b>Change in net assets</b>	(505)	41	(1,341)	1,433	1,740	9,245	10,613
Net assets (deficits) - beginning	<u>11,923</u>	<u>(1,022)</u>	<u>(14,734)</u>	<u>(8,084)</u>	<u>8,993</u>	<u>12,481</u>	<u>9,557</u>
Net assets (deficits) - end	<u>\$ 11,418</u>	<u>\$ (981)</u>	<u>\$ (16,075)</u>	<u>\$ (6,651)</u>	<u>\$ 10,733</u>	<u>\$ 21,726</u>	<u>\$ 20,170</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Fleet Maintenance	Tower Construction	Workers' Compensation Insurance	Long-Term Disability
<b>Cash flows from operating activities</b>				
Cash received from interfund services provided	\$ 5,562	\$ 1,694	\$ 12,930	\$ 882
Cash payment to suppliers of goods and services	(2,671)	(317)	(3,530)	(50)
Cash payment to employees for services	(1,529)	(1,526)	-	-
Cash payment for judgments and claims	-	-	(9,229)	(806)
Net cash provided by (used in) operating activities	<u>1,362</u>	<u>(149)</u>	<u>171</u>	<u>26</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers received from other funds	11	11	-	-
Transfers paid to other funds	(241)	-	(39)	-
Net cash provided by (used in) noncapital financing activities	<u>(230)</u>	<u>11</u>	<u>(39)</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition of capital assets	(907)	-	-	-
Proceeds from sale of capital assets	-	1	-	-
Net cash provided by (used in) capital and related financing activities	<u>(907)</u>	<u>1</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>				
Investment income received	89	-	307	3
Investment expense paid	-	(3)	-	-
Net cash provided by (used in) investing activities	<u>89</u>	<u>(3)</u>	<u>307</u>	<u>3</u>
Net increase (decrease) in cash and cash equivalents	314	(140)	439	29
Cash and cash equivalents, beginning	7,421	199	24,730	143
Cash and cash equivalents, end	<u>\$ 7,735</u>	<u>\$ 59</u>	<u>\$ 25,169</u>	<u>\$ 172</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
<b>Operating income (loss)</b>	\$ (359)	\$ 31	\$ (1,588)	\$ 1,431
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,693	-	-	-
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(1)	-	-	(34)
Due from other funds	(58)	-	-	-
Due from other government agencies	-	-	-	-
Inventories	(10)	-	-	-
Net OPEB assets	(4)	(3)	-	-
Other assets	-	-	-	-
Increase (decrease) in:				
Accounts payable	158	(109)	23	(50)
Accrued salaries and benefits	(49)	(55)	-	-
Due to other funds	3	-	27	-
Unearned revenues	-	-	25	-
Compensated absences	(11)	(13)	-	-
Estimated claims	-	-	1,684	(1,321)
Net cash provided by (used in) operating activities	<u>\$ 1,362</u>	<u>\$ (149)</u>	<u>\$ 171</u>	<u>\$ 26</u>

(Continued)



**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

Personal Injury and Property Damage	Employee Benefits	Total
\$ 5,569	\$ 99,203	\$ 125,840
(4,463)	(84,876)	(95,907)
-	-	(3,055)
(1,288)	(5,581)	(16,904)
(182)	8,746	9,974
-	-	22
(21)	-	(301)
(21)	-	(279)
-	-	(907)
-	-	1
-	-	(906)
130	176	705
-	-	(3)
130	176	702
(73)	8,922	9,491
10,503	10,717	53,713
\$ 10,430	\$ 19,639	\$ 63,204
\$ 1,635	\$ 9,057	\$ 10,207
-	-	1,693
-	-	(35)
-	-	(58)
-	(305)	(305)
-	-	(10)
-	-	(7)
(1,196)	-	(1,196)
(3)	52	71
-	-	(104)
(8)	25	47
1	-	26
-	-	(24)
(611)	(83)	(331)
\$ (182)	\$ 8,746	\$ 9,974

**Cash flows from operating activities**

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

**Cash flows from noncapital financing activities**

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

**Cash flows from capital and related financing activities**

Acquisition of capital assets  
Proceeds from sale of capital assets  
Net cash provided by (used in) capital and related financing activities

**Cash flows from investing activities**

Investment income received  
Investment expense paid  
Net cash provided by (used in) investing activities

Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents, beginning

Cash and cash equivalents, end

**Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:**

**Operating income (loss)**

Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:

Depreciation

Changes in operating assets and liabilities:

Decrease (increase) in:

Accounts receivable

Due from other funds

Due from other government agencies

Inventories

Net OPEB assets

Other assets

Increase (decrease) in:

Accounts payable

Accrued salaries and benefits

Due to other funds

Unearned revenues

Compensated absences

Estimated claims

Net cash provided by (used in) operating activities



Fiduciary Funds

## COUNTY OF SAN MATEO

### Fiduciary Funds

#### Trust Funds

*Pension Trust.* The San Mateo County Employees' retirement Association (SamCERA), under the control of the SamCERA's Board of Retirement, accumulates earnings from investments and contributions from the County, San Mateo County Mosquito and Vector Control District, and their employees. Disbursements are made for administrative expenses as well as retirement, disability, and death benefits based on a defined benefit formula. This fund accounts for all assets of SamCERA.

*Investment Trust (External Investment Pool).* The external investment pool is made up of three separate funds: Special Districts under Local Board, School Districts, and Other Investment Trust. These funds account for assets, primarily cash and investments in the County's investment pool, owned by legally separate entities such as school and community colleges, special districts governed by local boards, regional boards and authorities, and pass through funds for tax collections for cities. Under sections 27133(h) and 27136 of the California Government Code, funds deposited in the County pool may be reclaimed at the rate of 20% of the principal balance per month, exclusive of apportionment, payroll and day-to-day operations, unless specifically authorized by the Treasurer.

#### Agency Funds

*County Library Fund* - is governed by the Board of the San Mateo Joint Powers Authority (JPA). The Board has twelve members, one from each of the eleven cities and one from the County Board of Supervisors. JPA, primarily financed by property taxes, provides library services to eleven cities and all unincorporated areas within the County.

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

*Trial Courts Operation Fund* - is solely financed by the State of California and administered by the San Mateo County Superior Court. Expenditures from this fund require written authorization from the Court's Presiding Judge or his/her designee. The County only holds a custodial relationship to this fund.

*Public Administrator Fund* - accounts for all assets under the control of the Public Administrator. The County holds the assets in a fiduciary capacity.

*Public Guardian Fund* - accounts for all assets under the control of the Public Guardian. The County holds the assets in a fiduciary capacity.

*Other Agency Fund* - accounts for assets held for other governmental agencies by the County in a fiduciary capacity.

**COUNTY OF SAN MATEO**  
**Combining Statement of Fiduciary Net Assets**  
**Investment Trust Funds**  
**June 30, 2012**  
**(In Thousands)**

	<b>External Investment Pool</b>			<b>Total</b>
	Special Districts under Local Board	School Districts	Other Investment Trust	
<b>ASSETS</b>				
Cash and investments	\$ 195,740	\$ 1,057,113	\$ 581,107	\$ 1,833,960
Interest receivable	402	2,491	1,486	4,379
Due from other governmental agencies	4,044	-	-	4,044
Other assets	110	3	-	113
Total assets	<u>200,296</u>	<u>1,059,607</u>	<u>582,593</u>	<u>1,842,496</u>
<b>LIABILITIES</b>				
Accounts payable	345	-	4,820	5,165
Due to other governmental agencies	-	877	837	1,714
Other liabilities	4,024	1,446	-	5,470
Total liabilities	<u>4,369</u>	<u>2,323</u>	<u>5,657</u>	<u>12,349</u>
<b>NET ASSETS</b>				
Net assets held in trust for investment pool participants	<u>\$ 195,927</u>	<u>\$ 1,057,284</u>	<u>\$ 576,936</u>	<u>\$ 1,830,147</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Investment Trust Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	<b>External Investment Pool</b>			<b>Total</b>
	Special Districts under Local Board	School Districts	Other Investment Trust	
<b>ADDITIONS</b>				
Contributions:				
Contributions to investment pool	\$ 307,721	\$ 2,515,263	\$ 427,767	\$ 3,250,751
Net investment income:				
Net appreciation in fair value of investments	411	1,860	1,329	3,600
Investment income	1,669	10,187	43,821	55,677
Total net investment income	2,080	12,047	45,150	59,277
Total additions	309,801	2,527,310	472,917	3,310,028
<b>DEDUCTIONS</b>				
Distribution from investment pool	275,664	2,599,572	380,259	3,255,495
<b>Change in net assets</b>	34,137	(72,262)	92,658	54,533
Net assets - beginning	161,790	1,129,546	484,278	1,775,614
Net assets - end	\$ 195,927	\$ 1,057,284	\$ 576,936	\$ 1,830,147

**COUNTY OF SAN MATEO**  
**Combining Statement of Fiduciary Net Assets**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Balance July 1, 2012	Addition	Deletion	Balance June 30, 2012
<b><u>COUNTY LIBRARY</u></b>				
Assets:				
Cash and investments	\$ 13,712	\$ 21,922	\$ 21,791	\$ 13,843
Interest receivable	37	27	37	27
Taxes receivable, net	1,081	1,174	1,081	1,174
Due from other governmental agencies	1,087	301	-	1,388
Other assets	1,655	-	-	1,655
Total assets	<u>\$ 17,572</u>	<u>\$ 23,424</u>	<u>\$ 22,909</u>	<u>\$ 18,087</u>
Liabilities:				
Fiduciary liabilities	<u>\$ 17,572</u>	<u>\$ 47,211</u>	<u>\$ 46,696</u>	<u>\$ 18,087</u>
Total liabilities	<u>\$ 17,572</u>	<u>\$ 47,211</u>	<u>\$ 46,696</u>	<u>\$ 18,087</u>
 <b><u>UNAPPORTIONED TAXES</u></b>				
Assets:				
Cash and investments	\$ 101,650	\$ 3,658,205	\$ 3,628,013	\$ 131,842
Interest receivable	228	187	228	187
Due from other governmental agencies	-	1,047	-	1,047
Total assets	<u>\$ 101,878</u>	<u>\$ 3,659,439</u>	<u>\$ 3,628,241</u>	<u>\$ 133,076</u>
Liabilities:				
Due to other governmental agencies	\$ 49,921	\$ 12,729	\$ -	\$ 62,650
Fiduciary liabilities	51,957	4,169,819	4,151,350	70,426
Total liabilities	<u>\$ 101,878</u>	<u>\$ 4,182,548</u>	<u>\$ 4,151,350</u>	<u>\$ 133,076</u>
 <b><u>TRIAL COURTS OPERATION</u></b>				
Assets:				
Cash and investments	\$ 2,853	\$ 37,304	\$ 38,345	\$ 1,812
Interest receivable	6	5	6	5
Other assets	1,109	-	-	1,109
Total assets	<u>\$ 3,968</u>	<u>\$ 37,309</u>	<u>\$ 38,351</u>	<u>\$ 2,926</u>
Liabilities:				
Fiduciary liabilities	<u>\$ 3,968</u>	<u>\$ 75,888</u>	<u>\$ 76,930</u>	<u>\$ 2,926</u>
Total liabilities	<u>\$ 3,968</u>	<u>\$ 75,888</u>	<u>\$ 76,930</u>	<u>\$ 2,926</u>
 <b><u>PUBLIC ADMINISTRATOR</u></b>				
Assets:				
Cash and investments	\$ 5,124	\$ 4,937	\$ 3,096	\$ 6,965
Interest receivable	-	14	14	-
Other assets	6,535	8,354	4,102	10,787
Total assets	<u>\$ 11,659</u>	<u>\$ 13,305</u>	<u>\$ 7,212</u>	<u>\$ 17,752</u>
Liabilities:				
Fiduciary liabilities	<u>\$ 11,659</u>	<u>\$ 21,355</u>	<u>\$ 15,262</u>	<u>\$ 17,752</u>
Total liabilities	<u>\$ 11,659</u>	<u>\$ 21,355</u>	<u>\$ 15,262</u>	<u>\$ 17,752</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Statement of Fiduciary Net Assets**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2012**  
**(In Thousands)**

	Balance July 1, 2012	Addition	Deletion	Balance June 30, 2012
<b><u>PUBLIC GUARDIAN</u></b>				
Assets:				
Cash and investments	\$ 25,055	\$ 32,751	\$ 34,593	\$ 23,213
Interest receivable	80	36	67	49
Other assets	28,747	60,404	58,554	30,597
Total assets	<u>\$ 53,882</u>	<u>\$ 93,191</u>	<u>\$ 93,214</u>	<u>\$ 53,859</u>
Liabilities:				
Due to other governmental agencies	\$ 1,438	\$ 1,189	\$ 1,438	\$ 1,189
Fiduciary liabilities	52,444	45,061	44,835	52,670
Total liabilities	<u>\$ 53,882</u>	<u>\$ 46,250</u>	<u>\$ 46,273</u>	<u>\$ 53,859</u>
<b><u>OTHER AGENCY</u></b>				
Assets:				
Cash and investments	\$ 87,125	\$ 5,179,769	\$ 5,176,987	\$ 89,907
Interest receivable	312	497	469	340
Taxes receivable, net	114,119	139,640	138,926	114,833
Due from other governmental agencies	13,464	925	2,890	11,499
Other assets	23,065	32,073	24,524	30,614
Total assets	<u>\$ 238,085</u>	<u>\$ 5,352,904</u>	<u>\$ 5,343,796</u>	<u>\$ 247,193</u>
Liabilities:				
Due to other governmental agencies	\$ 1,584	\$ 697	\$ 1,390	\$ 891
Fiduciary liabilities	236,501	5,701,461	5,691,660	246,302
Total liabilities	<u>\$ 238,085</u>	<u>\$ 5,702,158</u>	<u>\$ 5,693,050</u>	<u>\$ 247,193</u>
<b><u>TOTALS</u></b>				
Assets:				
Cash and investments	\$ 235,519	\$ 8,934,888	\$ 8,902,825	\$ 267,582
Receivables:				
Interest	663	766	821	608
Taxes, net	115,200	140,814	140,007	116,007
Due from other governmental agencies	14,551	2,273	2,890	13,934
Other assets	61,111	100,831	87,180	74,762
Total assets	<u>\$ 427,044</u>	<u>\$ 9,179,572</u>	<u>\$ 9,133,723</u>	<u>\$ 472,893</u>
Liabilities:				
Due to other governmental agencies	\$ 52,943	\$ 14,615	\$ 2,828	\$ 64,730
Fiduciary liabilities	374,101	10,060,795	10,026,733	408,163
Total liabilities	<u>\$ 427,044</u>	<u>\$ 10,075,410</u>	<u>\$ 10,029,561</u>	<u>\$ 472,893</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 well-being have changed over time.

### **Revenue Capacity**

This segment includes information to help the reader assess the County's most significant local revenue source, property tax.

### **Debt Capacity**

This segment presents information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

### **Economic & Demographic Information**

This segment depicts demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

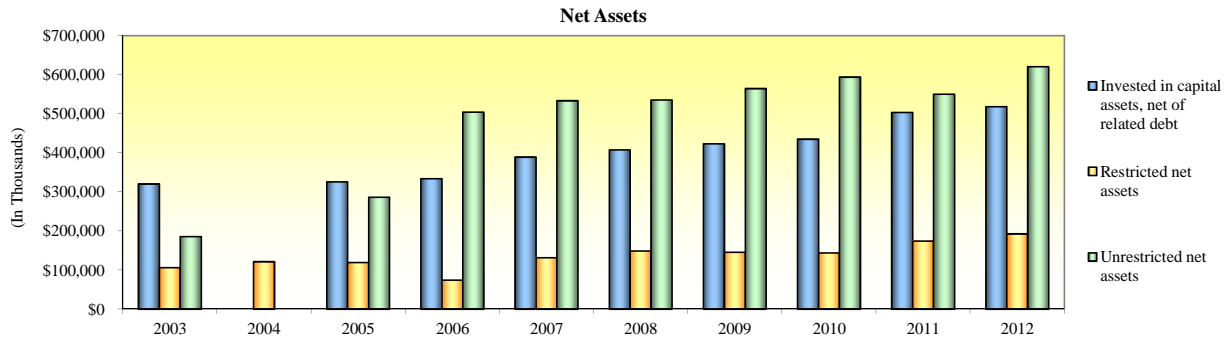
### **Operating information**

This segment displays service and capital asset data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

**Sources:** Unless otherwise stated, the information in this section is derived from the comprehensive annual financial reports for the relevant year.

**COUNTY OF SAN MATEO**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
**(In Thousands)**

	As of June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt <sup>1</sup>	\$ 281,735	\$ 271,872	\$ 287,265	\$ 292,983	\$ 342,916	\$ 360,632	\$ 375,392	\$ 381,801	\$ 449,235	\$ 459,511
Restricted for:										
Government programs <sup>3</sup>	49,533	45,207	60,012	68,414	91,179	102,966	82,421	99,319	108,657	126,227
Capital projects	18,917	-	-	4,574	-	-	6,315	3,231	3,718	3,675
Debt service	34,505	71,958	58,217	65	40,248	38,158	46,504	40,605	61,056	60,863
Unrestricted	197,799	219,281	302,777	514,597	525,709	503,969	511,196	538,887	481,004	550,999
Subtotal governmental activities net assets	582,489	608,318	708,271	880,633	1,000,052	1,005,725	1,021,828 <sup>5</sup>	1,063,843	1,103,670	1,201,275
<b>Business-type Activities</b>										
Invested in capital assets, net of related debt	38,836	39,797	38,771	41,223	46,614	47,003	47,946	53,559	54,851	58,904
Restricted for:										
Housing assistance programs	3,219	4,167	1,127	1,506	167	7,595	10,263	444	1,095	1,886
Unrestricted (Deficit)	(12,045)	(18,445)	(16,007)	(9,901)	8,107	31,759	53,741	55,625	69,588	69,816
Subtotal business-type activities net assets	30,010	25,519	23,891	32,828	54,888	86,357	111,950	109,628	125,534	130,606
<b>Primary Government</b>										
Invested in capital assets, net of related debt	320,571	311,669	326,036	334,206	389,530	407,635	423,338	435,360	504,086	518,415
Restricted for:										
Government programs	49,533	45,207	60,012	68,414	91,179	102,966	82,421	99,319	108,657	126,227
Capital projects	18,917	-	-	4,574	-	-	6,315	3,231	3,718	3,675
Debt service	34,505	71,958	58,217	65	40,248	38,158	46,504	40,605	61,056	60,863
Housing assistance programs	3,219	4,167	1,127	1,506	167	7,595	10,263	444	1,095	1,886
Total restricted	106,174	121,332	119,356	74,559	131,594	148,719	145,503	143,599	174,526	192,651
Unrestricted	185,754	200,836	286,770	504,696 <sup>4</sup>	533,816	535,728	564,937	594,512	550,592	620,815
Total primary government net assets <sup>2</sup>	\$ 612,499	\$ 633,837	\$ 732,162	\$ 913,461	\$ 1,054,940	\$ 1,092,082	\$ 1,133,778	\$ 1,173,471	\$ 1,229,204	\$ 1,331,881
Percent of increase (decrease) in primary government net assets	-1.35%	3.48%	15.51%	24.76%	15.49%	3.52%	3.82%	3.50%	4.75%	8.35%



Source: Comprehensive Annual Financial Reports - County of San Mateo, California

Notes:

- <sup>1</sup> Capital assets include land, easements, infrastructure, construction in progress, structures & improvements, equipment, and software.
- <sup>2</sup> Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when an external party, such as the state or federal government, places a restriction on how the resources may be used, or through enabling legislation enacted by the County.
- <sup>3</sup> Net assets are restricted for specific programs at various functional levels such as general government, public protection, public ways and facilities, health and sanitation, public assistance, and recreation.
- <sup>4</sup> Substantial increase in net assets for governmental and business-type activities is partially due to reporting postemployment healthcare benefits under GASB Statement No. 45 instead of GASB Statement No. 16.
- <sup>5</sup> The FY2008-09's ending net assets were restated to conform to the "retroactive adjustment" requirements under GASB Statement No. 53.

**COUNTY OF SAN MATEO**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
**(In Thousands)**

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
<u>Governmental activities:</u>										
General government	\$ 60,667	\$ 60,845	\$ 60,798	\$ 68,175	\$ 67,730	\$ 65,188	\$ 84,171	\$ 71,316	\$ 68,325	\$ 72,195
Public protection	224,777	242,405	243,797	253,800	277,542	294,239	297,357	308,208	329,087	340,503
Public ways and facilities	21,546	22,657	19,938	19,701	18,617	20,312	27,453	18,771	19,089	19,358
Health and sanitation	152,449	157,452	170,679	173,311	200,441	235,782	241,519	229,477	214,952	222,081
Public assistance	172,014	182,914	184,150	195,258	151,594	201,221	195,507	201,823	207,316	198,742
Education	190	145	151	142	-	-	-	-	-	-
Recreation	7,685	7,397	7,401	8,032	8,302	8,839	8,704	9,316	9,608	8,907
Interest on long-term debt	14,603	17,023	19,019	19,459	19,244	20,126	19,677	15,829	18,185	16,841
Total governmental activities expenses	<u>653,931</u>	<u>690,838</u>	<u>705,933</u>	<u>737,878</u>	<u>743,470</u>	<u>845,707</u>	<u>874,388</u>	<u>854,740</u>	<u>866,562</u>	<u>878,627</u>
<u>Business-type activities:</u>										
San Mateo Medical Center	131,243	164,972	178,500	188,920	207,729	221,318	225,876	232,530	241,028	251,626
Airports	1,744	1,706	1,654	1,753	2,146	2,482	2,427	2,879	2,598	2,763
Coyote Point Marina	1,153	1,250	1,045	1,330	1,252	1,403	1,271	1,143	1,067	1,066
Housing Authority	68,695	71,776	69,899	64,615	59,509	58,947	63,029	65,919	68,728	70,553
Total business-type activities expenses	<u>202,835</u>	<u>239,704</u>	<u>251,098</u>	<u>256,618</u>	<u>270,636</u>	<u>284,150</u>	<u>292,603</u>	<u>302,471</u>	<u>313,421</u>	<u>326,008</u>
Total primary government expenses	<u>\$ 856,766</u>	<u>\$ 930,542</u>	<u>\$ 957,031</u>	<u>\$ 994,496</u>	<u>\$ 1,014,106</u>	<u>\$ 1,129,857</u>	<u>\$ 1,166,991</u>	<u>\$ 1,157,211</u>	<u>\$ 1,179,983</u>	<u>\$ 1,204,635</u>
<b>Program Revenues</b>										
<u>Governmental activities:</u>										
Charges for services										
General government	\$ 30,544	\$ 33,083	\$ 33,089	\$ 31,903	\$ 28,864	\$ 21,505	\$ 41,007	\$ 28,104	\$ 29,180	\$ 29,011
Public protection	24,441	28,093	30,603	29,831	30,864	28,849	29,314	32,776	36,881	35,478
Public ways and facilities	3,812	3,047	3,544	3,451	2,968	4,281	6,149	3,318	3,808	2,123
Health and sanitation	42,777	44,528	47,634	49,094	53,143	62,959	71,051	71,795	62,483	74,523
Public assistance	5,406	4,953	4,297	7,160	6,750	5,083	4,254	4,374	4,922	4,605
Recreation	1,224	1,361	1,262	1,266	1,364	1,450	1,791	2,054	1,641	2,253
Operating grants and contributions *	352,899	378,202	391,518	405,821	427,797	423,894	403,633	400,246	426,932	455,477
Capital grants and contributions	18	3,304	10,130	13,068	1,769	750	-	-	-	-
Total governmental activities program revenues	<u>461,121</u>	<u>496,571</u>	<u>522,077</u>	<u>541,594</u>	<u>553,519</u>	<u>548,771</u>	<u>557,199</u>	<u>542,667</u>	<u>565,847</u>	<u>603,470</u>
<u>Business-type activities:</u>										
Charges for services										
San Mateo Medical Center	67,948	97,307	112,751	123,695	110,826	104,927	126,039	131,370	121,074	124,285
Airports	1,768	1,817	1,888	1,904	2,077	2,236	2,503	2,609	2,771	2,589
Coyote Point Marina	1,123	1,047	1,101	1,192	1,165	1,137	1,108	1,064	1,132	1,198
Housing Authority	1,309	1,444	1,979	1,932	1,727	1,890	1,979	2,002	2,196	3,586
Operating grants and contributions	102,962	75,280	75,310	73,128	103,700	106,474	107,735	96,936	138,510	138,170
Capital grants and contributions	5,839	3,680	8,618	5,385	8,357	5,398	4,805	4,579	4,514	5,939
Total business-type activities program revenues	<u>180,949</u>	<u>180,575</u>	<u>201,647</u>	<u>207,236</u>	<u>227,852</u>	<u>222,062</u>	<u>244,169</u>	<u>238,560</u>	<u>270,197</u>	<u>275,767</u>
Total primary government program revenues	<u>\$ 642,070</u>	<u>\$ 677,146</u>	<u>\$ 723,724</u>	<u>\$ 748,830</u>	<u>\$ 781,371</u>	<u>\$ 770,833</u>	<u>\$ 801,368</u>	<u>\$ 781,227</u>	<u>\$ 836,044</u>	<u>\$ 879,237</u>
<b>Net Expense <sup>1</sup></b>										
Governmental activities	\$ (192,810)	\$ (194,267)	\$ (183,856)	\$ (196,284)	\$ (189,951)	\$ (296,936)	\$ (317,189)	\$ (312,073)	\$ (300,715)	\$ (275,157)
Business-type activities	(21,886)	(59,129)	(49,451)	(49,382)	(42,784)	(62,088)	(48,434)	(63,911)	(43,224)	(50,241)
Total primary government net expenses	<u>\$ (214,696)</u>	<u>\$ (253,396)</u>	<u>\$ (233,307)</u>	<u>\$ (245,666)</u>	<u>\$ (232,735)</u>	<u>\$ (359,024)</u>	<u>\$ (365,623)</u>	<u>\$ (375,984)</u>	<u>\$ (343,939)</u>	<u>\$ (325,398)</u>

Source: County's Comprehensive Annual Financial Reports

Notes:

\* In prior years, pass-through payments from Redevelopment Agencies were reported as part of the property tax revenues. Starting FY 2011-12, these payments are reported under "intergovernmental revenues" as operating grants. As a result, prior year figures were reclassified to reflect the change.

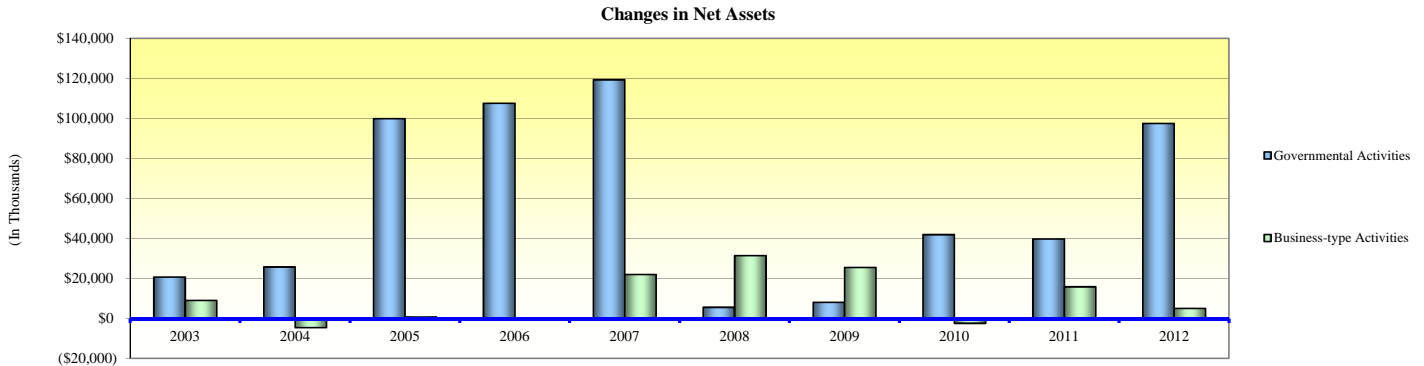
<sup>1</sup> Net expense is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses are net expenses, indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program.

(Continued)

**COUNTY OF SAN MATEO**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
**(In Thousands)**

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Assets</b>										
<u>Governmental activities:</u>										
Taxes:										
Property taxes *	\$ 132,491	\$ 167,547	\$ 208,785	\$ 285,394	\$ 282,098	\$ 311,489	\$ 352,166	\$ 351,780	\$ 337,171	\$ 360,310
Property transfer taxes	5,849	7,003	8,111	8,487	8,192	6,011	3,842	4,829	5,018	5,651
Sales and use taxes	15,882	15,762	16,061	12,986	13,544	14,896	16,479	14,579	16,395	18,869
Property tax in-lieu of sales taxes	-	-	-	3,878	4,164	4,569	4,880	4,372	4,772	5,560
Transient occupancy taxes	590	632	815	839	842	667	1,016	966	928	1,221
Aircraft taxes	1,123	1,017	814	821	1,287	1,680	1,517	1,631	857	1,091
Other taxes	-	-	2	5	4	23	13	75	43	2
Motor vehicle in-lieu taxes	49,785	52,799	58,033	- <sup>3</sup>	-	-	-	-	-	-
Unrestricted interest and investment earnings	23,329	6,995	20,369	19,059	40,750 <sup>4</sup>	31,473	(641) <sup>5</sup>	11,916	10,008	10,602
Securities lending activities:										
Securities lending income	588	850	1,895	3,689	4,245	2,750	375	47	34	-
Securities lending expenses	(525)	(720)	(1,761)	(3,569)	(4,139)	(2,362)	(291)	(38)	(29)	-
Miscellaneous	13,890	20,293	20,707	21,680	20,301	21,123	25,564	22,599	20,873	20,585
Special items	-	-	-	-	-	-	(8,139)	-	-	-
Transfers	(29,403)	(52,082)	(50,022)	(49,291)	(61,918)	(89,710)	(71,397)	(58,668)	(55,528)	(51,129)
Total governmental activities	213,599	220,096	283,809	303,978	309,370	302,609	325,384	354,088	340,542	372,762
<u>Business-type activities:</u>										
Unrestricted interest and investment earnings	719	252	258	286	626	890	(524) <sup>5</sup>	235	279	372
Securities lending activities:										
Securities lending income	31	16	30	83	139	133	26	3	2	-
Securities lending expenses	(27)	(12)	(27)	(80)	(137)	(115)	(21)	(2)	(2)	-
Miscellaneous	849	2,300	-	-	2,298	2,939	3,149	2,685	3,323	3,812
Transfers	29,403	52,082	50,022	49,291	61,918	89,710	71,397	58,668	55,528	51,129
Total business-type activities	30,975	54,638	50,283	49,580	64,844	93,557	74,027	61,589	59,130	55,313
Total primary government	\$ 244,574	\$ 274,734	\$ 334,092	\$ 353,558	\$ 374,214	\$ 396,166	\$ 399,411	\$ 415,677	\$ 399,672	\$ 428,075
<b>Change in Net Assets</b>										
Governmental activities	\$ 20,789	\$ 25,829	\$ 99,953	\$ 107,694	\$ 119,419	\$ 5,673	\$ 8,195	\$ 42,015	\$ 39,827	\$ 97,605
Business-type activities	9,089	(4,491)	832	198	22,060	31,469	25,593	(2,322)	15,906	5,072
Total primary government	\$ 29,878	\$ 21,338	\$ 100,785	\$ 107,892	\$ 141,479	\$ 37,142	\$ 33,788	\$ 39,693	\$ 55,733	\$ 102,677

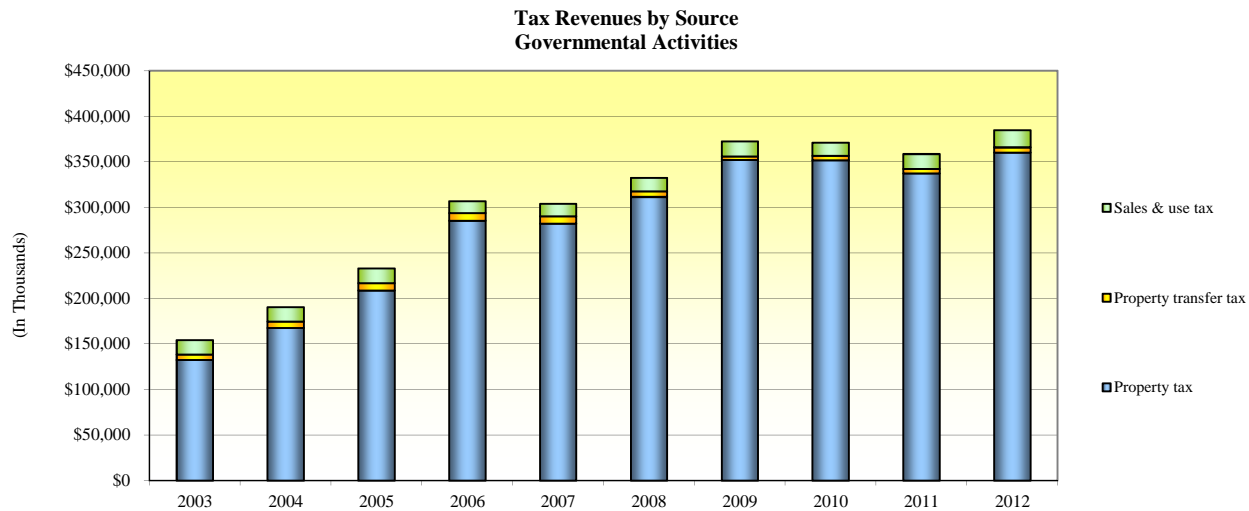
\* In prior years, pass-through payments from Redevelopment Agencies were reported as part of the property tax revenues. Starting FY 2011-12, these payments are reported under "intergovernmental revenues" as operating grants. As a result, prior year figures were reclassified to reflect the change.



- Notes:
- This amount reflected the County's share of revenues from "Triple Flip", a State legislation enacted to replace 0.25% sales tax revenue to local governments via a temporary reduction to the Educational Revenue Augmentation Fund (ERAF) until the State's recovery loan is fully paid.
  - In prior years, vehicle license fee (VLF) was based on the original VLF and reported as motor vehicle in-lieu taxes. Starting in FY 2005-06, VLF is calculated using the prior year's VLF amount plus the local increases in assessed valuations of property and is reported as property tax revenue.
  - Strong economic conditions accounted for a significant return on investment.
  - Investments in the County investment pool experienced a sharp decline in value due to the Lehman loss. The financial meltdown further reduced the County's cash and investments in the investment pool. Lower investment value and diminished investment return resulted in a sizable decrease in interest and investment earnings.

**COUNTY OF SAN MATEO**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
**(In Thousands)**

Fiscal Year	Property tax							Total
	Property *	Property Transfer	Sales and Use	in-lieu of Sales Tax	Transient Occupancy	Aircraft	Other	
2003	\$ 132,491	\$ 5,849	\$ 15,882	\$ -	\$ 590	\$ 1,123	\$ -	\$ 155,935
2004	167,547 <sup>1</sup>	7,003	15,762	-	632	1,017	-	191,961
2005	208,785 <sup>2</sup>	8,111	16,061	-	815	814	2	234,588
2006	285,394 <sup>3</sup>	8,487	12,986	3,878 <sup>4</sup>	839	821	5	312,410
2007	282,098	8,192	13,544	4,164	842	1,287	4	310,131
2008	311,489	6,011	14,896	4,569	667	1,680	23	339,335
2009	352,166	3,842	16,479	4,880	1,016	1,517	13	379,913
2010	351,780	4,829	14,579	4,372	966	1,631	75	378,232
2011	337,171	5,018	16,395	4,772	928	857	43	365,184
2012	360,310	5,651	18,869	5,560	1,221	1,091	2	392,704
<b>Change</b>								
<b>2003 - 2012</b>	172.0%	-3.4%	18.8%	n/a	106.9%	-2.8%	n/a	151.8%



Source: Controller's Office - County of San Mateo, California

Notes:

- <sup>1</sup> Based on findings from the Controller's Office Internal Audit Division, the County received approximately \$25 million in property tax rebates from the Educational Revenue Augmentation Fund (ERAF) in FY 2003-04, which accounted for the substantial increase in property tax revenues.
- <sup>2</sup> The County realized approximately \$41 million more in property tax rebates from ERAF in FY 2004-05, which accounted for most of the increase.
- <sup>3</sup> In FY 2004-05, vehicle license fee (VLF) was based on the original VLF and reported as intergovernmental revenues. Starting in FY 2005-06, VLF is calculated using the prior year's VLF amount plus the local increases in the assessed valuations of property and is reported as property tax revenue.
- <sup>4</sup> This amount reflected the County's share of revenues from "Triple Flip", a State legislation enacted to replace 0.25% sales tax revenue to local governments through a temporary reduction to ERAF until the State's recovery loan is fully paid.

n/a - not applicable

\* In prior years, pass-through payments from Redevelopment Agencies were reported as part of the property tax revenues. Starting FY 2011-12, these payments are reported under "intergovernmental revenues" as operating grants. As a result, prior year figures were reclassified to reflect the change.



**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
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
<b>Revenues</b>											
Taxes *	\$ 157,626	\$ 191,460	\$ 216,427	\$ 304,530	\$ 316,106	\$ 331,937	\$ 372,477	\$ 380,850	\$ 370,290	\$ 381,743	142.18%
Licenses and permits	8,306	8,829	11,683	12,814	11,900	11,311	10,168	9,578	8,498	8,692	4.65%
Intergovernmental *	402,166	415,441	446,634	398,977	418,491	402,743	410,849	412,835	422,747	463,959	15.37%
Charges for services	90,071	89,131	91,147	102,524	92,011	109,150	115,807	107,466	112,039	118,445	31.50%
Fines, forfeitures and penalties	8,789	9,589	8,831	9,285	9,806	10,114	11,108	13,052	14,904	12,967	47.54%
Rents and concessions	2,449	1,017	1,005	914	1,123	1,194	1,347	1,181	1,960	1,599	-34.71%
Investment income (loss)	20,660	6,983	19,359	18,267	33,538	28,294	(860)	9,707	8,328	10,127	-50.98%
Securities lending activities:											
Securities lending income	588	783	1,894	3,203	3,872	2,474	333	40	29	-	-100.00%
Securities lending expenditures	(525)	(663)	(1,760)	(3,098)	(3,775)	(2,124)	(257)	(32)	(25)	-	-100.00%
Other revenues	14,760	30,537	29,885	26,300	17,863	34,157	27,806	28,385	25,266	24,340	64.91%
Total revenues	<u>704,890</u>	<u>753,107</u>	<u>825,105</u>	<u>873,716</u>	<u>900,935</u>	<u>929,250</u>	<u>948,778</u>	<u>963,062</u>	<u>964,036</u>	<u>1,021,872</u>	44.97%
<b>Expenditures</b>											
<b>Current:</b>											
General government	53,134	55,000	58,591	62,912	60,688	73,916	75,222	73,680	60,788	62,548	17.72%
Public protection	215,660	231,717	236,522	246,166	268,318	282,132	288,697	290,931	323,469	335,123	55.39%
Public ways and facilities	22,606	21,434	18,852	18,829	17,962	19,489	26,672	18,171	18,512	18,906	-16.37%
Health and sanitation	148,363	153,376	166,250	168,658	195,995	230,028	237,758	238,572	211,873	221,383	49.22%
Public assistance	170,225	181,075	181,769	192,731	206,289	193,902	206,098	190,352	208,747	202,959	19.23%
Education	192	145	118	141	-	-	-	-	-	-	-100.00%
Recreation	7,018	6,682	6,566	7,310	7,609	8,084	8,638	8,727	9,110	8,222	17.16%
Capital outlay	42,169	34,802	72,262	77,000	41,286	18,978	16,079	15,761	83,093	23,238	-44.89%
Debt service:											
Principal	5,440	7,756	7,172	7,052	8,200	11,322	11,713	12,003	11,874	12,990	138.79%
Interest	14,707	16,892	18,515	19,804	19,015	20,005	16,991	16,145	18,562	17,542	19.28%
Payment to bond refunding escrow	-	-	-	-	-	-	778	4,454	-	-	n/a
Bond issuance costs	-	4,077	480	-	-	-	1,328	1,094	-	-	n/a
Total expenditures	<u>679,514</u>	<u>712,956</u>	<u>767,097</u>	<u>800,603</u>	<u>825,362</u>	<u>857,856</u>	<u>889,974</u>	<u>869,890</u>	<u>946,028</u>	<u>902,911</u>	32.88%
Excess of revenues over expenditures	<u>25,376</u>	<u>40,151</u>	<u>58,008</u>	<u>73,113</u>	<u>75,573</u>	<u>71,394</u>	<u>58,804</u>	<u>93,172</u>	<u>18,008</u>	<u>118,961</u>	368.79%
<b>Other financing sources (uses)</b>											
Proceeds from sale of capital assets	-	-	2	46	2	2	2	2	5	23	n/a
Issuance of lease revenue bonds/ certificates of participation (COP)	-	155,350	10,380	-	-	-	-	-	-	-	n/a
Issuance of refunding bonds	-	7,805	-	-	-	-	141,080	115,505	-	-	n/a
Premium on lease revenue bonds/COP	-	342	75	-	-	-	1,703	8,438	-	-	n/a
Discount on lease revenue bonds/COP	-	-	-	-	-	-	-	-	-	-	n/a
Payment to bond refunding escrow/agent	-	(7,823)	-	-	-	-	(148,972)	(124,860)	-	-	n/a
Capital leases	-	-	-	-	30	-	-	-	-	-	n/a
Capital contribution	-	-	-	-	-	750	-	-	-	-	n/a
Transfers in	40,379	57,790	53,485	53,632	60,441	156,378	85,614	72,613	131,685	75,426	86.80%
Transfers out	(69,862)	(119,822)	(103,507)	(132,242)	(172,141)	(163,580)	(157,011)	(131,530)	(187,199)	(126,276)	80.75%
Total other financing sources (uses)	<u>(29,483)</u>	<u>93,642</u>	<u>(39,565)</u>	<u>(78,564)</u>	<u>(111,668)</u>	<u>(6,450)</u>	<u>(77,584)</u>	<u>(59,832)</u>	<u>(55,509)</u>	<u>(50,827)</u>	72.39%
<b>Change in fund balances before special item</b>	<u>(4,107)</u>	<u>133,793</u>	<u>18,443</u>	<u>(5,451)</u>	<u>(36,095)</u>	<u>64,944</u>	<u>(18,780)</u>	<u>33,340</u>	<u>(37,501)</u>	<u>68,134</u>	1758.97%
Special item	-	-	-	-	-	(116,462)	(8,139)	-	-	-	n/a
<b>Net change in fund balances</b>	<u>\$ (4,107)</u>	<u>\$ 133,793</u>	<u>\$ 18,443</u>	<u>\$ (5,451)</u>	<u>\$ (36,095)</u>	<u>\$ (51,518)</u>	<u>\$ (26,919)</u>	<u>\$ 33,340</u>	<u>\$ (37,501)</u>	<u>\$ 68,134</u>	1758.97%
<b>Debt service as a percentage of noncapital expenditures</b>	3.16%	3.63%	3.70%	3.71%	3.47%	3.73%	3.28%	3.30%	3.53%	3.47%	

Source: Comprehensive Annual Financial Reports - County of San Mateo, California

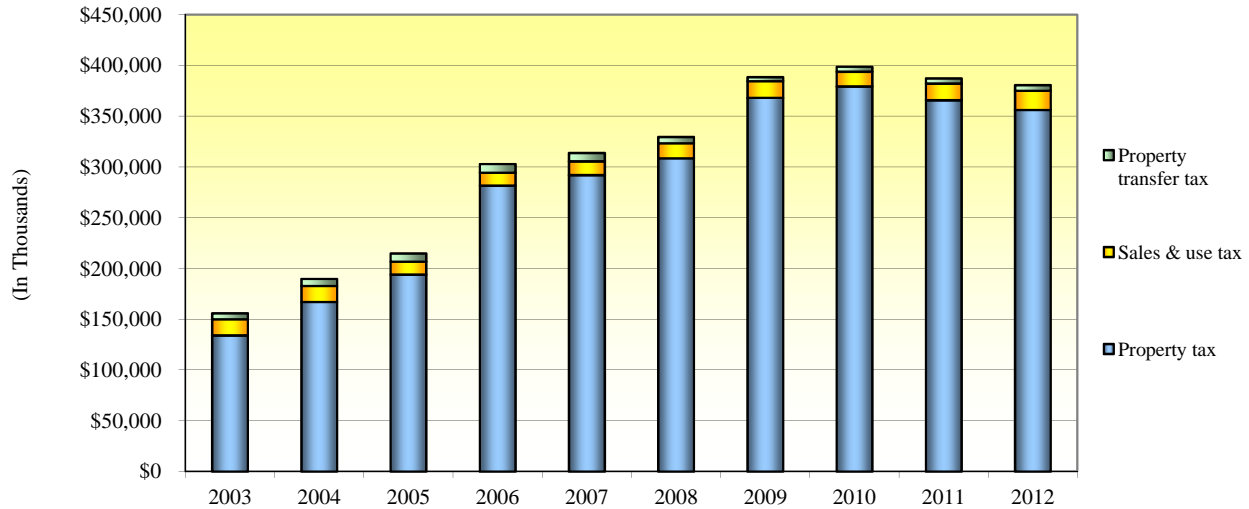
\* In prior years, pass-through payments from RDAs were reported as part of property taxes. Starting FY 2011-12, these payments are reported under intergovernmental revenues. Reclassifications were made to the prior year's revenues to conform to the current year presentation.

n/a - not applicable

**COUNTY OF SAN MATEO**  
**Governmental Fund Tax Revenues by Source**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*  
**(In Thousands)**

<b>Fiscal Year</b>	<b>Property*</b>	<b>Sales &amp; Use</b>	<b>Aircraft</b>	<b>Property Transfer</b>	<b>Other Taxes</b>	<b>Total</b>
2003	\$ 134,182	\$ 15,882	\$ 1,123	\$ 5,849	\$ 590	\$ 157,626
2004	167,046	15,762	1,017	7,003	632	191,460
2005	194,096	12,706	814	8,111	700	216,427
2006	281,595	12,855	821	8,487	772	304,530
2007	292,110	13,607	1,289	8,193	907	316,106
2008	308,629	14,867	1,680	6,011	750	331,937
2009	349,623	16,479	1,517	3,842	1,016	372,477
2010	358,770	14,579	1,631	4,829	1,041	380,850
2011	347,049	16,395	857	5,018	971	370,290
2012	356,221	18,869	1,091	5,560	2	381,743
<b>10 year % of change</b>	165.5%	18.8%	-2.8%	-4.9%	-99.7%	142.2%

**Tax Revenues by Source**  
**Governmental Funds**



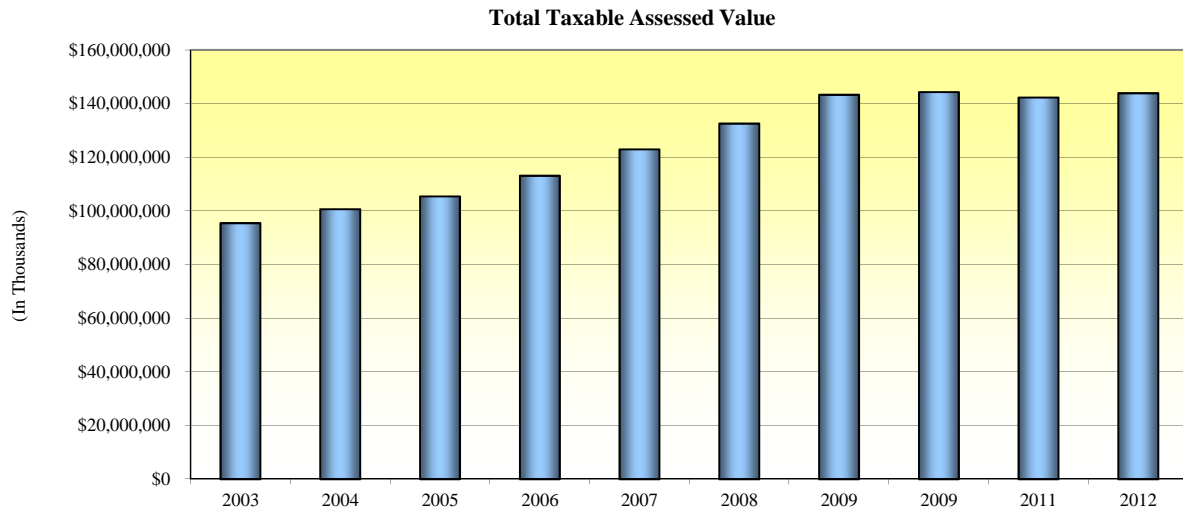
Source: Controller's Office - County of San Mateo, California

\* In prior years, pass-through payments from Redevelopment Agencies were reported as part of the property tax revenues. Starting FY 2011-12, these payments are reported under "intergovernmental revenues" as operating grants. As a result, prior year figures were reclassified to reflect the change.



**COUNTY OF SAN MATEO**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(In Thousands)**

<b>Fiscal Year</b>	<b>Real Property <sup>2</sup></b>	<b>Personal Property</b>	<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value <sup>1</sup></b>	<b>% of Change Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
2003	90,740,193	7,787,859	3,073,046	95,455,006	6%	1%
2004	96,465,383	7,468,918	3,271,733	100,662,568	5%	1%
2005	102,268,521	6,406,818	3,222,916	105,452,423	5%	1%
2006	110,747,828	6,034,679	3,626,924	113,155,583	7%	1%
2007	120,723,432	6,178,495	3,952,784	122,949,143	9%	1%
2008	130,015,063	6,723,347	4,140,836	132,597,574	8%	1%
2009	139,551,172	8,122,323	4,341,148	143,332,347	8%	1%
2010 <sup>3</sup>	140,933,698	7,953,401	4,569,501	144,317,598	1%	1%
2011	140,260,986	6,591,402	4,513,149	142,339,239	-1%	1%
2012	142,561,543	6,193,886	4,849,067	143,906,362	1%	1%
<b>10 year % of Change</b>	57.11%	-20.47%	57.79%	50.76%		



Source: Assessor's Office - County of San Mateo, California

Notes:

<sup>1</sup> Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the base for valuation of property that is subject to taxes at the full cash value that appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased to reflect:

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

<sup>2</sup> Estimated actual value of taxable property in the County is not reassessed annually. Reassessment normally occurs when ownership changes.

<sup>3</sup> The unprecedented real estate market collapse has hit property tax rolls across the County, inhibiting normal growth in assessed property value in the cities and unincorporated areas within the County.

**COUNTY OF SAN MATEO**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(rate per \$100 of assessed value)**

<u>Fiscal Year</u>	<u>Direct Rate</u> <sup>1</sup>	<u>Overlapping Rates</u> <sup>2</sup>			<u>Total</u>
	<u>County General</u>	<u>Local Special Districts</u>	<u>Schools</u>	<u>Cities</u>	
2003	1.0000	0.0006	0.0433	0.0040	1.0479
2004	1.0000	0.0026	0.0515	0.0036	1.0577
2005	1.0000	0.0032	0.0487	0.0053	1.0572
2006	1.0000	0.0030	0.0508	0.0048	1.0586
2007	1.0000	0.0030	0.0679	0.0046	1.0755
2008	1.0000	0.0039	0.0633	0.0044	1.0716
2009	1.0000	0.0039	0.0707	0.0042	1.0788
2010	1.0000	0.0045	0.0756	0.0039	1.0840
2011	1.0000	0.0048	0.0797	0.0036	1.0881
2012	1.0000	0.0049	0.0877	0.0036	1.0962

Source: Controller's Office - County of San Mateo, California

Notes:

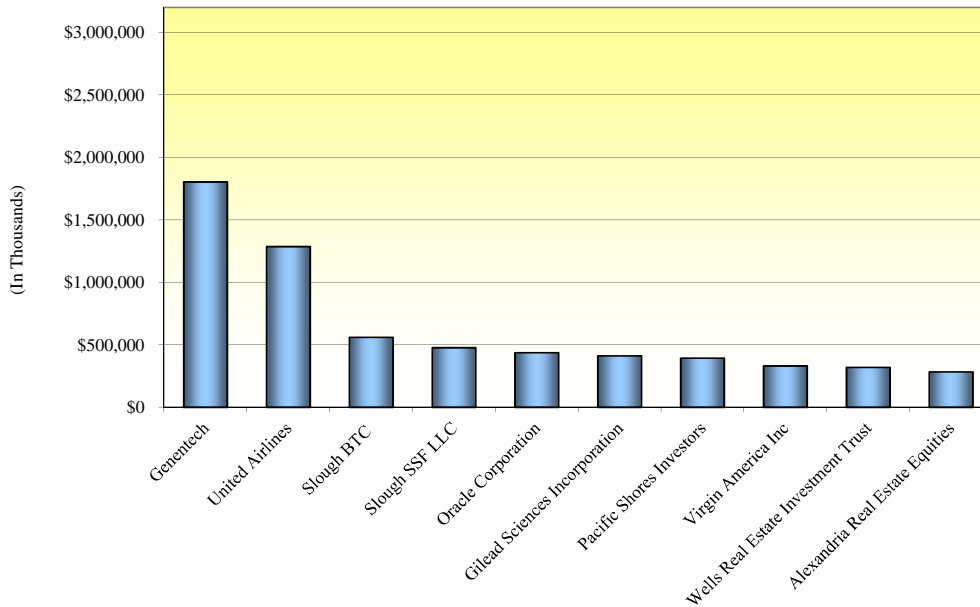
<sup>1</sup> On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, that limits the taxing power of California public agencies. Legislation enacted to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) which provides that notwithstanding any other law, local agencies may not levy property taxes except to pay debt service on indebtedness approved by voters prior to July 1, 1978. Proposition 13 allows each county to levy a maximum tax of \$1 per \$100 of full cash value. Full cash value is equivalent to assessed value pursuant to Statutes of 1978, Senate Bill 1656.

<sup>2</sup> These overlapping rates are in addition to the County rate, but only apply to taxpayers within the borders of the local special districts, schools, and cities that lie within the County.

**COUNTY OF SAN MATEO**  
**Principal Property Assesseees**  
**As of January 1, 2012 and January 1, 2003**  
**(In Thousands)**

Assessee	Nature of Business	As of January 1, 2012			As of January 1, 2003		
		Taxable Assessed Value <sup>1</sup>	Rank	Percentage of Total Taxable Assessed Value <sup>2</sup>	Taxable Assessed Value <sup>1</sup>	Rank	Percentage of Total Taxable Assessed Value
Genentech	Biotechnology	\$ 1,802,360	1	1.25%	\$ 676,421	2	0.71%
United Airlines	Air Carrier	1,285,796	2	0.89%	2,709,543	1	2.84%
Slough BTC	Lease	560,040	3	0.39%	---	---	---
Slough SSF LLC	Lease	477,097	4	0.33%	---	---	---
Oracle Corporation	Software	436,383	5	0.30%	528,782	3	0.55%
Gilead Sciences Incorporation	Biopharmaceutical	411,348	6	0.29%	---	---	---
Pacific Shores Investors	Investment	393,500	7	0.27%	466,341	6	0.49%
Virgin America Inc	Air Carrier	330,609	8	0.23%	---	---	---
Wells Real Estate Investment Trust	Real estate	318,783	9	0.22%	---	---	---
Alexandria Real Estate Equities	Real estate	282,853	10	0.20%	---	---	---
Pacific Gas & Electric	Utilities	---	---	---	518,257	4	0.54%
Sun Microsystems	Computer products	---	---	---	497,899	5	0.52%
American Airlines	Air Carrier	---	---	---	394,681	7	0.41%
Pacific Bell (AT&T)	Telephone	---	---	---	345,790	8	0.36%
The Gap, Inc.	Apparel	---	---	---	337,829	9	0.35%
Franklin Templeton Corp	Investment	---	---	---	249,980	10	0.26%
<b>Total</b>		<b>\$ 6,298,769</b>		<b>4.37%</b>	<b>\$ 6,725,523</b>		<b>7.03%</b>

**Principal Property Assesseees**  
**As of January 1, 2012**



Source: Assessor's Office - County of San Mateo, California

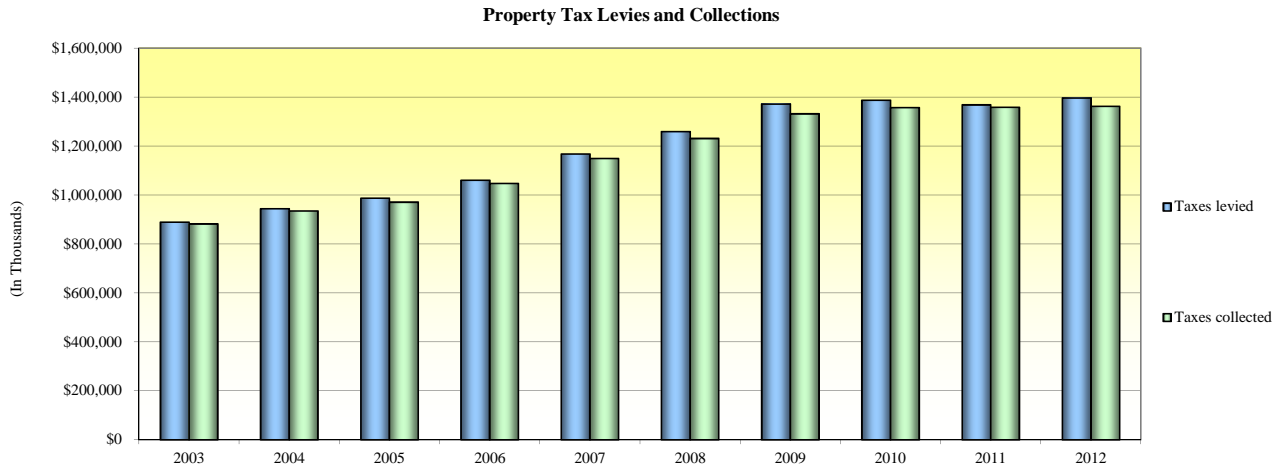
Notes:

<sup>1</sup> Taxable assessed value includes both real and personal properties.

<sup>2</sup> Total taxable assessed value as of January 1, 2012, was about \$144 billion.

**COUNTY OF SAN MATEO**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(In Thousands)**

Fiscal Year	Total Tax Levy for the Fiscal Year					Collected within the Fiscal Year of the Levy			Total Collections to Date	
	General Levy <sup>1</sup>	Debt Service Levy <sup>2</sup>				Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
	County	Local			Total <sup>3</sup>					
		Districts	Schools	Cities						
2003	\$ 839,786	\$ 388	\$ 44,924	\$ 3,660	\$ 888,758	\$ 880,057	99.02%	\$ 1,618	\$ 881,675	99.20%
2004	884,688	2,663	52,478	3,663	943,492	933,285	98.92%	1,094	934,379	99.03%
2005	926,041	3,354	51,713	5,605	986,713	968,038	98.11%	2,673	970,711	98.38%
2006	992,334	3,395	59,123	5,546	1,060,398	1,045,517	98.60%	1,576	1,047,093	98.75%
2007	1,079,958	3,705	77,821	5,781	1,167,265	1,147,755	98.33%	986	1,148,741	98.41%
2008	1,163,392	5,268	84,542	5,930	1,259,132	1,230,054	97.69%	847	1,230,901	97.76%
2009	1,258,424	5,695	101,079	6,012	1,371,210	1,330,807	97.05%	621	1,331,428	97.10%
2010	1,266,244	6,455	108,530	5,659	1,386,888	1,356,170	97.79%	565	1,356,735	97.83%
2011	1,248,931	6,750	107,189	4,826	1,367,696	1,356,075	99.15%	1,771	1,357,846	99.28%
2012	1,260,058	5,834	125,107	5,107	1,396,106	1,362,328	97.58%	n/a	1,362,328	97.58%



Source: Assessor's Office - County of San Mateo, California

Notes:

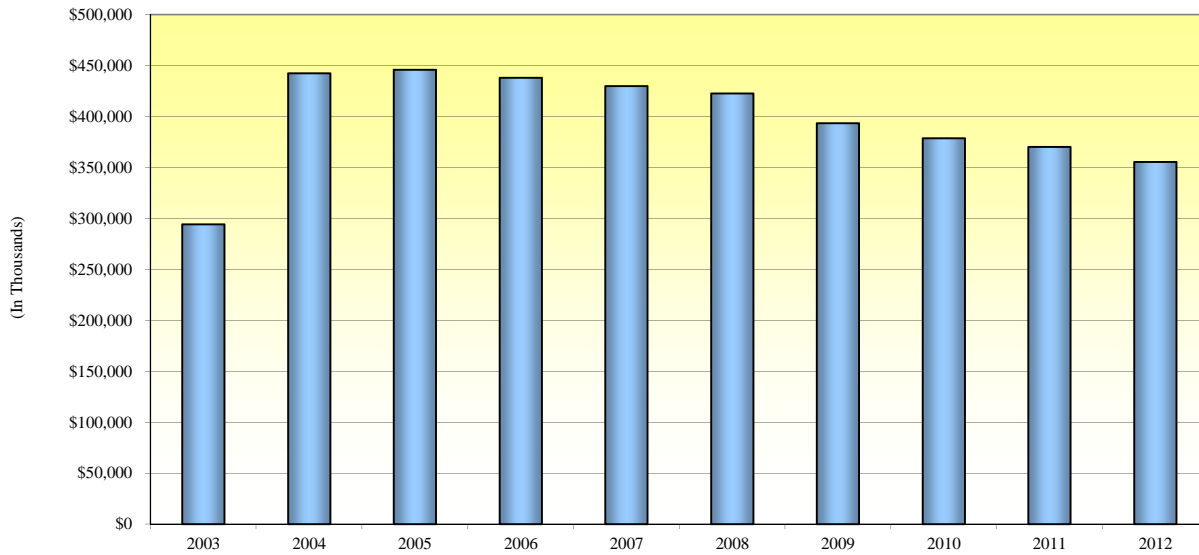
- <sup>1</sup> Figures show general tax dollars from secured, unsecured, homeowners, unitary and utility assessment rolls after tax shifts to schools.
- <sup>2</sup> Figures represent debt service levy for the local taxing agencies.
- <sup>3</sup> Total taxes levied for each fiscal year are based on the original property value assessment rolls provided by the County Assessor's Office.

n/a - Information is unavailable

**COUNTY OF SAN MATEO**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(In Thousands)**

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income	Total Outstanding Debt Per Capita (In Absolute \$)
	Lease Revenue Bonds <sup>1</sup>	Certificates of Participation <sup>2</sup>	Notes Payable	Other Long-term Obligation	Subtotal	Notes Payable	Other Long-term Obligation	Subtotal			
2003	\$ 277,234	\$ 14,955	\$ 315	\$ 131	\$ 292,635	\$ 1,523	\$ 117	\$ 1,640	\$ 294,275	0.79%	\$ 410
2004	425,932	14,725	399	-	441,056	1,591	27	1,618	442,674	1.10%	616
2005	419,323	24,939	358	-	444,620	1,455	30	1,485	446,105	1.02%	620
2006	411,942	24,687	316	-	436,945	1,314	5	1,319	438,264	0.92%	606
2007	404,301	24,390	271	15	428,977	1,206	-	1,206	430,183	0.85%	591
2008	393,565	24,083	224	7	417,879	5,133	-	5,133	423,012	0.83%	574
2009	364,423	23,760	191	-	388,374	4,868	508	5,376	393,750	0.79%	528
2010	350,322	23,428	173	89	374,012	4,595	345	4,940	378,952	0.77%	502
2011	339,076	23,076	154	4,047	366,353	3,863	181	4,044	370,397	n/a	511
2012	326,750	22,709	134	2,894	352,487	3,139	-	3,139	355,626	n/a	488

**County Debt**



Source: County Comprehensive Annual Financial Reports.

Notes:

<sup>1</sup> Lease revenue bonds are limited obligations of the San Mateo County Joint Powers Financing Authority (JPFA) payable solely from, and secured by, revenues of the JPFA, which primarily consist of base rental payments receivable from the County under a Master Facility Lease.

<sup>2</sup> Certificates of participation represent shares of lease-purchase payments from the Colma Creek Flood Control District via the JPFA. These tax-exempt certificates are sold publicly or privately to investors.

**COUNTY OF SAN MATEO**  
**Direct and Overlapping Debt**  
**As of June 30, 2012**  
**(In Thousands)**

Assessed valuation (including unitary utility valuation)	\$ 144,822,358
Less: Redevelopment incremental valuation <sup>1</sup>	13,865,242
Adjusted assessed valuation	<u>\$ 130,957,116</u>

<b>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable <sup>2</sup></b>	<b>Estimated Share of Overlapping Debt</b>
<b>Direct General Fund Obligation Debt</b>			
San Mateo County General Fund Obligations	\$ 326,750	100.00%	\$ 326,750
San Mateo County Flood Control District Certificates of Participation	<u>22,709</u>	100.00%	<u>22,709</u>
<b>Total direct debt</b>	<u>349,459</u>		<u>349,459</u>
<b>Overlapping General Fund Obligation Debt</b>			
<i>Cities</i>			
City of Burlingame General Fund and Pension Obligations	35,170	100.00%	35,170
City of Daly City Pension Obligations	31,060	100.00%	31,060
City of Pacifica General Fund Obligations and Pension Obligations	36,605	100.00%	36,605
City of San Mateo General Fund Obligations	37,980	100.00%	37,980
Other City General Fund and Pension Obligations	71,352	100.00%	71,352
<i>Special Districts</i>			
Midpeninsula Regional Open Space Park General Fund Obligations	138,475	30.76%	42,599
Granada Sanitary District Certificates of Participation	425	100.00%	425
Menlo Park Fire Protection District Certificates of Participation	11,990	100.00%	11,990
<i>School Districts</i>			
San Mateo County Board of Education Certificates of Participation	11,945	100.00%	11,945
South San Francisco Unified School District Certificates of Participation	1,277	100.00%	1,277
Portola Valley School District Certificates of Participation	2,728	100.00%	2,728
Redwood City School District General Fund Obligations	<u>2,356</u>	100.00%	<u>2,356</u>
<b>Total overlapping general fund obligation debt</b>	<u>381,363</u>		<u>285,487</u>
<b>Overlapping Tax and Assessment Debt</b>			
<i>Cities</i>			
	68,580	100.00%	68,580
<i>Special Districts</i>			
Montara Sanitary District	13,835	100.00%	13,835
Community Facilities Districts	61,870	100.00%	61,870
Other Special Districts (1915 Act Bonds)	21,478	100.00%	21,478
<i>School Districts</i>			
San Mateo Community College District	595,570	100.00%	595,570
Cabrillo Unified School District	13,185	100.00%	13,185
South San Francisco School District	95,888	100.00%	95,888
Jefferson Union High School District	117,104	100.00%	117,104
San Mateo Union High School District	455,747	100.00%	455,747
Sequoia Union High School District	343,070	100.00%	343,070
Hillsborough School District	57,806	100.00%	57,806
Jefferson School District	45,615	100.00%	45,615
Laguna Salada School District	20,830	100.00%	20,830
Menlo Park City School District	100,729	100.00%	100,729
Redwood City School District	47,149	100.00%	47,149
San Carlos School District	53,269	100.00%	53,269
San Mateo - Foster City School District	160,795	100.00%	160,795
Other School District	<u>285,070</u>	100.00%	<u>285,070</u>
<b>Total overlapping tax and assessment debt</b>	<u>2,557,590</u>		<u>2,557,590</u>
<b>Total overlapping debt</b>	<u>2,938,953</u>		<u>2,843,077</u>
<b>Total direct and overlapping debt</b>	<u>\$ 3,288,412</u> <sup>3</sup>		<u>\$ 3,192,536</u>

Ratio of total direct and overlapping debt to adjusted assessed value: 2.51%

Source: California Municipal Statistics, Inc.

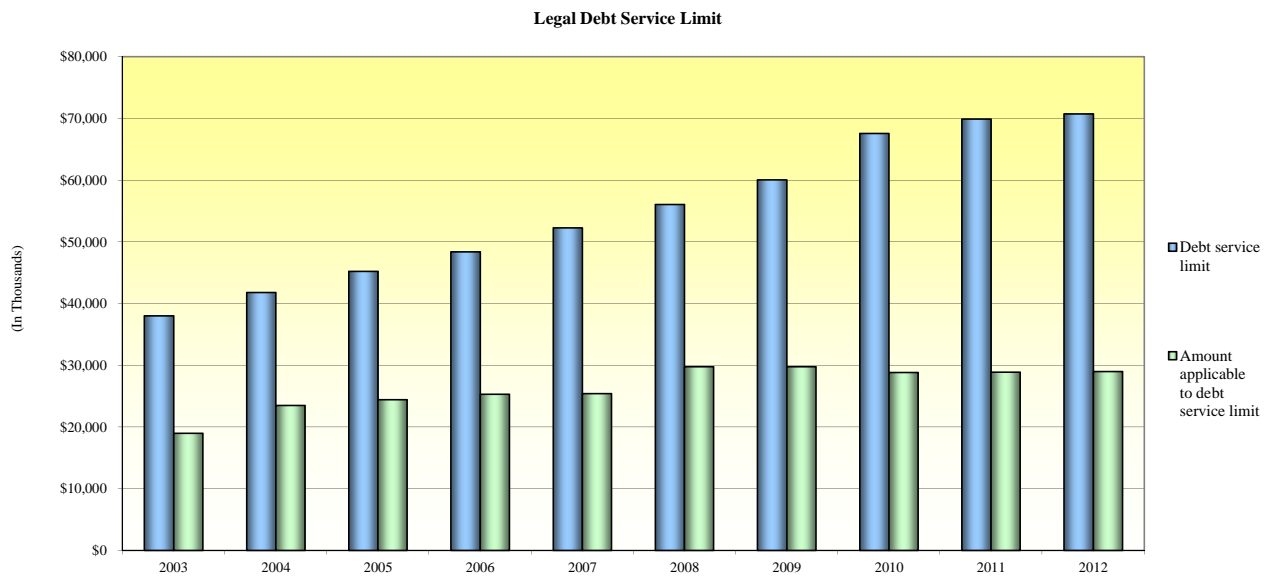
<sup>1</sup> Redevelopment incremental valuation refers to the difference between base year assessed value and current year assessed value of properties in areas designated for redevelopment.

<sup>2</sup> Percentage of overlapping agency's assessed valuation located within the boundaries of the county.

<sup>3</sup> This total excludes enterprise revenue, mortgage revenue and tax allocation bonds, tax and revenue anticipation notes, and non-bonded capital lease obligations.

**COUNTY OF SAN MATEO**  
**Legal Debt Service Margin Information**  
**Last Ten Fiscal Years**  
**(In Thousands)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Average Annual County budget <sup>1</sup> for the current and preceding four fiscal years</b>	\$ 950,486	\$ 1,045,364	\$ 1,131,000	\$ 1,209,880	\$ 1,306,666	\$ 1,401,783	\$ 1,501,054	\$ 1,689,809	\$ 1,747,657	\$ 1,768,913
<b>Legal debt service limit <sup>2</sup></b>										
Debt service limit (4% of average county annual budget for the current and preceding four fiscal years)	38,019	41,815	45,240	48,395	52,267	56,071	60,042	67,592	69,906	70,757
Less: Amount applicable to debt service limit <sup>3</sup>	(18,991)	(23,486)	(24,448)	(25,328)	(25,403)	(29,762)	(26,940)	(28,847)	(28,904)	(28,996)
<b>Legal debt service margin</b>	<u>\$ 19,028</u>	<u>\$ 18,329</u>	<u>\$ 20,792</u>	<u>\$ 23,067</u>	<u>\$ 26,864</u>	<u>\$ 26,864</u>	<u>\$ 26,309</u>	<u>\$ 33,102</u>	<u>\$ 41,002</u>	<u>\$ 41,761</u>
<b>Legal debt service margin as a percentage of debt service limit</b>	50.05%	43.83%	45.96%	47.66%	51.40%	51.40%	46.92%	55.13%	58.65%	59.02%



Source: County's Adopted Budget Books

Notes:

<sup>1</sup> The annual County budget represents the adopted annual budget of all funds in the County.

<sup>2</sup> County Ordinance No. 3773 requires the Board of Supervisors establish the County debt service limit annually. Under this ordinance, the debt service limit shall not exceed 4% of the average annual County budget for the current and the preceding four fiscal years, and shall be for non-voter approved debt that is the obligation of the County. The debt service limit does not apply to certificates of participation for the Colma Creek Flood Control District.

<sup>3</sup> The information reflects debt service payments towards non-voter approved debt that is the obligation of the County.

**COUNTY OF SAN MATEO**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**  
**(In Thousands)**

Fiscal Year	Available Revenue	Debt Service		Coverage ratio <sup>1</sup>	Available Revenue	Debt Service		Coverage ratio	
		Principal	Interest			Principal	Interest		
<b>1993 Lease Revenue Bonds</b>					<b>1997 Certificates of Participation</b>				
<b>Purpose:</b>	Defeased 1991 Certificates of Participation and financed the costs of a parking garage and jail.				Financed storm water and flood control improvements in Colma Creek Flood Control Zone.				
<b>Funding Source:</b>	General Fund and Criminal Justice Facilities Fund.				Colma Creek Flood Control District.				
2003	\$ 4,911	\$ 2,135	\$ 3,327	0.90	\$ 981	\$ 220	\$ 761	1.00	
2004	3,376	2,145	3,313	0.62	982	230	752	1.00	
2005	6,671	2,160	3,298	1.22	982	240	742	1.00	
2006	4,445	2,175	3,282	0.81	981	250	731	1.00	
2007	4,445	1,000	3,734	0.94	979	260	719	1.00	
2008	2,620	-	2,909	0.90	977	270	707	1.00	
2009	2,620	-	2,909	0.90	979	285	695	1.00	
2010	5,180	2,560	2,909	0.95	976	295	681	1.00	
2011	5,173	2,720	2,742	0.95	976	310	666	1.00	
2012	5,376	2,905	2,182	0.95	975	325	650	1.00	
<b>1997 Lease Revenue Bonds</b>					<b>1999 Lease Revenue Bonds</b>				
<b>Purpose:</b>	Financed the costs of construction, furnishing and equipping an office building, and partial defeasance of the 1994 Issue.				Financed a portion of the costs of completing the Health Center and partial defeasance the 1993, 1994 and 1995 Issues.				
<b>Funding Source:</b>	General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.				General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.				
2003	\$ 2,772	\$ 450	\$ 3,051	0.79	\$ 5,917	\$ 375	\$ 5,406	1.02	
2004	2,558	490	3,031	0.73	7,256	390	5,393	1.25	
2005	3,384	530	3,009	0.96	6,004	630	5,374	1.00	
2006	5,571	2,915	2,934	0.95	6,021	670	5,351	1.00	
2007	5,706	3,060	2,802	0.97	6,383	1,065	5,318	1.00	
2008	5,725	3,220	2,661	0.97	6,401	1,125	5,276	1.00	
2009	5,402	3,385	2,495	0.92	6,429	1,205	5,224	1.00	
2010	5,034	3,605	1,479	0.99	4,207	1,290	2,917	1.00	
2011	556	-	556	1.00	641	-	641	1.00	
2012	556	-	556	1.00	641	-	641	1.00	
<b>2001 Lease Revenue Bonds</b>					<b>2004 Certificates of Participation</b>				
<b>Purpose:</b>	Financed a portion of costs of acquisition of a microwave and law enforcement mutual aid communications system and a sheriff's radio system; and the costs of the acquisition and construction of a forensics laboratory and coroner's office.				Financed the acquisition, design, construction, improvement, and installation of certain improvements to the flood control system.				
<b>Funding Source:</b>	General Fund, Crime Lab fees, and Cities.				Colma Creek Flood Control District.				
2003	\$ 380	\$ -	\$ 1,327	0.29	\$ -	\$ -	\$ -	-	
2004	1,766	1,340	1,309	0.67	-	-	-	-	
2005	2,651	1,380	1,272	1.00	-	-	-	-	
2006	2,647	1,415	1,232	1.00	501	-	352	1.42	
2007	2,654	1,465	1,189	1.00	535	35	500	1.00	
2008	2,653	1,510	1,143	1.00	535	35	500	1.00	
2009	2,647	1,555	1,092	1.00	534	35	499	1.00	
2010	2,646	1,610	1,036	1.00	532	35	497	1.00	
2011	2,653	1,680	973	1.00	536	40	496	1.00	
2012	2,646	1,740	906	1.00	535	40	495	1.00	
<b>2008 Lease Revenue Bonds</b>					<b>2009 Lease Revenue Bonds</b>				
<b>Purpose:</b>	Provided funds, together with other available moneys, to redeem the 2003 Lease Revenue Bonds and to pay the termination payment for the 2003 interest swap agreements.				Provided funds to refund a portion of outstanding 1997 Bonds and the outstanding 1999 Bonds, pay costs of issuance of the 2009 Bonds, and pay other costs relation to the refunding.				
<b>Funding Source:</b>	County departments occupying the facilities.				General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.				
2009	\$ 2,230	\$ -	\$ 2,230	1.00	\$ -	\$ -	\$ -	-	
2010	9,298	2,590	6,708	1.00	-	-	-	-	
2011	9,205	2,665	6,630	0.99	10,434	4,440	5,993	1.00	
2012	9,294	2,760	6,534	1.00	10,486	5,200	5,286	1.00	

Sources:

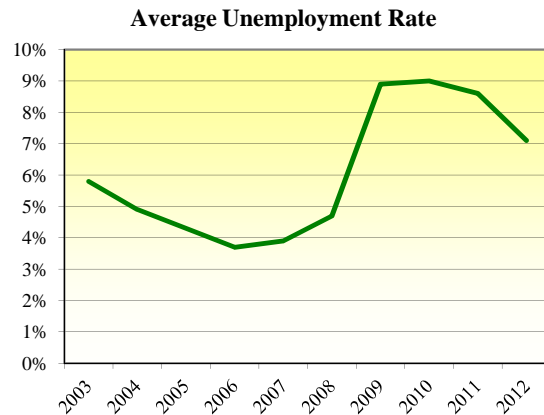
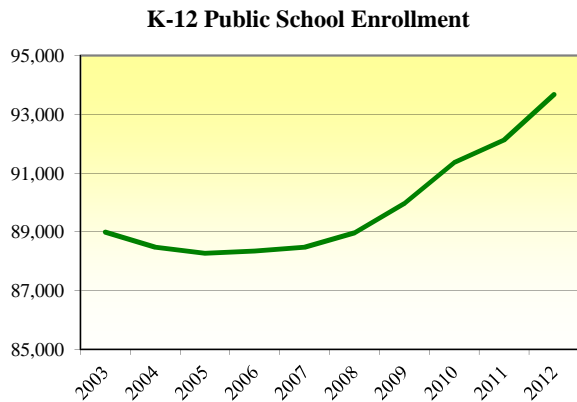
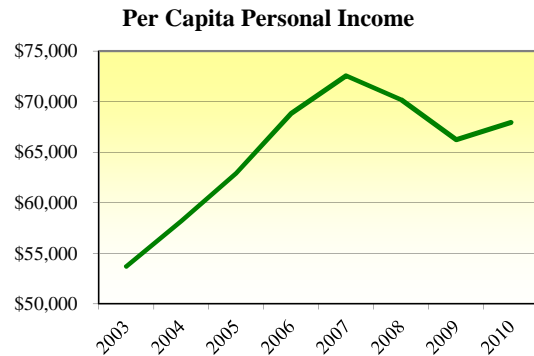
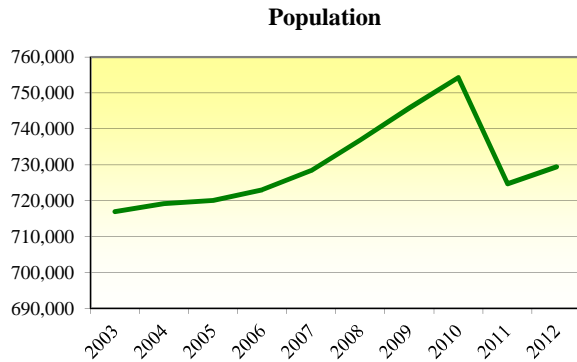
Available revenue - per contributions from responsible departments.  
Principal and interest - per debt service schedules.

<sup>1</sup> Debt service payments not covered by available revenue were funded by amounts available in the interest, revenue, or reserve funds with the Trustee.



**COUNTY OF SAN MATEO**  
**Demographic and Economic Statistics**  
**Last Ten Years**

<b>Year</b>	<b>Population</b> <sup>1</sup>	<b>Total Personal Income</b> <sup>5</sup> <i>(in millions)</i>	<b>Per Capita Personal Income</b> <sup>5</sup>	<b>Median Age</b> <sup>4</sup>	<b>K-12 Public School Enrollment</b> <sup>2</sup>	<b>Average Unemployment Rate</b> <sup>3</sup>
2003	716,943	\$ 37,309	\$ 53,725	38.7	88,991	5.8%
2004	719,154	40,270	58,192	38.6	88,477	4.9%
2005	720,042	43,551	62,917	39.2	88,273	4.3%
2006	722,994	47,694	68,843	39.4	88,350	3.7%
2007	728,314	50,610	72,576	39.7	88,479	3.9%
2008	736,951	49,416	70,211	39.9	88,974	4.7%
2009	745,858	47,278	66,254	38.9	89,971	8.9% <sup>6</sup>
2010	754,285	48,907	67,964	39.3	91,371	9.0%
2011	724,702	n/a	n/a	n/a	92,124	8.4%
2012	729,443	n/a	n/a	n/a	93,672	7.1%



**Sources:**

- <sup>1</sup> Data include revisions by the State of California Department of Finance, Demographic Research Unit.
- <sup>2</sup> Data include revisions by the State of California Department of Education.
- <sup>3</sup> Data include revisions by the State of California Employment Development Department. The 2011's figure reflects the non-seasonally adjusted unemployment rate for the period ended June 30.
- <sup>4</sup> American Community Survey.
- <sup>5</sup> Data include revisions by the U.S. Department of Commerce Bureau of Economic Analysis.
- <sup>6</sup> The sharp increase in the unemployment rate was caused by the global economic downturn.

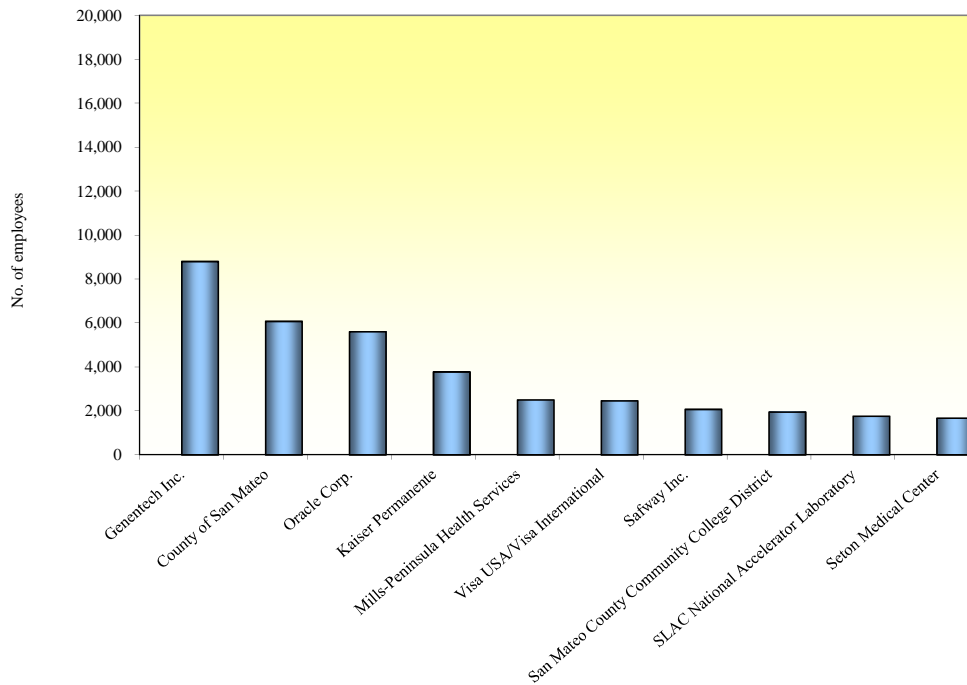
**Note:**

All data are presented in calendar year except for public school enrollment and average unemployment rate.  
n/a - Information is unavailable.

**COUNTY OF SAN MATEO  
Principal Employers  
Year 2010 and Year 2004**

Employer	Business Type	2010 <sup>1</sup>			2004 <sup>2</sup>		
		Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Genentech Inc.	Biotechnology	8,800	1	2.57%	5,120	4	1.48%
County of San Mateo	Government	6,079	2	1.78%	5,663	3	1.63%
Oracle Corp.	Software	5,600	3	1.64%	7,000	2	2.02%
Kaiser Permanente	Health Care	3,777	4	1.10%	3,494	5	1.01%
Mills-Peninsula Health Services	Health Care	2,500	5	0.73%	2,470	7	0.71%
Visa USA/Visa International	Global Payments Technology	2,462	6	0.72%	---	---	---
Safway Inc.	Retail Grocer	2,075	7	0.61%	2,145	8	0.62%
San Mateo County Community College District	Public Education	1,951	8	0.57%	---	---	---
SLAC National Accelerator Laboratory	Scientific Research	1,764	9	0.52%	---	---	---
Seton Medical Center	Hospital	1,672	10	0.49%	---	---	---
United Airlines	Airline	---	---	---	10,933	1	3.15%
Applied Biosystems	Biotechnology	---	---	---	2,640	6	0.76%
United States Postal Service	Postal Service	---	---	---	1853	9	0.53%
Electronic Arts Inc.	Interactive Entertainment	---	---	---	1750	10	0.50%
<b>Total</b>		<b>36,680</b>		<b>10.73%</b>	<b>43,068</b>		<b>12.41%</b>

**Principal Employers  
Year 2010**



Source: San Francisco Business Times - Book of Lists.  
California Employment Development Department

Notes:

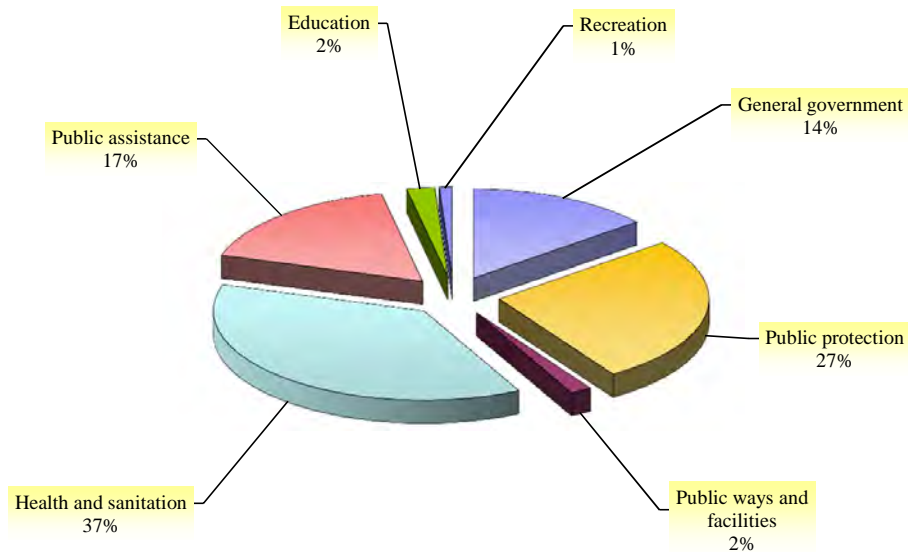
<sup>1</sup> Information for years 2012 and 2011 is not available.

<sup>2</sup> Information for year 2003 is not available

**COUNTY OF SAN MATEO**  
**Full-time Equivalent County Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>As of June 30,</b>									
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
General government	834	803	790	789	831	850	801	774	740	736
Public protection	1,354	1,321	1,292	1,354	1,381	1,391	1,452	1,432	1,423	1,389
Public ways and facilities	93	97	92	93	92	95	96	96	90	85
Health and sanitation	1,667	1,905	1,895	1,981	2,077 <sup>3</sup>	2,174	2,142	2,022	1,995	1,932
Public assistance	870	893	906	953	994	1,036	1,041	960	887 <sup>4</sup>	890
Education	109	108	108	112	113	113	113	114	-	112
Recreation	58	55	55	55	56	56	57	52	52	51
Total full-time equivalent employees <sup>2</sup>	4,985	5,182	5,138 <sup>1</sup>	5,337	5,544	5,715	5,702	5,450	5,187	5,195

**Full-time Equivalent County Employees by Function**  
**FY 2011-12**



Source: County's Budget System - County of San Mateo, California

Notes:

- <sup>1</sup> In August 2003, the County assumed control of the Burlingame Long Term Care Center (BLTC), a 281-bed skilled nursing facility that had been in State receivership since November 2002 due to the bankruptcy of its previous operator.
- <sup>2</sup> The full-time equivalent (FTE) employee count is based on the information available in the County's Budget System and may change due to revision.
- <sup>3</sup> The increase in FTE was primarily caused by extended services provided by the Public Health and the Mental Health divisions.
- <sup>4</sup> The decrease primarily resulted from the elimination of vacant positions to close the County's structural deficit.

**COUNTY OF SAN MATEO**  
**Operating Indicators by Function**  
**Fiscal Years 2001-2010**

Function	Fiscal Year <sup>3</sup>									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Government</b>										
<i>County Counsel</i>										
Number of litigation cases	1,366	1,316	1,375	1,567	1,628	1,658	1,630	1,785	1,999	2,128
Percent of general litigation cases won or resolved	---	---	89%	92%	95%	100%	100%	100%	100%	98%
with approval of client	---	---	89%	92%	95%	100%	100%	100%	100%	98%
Attorney per capita	1:30,674	1:32,438	1:32,593	1:32,734	1:33,051	1:33,554	1:30,581	1:30,579	1:30,453	1:31,900
<i>Public Safety Communication</i>										
Number of calls received	481,623	746,500 <sup>2</sup>	687,629	634,044	650,683	563,922	609,882	671,603	503,625 <sup>4</sup>	491,679
Number of calls processed annually by category:										
High priority	71,864	68,434	65,193	63,578	69,529	73,138	77,691	82,342	79,978	80,045
Non-Emergency	409,759	678,066	622,436	570,466	581,154	490,784	532,191	562,927	410,472 <sup>5</sup>	384,818
Wireless (data development)	---	---	---	---	---	---	---	---	13,175	26,816 <sup>8</sup>
Percent of high priority calls dispatched within established time frames:										
Police	84%	83%	82%	86%	88%	89%	88%	87%	84%	88%
Fire	95%	94%	94%	94%	94%	94%	94%	94%	93%	92%
Medical	94%	94%	93%	93%	93%	92%	91%	92%	92%	86%
<b>Public Protection</b>										
<i>District Attorney</i>										
Total cases reviewed	---	21,038	23,392	26,031	22,215	22,904	22,947	23,232	21,862	22,583
Total filings	---	18,138	20,007	22,325	18,994	16,871	17,729	20,048	17,067	17,211
Number of victims contacted, including unsolved cases	638	701	2,585	4,754	5,018	5,460	4,404	3,840	3,999	4,780
Average number of cases reviewed by attorney	---	438	487	542	436	433	459	464	437	452
<i>Sheriff's Office</i>										
Investigative services										
Number of cases performed annually	---	5,848	6,358	6,000	5,035	5,456	7,935	5,891	6,368	6,209
Number and percent of cases submitted to the District Attorney's Office (Investigations only)	---	725/33%	1,419/47%	1,114/45%	1,694/37%	2,466/37%	2,460/31%	3,115/34%	2,410/38%	1,460/24%
Patrol Bureau										
Number of dispatched calls for patrol services	59,049	70,668	63,547	59,999	57,662	57,831	56,937	64,229	65,214	64,805
Number of citations issued - patrol services	9,084	10,278	9,857	11,185	11,453	9,189	10,352	11,824	11,757	13,829
Number of total traffic activities (non-citation)	17,388	18,092	15,237	16,096	15,298	16,681	16,847	18,204	18,364	20,390
Average response time for priority dispatched calls:										
Urbanized service areas (in minutes)	3:15	3:70	3:26	2:64	3:20	3:28	3:57	4:44	5:07	5:14
Rural service areas (in minutes)	8:40	9:75	8:27	9:67	9:60	10:49	11:41	11:41	10:25	10:59
Average cost per dispatched patrol service call	\$382	\$336	\$436	\$452	\$494	\$490	\$539	\$534	\$492	\$500
<i>Probation Department</i>										
Adult Supervision Services										
Number of probationers placed on:										
Relapse prevention supervision services	---	---	---	1,701	1,437	1,878	2,654	2,056	1,375 <sup>6</sup>	1,236
Intensive supervision	---	1,448	1,749	3,708	1,479	923	954	1,027	1,002	857
Supervised Computer Assisted Case Services Unit	---	---	---	5,552	4,504	3,596	1,552	1,146	2,893 <sup>7</sup>	2,649
Number and percent of probationers:										
Completed probation without new sustained law violation	---	1,354/65%	687/71%	1,652/75%	526/66%	840/56%	805/63%	2,087/63%	2,600/61%	2,223/63%
Completed treatment program during grant of probation	---	---	---	---	409/65%	1,234/55%	1,637/64%	---	1,044/46%	1,411/71%

(continued)

Source: County's Adopted Budget Books.

Notes:

<sup>1</sup> --- Data not available.

<sup>2</sup> The September 11th terrorist attacks generated an exceptionally high volume of calls.

<sup>3</sup> Operating statistics is subject to retroactive adjustment as needed. The statistics for FY 2010-11 are not available.

<sup>4</sup> The total number of calls have fallen over the last fiscal year due to significant decrease in non-emergency calls.

<sup>5</sup> The number of informational calls declined as many used the internet as the primary information tool.

<sup>6</sup> The decline was mainly caused by decreased funding from Proposition 36 for drug treatment.

<sup>7</sup> An improved method was used to better capture the number of cases referred to and handled by the Computer Assisted Supervision Team.

<sup>8</sup> Fiscal year 2009-10 was the first full year Public Safety Communication was able to receive wireless 911 calls. As wireless access has become the trend, the receipt of wireless calls now offset the receipt of hardline phones.

**COUNTY OF SAN MATEO**  
**Operating Indicators by Function**  
**Fiscal Years 2001-2010**

Function	Fiscal Year <sup>3</sup>									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Juvenile Supervision Services										
Number of juveniles served on probation	---	---	---	3,112	3,167	2,467	2,465	2,426	2,202	1,999
Number of youth served under prevention/diversion programs	---	---	---	---	487	1,256	989	739	755	944
Number of youth served under electronic monitoring	---	---	---	---	---	---	---	---	656	660
Number and percent of probationers:										
Completed probation without new sustained law violation	1,005/67%	1,020/68%	490/84%	1,345/89%	1,373/89%	726/76%	897/79%	645/78%	710/72%	633/76%
Completed informal contract and are not filed upon within Six months of case closure	---	---	---	---	---	1,262/84%	435/85%	382/85%	152/90%	295/86%
<b>Public Ways and Facilities</b>										
<b>Road maintenance</b>										
Number of lane miles:										
Sealed	---	26	32	17	82	53	---	29	67 <sup>12</sup>	16
Resurfaced	---	34.2	41.7	23.0	14.0	14.4	13.6	4.0	2.8	12.5
Reconstructed	---	2.7	4.7	2.9	0.3	1.2	1.9	1.3	0.8	0.4
<b>Waste management</b>										
Number of website visits to the County's RecycleWorks website	---	125,224	96,839	80,455	128,192	327,872	501,779	518,887	522,022	672,227
Number of programs implemented that reduce waste or conserve resources (data development)	---	---	---	---	---	34	32	---	---	58
<b>Health and Sanitation</b>										
<b>Emergency Medical Services (EMS)</b>										
Number of 9-1-1 calls for medical response	40,013	37,028	41,504	40,851	39,068	40,222	38,818	47,609	47,194	46,740
Percent of EMS calls responded to on time										
Ambulance	94%	95%	95%	94%	93%	91%	91%	92%	93%	94%
Fire first response	98%	98%	98%	98%	98%	99%	98%	98%	98%	97%
<b>Mental Health Adult Services</b>										
Number of clients served:										
Intensive level of service	2,676	2,575	2,578	2,631	2,446	2,409	2,221	2,249	2,347	2,436
Outpatient level of service	7,442	7,582	7,309	7,218	7,280	7,497	7,789	8,174	8,834	8,632
Number of new clients served	---	---	---	---	2,556	2,613	2,722	2,332	2,905	2,551
Percent of customer survey respondents indicating they have benefited from mental health treatment:										
Able to deal more effectively with daily problems	91%	93%	90%	96%	95%	92%	87%	94%	95%	95%
Better able to control their life	90%	91%	88%	94%	95%	94%	87%	94%	94%	95%
<b>Mental Health Youth Services</b>										
Number of clients served:										
Intensive	700	719	784	711	752	993	1,125	1,138	1,007	896
Outpatient	1,328	1,292	1,408	1,451	2,136	2,024	2,302	2,220	2,122	2,096
Number of new clients served	---	---	---	---	1,061	1,276	1,371	1,419	1,448	1,452
Percent of survey respondents who agree or strongly agree that the client is better at handling daily life:										
Parents	---	84%	80%	77%	71%	78%	82%	73%	73%	70%
Youth	---	86%	83%	71%	72%	65%	76%	90%	90%	89%
<b>Family Health Services</b>										
Number of customers served:										
Field nursing and maternal, child and adolescent health	2,330	2,405	2,388	2,078	2,017	2,057	1,903	1,960	1,960	1,761
Prenatal to three	6,316	6,764	3,336	3,575	3,645	3,714	3,722	3,473	3,207	2,998
Women, infants and children	22,600	19,050	22,231	25,599	21,688	17,976	19,595	18,257	18,662	22,954 <sup>13</sup>
California children services	3,327	4,480	1,747 <sup>9</sup>	2,541	2,788	2,724	2,703	2,590	2,528	2,565
Child health and disability prevention	7,862	3,732	3,101 <sup>9</sup>	2,696	2,074	1,881	2,177	1,847	1,775	1,960
Lead	140	185	69	76	82	102	326	322	296	275
California nutrition network	8,015	10,938	15,750	12,532	13,152	27,411 <sup>10</sup>	23,818	16,737	17,781	10,819 <sup>14</sup>
Number and percent of low-income children up-to-date on immunizations at age two	---	372/63%	374/67%	444/69%	316/71%	1,090/70%	1,107/84%	1,071/88%	1,157/87%	1,063/85%

Notes:

<sup>9</sup> The decrease reflected changes in collection methodology.

<sup>10</sup> Staff attended a larger number of health fairs. The outreach increased the number of customer served.

<sup>11</sup> The State usually allocates funding for road sealing, resurfacing, and reconstruction. In FY 2006-07, the State only allocated funding for resurfacing and reconstruction projects.

<sup>12</sup> The number of lane miles sealed each year is based on the available funding, cost of material, permit requirements and scheduling with local utilities. The increase was caused by a combination of these factors.

<sup>13</sup> The downturn of economy increased the number of families seeking public family health services.

<sup>14</sup> Family Health Services was unable to complete its scope of work due to decreased staffing and volunteers

(continued)

**COUNTY OF SAN MATEO**  
**Operating Indicators by Function**  
**Fiscal Years 2001-2010**

Function	Fiscal Year <sup>3</sup>									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Health Promotion and Disease Control</b>										
Number of clients served:										
AIDS program clinical services	554	576	546	565	559	576	540	553	522	581
Mobile clinic clinical services	---	2,975	1,463	3,024	2,713	3,534	4,103	4,776	3,256 <sup>19</sup>	4,173 <sup>24</sup>
STD Control	1,301	1,872	1,325	1,674	1,636	2,951 <sup>17</sup>	1,954	2,159	1,593 <sup>20</sup>	1,064 <sup>25</sup>
TB Control	237	641	811	508	901	1,100	1,085	588	2,000 <sup>21</sup>	2,131
Percent of clients demonstrating improvement in knowledge, attitudes, and behavior regarding disease prevention, control, and treatment	---	---	94%	90%	96%	98%	94%	95%	71% <sup>20</sup>	100%
<b>Environmental Health Services</b>										
Number of permitted facilities regulated	---	15,476	15,694	16,481	16,092	17,350	17,763	17,935	18,705	18,838
Percent of permitted facilities receiving an annual inspection	---	82%	88%	91%	88%	93%	87%	80%	86%	100%
Number of complaints received	---	1,183	1,416	1,970	1,416	2,077	2,120	1,748	1,487	985
Percent of complaints responded to within the required time period	---	85%	86%	85%	86%	84%	86%	71%	87%	93%
<b>Public Assistance</b>										
<b>Prevention and Early Intervention</b>										
Number of clients served by community based providers contracting with the Human Services Agency (HSA):										
Individuals	---	25,013	28,242	28,127	22,553	29,313	23,413	26,600	32,815 <sup>22</sup>	39,968 <sup>26</sup>
Families	---	9,137	9,582	9,580	8,271	10,558	8,480	9,664	11,686 <sup>23</sup>	13,608
Number of children who received childcare assistance through the HSA, Child Care Coordinating Council, and Professional Association for Childhood Education	---	---	---	---	---	2,800	2,859	2,765	2,736	2,139 <sup>27</sup>
Percent of clients needing food and/or shelter received assistance:										
Food	---	96%	96%	97%	98%	98%	99%	99%	99%	98%
Shelter	---	69%	63%	68%	64%	67%	75%	76%	78%	76%
<b>Economic Self-Sufficiency</b>										
Number of participants using PeninsulaWorks Centers	---	14,308	22,460	24,426 <sup>16</sup>	24,794	20,089	17,654	19,586	20,270	20,695
Number of Food Stamp applications:										
New applications	---	---	---	---	---	---	---	9,830	---	---
Approved applications	---	---	---	---	---	---	---	4,254	---	---
Denied applications	---	---	---	---	---	---	---	5,988	---	---
<b>Child Welfare Services:</b>										
Number of licensed foster homes	---	---	---	---	---	73	83	83	83	---
Number of families referred for counseling services at Family Resource Centers	---	---	---	---	---	---	---	2,302	---	---
Percent of child abuse/neglect referrals met with a timely face-to-face investigative response:										
Immediate referral response compliance	---	---	---	---	---	98%	98%	98%	99%	---
10-Day referral response compliance	---	---	---	---	---	92%	94%	98%	95%	---
Percent of timely social worker visits with children on open cases	---	---	---	---	---	96%	96%	96%	96%	---
<b>Housing &amp; Community Development</b>										
Number of affordable housing units developed and occupied	---	215	124	104	53	158	321	340	113	119
<b>Recreation</b>										
<b>Parks &amp; Recreation</b>										
Number of park reservation calls taken	2,480	3,102	3,794	3,479	5,291 <sup>15</sup>	5,011	5,881	8913 <sup>18</sup>	14,819 <sup>18</sup>	13,983
Number of special events processed	100	95	64	106	78	87	110	93	---	---

Notes:

- <sup>15</sup> Park reservations staff began making reservations for Fitzgerald Marine Reserve docent-led tours, a task previously performed by others.
- <sup>16</sup> The measure included Workforce Investment Act participants only.
- <sup>17</sup> The increase in number of clients served was caused by increased capacity in STD clinic stabilized workforce.
- <sup>18</sup> The County implemented a new online reservation system in late 2008 and was inundated with phone reservations as people learned to navigate their way through the online reservation. In 2009, the County began a full-scale tracking of reservations made by the public.
- <sup>19</sup> The decrease was caused by less patients seeking services and the cut back at Half Moon Bay weekly Clinic.
- <sup>20</sup> Increased efforts on preventive measures reduced the need for STD treatments.
- <sup>21</sup> Schools, prisons, and new immigrants became more cautious on TB control.
- <sup>22</sup> Demand for public assistance surged because the County unemployment rate increased sharply after the financial meltdown.
- <sup>23</sup> The seminars provided in FY 2008-09 included new and more complex topics.
- <sup>24</sup> Economic downturn increased the population seeking mobile clinic services.
- <sup>25</sup> Additional staffing increased assistance in surveillance and decreased the number of infections reported for investigation.
- <sup>26</sup> Supplemental funding from the partnership between Silicon Valley Community Foundation and the County empowered the County to meet increased safety net needs.
- <sup>27</sup> State budget adjustments in 2009 through 2011 negatively impacted the client's eligibility to receive child care supports.

**COUNTY OF SAN MATEO**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><u>Governmental Activities:</u></b>										
<b>General government</b>										
Child care centers	2	2	2	2	2	2	2	2	2	2
Fairground	1	1	1	1	1	1	1	1	1	1
Grant yards	6	6	6	6	6	6	6	6	6	6
Law library	1	1	1	1	1	1	1	1	1	1
<b>Public protection</b>										
Fire stations	4	4	4	4	4	4	4	4	4	4
Sheriff stations	2	2	2	2	2	2	2	2	2	2
Jail	1	1	1	1	1	1	1	1	1	1
Youth services center	1	1	1	1	1 <sup>a</sup>	1	1	1	1	1
<b>Public ways and facilities</b>										
Road										
Pavement (miles)	316.7	316.8	316.6	316.2	314.41	315.88	314.8	315.39	315.39	315.5
Bridges	28	28	28	28	28	28	31	31	31	32
Traffic signals	17	18	19	19	19	19	19	19	19	19
Flashing Beacons	n/a	n/a	n/a	n/a	n/a	3	3	3	4	4
Lighted Crosswalks	n/a	n/a	n/a	n/a	n/a	4	4	4	4	4
Radar Feedback signs	n/a	n/a	n/a	n/a	n/a	4	4	10	11	11
Sewer and water										
Sewer:										
Sanitary sewers (miles)	148.45	148.45	148.51	149.47	149.47	147.35	147.47	144.18 <sup>c</sup>	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	20	20	20
Storage capacity (thousands of gallons)	710	710	710	710	710	710	710	710	710	710
Lighting										
Street lights	2898	2889	2927	2920	2921	2,128 <sup>b</sup>	2166	2166	2167	2167
Flood control										
Channels (miles)	5.89	5.89	6.4	7.7	7.7	7.7	7.7	7.7	7.7	7.7
<b>Health and sanitation</b>										
Warehouse	1	1	1	1	1	1	1	1	1	1
Psychiatric center	1	1	1	1	1	1	1	1	1	1
Satellite clinic	1	1	1	1	1	1	1	1	1	1
<b>Public assistance</b>										
Drug treatment center	1	1	1	1	1	1	1	1	1	1
Employment and training center	1	1	1	1	1	1	1	1	1	1
<b>Recreation</b>										
Parks	22	22	22	22	22	22	22	22	22	22
Boating recreation center	1	1	1	1	1	1	1	1	1	1
<b><u>Business-type Activities:</u></b>										
Medical center	1	1	1	1	1	1	1	1	1	1

Sources:

County Capital Asset Master File  
Department of Public Works

Notes:

n/a - not available

<sup>a</sup> A new youth services center was opened in September 2006.

<sup>b</sup> The decrease was caused by transfer of the Ravenswood Lighting District to the City of East Palo Alto.

<sup>c</sup> Less sanitary sewer mileage are maintained in the Emerald Lake Heights Sewer Maintenance District.