

# County of San Mateo, California

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2014



**Bob Adler**  
**Controller**

**COUNTY OF SAN MATEO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Fiscal Year Ended June 30, 2014**

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## **INTRODUCTORY SECTION**

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555 County Center, 4<sup>th</sup> Floor  
Redwood City, California 94063-1665  
Telephone: (650) 363-4777  
Email: [Controller@smcgov.org](mailto:Controller@smcgov.org)  
[www.co.sanmateo.ca.us/controller](http://www.co.sanmateo.ca.us/controller)



**Bob Adler**  
**Controller**

Juan Raigoza  
Assistant Controller

Shirley Tourel  
Deputy Controller

## **County of San Mateo**

**Office of the Controller**

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October 31, 2014

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 a complete set of audited financial statements within six months of the close of each fiscal year. The Comprehensive Annual Financial Report (CAFR) of the County of San Mateo (County) for the fiscal year ended June 30, 2014 is hereby published.

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 unmodified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

The Management's Discussion and Analysis (MD&A) section, which appears on pages 4-21 of this report, provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A 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 the City and County of 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 745,193 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 performs 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 its 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 by district in non-partisan elections. The Board is responsible, among other duties, for passing ordinances, adopting the County's budget, and appointing committees, the County Manager/Clerk of the Board and the County Counsel. The County Manager appoints the non-elected directors of nine departments. The County has six elected officials responsible for the offices of the Assessor-County Clerk-Recorder, Controller, Coroner, Sheriff, District Attorney, and Treasurer-Tax Collector.

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

### **Economic and Financial Outlook**

In 2014 the global economy had a shaky start affected by poor domestic and international weather, financial market turbulence and geo-political tensions. As a result, global gross domestic product (GDP) for 2014 is projected to grow at 2.8% in 2014, 3.4% in 2015 and 3.5% in 2016. Meanwhile, the outlook for the United States is slightly lower, forecasted to grow at an annual rate of 2% in 2014, and 2.9% in 2015 and 2016.

Unemployment rates in both the State and County have declined steadily during the past years. As of June 2014, the County's unemployment rate dropped to 4.2%, which is consistently lower than the State's rate of 7.3% and the national rate of 6.3%.

Since property tax revenues are the County's largest source of general fund revenues, the health of the local real estate market and associated changes in property assessed values are key indicators of the County's financial outlook. The FY 14-15 net Property Assessment Roll values for the County increased by 5.61% (\$8.8 billion) to \$164.9 billion compared to last year's property tax roll. This will increase the local property tax revenue base to \$1.65 billion, which is shared by all local agencies (schools, cities, special districts, and the County). The FY 14-15 net property assessment values in the County are at a historic high. This is the third year in a row that a new historic high has been set, reflecting vibrant economic conditions in the County.

The median price paid for a home (house and condo) in the Bay Area in July 2014 was \$617,000, up 9.8% from \$562,000 in July 2013. Within the County the median price for July 2014 increased to \$788,000, a 5.8% increase from July 2013 when the median price was \$745,000. A steady improvement in the County's real estate market will result in higher assessed property values and property tax revenues in the future.

In the near term, the forecasted low unemployment rate, low inflation rate, steady slow growth in gross domestic product, and continued growth in property tax revenues will allow the County to maintain its sound finances. Refer to page vii for a list of some of the Factors Affecting Economy.

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

#### **Educational Revenue Augmentation Fund (ERAF)**

Since FY 92-93 local taxing entities (cities, special districts, and the County) are mandated to shift a portion of their property tax dollars to the ERAF and use these monies to reduce the State's obligation to fund school districts up to the minimum State guaranteed amount. The difference between a school district's minimum State guaranteed amount and



the local property tax revenues it receives is the maximum amount the school district can receive from ERAF. A school district that has property taxes equal to or greater than the minimum State guaranteed amount are referred to as Basic Aid school districts and do not receive ERAF monies.

Any money remaining in ERAF (referred to as "Excess ERAF"), after distributing required ERAF monies to school districts, is refunded back to the contributing local taxing agencies in the same proportion as their contributions. Generally, the greater the number of Basic Aid school districts, the larger the Excess ERAF. In FY 13-14, 15 out of 23 K-12 school districts were Basic Aid school districts.

Recent legislation created a new funding formula to determine the minimum State guaranteed amount beginning in FY 13-14. The new formula, referred to as the Local Control Funding Formula, is expected to increase the State's minimum funding requirements for school districts and may result in fewer Basic Aid school districts. Over time, this change in the school funding formula is expected to reduce the Excess ERAF revenues returned to the County, cities, and special districts.

The County's portion of Excess ERAF was \$108 million in FY 13-14. Historically, the County has used these monies for non-recurring expenditures. The Board adopted a change in the County Reserve policy in 2011, allowing ongoing use of half of the anticipated Excess ERAF to be received during the fiscal year. The Board has used these funds conservatively, as they are subject to legislative and formulaic risks.

### **In-Lieu Sales Taxes – "Triple Flip"**

"Triple Flip" was part of the State's 2004 budget in which sales and use taxes that previously went to counties and cities were instead diverted to the State so that they could be used to repay the State's Economic Recovery Bonds. In turn, monies from the Educational Revenue Augmentation Fund (ERAF) were used to repay counties and cities their lost sales and use taxes.

Under current law, there is no statutory mechanism to fully reimburse counties and cities for lost sales and use tax revenues when the ERAF account has insufficient funds.

In FY 12-13, due to insufficient funds in the ERAF, the County and cities did not receive \$10.9 million of their Triple Flip revenues. Fortunately, due to the County's efforts, the State ultimately made the County and cities whole through a \$10.9 million appropriation in the State's FY 14-15 budget. In August 2014 the State reimbursed \$1.9 million to the County and \$9.0 million to the cities for a total of \$10.9 million.

In FY 13-14, due to insufficient funds in the ERAF again, the County and cities have a \$3.4 million Triple Flip shortfall. The County is requesting that the State's FY 15-16 budget include an appropriation to reimburse the County and cities \$3.4 million for the estimated Triple Flip shortfall amount.

### **Unfunded Retirement Liability**

As of the actuarial valuation date of June 30, 2014, the County's Unfunded Actuarial Accrued Liability (UAAL) for pension benefits was \$804 million, down \$150 million from the prior year. The County's employee retirement plan (pension trust fund) is now 78.8% funded, based on an actuarial valuation, up 5.5% from the prior year. The fund is 86.7% funded based on a mark to market basis. The County's total employer pension contribution for FY 13-14 of \$197 million includes an additional \$50 million contribution discussed below.

The Board approved a resolution to accelerate the UAAL amortization by contributing an additional \$50 million from reserves in FY 13-14, and \$10 million in each of the following nine years as additional contributions. Under this scenario the County is expected to achieve a 90% funded ratio in 7 years, and 100% in 11 years, if actuarial assumptions are realized. It is estimated that these additional contributions will save the County about \$304 million in cumulative contributions and, therefore, reduce operating costs over the next 30 years.

The Government Accounting Standards Board (GASB) released new pronouncements (GASB Statements No. 67 and No. 68) to bring public pension accounting more in line with the private sector rules. GASB Statement No. 67 was implemented by San Mateo County Employees' Retirement Association this fiscal year ended June 30, 2014, while GASB Statement No. 68 will be implemented by the County for the fiscal year ending June 30, 2015. These pronouncements are expected to have a material impact on the financial reporting of liabilities in the County's Government-wide financial statements. Currently pension liabilities are only reported in the Notes (see Note 13 - Employee's Retirement Plans, pages 66-70) and Required Supplemental Information (see Schedule of Funding Progress - Pension, pages 81-82) section of the audited financial statements.

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

In November 2012 the voters approved Measure A which provides for a one-half cent countywide sales tax increase over the next ten years. Measure A programs and initiatives are tracked separately for budgeting and reporting purposes, and are funded on a reimbursement basis, while success is measured through approved performance measures. San Mateo County (SMC) Performance, an online dashboard, was launched by the County to provide transparent reporting of the use of Measure A funds and allow for citizen feedback. SMC Performance includes a series of interactive tiles, each containing the goals associated with each specific Measure A program or initiative.

The Measure A tax generated \$75.6 million in FY 13-14. As of June 30 2014, \$24.3 million has been spent of which \$11.5 million was allocated to Seton Medical Center to ensure that hospitals and emergency rooms are seismically safe, remain open and that long term care beds remain available for low income patients, while \$5 million was provided to the San Mateo County Transit District to support paratransit services. The remaining monies were distributed to other initiatives and programs that offer services to address a range of issues and needs of the community.

The Measure A budget approved by the Board for FY 14-15 is \$68 million. Some of the approved initiatives include: Mental Health System of Care for Adults (\$4.1 million), North Fair Oaks General Plan Implementation (\$6.4 million), Technology Infrastructure and Open Data (\$6 million), Seton Medical Center (\$7.2 million), Early Learning and Care Trust Fund (\$10 million), and SamTrans-Services to Youth, Elderly, and Disabled (\$5 million).

### **Affordable Care Act**

The Affordable Care Act (ACA) changed health care coverage for Americans in two significant ways. It expanded Medicaid (called Medi-Cal in California) to cover more impoverished individuals, and provides subsidies for low and middle income Americans who can now purchase insurance through State-established health insurance marketplaces.

The County is now seeing the effects of the expansion of Medi-Cal under the ACA. Enrollment in Medi-Cal has greatly exceeded the initial estimate of 10,000 additional members in San Mateo County. As of August 1, 2014, the Health Plan of San Mateo (HPSM), a separate legal entity from the County, had 29,000 additional Medi-Cal members for a total Medi-Cal membership of 100,000. This significant increase in Medi-Cal member enrollments is due to the great efforts of the County's Human Services Agency, the Health System, and many community partners.

An additional change with California's implementation of the ACA is the addition of treatment for substance use and moderate mental illnesses for adults enrolled in Medi-Cal. Medi-Cal benefits were previously limited to treating only those with very serious mental illness conditions. This growth in Medi-Cal membership and benefits is presenting challenges to the County's Health System.

The San Mateo Medical Center (SMMC) is now serving 14,000 additional Medi-Cal members in place of 9,000 Access and Care for Everyone (ACE) members. The ACE program is designed to meet the County's indigent healthcare responsibilities and serve County residents who are not eligible for Medi-Cal, Medicare, private insurance or other third-party payers. Enrollment in ACE has gone down to approximately 20,000 members. In short, a greater percent of the patients served by SMMC now have insurance which has improved SMMC's finances. However, these changes have stressed SMMC's capacity to serve Medi-Cal members, as they are required to be seen for urgent, primary and specialty care within specified time frames – standards that the ACE program does not have.

In July 2014 the HPSM announced that it has funding for these new Medi-Cal members and services (for substance use and mental illnesses) that HPSM will pay to the Health System. These additional payments will help to provide additional resources needed by the County to deliver improved health care services to its residents.

### **Infrastructure**

The countywide capital projects budget for FY 14-15 includes a total of \$72 million from General Fund monies, Measure A funds, and other County funding sources. Major General Fund projects include: Cordilleras Mental Health Facility Replacement (\$2.5 million), Animal Care Shelter (\$2.5 million), San Mateo Medical Center Solar Project (\$5 million), and Maguire Correctional Facility (\$4 million). Some capital projects funded by Measure A include the Public Dispatch and Emergency Operations Center (\$4.4 million) and several Parks Department projects (\$3.2 million). These investments in public infrastructure projects will help to reduce the County's list of deferred maintenance items caused by the 2008 Recession.

To fund the construction of the Maple Street Correctional Center, the County sold lease revenue bonds in 2014 with a par value of \$175 million and an average coupon rate of 4.65%, payable over the next 23 years. Due to the County's financial strength the bonds were sold at a premium, which resulted in total proceeds of \$199 million and a true interest rate of 3.04%.

In addition, net proceeds totaling \$87.1 million from the sale of the Circle Star Plaza property have been set aside in capital reserves for future construction projects. The County will continue to identify projects that will improve the public infrastructure and maintain the quality of life in San Mateo County.

### **Meeting the Future**

As the economy continues to slowly recover, the County's financial condition strengthens. Many of the County's economic and financial indicators are improving. Unemployment is down while real estate values and sales taxes are up. Measure A sales tax revenues are helping to fund a variety of services, programs and projects. The prepayment of pension liabilities will lower future required contributions and the associated liability passed on to future generations. Repairing infrastructure will help to ensure that vital safety, health and welfare services can be provided into the future.

However, on the other side of the ledger, the expected reduction in Excess ERAF revenues, a continued increase in the State's realignment initiatives that pass costs and services down to the local level, and the expected net increased costs associated with providing health care under the ACA will all challenge the County to continually assess the use of its financial resources.

## **Relevant Financial Policies**

### **Investments**

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

**Reserves**

The Board approved the original County Reserves Policy in April 1999. The creation of this policy was initiated by the County's Fiscal Officers to help reduce the negative impact on the County during times of economic uncertainty and potential losses of funding from other governmental agencies. In 2010, the Board adopted the revised policy to align the policy with the current fiscal environment. In 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 should 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 equal to 2% of net appropriations, General Fund reserves at a minimum of 5% of total General Fund net appropriations, appropriation for contingencies at 3% of total General Fund net appropriations, reserves for capital improvements at a minimum of \$2 million, and reserves for countywide automation projects at a minimum of \$2 million. In 2013 the Board directed the County Manager to amend the Fund Balance Policy by changing the year-end Fund Balance split with General Fund departments to 50/50. This will help reduce the use of these one-time funds for ongoing General Fund operations, and will maintain an appropriate level of savings. This revised policy was formally adopted in February 2014.

**Budget**

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

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

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

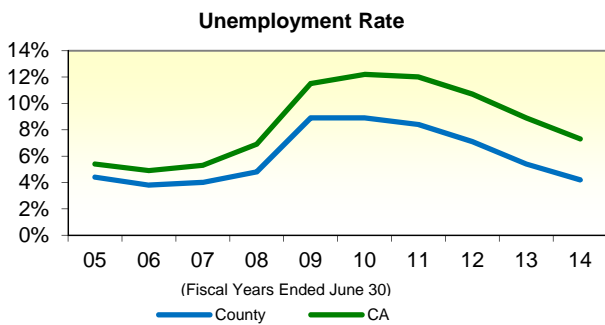
**Debt Service Limit**

Under the County's Debt Limit Ordinance, the Board is required to establish the County debt service limit annually. The debt service limit is applicable to non-voter approved debt that is the obligation of the County. The limit does not include any voter approved debt or any debts of agencies, whether governed by the Board or not, other than the County. The annual debt service limit shall not exceed 4% of the average annual County budget for the current and the preceding four fiscal years. The approved limit can be exceeded only through a 4/5 vote of the Board and upon a finding that such action is necessary and in the best interest of the County and its citizens. For FY 13-14, the County continued to remain well within this limit.

**Factors Affecting Economy**

**Employment**

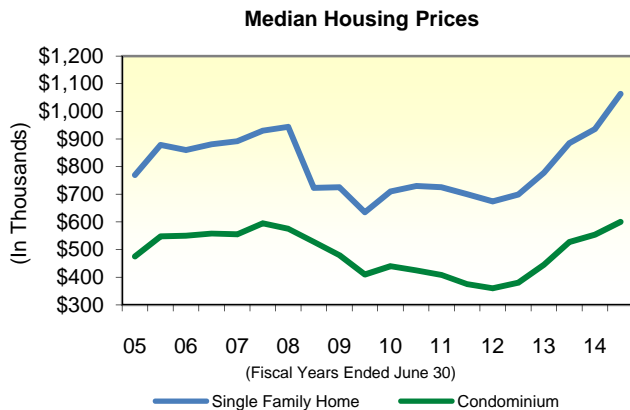
- The County had an estimated 17,200 unemployed residents as of June 2014.
- The County’s unemployment rate was 4.2% for June 2014, down 1.2% from 5.4% in June 2013.
- This compares with an unemployment rate of 7.3% for California and 6.3% for the U.S. for June 2014.
- Among California’s 58 counties, the County recorded the second lowest unemployment rate as of June 2014.



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

**Residential Property**

- The County’s median single-family home price rose 14.1% to \$1,152,500 as of June 2014 from \$1,010,000 as of June 2013.
- The County’s median condominium price rose 0.3% to \$610,000 as of June 2014 from \$608,000 as of June 2013.



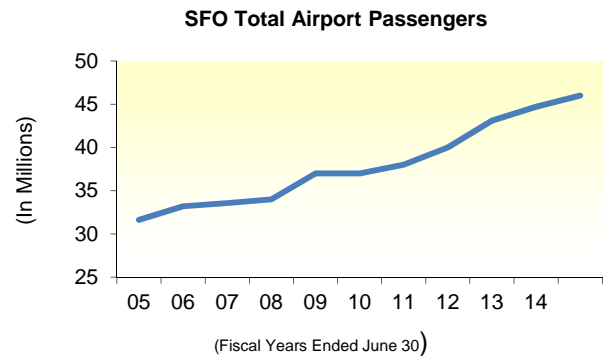
Source: San Mateo County Association of Realtors,  
based on statistics from Multiple Listing Services, Inc.

**Commercial Property**

- The vacancy rate in the County for June 2014 was at 16.3% down from 16.8% for the same period ended in June 2013. The June 2012 vacancy rate was 18.3%.
- The average asking rate for space in the County rose 3.8% to \$3.83 per square feet per month as of June 2014, up from \$3.69 per square feet per month as of June 2013. The June 2012 average asking rate for space was \$3.32 per square foot per month.

**Tourism**

- San Francisco International Airport remains a significant economic engine in the region by providing tens of thousands of jobs. The Airport’s total passenger volume rose 3.4% to 46.2 million for June 2014 from 44.7 million for June 2013.



Source: SFO Comparative Traffic Reports

**Taxable Sales**

- The County’s total taxable sales rose 2.9% to \$3.6 billion for the second quarter ended June 2013 (latest data) from \$3.5 billion for the same period ended June 2012.

**Per Capita Income**

- The County’s estimated median family income was \$97,779 for 2012 (latest data), compared to \$101,112 for 2011.
- The County’s per capita personal income increased to \$74,582 in 2012 (latest data), a 4.7% increase from \$71,232 in 2011.

**Major Initiatives**



**Healthy Community**

*Health System*

- Increase awareness of Prevention and Recovery in Early Psychosis program that offers early diagnosis, treatment and support for young adults living with mental illness.
- Prepare for aging population by developing communities that prevent diseases and support healthy aging.



**Safe Community**

*Sheriff’s Office*

- Provide a Domestic Violence Program and continue to offer School Safety services.
- Manage construction of the Maple Street Correctional Center.

*District Attorney’s Office*

- Create a Mortgage Fraud Program to increase public awareness, assist victims and prosecute fraud.
- Create a Financial Abuse Specialist Team to investigate and prosecute Elder Abuse cases.



**Environmentally Conscious Community**

*Agriculture, Weights and Measures*

- Connect and educate workers, growers, applicators and homeowners about the safe usage of pesticides.

*Planning and Building / County Manager’s Office*

- Implement Climate Action Plan to meet goal of a 15% reduction in greenhouse gas emissions by 2020.

*Department of Public Works*

- Achieve EPA Energy Star Rating for five large office buildings to save energy, money and fight climate change.



**Prosperous Community**

*Agriculture, Weights and Measures*

- Promote the first agricultural Ombudsman to help farmers navigate regulations and rules.

*Human Services Agency*

- Implement Family Stabilization Program to ensure the safety of children in their homes and provide support to stabilize their families.

*County Manager’s Office / Board of Supervisors / Department of Public Works*

- Execute the Middlefield Road Redesign project to improve North Fair Oaks community.



**Livable Community**

*Department of Housing*

- Continue working with cities and developers to increase availability of affordable housing.
- Expand MTW-5 Year Self-Sufficient Program to assist individuals to achieve economic self-sufficiency.

*Parks Department*

- Expand environmental literacy and build Volunteer Stewardship Corps to preserve, protect, and work for betterment of parks.



**Collaborative Community**

*Board of Supervisors*

- Adopt aggressive plan to pay down unfunded pension obligation by 2023 with additional contributions.

*Human Resources / Controller’s Office / Information Services / County Manager’s Office*

- Launch new HR-Payroll system to automate processes, integrate with other county systems, and improve access to information.

*Department of Public Works*

- Work on construction of Crystal Springs Dam Bridge Replacement Project.

*County Manager’s Office / Board of Supervisors*

- Establish commission dedicated to the needs of the lesbian, gay, bisexual, transgender and queer community.

*Assessor / Tax Collector / Controller’s Office*

- Work to implement an integrated Assessment and Property Tax System.

*Treasurer-Tax Collector*

- Implement a centralized cashiering and E-billing system.

*Information Services Department*

- Increase access and availability to free public wireless Internet and government data.

## 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, 2013. This was the fourteenth 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, 2013.

### Acknowledgements

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

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

Finally, I wish to thank all of the citizens of San Mateo County and employees of the County for allowing me to serve as Controller. During my 19-year tenure at the Controller's Office of San Mateo County I have had the good fortune of working with a dedicated, professional and effective group of people. Through all of their efforts, the County is on sound financial footing well into the 21<sup>st</sup> Century. I look forward, with my best wishes, to watching this continue under the new Controller's leadership.

Respectfully submitted,



Bob Adler, CPA  
Controller



Government Finance Officers Association

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

Presented to

**County of San Mateo  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO



# COUNTY OF SAN MATEO

## Organization Chart

June 30, 2014

**SAN MATEO COUNTY RESIDENTS**

**Board of Supervisors**

**County Counsel**  
John C. Beiers

Elected Officials

**Assessor-County Clerk-Recorder**  
Mark Church

**Controller**  
Bob Adler

**Coroner**  
Robert Fourcraut

**District Attorney**  
Steve Wagstaffe

**Sheriff**  
Greg Munks

**Treasurer-Tax Collector**  
Sandie Arnott

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

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

**LAFCo**  
Martha Poyatos

**First 5 San Mateo County**  
Kitty Lopez

**Retirement Office (SamCERA)**  
David Bailey



**Dave Pine**

District 1

**Carole Groom**

District 2

**Don Horsley**

District 3

**Warren Slocum**

District 4

**Adrienne Tissier**

District 5

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

**Assistant County Manager**  
(Vacant)

**Deputy County Manager (Criminal Justice & Realignment)**  
Michael Callagy

**Deputy County Manager (Performance, Fiscal, Health & Social Services)**  
Reyna Farrales

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

**Public Safety Communications**  
Jaime Young

**Information Services**  
Jon Walton

**Human Resources Department**  
Donna Vaillancourt

**Planning and Building Department**  
Steve Monowitz

**Department of Public Works**  
Jim Porter

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

**Budget, Policy and Performance**  
Jim Saco

**Health System**  
Jean Fraser

**Department of Parks**  
Marlene Finley

**Department of Housing**  
William Lowell

**\* Office of Emergency Services**

\* Assigned to Sheriff's Office

**Human Services Agency**  
Iliana Rodriguez

**Department of Sustainability**  
Jim Eggemeyer

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

**Child Support Services**  
Iliana Rodriguez

**Agriculture, Weights and Measures**  
Fred Crowder

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

**Workforce and Economic Development**  
Nicole Pollack

**Real Property Services**  
Freda Manuel

**COUNTY OF SAN MATEO**  
**Public Officials**

**ELECTED OFFICIALS**

Board of Supervisors:

Supervisor – District 1	Dave Pine
Supervisor – District 2	Carole Groom
Supervisor – District 3	Don Horsley
Supervisor – District 4	Warren Slocum
Supervisor – District 5	Adrienne Tissier

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

**APPOINTED OFFICIALS**

County Manager/Clerk of the Board ( <i>appointed by the Board of Supervisors</i> )	John L. Maltbie
Assistant County Manager	(Vacant)
Deputy County Manager – Criminal Justice & Realignment	Michael Callagy
Deputy County Manager – Performance, Fiscal, Health & Social Services	Reyna Farrales
Deputy County Manager – Community Services	Peggy Jensen
Court Executive Officer and Jury Commissioner ( <i>appointed by Judiciary</i> )	John Fitton
Probation Officer ( <i>appointed by Judiciary</i> )	John T. Keene Jr.

**DEPARTMENT DIRECTORS**

County Counsel	John C. Beiers
Child Support Services	Iliana Rodriguez
Department of Housing	William Lowell
Department of Parks	Marlene Finley
Department of Public Works	Jim Porter
Department of Sustainability	Jim Eggemeyer
Health System	Jean Fraser
Human Resources Department	Donna Vaillancourt
Human Services Agency	Iliana Rodriguez
Information Services	Jon Walton
Planning and Building Department	Steve Monowitz

**AFFILIATED ORGANIZATIONS**

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



## **FINANCIAL SECTION**

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

## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of San Mateo, California (County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the County of San Mateo (Housing Authority), the San Mateo County Employees' Retirement Association (SamCERA), the First 5 San Mateo County (First 5), or the Health Plan of San Mateo (HPSM), which represent the following percentages of the assets and deferred outflows, net positions/fund balances, and revenues/additions of the following opinion units as of and for the year ended June 30, 2014.

Opinion Unit	Assets and Deferred Outflows	Net Positions/ Fund Balances	Revenues/ Additions
Business-type activities	17%	25%	27%
Major enterprise fund – Housing Authority	100%	100%	100%
Aggregate remaining fund information	53%	59%	17%
Aggregate discretely presented component units	100%	100%	100%

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

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

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

#### *Implementation of New Accounting Pronouncement*

As discussed in Note 13(B) to the financial statements, effective for the year ended June 30, 2014, the SamCERA adopted the provisions of Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

Handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, slightly slanted style.

Walnut Creek, California  
October 31, 2014



**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, 2014

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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we provided in our transmittal letter in the preceding section. **All dollar amounts are expressed in thousands unless otherwise indicated.**

**Financial Highlights**

**Government-wide financial position**

The County's assets and deferred outflows of resources exceeded its liabilities at the close of the fiscal year 2013-14 by \$1.8 billion (*net position*):

- \$489 million represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets (*net investment in capital assets*). These capital assets are used to provide services to citizens and are not available for future spending.
- \$450 million represents resources that are subject to external restrictions on their use and are available to meet the County's ongoing obligations for programs with external restrictions (*restricted net position*).
- \$836 million is available to fund County programs for citizens and debt obligations to creditors (*unrestricted net position*).

The County's total net position increased \$264 million to \$1.8 billion over the year. The positive change in County's net position indicates that the financial position of the County is improving.

- \$255 million increase in net position was derived from governmental activities predominantly from increases in property taxes and all other taxes.
- \$9 million increase in net position was derived from business-type activities with \$5 million from the Medical Center and \$4 million from the Housing Authority.

**Fund financial position**

The County's governmental funds reported combined fund balances of \$974 million at the close of fiscal year, an increase of \$374 million compared to the prior year. About \$493 million (sum of committed, assigned, and unassigned fund balances) of this amount, or 51%, is available for spending at the County's discretion.

**Capital asset and debt administration**

The County's *capital assets* increased \$25 million to \$881 million with \$807 million for the governmental activities and \$74 million for the business-type activities. The increase was mainly from a \$51 million increase in construction in progress (including \$36 million for the jail construction, \$4 million for the Criminal Justice Information System, and \$11 million for other projects) and \$30 million decrease in structures and improvements primarily from the disposal of Circle Star Plaza.

The County's total outstanding *long-term debt* (including lease revenue bonds, certificates of participation, notes payable, and other long-term obligations) increased \$189 million to \$541 million. The increase was mainly caused by the issuance of 2013 and 2014 Lease Revenue Bonds (\$242 million including bond premiums), partially offset by the refunding of the outstanding 1997, 1999, and 2001 Bonds (Prior Bonds) totaling \$39 million and scheduled retirement of outstanding debts totaling \$14 million. The 2013 Bonds of \$40 million, together with other available funds, were issued to refund the Prior Bonds of \$39 million and to finance the Skylonda Fire Station project of \$4 million. The 2014 Bonds of \$175 million were issued to finance the County jail construction.



**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2014

**Overview of Financial Statements**

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

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

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

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

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

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

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

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

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

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

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2014

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

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

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

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

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

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

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

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

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

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

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

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

*The notes can be found on pages 35-80 of this report.*

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2014

**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 81-92 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 93-136 of this report.*

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

	<b>County's Net Position</b>							
	Governmental		Business-type		Total		Increase/(Decrease)	
	Activities	Activities	Activities	Activities	Total	Total	Amount	Percentage
	2014	2013	2014	2013	2014	2013		
Current and other assets	\$ 1,582,612	\$ 1,137,799	\$ 155,925	\$ 146,033	\$ 1,738,537	\$ 1,283,832	\$ 454,705	35%
Capital assets	806,871	789,592	74,425	66,334	881,296	855,926	25,370	3%
Total assets	<u>2,389,483</u>	<u>1,927,391</u>	<u>230,350</u>	<u>212,367</u>	<u>2,619,833</u>	<u>2,139,758</u>	<u>480,075</u>	22%
Deferred outflows of resources	7,336	7,607	-	-	7,336	7,607	(271)	-4%
Long-term liabilities	620,468	428,212	12,203	11,286	632,671	439,498	193,173	44%
Other liabilities	152,229	137,864	66,671	58,351	218,900	196,215	22,685	12%
Total liabilities	<u>772,697</u>	<u>566,076</u>	<u>78,874</u>	<u>69,637</u>	<u>851,571</u>	<u>635,713</u>	<u>215,858</u>	34%
Net position:								
Net investment in capital assets	418,671	482,077	70,560	63,516	489,231	545,593	(56,362)	-10%
Restricted	449,146	207,720	980	524	450,126	208,244	241,882	116%
Unrestricted	756,305	679,125	79,936	78,690	836,241	757,815	78,426	10%
Total net position	<u>\$ 1,624,122</u>	<u>\$ 1,368,922</u>	<u>\$ 151,476</u>	<u>\$ 142,730</u>	<u>\$ 1,775,598</u>	<u>\$ 1,511,652</u>	<u>\$ 263,946</u>	17%

**Analysis of Net Position.** The County's net position increased \$264 million, or 17%, to \$1.8 billion at June 30, 2014.

**Governmental Activities** increased the County's net position by \$255 million, or 19% to \$1.6 billion.

**Total assets** increased \$462 million, or 24%, to \$2.4 billion. The significant changes in assets occurred in the following areas:

- *Cash and investment* increased by \$386 million. The increase was due largely to \$203 million bond proceeds from the bond issuance (\$242 million bond proceeds minus \$39 million early retirement of old bonds), \$87 million in proceeds from sale of Circle Star Plaza, and \$50 million in untapped Measure A sales and use tax revenues.
- *Restricted cash and investments* increased by \$6 million predominantly from the \$7 million required reserve requirement for the 2014 Bonds.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2014

- *Net pension asset* increased by \$50 million due to additional pension contribution to SamCERA to provide greater security for pension benefits for both active and retired members, enhance the solvency of SamCERA, and reduce County's long-term pension costs by accelerating the unfunded pension liability.
- *Capital assets* increased by \$17 million. The significant changes occurred in the following areas:
  - \$51.7 million increase in construction in progress resulted from the jail construction of \$36.2 million, the development of Criminal Justice Information System of \$3.7 million, and other projects totaling \$11.8 million.
  - \$3.7 million increase in equipment countywide to meet operating needs.
  - \$32.7 million decrease in structures and improvements due mainly to the sale of Circle Star Plaza with a book value of \$30.2 million.
  - \$5.9 million decrease in land including \$11.6 million disposal of land attached to the Circle Star Plaza and \$5.7 million addition of land through donations and purchases for environmental preservation, recreation, scenic, and open space purposes.

**Total liabilities** increased \$207 million, or 37% to \$0.8 billion. The significant changes in liabilities occurred in the following areas:

- *Long-term liabilities (lease revenue bonds and certificates of participation)* increased by \$189 million. The new bonds added \$242 million to bonds payable, partially offset by \$39 million early retirement of old bonds, and \$14 million scheduled retirement of outstanding bonds and certificates of participation.
- *Accounts payable* increased by \$8 million primarily resulted from timing difference between when transactions were executed and when payments are made.

**Business-Type Activities** increased the County's net position by \$9 million, or 6% to \$151 million.

Total assets increased \$18 million, or 8%, to \$230 million. The increase was primarily caused by the following:

- The *Medical Center's total assets* increased \$11.9 million. The significant changes are discussed below:
  - \$9.4 million increase in net patient accounts receivable due mainly to the conversion of patients previously under the County-supported Access to Care for Everyone (ACE) program to Medi-Cal under the Affordable Care Act starting January 1, 2014.
  - \$4.2 million net increase in capital assets primarily from leasehold improvements.
  - \$3.1 million increase in cash and cash equivalents mainly from noncapital financing activities.
  - \$2.6 million decrease in due to the County General Fund after repayments were made.
- The *Housing Authority's total assets* increased \$3.4 million. The increase resulted primarily from the following:
  - \$1.3 million increase in notes receivable for a loan to the MidPen Housing Corporation for the development of the Half Moon Bay Senior Campus (HBMSC).
  - \$2.6 million increase in capital assets due mainly to a \$3.0 million land transfer to the Housing Authority to support the HBMSC project, net of disposal of all building and equipment of Half Moon Village.
- The *Coyote Point Marina's total assets* increased \$1.7 million caused by the construction in progress for Dock 10 and Dock 29 at the Coyote Point Marina Park.

Total liabilities increased \$9 million, or 13%, to \$79 million. The increase was primarily caused by the following:

- The *Medical Center's total liabilities* increased \$6.4 million mainly from a \$9.7 million increase in due to other governmental agencies as a result of the intergovernmental transfer payments due for claim submissions related to the Delivery System Reform Incentive Pool program and Federally Qualified Health Center services. The increase

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was partially offset by a \$1.6 million decrease in accounts payable due to timely processing of invoices and a \$2.0 million decrease in loans from the General Fund due to repayments.

- The *Coyote Point Marina's total liabilities* increased \$1.5 million due to additional borrowings from the State Department of Boating and Waterways.

The **County's total net position** increased by \$264 million, or 17%, to \$1.8 billion as of June 30, 2014. The County's net position can be divided into three categories: net investment in capital assets, restricted, and unrestricted.

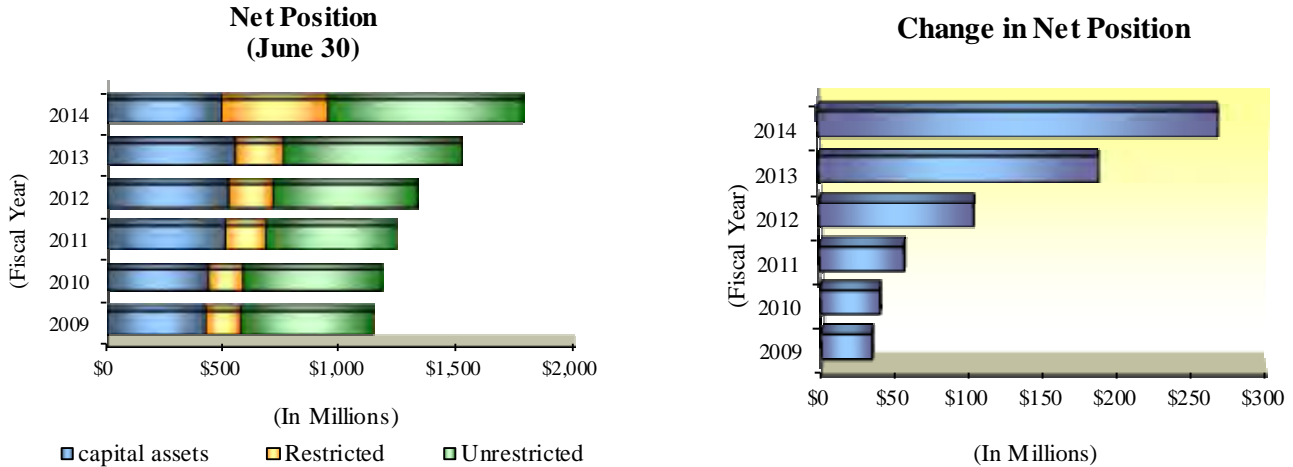
- 28%, or \$489 million, of the County's net position reflects its *investment in capital assets* (e.g., land, buildings and equipment); net of any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to citizens. These assets, therefore, are *not* available for future spending. Although the County's investment in capital assets is reported net of related debt, the resources needed to repay this debt are provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.
- 25 %, or \$450 million, of the County's net position represents resources that are subject to external restrictions on how they may be used and therefore *restricted*.
- 47%, or \$836 million, of the County's net position represents resources that may be used to meet the County's ongoing obligations to citizens and creditors and therefore *unrestricted*.

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

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2014	2013	2014	2013	2014	2013	Amount	Percentage
<b>Revenues:</b>								
Program revenues:								
Charges for services	\$ 151,081	\$ 150,343	\$ 190,952	\$ 180,646	\$ 342,033	\$ 330,989	\$ 11,044	3%
Operating grants and contributions	481,941	483,718	70,400	66,128	552,341	549,846	2,495	0%
Capital grants and contributions	-	907	6,623	5,607	6,623	6,514	109	2%
Total program revenues	633,022	634,968	267,975	252,381	900,997	887,349	13,648	2%
General revenues:								
Property taxes	430,981	403,021	-	-	430,981	403,021	27,960	7%
Other taxes	125,002	59,314	-	-	125,002	59,314	65,688	111%
Unrestricted interest and investment earnings	11,861	3,863	170	173	12,031	4,036	7,995	198%
Miscellaneous	39,880	31,100	5,547	2,787	45,427	33,887	11,540	34%
Total general revenues	607,724	497,298	5,717	2,960	613,441	500,258	113,183	23%
Total revenues	1,240,746	1,132,266	273,692	255,341	1,514,438	1,387,607	126,831	9%
<b>Expenses:</b>								
Program expenses:								
General government	108,980	78,988	-	-	108,980	78,988	29,992	38%
Public protection	353,458	337,059	-	-	353,458	337,059	16,399	5%
Public ways and facilities	19,419	20,248	-	-	19,419	20,248	(829)	-4%
Health and sanitation	246,652	228,050	-	-	246,652	228,050	18,602	8%
Public assistance	221,761	201,087	-	-	221,761	201,087	20,674	10%
Recreation	10,420	8,621	-	-	10,420	8,621	1,799	21%
Interest on long-term liabilities	16,351	16,292	-	-	16,351	16,292	59	0%
San Mateo Medical Center	-	-	244,015	234,736	244,015	234,736	9,279	4%
Airports	-	-	2,877	2,841	2,877	2,841	36	1%
Coyote Point Marina	-	-	790	826	790	826	(36)	-4%
Housing Authority	-	-	71,052	70,578	71,052	70,578	474	1%
Total expenses	977,041	890,345	318,734	308,981	1,295,775	1,199,326	96,449	8%
Excess (deficiency) before special item and transfers	263,705	241,921	(45,042)	(53,640)	218,663	188,281	30,382	16%
Special items	45,283	-	-	(2,806)	45,283	(2,806)	48,089	1714%
Transfers	(53,788)	(68,570)	53,788	68,570	-	-	-	0%
<b>Change in net position</b>	255,200	173,351	8,746	12,124	263,946	185,475	78,471	42%
Net position - beginning	1,368,922	1,195,571	142,730	130,606	1,511,652	1,326,177	185,475	14%
Net position - ending	\$ 1,624,122	\$ 1,368,922	\$ 151,476	\$ 142,730	\$ 1,775,598	\$ 1,511,652	\$ 263,946	17%

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By far, the County is able to report positive balances in all reported categories of net position, both for the County as a whole, and for its separate governmental and business-type activities. The same held true for the prior fiscal year. The charts below provide a snapshot of County's net position and change in net position for the past five fiscal years:



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

**Governmental Activities.** Governmental activities increased the County's net position by \$255 million to \$1.6 billion for the fiscal year ended June 30, 2014. Such increase accounted for 97% of the County's overall increase in net position.

**Analysis of Governmental Activities - Revenues**

**Program Revenues** accounted for 51% of the County's overall governmental activities revenues. Program revenues consisted of three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. Revenues from charges for services and operating grants and contributions stayed about the same as the prior year.

**General Revenues** increased \$110 million, or 22%, from the prior year. General revenues accounted for 49% of the County's overall governmental activities revenues. The significant changes included the following:

- Property Tax Revenues increased \$28 million, or 7%, to \$431 million. The significant changes occurred included the following:
  - \$10.1 million increase in secured property tax revenues due primarily to growth in real property assessed values and decreased refunds.
  - \$3.3 million increase in refunds from excess Education Revenue Augmentation Fund (ERAF). Local taxing agencies are required to shift a portion of their property tax revenue to ERAF from which funds are distributed to school districts if their property tax revenues fall below the minimum guaranteed amounts. Although the State increases the minimum guaranteed amounts to school districts in FY 2013-14, increased property tax revenues from growth in property assessed values exceeded increased ERAF funding to school districts. As a result, the County received more refunds from ERAF in FY 2013-14 than in FY 2012-13.
  - \$2.8 million increase in revenues from former Redevelopment Agencies (RDAs) dissolved on February 1, 2012. Property tax dollars previously allocated to former RDAs are now transferred to the Redevelopment Property Tax Trust Fund (RPTTF) to cover administrative costs, pass-through payments to tax agencies, and payments to successor agencies. Residual balances in RPTTF are distributed to local taxing agencies.

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- \$12.0 million increase in Property Tax In-Lieu of Vehicle License Fee due to growth in property assessed values and adjustments.
- *Other Tax Revenues* increased \$66 million, or 111%, to \$125 million. The significant changes are discussed below.
  - \$62.5 million increase in Measure A sales and use tax revenues. In November 2012 San Mateo County voters approved a measure increasing the County's sales tax by half cent for the next 10 year to fund County critical facilities and services (Measure A) effective on April 1, 2013. As a result, the County reported four months of Measure A revenues totaling \$14.6 million in FY 2012-13 compared to twelve months totaling 77.1 million in FY 2013-14.
  - \$4.3 million increased in Vehicle Rental Business License Tax (VRBLT) revenues due to growth in vehicle rental activities. The VRBLT was imposed at a rate of 2.5% on the gross receipts of vehicle rental businesses in the unincorporated areas within the County.
- *Unrestricted Interest and Investment Earnings* increased \$8 million, or 207%, due primarily to unrealized gains on investment due to improved economic and market conditions.
- *Miscellaneous Revenues* increased \$9 million, or 28%. The increase included \$5.2 million donations for environmental preservation, recreation, scenic, and open space purposes, and \$4.0 million increased recoveries from investment loss caused by Lehman's bankruptcy in 2009.

**Analysis of Governmental Activities – Expenses**

Expenses for *General Government* increased by \$30 million, or 38%. The significant increases occurred in the following areas:

- \$18.2 million for initiatives funded by Measure A sales and use tax revenues including \$11.5 million contribution to Seton Medical Center and \$5.0 million to SamTrans for the benefits of County residents.
- \$5.0 million for the implementation of a new payroll system.
- \$3.7 million in management fees for the Circle Star Plaza previously owned by the County until May 2014.
- \$2.1 million in issuance costs for the 2013 and 2014 Bonds.

Expenses for *Public protection* increased by \$16 million, or 5%. The increase was largely for salaries, benefits and other charges. The County criminal justice system (including District Attorney, Sheriff, and Probation departments) experienced an overall increase of \$6.2 million in salaries and benefits due primarily to 3% cost of living adjustment and increased workforce in the District Attorney's Office. Other charges increased \$7.2 million caused mainly by increased facility rental charges and replacement costs for radios.

Expenses for *Health and sanitation* increased by \$19 million, or 8%. The Health System experienced an overall increase of \$8.8 million increase in salaries and benefits due primarily to 3% cost of living adjustment and increased workforce, \$3.2 million increase in services and supplies to meet operating needs, and \$6.4 million Intergovernmental Transfer payment to the State Department of Health Care Services.

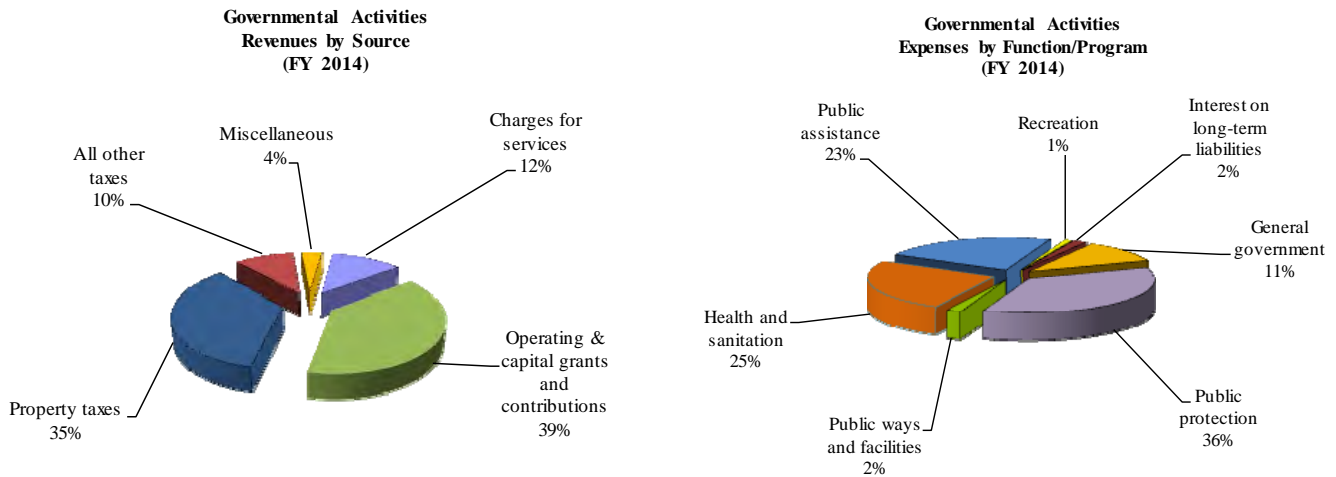
Expenses for *Public assistance* increased by \$21 million, or 10%, mostly from salaries, benefits, and other charges.

- The Human Services Agency experienced an overall increase of \$7.3 million in salaries and benefits. The increase was mainly from increased workforce to support the implementation of Affordable Care Act and the Children & Family Services. The Agency also recorded a \$6.7 million increase in services and supplies due to higher contract expenses and service fees.
- The Department of Housing recorded a \$2.7 million increase in other charges due to increased housing assistance projects.

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Expenses for *Recreation* increased by \$2 million, or 21%. Most of the increase was from a \$1.2 million increase in salaries and benefits for seven new positions and a \$0.5 million increase in professional contract and other costs for the Parks Operation and Maintenance initiative.

For the fiscal year ended June 30, 2014, revenues and expenses for governmental activities are as follows:



**Special Item** (events that are either unusual or infrequent) of \$45 million represented the gain from sale of Circle Star Plaza. In March 2011, the County purchased two office buildings (the Circle Star Plaza) in City of San Carlos with a carrying value of \$41.8 million. The buildings were originally intended to house various County departments to reduce operating costs from leasing. The County later changed its initial plan. Instead of relocating certain County departments to the Plaza, the County decided to sell the Circle Star Plaza to The GN Net Member, LCC for \$90 million.

**Transfers out** to business-type activities decreased \$14.8 million, or 22%, due primarily to a sizable decrease in General Fund contribution to the Medical Center. During FY 2012-13, in addition to the budgeted contribution for indigent healthcare, General Fund made a one-time contribution of \$18.2 million to support the disposal of Burlingame Long-Term Care operation.

**Business-type Activities.** The net position for business-type activities increased \$9 million to \$151 million.

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

**Medical Center.** The net position of Medical Center increased \$5 million, or 7%, to \$79 million.

The Medical Center's net operating loss stayed about the same as last fiscal year at \$59 million. The significant changes included the following:

- \$5.2 million increase in salaries and benefit expenses due to 3% cost of living adjustment, increased workforce, and increased retirement and health benefit costs.
- \$3.4 million in contract provider services due to increased ACE patients utilizing outside hospital services.
- \$3.4 million increase in other fees and purchased services due to increased utilization of consulting services to help the Medical Center transition to ICD-10, and increased rental expenses with the opening of the new Fair Oaks Health Center.



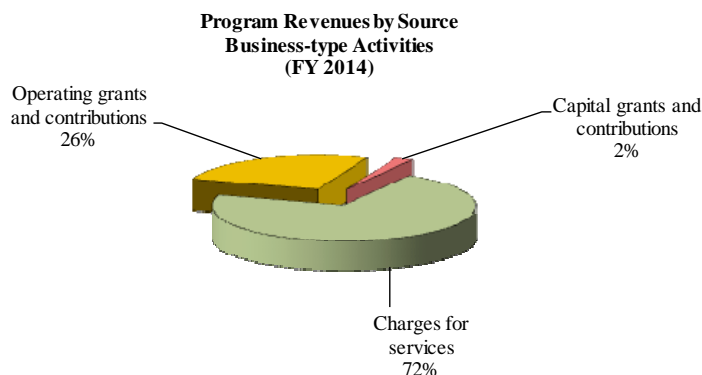
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- \$5.3 million increase in net charges for services revenues due to pricing increases for primary and specialty care clinic services and conversion of patients previously covered by the County-supported ACE program to Medi-Cal under the Affordable Care Act starting January 1, 2014.
- \$5.1 million increase in other operating revenues, including \$2.7 million increase in sale of drugs through third party payment plans.

The operating loss was partially absorbed by \$4.4 million non-operating revenues from Medi-Cal rate differential payment received, which was increased by \$1.8 million from FY 2012-13. The remaining operating loss was covered by the County General Fund contribution of \$63.3 million, which was decreased by \$15.3 million from the prior year in the absent of one-time additional funding of \$18.2 million in FY 2012-13 to support the transition of Burlingame Long Term Care facility to Brius, LLC.

**Housing Authority.** The net position of the Housing Authority increased \$3.7 million, or 11%, to \$37.1 million. Major factors for the Housing Authority’s net surplus of \$3.7 million included a \$2.2 million increased subsidies and grants from HUD due to increased needs for rental assistance programs and a \$3.0 million land donation received for the HBMSC project. The increase was partially offset by a \$1.7 million operating loss primarily from increased housing assistance payments.

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



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

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

As of June 30, 2014, the County’s governmental funds reported combined fund balances of \$974 million at year-end, an increase of \$374 million, or 62%, compared to the prior fiscal year. Approximately 51% of the combined amount, or \$493 million, constitutes fund balance that is available for appropriation in the upcoming year. The remainder of the fund balance totaling \$481 million is nonspendable and restricted, including \$32 million “not in spendable form” for items that are not expected to be converted into cash such as inventories and long-term loans, and \$449 million restricted for specific purposes.

The *General Fund* is the primary operating fund of the County. At June 30, 2014, the General Fund’s total committed, assigned and unassigned fund balance (*unrestricted*) was \$398 million with total fund balance at \$576 million. As a measure of liquidity, total unrestricted fund balance as well as total fund balance can be compared to total fund expenditures. Total unrestricted fund balance represents 45% of total fund expenditures, and total fund balance

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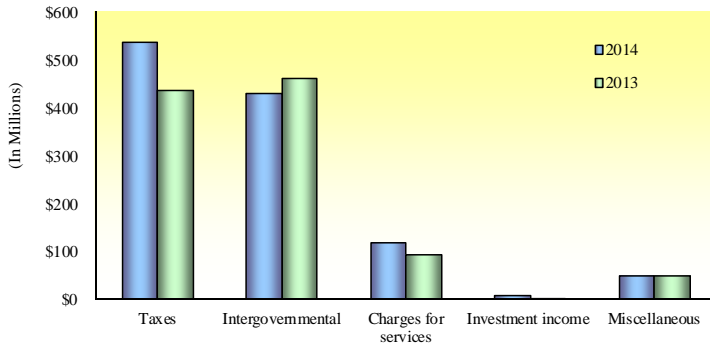
represents 65% of total fund expenditures. The overall fund balance in the General Fund has increased \$139 million during the current fiscal year.

For the fiscal years ended June 30, 2014 and 2013, revenues for the General Fund are distributed as follows:

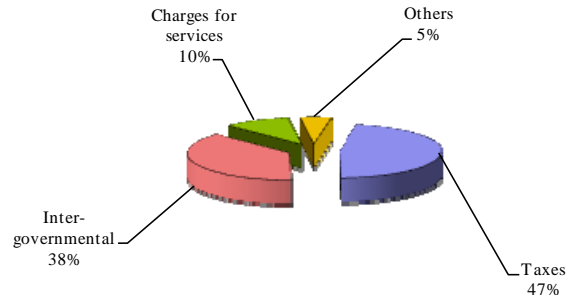
**General Fund - Revenues by Source**  
**(In Thousands)**

Revenues by Source	FY 2014		FY 2013		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 537,162	47%	\$ 437,319	42%	\$ 99,843	23%
Licenses and permits	6,826	1%	6,250	1%	576	9%
Intergovernmental	430,615	38%	461,356	44%	(30,741)	-7%
Charges for services	118,857	10%	94,266	9%	24,591	26%
Fines, forfeitures, and penalties	9,194	1%	9,958	1%	(764)	-8%
Rents and concessions	3,443	0%	1,613	0%	1,830	113%
Investment income	8,526	1%	3,401	0%	5,125	151%
Other	28,829	3%	30,855	3%	(2,026)	-7%
<b>Total</b>	<b>\$ 1,143,452</b>	<b>100%</b>	<b>\$ 1,045,018</b>	<b>100%</b>	<b>\$ 98,434</b>	<b>9%</b>

**General Fund - Revenues by Source**



**General Fund - Revenues by Source (FY 2014)**



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

*Taxes* increased by \$100 million, or 23%. See explanations on pages 10 and 11.

*Intergovernmental revenue* decreased by \$31 million, or 7%. As explained earlier revenues from grants and contributions were about the same as last fiscal year. The decrease is mainly due to the timing in revenue recognition. Revenues in the governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when they become “measurable and available” within two months after year-end. Revenues not available within this period are deferred. On the contrary, revenues in the statement of activities are reported using the accrual basis of accounting. Under this method, revenues are recognized when they are earned, regardless when the related cash flows take place.

*Charges for services* increased by \$25 million, or 26%. As explained earlier revenues from charges for services were about the same as last fiscal year. The increase was primarily from the timing in revenue recognition discussed in the preceding paragraph.

*Rents and concessions* increased by \$2 million, or 113%, due primarily to a \$1.4 million rental income from the leasing of County-owned facility, Circle Star Plaza, that was sold in May 2014.

*Investment income* increased by \$5 million, or 151%, due primarily to unrealized gains on investment due to improved economic and market conditions.

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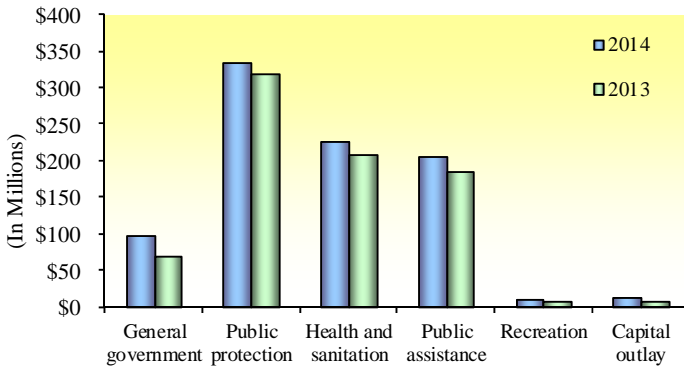
For the fiscal years ended June 30, 2014 and 2013, expenditures for the General Fund are distributed as follows:

**General Fund - Expenditures by Function**

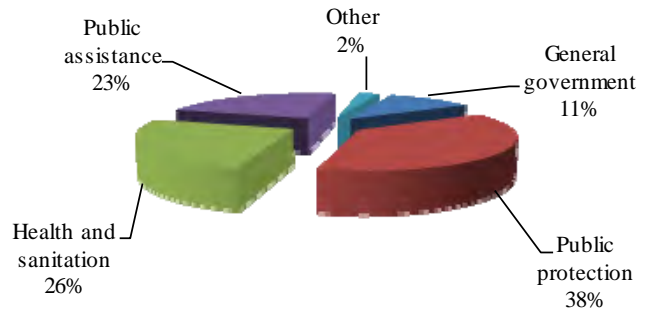
(In Thousands)

Expenditures by Function	FY 2014		FY 2013		Increase/(Decrease)	
	Amount	Percent of Total	Amount (As restated)	Percent of Total	Amount	Percent of Change
General government	\$ 97,478	11%	\$ 69,279	9%	\$ 28,199	41%
Public protection	333,532	38%	320,517	40%	13,015	4%
Health and sanitation	226,935	26%	209,655	26%	17,280	8%
Public assistance	204,991	23%	184,840	23%	20,151	11%
Recreation	9,633	1%	8,005	1%	1,628	20%
Capital outlay	13,472	2%	6,815	1%	6,657	98%
Debt services	20	0%	3	0%	17	567%
<b>Total</b>	<b>\$ 886,061</b>	<b>100%</b>	<b>\$ 799,114</b>	<b>100%</b>	<b>\$ 86,947</b>	<b>11%</b>

**General Fund - Expenditures by Function**



**General Fund - Expenditures by Function (FY 2014)**



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

Expenditures for *General Government* increased by \$28 million, or 41%. See explanations on page 11.

Expenditures for *Public Protection* increased by \$13 million, or 4%. See explanations on page 11.

Expenditures for *Health and Sanitation* increased by \$17 million, or 8%. See explanations on page 11.

Expenditures for *Public Assistance* increased by \$20 million, or 11%. See explanations on page 11.

Expenditures for *Recreation* increased by \$2 million, or 20%. See explanations on page 12.

*Capital Outlay* increased by \$7 million, or 98%, due primarily to a \$2.7 million increased spending on the County Radio System and a \$3.3 million on the Criminal Justice Information System.

**Joint Powers Financing Authority** is a major governmental fund. During FY 2013-14, JPFA's fund balance increased \$133.9 million to \$170.6 million. The increase resulted predominantly from the issuance of 2013 and 2014 Bonds. Out of the total \$242.4 million bond proceeds from the two financings, \$39.2 million was used to refund the Prior Bonds, \$28.8 million to reimburse the County for costs incurred since the inception of jail construction through FY 2012-13, \$36.3 million to pay ongoing project costs, and \$2.1 million to cover the bond issuance costs.

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**Nonmajor governmental funds** experienced a \$101 million increase in fund balance as a whole. The significant changes occurred in the following areas:

*Special Revenue Funds.* The overall fund balance for special service funds increased \$13.5 million to \$108 million. The significant changes occurred in the following funds:

- The Road Fund finished the year with a \$3.3 million increase in fund balance caused mainly by a \$3.3 million increase in gas tax revenues from the State.
- The Sewer and Sanitation Fund reported a \$1.5 million increase in fund balance primarily from \$0.8 million increase in charges for services.
- The Flood Control Zone Fund reported a \$2.1 million increase in fund balance. The Fund received \$3.7 million from property taxes, transferred \$1.5 million to meet the debt service requirements, and experienced a \$0.1 million combined decrease in other areas.
- The IHSS Public Authority experienced a \$1.5 million increase in fund balance. This Fund operated at a loss of \$2.2 million. The loss was entirely absorbed by the County subsidy of \$3.7 million resulting in a \$1.5 million surplus.

*Capital Project Fund.* The overall fund balance for capital project funds increased \$87 million to \$94 million. In June 2014, the General Fund transferred entire \$87 million proceeds from sale of Circle Star Plaza to the Accumulated Capital Outlay (ACO) Fund as reserves for future capital projects and major improvements.

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

*Enterprise Funds.* The overall net position of enterprise funds increased \$9.6 million, with \$9.1 million from major enterprise funds (Medical Center and Housing Authority) and the remaining from nonmajor enterprise funds (Airports and Coyote Point Marina). Discussion on major enterprise funds can be found in the business-type activities section.

Airports Fund's net position increased \$0.3 million to \$26.6 million, due primarily from loss recoveries from Lehman's bankruptcy (nonoperating revenues). The Fund was able to generate sufficient revenues and finished the year with a net income before capital contributions and transfers of \$0.1 million.

Coyote Point Marina Fund's net position increased \$0.2 million. Overall, the Fund operated at nearly break-even with a surplus of \$0.2 million.

*Internal Service Funds.* The overall net position of Internal Service funds increased \$1.9 million. The increase was primarily attributed to the following:

- Workers' Compensated Insurance Fund's net position decreased \$4.4 million caused mainly by increased benefits and claims of \$2.4 million and increased insurance expenses of \$1.0 million.
- Employee Benefits Fund's net position increased \$2.5 million due primarily to the amount collected from departments was \$2.0 million higher than the actual expenses for employee benefits.
- The remaining internal service funds (the Fleet Maintenance, the Tower Road Construction, Long-Term Liability, and Personal Injury and Property Damage) experienced an overall increase of \$3.8 million in net position.

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General fund's final budget exceeded the original budget by \$95 million, or 6%, for the fiscal year ended June 30, 2014. Supplemental appropriations were sponsored through unanticipated revenues. In most cases, unanticipated revenues were appropriated within budget units receiving the revenues in the same accounting period.

During FY 2013-14, the General Fund realized a total of \$95 million unanticipated revenues primarily from the following:

- \$87.1 million proceeds from the sale of Circle Star Plaza. The sale was not anticipated during the budget development. The proceeds were transferred to the Accumulated Capital Outlay Fund to support future capital projects and improvements.
- \$1.8 million from Excess Proposition 172 funding to cover implementation outlays for the District Attorney's Office Case Management System.
- \$1.0 million from the State Homeland Security Program, which was appropriated to purchase enhancements for the Northern California Regional Threat Assessment Center's Risk Analysis Center Software Application Suite.
- \$0.7 million from the State Homeland Security Program to build facilities locally and to implement goals included in State Homeland Security Strategies and initiatives in the State Preparedness report.
- \$1.0 million from the Urban Area Security Initiative for unique equipment, training, planning and exercise needs to build enhanced regional capabilities across a larger geographical area.
- \$0.8 million from Federal Community Development Housing Community Development (HCD) Grant to fund additional expenditures in HCD projects.
- \$1.0 million from the County Measure A monies to the Housing Endowment and Regional Trust of San Mateo County as a deposit for successful application for State matching funds.
- \$1.6 million from other sources for various purposes.

Actual General Fund revenues were below budgeted by \$6 million, or 0.5%. Revenues from intergovernmental agencies and other financing sources were far below the anticipated by \$58.1 million and \$32.9 million, respectively. Actual tax revenues, however, exceeded the total budgeted by \$82.4 million due primarily to better than expected income from sales and use taxes (Measure A), property taxes, and vehicle rental business license tax. The overall revenue from the remaining sources was \$2.5 million higher than expected.

Actual General Fund expenditures were below budgeted by \$393 million, or 25%. The unspent appropriations can be found in the following areas:

- \$185.6 million unspent appropriations in *contingencies* resulted from cognizant long-term financial planning.
- \$22.9 million unspent appropriations in *services and supplies* due primarily to timing of tasks on IT innovation projects, lower than anticipated startup costs for Affordable Care Act, and prudent spending.
- \$90.9 million unspent appropriations in *salaries and benefits* mainly from recording the \$50 million additional pension contribution as "special item" rather than benefit expenditures and savings from unfilled positions.
- \$39.1 million unspent appropriations in *other charges* caused mainly by decline in CalWORKs payments, delayed projects, and prudent spending.

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 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2014

- \$70.7 million unspent appropriations in *other financing uses* primarily from using the bond proceeds realized by JPFA to fund the jail construction.
- \$5.0 million unspent appropriations in *capital outlays* due largely to projects not yet started or completed.

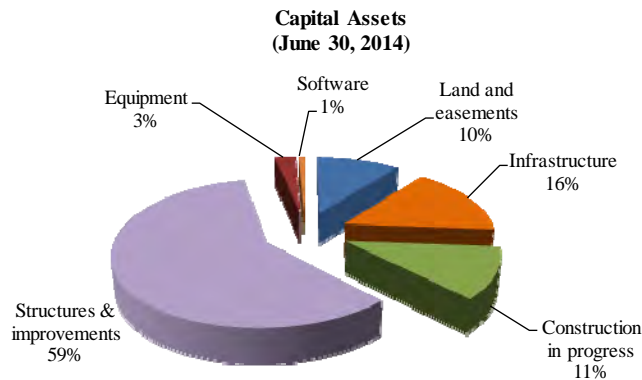
The overall unspent appropriation discussed above was offset by unrealized *intrafund transfers* (reimbursements from General Fund departments) of \$21.2 million.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** The County’s investment in capital assets increased \$25 million, or 3%, to \$881 million (net of accumulated depreciation). The investment includes land, easements, infrastructure, construction in progress, structures and improvement, equipment, and software. The County’s capital assets as of June 30, 2014 and 2013, are comprised of the following:

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2014	2013	2014	2013	2014	2013	Amount	Percentage
Land and easements	\$ 79,652	\$ 85,550	\$ 13,157	\$ 10,147	\$ 92,809	\$ 95,697	\$ (2,888)	-3%
Infrastructure	137,968	137,118	-	-	137,968	137,118	850	1%
Construction in progress	97,223	45,531	3,734	4,114	100,957	49,645	51,312	103%
Structures & improvements	476,387	509,031	44,145	40,330	520,532	549,361	(28,829)	-5%
Equipment	14,852	11,186	8,016	6,463	22,868	17,649	5,219	30%
Software	789	1,176	5,373	5,280	6,162	6,456	(294)	-5%
Total	<u>\$ 806,871</u>	<u>\$ 789,592</u>	<u>\$ 74,425</u>	<u>\$ 66,334</u>	<u>\$ 881,296</u>	<u>\$ 855,926</u>	<u>\$ 25,370</u>	3%

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



*Additional information on the County’s capital assets can be found in Note 8 on pages 57-59 of this report.*

*Infrastructure assets* reported under the modified approach are not subject to depreciation per GASB Statement No. 34. The County reports its maintained pavement subsystem of the road network totaling \$85 million using the modified approach. The County manages its maintained pavement subsystem of the road network using the Metropolitan Transportation Commission’s Pavement Management Program (Program). This Program establishes a Pavement Condition Index (PCI) on a scale of zero to one hundred (0 – 100) for each road segment. Roads with a PCI of 40 or higher are considered in “Fair” or better condition, and roads with a PCI of 55 or higher in “Good” or better condition. The County policy requires that at least 75 percent of its primary maintained road subsystem (roads with structural sections) be maintained at a PCI of 55 or higher, and at least 65 percent of its secondary maintained pavement subsystem (roads without structural sections) at a PCI of 40 or higher.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2014

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

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

Major events related to capital assets included the following:

- *Sale of Circle Star Plaza.* In March 2011 the County purchased two office buildings (the Circle Star Plaza) in San Carlos with intention to house County departments as a means to reduce costs from leasing. In 2013, rather than relocating its departments, the County leased the Plaza while searching for potential buyers. In May 2014 the County sold the Plaza (with an \$87.1 million proceeds from the sale) and removed its book value of \$41.8 million (including \$11.6 million in land and \$30.2 million in structures and improvements).
- *Construction of new County jail.* In December 2010 the County purchased real properties at Chemical Way in Redwood City for to build a 6-levels new jail for incarcerated men and women. The jail project was budgeted for \$165 million to house 768 beds as well as administrative and support facilities. The new jail is expected to be completed by November 2015. The total project cost since inception through June 30, 2014 was \$64.9 million and reported as construction-in-progress. Of this amount, \$36.2 million was incurred during FY 2013-14.
- *Construction of new County Radio System.* On April 27, 2010, the County's Board adopted a resolution to construct a new radio network, the San Mateo County Radio Interoperable Communications System (SMIRC), to replace the old one. The SMIRC is aimed at improving public safety communications, as well as enhancing regional interoperability with surrounding counties, state and federal public safety agencies. The SMIRC was completed and put in operation in January 2014. The project cost incurred in FY 2013-14 was \$3.3 million, which was capitalized and added to the Governmental Activities structures and improvements.

Major capital project commitments include the following:

- *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 re-sculpting of the Berm were completed November 2011. The Loop Road Security project was completed in the spring of 2014 for an overall project cost of \$1.3 million. The County recently approved one additional project to replace deficient surveillance and security system throughout the facility. As of June 30, 2014, the amount committed to this project is to be determined upon receipt of the professional estimator's report.
- *Maple Street Correctional Center.* In May 2014, the JPFA issued lease revenue bonds of \$175 million to finance the jail construction. As of June 30, 2014, about \$126 million remains in the budget to fund the construction. The estimated date of completion is around November 2015.

**COUNTY OF SAN MATEO**  
**Management’s Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2014

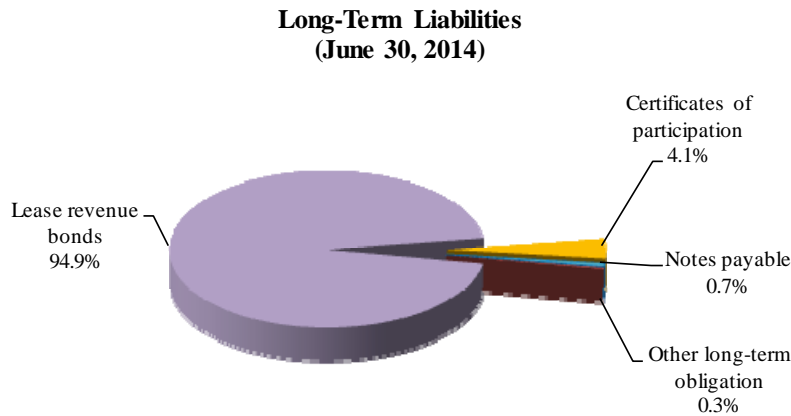
- *Skylonda Fire Station.* In August 2013, the JPFA issued the 2013 Bonds totaling \$40 million of which \$4 million is used to finance capital improvements at the Skylonda Fire Station located on Skyline Boulevard in the Town of Woodside, California. This project replaces the existing barracks and offices at Station 58 and adds a community room in a new 6,000 square foot facility. The estimated project cost is \$4 million. As of June 30, 2014, approximately \$3.9 million has been committed to fund this project.

**Long-term Debt.** The County’s total debt increased \$189 million, or 54%, to \$541 million as of June 30, 2014. The increase is mainly caused by the issuance of new bonds, net of refunding of old bonds and scheduled retirement of outstanding debts. As indicated in the table below, the County’s total debt is primarily comprised of \$513 million in lease revenue bonds, \$22 million in certificates of participation, \$4 million in notes payable, and \$2 million in other long-term obligations.

**Long-Term Liabilities**  
**(In Thousands)**

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2014	2013	2014	2013	2014	2013	Amount	Percentage
Lease revenue bonds (including accreted interest)	\$ 513,149	\$ 324,091	\$ -	\$ -	\$ 513,149	\$ 324,091	\$ 189,058	58%
Certificates of participation	21,914	22,322	-	-	21,914	22,322	(408)	-2%
Notes payable	124	124	3,865	2,818	3,989	2,942	1,047	36%
Other long-term obligations	1,486	1,887	-	-	1,486	1,887	(401)	-21%
<b>Total</b>	<b>\$ 536,673</b>	<b>\$ 348,424</b>	<b>\$ 3,865</b>	<b>\$ 2,818</b>	<b>\$ 540,538</b>	<b>\$ 351,242</b>	<b>\$ 189,296</b>	<b>54%</b>

The County’s debts as of June 30, 2014, are distributed as follows:



Additional information on the County’s long-term debt can be found in Note 10 on pages 60-64 of this report.

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

- *2013 New Bonds and Refunding of Old Bonds.* In August 2013, JPFA issued a total of \$40 million in Lease Revenue Bonds (the “2013 Bonds”). The bond proceeds, together with other available moneys, were used to refund the outstanding 1997, 1999, and 2001 Bonds totaling \$39 million, to finance the construction of Skylonda Fire Station, and to pay bond issuance costs. The economic gain from the refunding was \$3.1 million.
- *2014 New Bonds.* In May 2014, JPFA issued a total of \$175 million in Lease Revenue Bonds (the “2014 Bonds”). The bond proceeds, together with other available moneys, were used to finance the construction of a new County jail, to reimburse the County for the jail project expenses, and to pay bond issuance costs.



**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2014

- *Scheduled Retirement of Outstanding Debt.* Apart from the above, the County retired a total of \$14 million other outstanding lease revenue bonds and certificates of participation based on the debt service payment schedules.

County Ordinance No. 3773 limits the County annual debt service to 4% of the average annual County total budget for the current and the preceding four fiscal years. The debt service limit for FY 2013-14 was \$75 million. The amount applicable to the debt service limit was \$29 million, which was \$46 million, or 61%, less than authorized.

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

The County's economy continues to improve. The following economic factors were considered in the preparation of the County's final budget for FY 2014-15.

- Unemployment rate decreased to 4.2% for June 2014 from 5.4% for June 2013.
- Overall assessed value for secured property (real property) is anticipated to grow 3% for FY 2014-15. A 1% increase in the secured roll generates about \$2.6 million in General Fund discretionary income.
- Housing prices and commercial rents continue to climb due to recovery in economy. The median single family home price was \$1.15 million for June 2014, increased by 14% from \$1.01 million for June 2013. The average asking rent price for commercial space increased 3.8% to \$3.83 per square feet per month as of June 2014, from \$3.69 per square feet per month as of June 2013.
- The County's taxable sales continue to grow. The County's sales tax revenue is anticipated to grow by \$1.6 million during FY 2014-15.

In September 2014 the County Board approved the final budget of \$2.2 billion for FY 2014-15.

**REQUEST FOR INFORMATION**

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

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

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



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

**COUNTY OF SAN MATEO**  
**Statement of Net Position**  
**June 30, 2014**  
**(In Thousands)**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	First 5 San Mateo County	Health Plan of San Mateo (December 31, 2013)
<b>ASSETS</b>					
Cash and investments	\$ 1,052,258	\$ 62,348	\$ 1,114,606	\$ 21,122	\$ 181,151
Restricted cash and investments	31,342	1,067	32,409	-	-
Restricted assets	-	-	-	-	300
Receivables (net)	145,229	17,713	162,942	1,242	4,614
Due from other governmental agencies	192,155	37,143	229,298	-	60,735
Inventories	563	2,772	3,335	-	-
Other assets	4,593	8,654	13,247	-	5,513
Internal balances	4,726	(4,726)	-	-	-
Notes/Loan receivable	-	6,950	6,950	-	-
Net pension asset	50,000	-	50,000	-	-
Net OPEB asset	101,746	24,004	125,750	166	-
Capital assets:					
Nondepreciable	261,966	16,891	278,857	-	-
Depreciable, net	544,905	57,534	602,439	-	3,918
Total assets	<u>2,389,483</u>	<u>230,350</u>	<u>2,619,833</u>	<u>22,530</u>	<u>256,231</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Unamortized losses on refunding of debts	7,336	-	7,336	-	-
<b>LIABILITIES</b>					
Accounts payable	51,237	9,788	61,025	2,380	589
Medical claims payable	-	-	-	-	67,025
Provider incentives payable	-	-	-	-	320
Payable from restricted cash and investments	-	195	195	-	-
Accrued interest payable	7,739	56	7,795	-	-
Accrued salaries and benefits	13,470	3,536	17,006	24	-
Accrued liabilities	400	32	432	-	43,136
Due to other governmental agencies	26,839	52,849	79,688	-	-
Unearned revenues	52,447	210	52,657	-	-
Deposits	97	5	102	-	-
Long-term liabilities:					
Net OPEB obligation - due beyond one year	-	115	115	-	-
Lease revenue bonds - due within one year	14,471	-	14,471	-	-
Lease revenue bonds - due beyond one year	498,678	-	498,678	-	-
Certificates of participation - due within one year	427	-	427	-	-
Certificates of participation - due beyond one year	21,487	-	21,487	-	-
Notes payable - due within one year	-	328	328	-	-
Notes payable - due beyond one year	124	3,537	3,661	-	-
Other long-term obligations - due within one year	509	-	509	136	-
Other long-term obligations - due beyond one year	977	-	977	-	-
Estimated claims - due within one year	13,778	12	13,790	-	-
Estimated claims - due beyond one year	34,953	645	35,598	-	-
Compensated absences - due within one year	27,588	7,382	34,970	17	-
Compensated absences - due beyond one year	7,476	184	7,660	8	-
Total liabilities	<u>772,697</u>	<u>78,874</u>	<u>851,571</u>	<u>2,565</u>	<u>111,070</u>
<b>NET POSITION</b>					
Net investment in capital assets	418,671	70,560	489,231	-	3,918
Restricted for:					
Public safety	55,767	-	55,767	-	-
Health services	35,438	-	35,438	-	-
Social services	55,728	-	55,728	-	-
Debt services	195,628	-	195,628	-	-
Road improvement	34,013	-	34,013	-	-
Fire services	3,705	-	3,705	-	-
Sewer maintenance	17,854	-	17,854	-	-
Flood control	17,420	-	17,420	-	-
Lighting maintenance	12,137	-	12,137	-	-
Highway and transportation improvement	2,598	-	2,598	-	-
Waste management	8,150	-	8,150	-	-
Garbage and fire protection	3,015	-	3,015	-	-
Parks acquisition and development	3,907	-	3,907	-	-
Courthouse construction	2,070	-	2,070	-	-
Housing assistance programs	875	-	875	-	-
Public services	841	-	841	-	-
Healthcare services	-	-	-	-	300
Airport management by FAA	-	843	843	-	-
Fuel Dock 10 project	-	137	137	-	-
Unrestricted	756,305	79,936	836,241	19,965	140,943
Total net position	<u>\$ 1,624,122</u>	<u>\$ 151,476</u>	<u>\$ 1,775,598</u>	<u>\$ 19,965</u>	<u>\$ 145,161</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, 2014**  
**(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	\$ 108,980	\$ 33,588	\$ 13,586	\$ -
Public protection	353,458	34,680	144,878	-
Public ways and facilities	19,419	2,246	23,887	-
Health and sanitation	246,652	73,499	120,426	-
Public assistance	221,761	5,085	179,164	-
Recreation	10,420	1,983	-	-
Interest on long-term liabilities	16,351	-	-	-
Total governmental activities	977,041	151,081	481,941	-
Business-type activities:				
San Mateo Medical Center	244,015	183,861	4,371	6,539
Airports	2,877	2,712	-	-
Coyote Point Marina	790	977	-	84
Housing Authority	71,052	3,402	66,029	-
Total business-type activities	318,734	190,952	70,400	6,623
Total primary government	\$ 1,295,775	\$ 342,033	\$ 552,341	\$ 6,623
<b>Component units:</b>				
First 5 San Mateo County	\$ 9,703	6,605	-	-
Health Plan of San Mateo	\$ 450,227	503,917	-	-
General revenues:				
Taxes:				
Property taxes				
Property transfer taxes				
Sales and use taxes				
Property tax in-lieu of sales taxes				
Transient occupancy taxes				
Aircraft taxes				
Vehicle rental business license tax				
Unrestricted interest and investment earnings				
Miscellaneous				
Special item				
Transfers				
Total general revenues, special item, and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

(Continued)

**COUNTY OF SAN MATEO**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business- type Activities	Total	First 5 San Mateo County	Health Plan of San Mateo (For the Year Ended December 31, 2013)
\$ (61,806)	\$ -	\$ (61,806)		
(173,900)	-	(173,900)		
6,714	-	6,714		
(52,727)	-	(52,727)		
(37,512)	-	(37,512)		
(8,437)	-	(8,437)		
(16,351)	-	(16,351)		
<u>(344,019)</u>	<u>-</u>	<u>(344,019)</u>		
	-	(49,244)		
	-	(165)		
	-	271		
	-	(1,621)		
	<u>(50,759)</u>	<u>(50,759)</u>		
<u>(344,019)</u>	<u>(50,759)</u>	<u>(394,778)</u>		
			\$ (3,098)	
				\$ 53,690
430,981	-	430,981	-	-
8,747	-	8,747	-	-
95,357	-	95,357	-	-
5,726	-	5,726	-	-
1,519	-	1,519	-	-
1,399	-	1,399	-	-
12,254	-	12,254	-	-
11,861	170	12,031	228	298
39,880	5,547	45,427	641	3,423
45,283	-	45,283	-	-
(53,788)	53,788	-	-	-
<u>599,219</u>	<u>59,505</u>	<u>658,724</u>	<u>869</u>	<u>3,721</u>
255,200	8,746	263,946	(2,229)	57,411
<u>1,368,922</u>	<u>142,730</u>	<u>1,511,652</u>	<u>22,194</u>	<u>87,750</u>
<u>\$ 1,624,122</u>	<u>\$ 151,476</u>	<u>\$ 1,775,598</u>	<u>\$ 19,965</u>	<u>\$ 145,161</u>

**Functions/Programs:**

**Primary government**

Governmental activities:

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

Business-type activities:

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

Total primary government

**Component units:**

First 5 San Mateo County

Health Plan of San Mateo

General revenues:

Taxes:

- Property taxes
- Property transfer taxes
- Sales and use taxes
- Property tax in-lieu of sales taxes
- Transient occupancy taxes
- Aircraft taxes
- Vehicle rental business license tax

Unrestricted interest and investment earnings

Miscellaneous

Special item

Transfers

Total general revenues, special item, and transfers

Change in net position

Net position, beginning of year

Net position, end of year



## **Basic Financial Statements -**

**Fund Financial Statements**

**COUNTY OF SAN MATEO**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**  
**(In Thousands)**

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and investments	\$ 600,276	\$ 155,954	\$ 231,545	\$ 987,775
Restricted cash and investments	-	31,342	-	31,342
Receivables (net):				
Accounts	17,331	-	63	17,394
Interest	14,039	96	204	14,339
Taxes	15,494	-	976	16,470
Mortgages	73,212	-	-	73,212
Advances	1	-	-	1
Other	23,248	-	38	23,286
Due from other funds	7,139	-	716	7,855
Due from other governmental agencies	183,791	-	4,324	188,115
Other assets	194	4	-	198
Inventories	116	-	358	474
Advances to other funds	10,119	-	-	10,119
Total assets	<u>\$ 944,960</u>	<u>\$ 187,396</u>	<u>\$ 238,224</u>	<u>\$ 1,370,580</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 36,835	\$ 7,959	\$ 5,844	\$ 50,638
Accrued salaries and benefits	13,154	-	260	13,414
Accrued liabilities	400	-	-	400
Due to other funds	407	1,776	2,538	4,721
Due to other governmental agencies	26,839	-	-	26,839
Advances from other funds	-	7,033	-	7,033
Unearned revenues	50,650	-	1,621	52,271
Deposits	-	-	3	3
Total liabilities	<u>128,285</u>	<u>16,768</u>	<u>10,266</u>	<u>155,319</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	1,089	-	69	1,158
Unavailable revenue - intergovernmental revenues	85,203	-	106	85,309
Unavailable revenue - mortgages and related interest	83,798	-	-	83,798
Unavailable revenue - excess ERAF	54,457	-	-	54,457
Unavailable revenue - SB 90	11,386	-	-	11,386
Unavailable revenue - others	4,744	-	497	5,241
Total deferred inflows of resources	<u>240,677</u>	<u>-</u>	<u>672</u>	<u>241,349</u>
<b>FUND BALANCES</b>				
<b>Nonspendable:</b>				
Inventories	116	-	358	474
Prepaid items	13	4	-	17
Long-term interfund advances	10,119	-	-	10,119
Long-term receivables	20,783	-	-	20,783
<b>Restricted:</b>				
Public safety	55,767	-	-	55,767
Health services	35,438	-	-	35,438
Social services	55,728	-	-	55,728
Debt service	-	170,624	25,004	195,628
Road improvement	-	-	34,013	34,013
Fire services	-	-	3,705	3,705
Sewer maintenance	-	-	17,854	17,854
Flood control	-	-	17,420	17,420
Lighting maintenance	-	-	12,137	12,137
Highway and transportation improvement	-	-	2,598	2,598
Waste management	-	-	8,150	8,150
Emergency care	-	-	3,015	3,015
Garbage and fire protection	-	-	3,907	3,907
Parks acquisition and development	-	-	2,070	2,070
Courthouse construction	-	-	841	841
Others	33	-	842	875
<b>Committed:</b>				
Affordable housing	13,481	-	-	13,481
<b>Assigned:</b>				
Election software system	1,264	-	-	1,264
Purchase on order	792	-	-	792
Out of home replacement	793	-	-	793
Child care services	313	-	-	313
Capital projects and improvements	1,197	-	91,137	92,334
Public services	51	-	4,235	4,286
<b>Unassigned</b>	<u>380,110</u>	<u>-</u>	<u>-</u>	<u>380,110</u>
Total fund balances	<u>575,998</u>	<u>170,628</u>	<u>227,286</u>	<u>973,912</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 944,960</u>	<u>\$ 187,396</u>	<u>\$ 238,224</u>	<u>\$ 1,370,580</u>

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

**COUNTY OF SAN MATEO**  
**Reconciliation of the Governmental Funds Balance Sheet to**  
**the Government-wide Statement of Net Position**  
**June 30, 2014**  
**(In Thousands)**

**Fund balances - total governmental funds (page 25)** \$ 973,912

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

Deferred outflows of resources in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	7,336
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	803,720
Net pension asset is not a financial resource and, therefore, is not reported in the governmental funds.	50,000
Net OPEB asset is not a financial resource and, therefore, is not reported in the governmental funds.	101,061
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized in the governmental funds.	241,349
Internal service funds are used by management to charge the costs of management of fleet maintenance, Tower Road construction, workers' compensation, long-term disability, employee benefits, and personal injury and property damage to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.	26,042
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.	(7,739)
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	\$ (513,149)
Certificates of participation	(21,914)
Notes payable	(124)
Other long-term obligations	(1,486)
Compensated absences	(34,886)
	(571,559)

**Net position of governmental activities (page 22)** \$ 1,624,122

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, 2014**  
**(In Thousands)**

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
<b>Revenues:</b>				
Taxes	\$ 537,162	\$ -	\$ 17,611	\$ 554,773
Licenses and permits	6,826	-	2,852	9,678
Intergovernmental	430,615	-	39,749	470,364
Charges for services	118,857	-	21,166	140,023
Fines, forfeitures and penalties	9,194	-	2,282	11,476
Rents and concessions	3,443	-	95	3,538
Investment income	8,526	598	1,228	10,352
Other revenues	28,829	278	2,575	31,682
Total revenues	<u>1,143,452</u>	<u>876</u>	<u>87,558</u>	<u>1,231,886</u>
<b>Expenditures:</b>				
Current:				
General government	97,478	84	2,842	100,404
Public protection	333,532	-	8,508	342,040
Public ways and facilities	-	-	18,910	18,910
Health and sanitation	226,935	-	16,915	243,850
Public assistance	204,991	-	15,563	220,554
Recreation	9,633	-	-	9,633
Capital outlay	13,472	37,542	25,027	76,041
Debt service:				
Principal	-	14,340	-	14,340
Interest	20	16,258	-	16,278
Payment to bond refunding escrow	-	1,085	-	1,085
Bond issuance costs	-	1,042	-	1,042
Total expenditures	<u>886,061</u>	<u>70,351</u>	<u>87,765</u>	<u>1,044,177</u>
Excess (deficiency) of revenues over (under) expenditures	<u>257,391</u>	<u>(69,475)</u>	<u>(207)</u>	<u>187,709</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	3	-	-	3
Issuance of refunding bonds	-	215,130	-	215,130
Bond premium	-	27,308	-	27,308
Payment to refunded bonds escrow agent	-	(39,155)	-	(39,155)
Transfers in	1,416	30,313	136,758	168,487
Transfers out	(185,619)	(1,395)	(35,528)	(222,542)
Total other financing sources (uses)	<u>(184,200)</u>	<u>232,201</u>	<u>101,230</u>	<u>149,231</u>
<b>Change in fund balances before special items</b>	<u>73,191</u>	<u>162,726</u>	<u>101,023</u>	<u>336,940</u>
<b>Special items:</b>				
Proceeds from sale of Circle Star Plaza	87,054	-	-	87,054
Project cost reimbursement from/to JPFA	28,781	(28,781)	-	-
Additional pension contribution to SamCERA	(50,000)	-	-	(50,000)
	<u>65,835</u>	<u>(28,781)</u>	<u>-</u>	<u>37,054</u>
<b>Net change in fund balances</b>	139,026	133,945	101,023	373,994
Fund balances - beginning	<u>436,972</u>	<u>36,683</u>	<u>126,263</u>	<u>599,918</u>
Fund balances - end	<u>\$ 575,998</u>	<u>\$ 170,628</u>	<u>\$ 227,286</u>	<u>\$ 973,912</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, 2014**  
**(In Thousands)**

**Net change in fund balances - total governmental funds (page 27)** \$ 373,994

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

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

Expenditures for general capital assets and infrastructure	\$ 76,041	
Expenditures not subject to capitalization	(6,918)	
The net effect of various miscellaneous transactions involving capital assets such as sales, retirements, trade-ins, and donations	7,716	
Less current year depreciation	<u>(17,856)</u>	58,983

In the statement of activities, only the gain on sale of Circle Star Plaza is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the carrying value of the asset sold. (41,771)

Additional pension contribution to SamCERA is an outlay in the governmental funds, but reported as a net pension asset in the government-wide financial statements. 50,000

Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are recognized as revenues in the statement of activities. 1,356

Issuance of lease revenue bonds provides current financial resources to the governmental funds, but the bonds are reported as long-term liabilities in the government-wide financial statements. (215,130)

Bond premiums are other financing sources in the governmental funds but deferred and amortized over the life of the bonds in the statement of activities. (27,308)

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

Payments towards:

Refunding of the prior bonds	39,155	
Lease revenue bonds	13,935	
Certificates of participation	<u>405</u>	53,495

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of bond discount	(88)	
Amortization of bond premium	768	
Amortization of loss on refunding of debt	(271)	
Change in accrued interest payable	(95)	
Accretion of capital appreciation bonds	(387)	
Change in net OPEB asset	339	
Change in other long-term liabilities	401	
Change in compensated absences	<u>(1,786)</u>	(1,119)

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. 2,700

**Change in net position of governmental activities (page 24)** \$ 255,200

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

**COUNTY OF SAN MATEO**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2014**  
**(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	\$ 36,029	\$ 25,820	\$ 499	\$ 62,348	\$ 64,483
Restricted cash and investments	-	224	843	1,067	-
Receivables (net):					
Accounts	15,902	442	63	16,407	439
Grant	845	-	-	845	-
Interest	-	40	1	41	88
Other	420	-	-	420	-
Due from other funds	15	-	11	26	67
Due from other governmental agencies	36,929	-	214	37,143	4,040
Inventories	2,772	-	-	2,772	89
Notes receivable	-	4	-	4	-
Loan receivable - current	2,242	-	-	2,242	-
Other assets	7,703	93	-	7,796	4,395
Total current assets	<u>102,857</u>	<u>26,623</u>	<u>1,631</u>	<u>131,111</u>	<u>73,601</u>
Noncurrent assets:					
Notes receivable	200	3,720	-	3,920	-
Loan receivable	784	-	-	784	-
Deposits	858	-	-	858	-
Net OPEB asset	23,700	-	304	24,004	685
Capital assets:					
Nondepreciable:					
Land	841	4,138	8,178	13,157	-
Construction in progress	1,025	-	2,709	3,734	196
Depreciable:					
Structures and improvements	13,688	21,647	42,091	77,426	1,171
Equipment	15,946	984	180	17,110	21,022
Software	14,466	-	-	14,466	9
Less accumulated depreciation	(18,805)	(17,124)	(15,539)	(51,468)	(19,247)
Total capital assets	<u>27,161</u>	<u>9,645</u>	<u>37,619</u>	<u>74,425</u>	<u>3,151</u>
Total noncurrent assets	<u>52,703</u>	<u>13,365</u>	<u>37,923</u>	<u>103,991</u>	<u>3,836</u>
Total assets	<u>155,560</u>	<u>39,988</u>	<u>39,554</u>	<u>235,102</u>	<u>77,437</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	9,375	334	79	9,788	599
Payable from restricted cash and investments	-	195	-	195	-
Accrued interest payable	-	-	56	56	-
Accrued salaries and benefits	3,419	86	31	3,536	56
Accrued liabilities	-	32	-	32	-
Due to other funds	2,650	-	189	2,839	388
Due to other governmental agencies	52,849	-	-	52,849	-
Unearned revenues	70	114	26	210	176
Deposits	-	-	5	5	94
Notes payable - current	-	-	328	328	-
Compensated absences - current	7,053	267	62	7,382	127
Estimated claims - current	-	12	-	12	13,778
Total current liabilities	<u>75,416</u>	<u>1,040</u>	<u>776</u>	<u>77,232</u>	<u>15,218</u>
Noncurrent liabilities:					
Advances from other funds	1,000	725	-	1,725	1,361
Net OPEB obligation - noncurrent	-	115	-	115	-
Notes payable - noncurrent	-	186	3,351	3,537	-
Compensated absences - noncurrent	-	130	54	184	51
Estimated claims - noncurrent	-	645	-	645	34,953
Total noncurrent liabilities	<u>1,000</u>	<u>1,801</u>	<u>3,405</u>	<u>6,206</u>	<u>36,365</u>
Total liabilities	<u>76,416</u>	<u>2,841</u>	<u>4,181</u>	<u>83,438</u>	<u>51,583</u>
<b>NET POSITION</b>					
Invested in capital assets, net of related debt	27,161	9,459	33,940	70,560	3,151
Restricted:					
Airport management by FAA	-	-	843	843	-
Fuel Dock 10 project	-	-	137	137	-
Unrestricted	51,983	27,688	453	80,124	22,703
Total net position	<u>\$ 79,144</u>	<u>\$ 37,147</u>	<u>\$ 35,373</u>	<u>151,664</u>	<u>\$ 25,854</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds (188)  
Net position of business-type activities (page 22) \$ 151,476

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

**COUNTY OF SAN MATEO**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
<b>Operating revenues:</b>					
Charges for services	\$ 362,184	\$ 3,402	\$ 981	\$ 366,567	\$ 128,602
Less:					
Contractual allowances	(267,520)	-	-	(267,520)	-
Provision for doubtful accounts	(4,465)	-	-	(4,465)	-
Net charges for services	90,199	3,402	981	94,582	128,602
Other program revenues:					
Supplemental programs	51,144	-	-	51,144	-
Medical managed care	21,541	-	-	21,541	-
Sales tax	3,762	-	-	3,762	-
Other operating revenues:					
Rent and concessions	-	-	2,708	2,708	-
Revenue from other County agencies	2,191	-	-	2,191	-
Revenue from foundations	6,091	-	-	6,091	-
Sales of drugs and medical supplies, fees, and others	8,933	-	-	8,933	-
Miscellaneous	-	2,083	75	2,158	717
Total operating revenues	<u>183,861</u>	<u>5,485</u>	<u>3,764</u>	<u>193,110</u>	<u>129,319</u>
<b>Operating expenses:</b>					
Salaries and benefits	137,826	4,638	1,416	143,880	2,596
Pharmaceutical drugs	8,493	-	-	8,493	-
Supplies	10,612	-	-	10,612	-
Contract provider services	37,164	-	-	37,164	-
Other fees and purchased services	39,126	-	-	39,126	-
General and administrative	7,590	5,271	1,280	14,141	11,465
Benefits and claims	-	-	-	-	20,028
Insurance premiums	-	-	-	-	93,671
Depreciation and amortization	2,325	454	842	3,621	1,231
Housing assistance payments	-	60,689	-	60,689	-
Total operating expenses	<u>243,136</u>	<u>71,052</u>	<u>3,538</u>	<u>317,726</u>	<u>128,991</u>
Operating income (loss)	<u>(59,275)</u>	<u>(65,567)</u>	<u>226</u>	<u>(124,616)</u>	<u>328</u>
<b>Nonoperating revenues (expenses):</b>					
State and federal grants	-	66,029	-	66,029	-
Medi-Cal rate differential	4,371	-	-	4,371	-
Recoveries from settlement	287	22	234	543	701
Gain (Loss) from disposal of capital assets	(164)	3,010	-	2,846	-
Investment income	-	161	9	170	581
Investment loss/Interest expense	(71)	-	(114)	(185)	-
Total nonoperating revenues, net	<u>4,423</u>	<u>69,222</u>	<u>129</u>	<u>73,774</u>	<u>1,282</u>
Income (loss) before capital contributions and transfers	<u>(54,852)</u>	<u>3,655</u>	<u>355</u>	<u>(50,842)</u>	<u>1,610</u>
Capital contributions	6,539	-	84	6,623	-
Transfers in	63,329	-	29	63,358	296
Transfers out	<u>(9,570)</u>	<u>-</u>	<u>-</u>	<u>(9,570)</u>	<u>(29)</u>
<b>Change in net position</b>	<u>5,446</u>	<u>3,655</u>	<u>468</u>	<u>9,569</u>	<u>1,877</u>
Net position - beginning	<u>73,698</u>	<u>33,492</u>	<u>34,905</u>		<u>23,977</u>
Net position - end	<u>\$ 79,144</u>	<u>\$ 37,147</u>	<u>\$ 35,373</u>		<u>\$ 25,854</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(823)</u>	
Change in net position of business-type activities (page 24)				<u>\$ 8,746</u>	

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

**COUNTY OF SAN MATEO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo	Housing	Other	Total	Internal
	Medical	Authority	Enterprise		Service
Center		Funds		Funds	
<b>Cash flows from operating activities</b>					
Cash receipts from customers	\$ 188,354	\$ 5,357	\$ 3,754	\$ 197,465	\$ -
Cash receipts from interfund services provided	-	-	-	-	126,777
Cash paid to suppliers of goods and services	(104,103)	(4,125)	(1,286)	(109,514)	(107,048)
Cash paid to employees for services	(137,196)	(4,570)	(1,412)	(143,178)	(2,578)
Cash paid for housing assistance	-	(62,137)	-	(62,137)	-
Cash paid for judgments and claims	-	-	-	-	(17,815)
Net cash provided by (used in) operating activities	(52,945)	(65,475)	1,056	(117,364)	(664)
<b>Cash flows from noncapital financing activities</b>					
County subsidy transfers	63,329	-	-	63,329	-
Transfers received from other funds	-	-	29	29	296
Transfers paid to other funds	(9,570)	-	-	(9,570)	(29)
Loan repayments to other funds	(951)	-	-	(951)	-
Cash received from management service income	4,371	-	-	4,371	-
State and federal grant receipts	-	66,725	-	66,725	-
Net cash provided by noncapital financing activities	57,179	66,725	29	123,933	267
<b>Cash flows from capital and related financing activities</b>					
Acquisition of capital assets	(6,652)	(95)	(2,171)	(8,918)	(1,298)
Capital contribution	6,539	-	84	6,623	-
Loan repayments to other funds	(1,000)	(52)	-	(1,052)	-
Proceeds from long term borrowings	-	-	1,335	1,335	-
Payment on long-term liabilities	-	-	(287)	(287)	-
Interest paid on long-term liabilities	-	(23)	(119)	(142)	-
Net cash used in capital and related financing activities	(1,113)	(170)	(1,158)	(2,441)	(1,298)
<b>Cash flows from investing activities</b>					
Principal received from loans and investments	-	4	-	4	-
Cash disbursed for loans	(336)	(1,333)	-	(1,669)	-
Interest received from loans	-	4	-	4	-
Investment income received	56	421	10	487	583
Recoveries from settlement	287	22	234	543	701
Interest expense paid	(71)	-	-	(71)	-
Net cash provided by (used in) investing activities	(64)	(882)	244	(702)	1,284
Net increase (decrease) in cash and cash equivalents	3,057	198	171	3,426	(411)
Cash and cash equivalents, beginning	32,972	25,846	1,171	59,989	64,894
Cash and cash equivalents, end	\$ 36,029	\$ 26,044	\$ 1,342	\$ 63,415	\$ 64,483
<b>Financial statement presentation:</b>					
Cash and cash equivalents	\$ 36,029	\$ 25,820	\$ 499	\$ 62,348	\$ 64,483
Cash and equivalents - restricted	-	224	843	1,067	-
Cash and cash equivalents, end	\$ 36,029	\$ 26,044	\$ 1,342	\$ 63,415	\$ 64,483
<b>Supplemental disclosure of noncash activities:</b>					
Noncash capital and related financing activities:					
Land donated to the Housing Authority	\$ -	\$ 3,010	\$ -	\$ 3,010	\$ -

(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, 2014**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>					
<b>Operating income (loss)</b>	\$ (59,275)	\$ (65,567)	\$ 226	\$ (124,616)	\$ 328
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	2,325	454	842	3,621	1,231
Decrease (increase) in:					
Accounts receivable	(9,359)	(315)	(27)	(9,701)	(423)
Grant receivable	745	-	-	745	-
Other receivable	519	-	-	519	-
Due from other funds	2,595	-	2	2,597	546
Due from other governmental agencies	873	-	(197)	676	(2,004)
Deposits	27	-	-	27	-
Inventories	482	-	-	482	48
Net OPEB asset	(69)	-	(1)	(70)	(2)
Other receivable	-	125	-	125	-
Other assets	(190)	36	-	(154)	(661)
Increase (decrease) in:					
Accounts payable	(1,626)	156	(6)	(1,476)	(1,708)
Accrued salaries and benefits	476	11	3	490	12
Accrued liabilities	-	1	-	1	-
Due to other funds	-	-	189	189	(235)
Due to other governmental agencies	9,662	(71)	-	9,591	-
Unearned revenues	(352)	37	22	(293)	(17)
Net OPEB obligation	-	(338)	-	(338)	-
Compensated absences	222	(4)	2	220	8
Refundable deposits	-	-	1	1	-
Estimated claims	-	-	-	-	2,213
Net cash provided by (used in) operating activities	<u>\$ (52,945)</u>	<u>\$ (65,475)</u>	<u>\$ 1,056</u>	<u>\$ (117,364)</u>	<u>\$ (664)</u>

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

**COUNTY OF SAN MATEO**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2014**  
**(In Thousands)**

	SamCERA Pension Trust	Investment Trust	Agency Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and investments (in County investment pool)	\$ 2,069	\$ 2,025,077	\$ 343,960
Cash and investments (outside County investment pool)	98,049	-	-
Receivables (net):			
Due from broker for investments sold	12,596	-	-
Contributions	4,190	-	-
Interest	3,483	3,272	457
Security lending income	40	-	-
Taxes	-	-	123,186
Other	113	-	-
Due from other governmental agencies	-	11,030	22,556
Prepaid expense	8	-	-
Net OPEB asset	458	-	-
Investments:			
Fixed income securities:			
Domestic	493,025	-	-
International	100,023	-	-
Equities:			
Domestic	1,229,040	-	-
International	653,569	-	-
Real estate	183,567	-	-
Private equities	138,491	-	-
Risk parity	197,597	-	-
Hedge funds	117,897	-	-
Commodities	90,480	-	-
Other assets	-	139	41,721
Total assets	<u>3,324,695</u>	<u>2,039,518</u>	<u>\$ 531,880</u>
<b>LIABILITIES</b>			
Accounts payable	2,788	1,592	\$ -
Due to broker for investments purchased	27,187	-	-
Due to other governmental agencies	-	2,346	77,787
Other liabilities	3,026	6,532	-
Fiduciary liabilities	-	-	454,093
Total liabilities	<u>33,001</u>	<u>10,470</u>	<u>\$ 531,880</u>
<b>NET POSITION</b>			
Net position held in trust for pension benefits/investment pool participants	<u>\$ 3,291,694</u>	<u>\$ 2,029,048</u>	

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

**COUNTY OF SAN MATEO**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

	SamCERA Pension Trust	Investment Trust
	<u>          </u>	<u>          </u>
<b>ADDITIONS</b>		
Contributions:		
Employer contributions	\$ 202,877	\$ -
Plan member contributions	46,594	-
Contributions to investment pool	-	3,351,337
Total contributions	<u>249,471</u>	<u>3,351,337</u>
Net investment income:		
Net appreciation in fair value of investments	454,082	1,197
Investment income	54,492	79,431
Investment expense	(26,525)	-
Securities lending activities:		
Securities lending income	254	-
Securities lending expenses	182	-
Total net investment income	<u>482,485</u>	<u>80,628</u>
Other additions	<u>179</u>	<u>-</u>
Total additions	<u>732,135</u>	<u>3,431,965</u>
<b>DEDUCTIONS</b>		
Benefits and refunds paid to plan members and beneficiaries:		
Service retirement benefits	139,036	-
Disability retirement benefits	19,267	-
Death and other benefits	1,039	-
Withdrawals of members' contributions	3,214	-
Total benefits and refunds paid to plan members and beneficiaries	<u>162,556</u>	<u>-</u>
Distributions from investment pool	-	3,355,191
Administrative expenses	5,645	-
Other expense	65	-
Total deductions	<u>168,266</u>	<u>3,355,191</u>
<b>Change in net position</b>	563,869	76,774
Net position - beginning	<u>2,727,825</u>	<u>1,952,274</u>
Net position - end	<u>\$ 3,291,694</u>	<u>\$ 2,029,048</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, 2014**  
**(In Thousands)**

**NOTE 1 – THE FINANCIAL REPORTING ENTITY**

**(a) Reporting Entity**

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

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

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

**(b) Blended Component Units**

*San Mateo County Joint Powers Financing Authority*

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

*Housing Authority of the County of San Mateo*

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

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

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

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

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

**(c) Discretely Presented Component Units**

*First 5 San Mateo County*

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

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

*Health Plan of San Mateo*

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

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

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

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

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

*San Mateo County Employees' Retirement Association*

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

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

**A. Basis of Presentation**

*Government-wide Financial Statements*

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

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

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

*Fund Financial Statements*

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

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

The County reports the following major governmental funds:

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

The County reports the following major enterprise funds:

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

The County also reports the following additional fund types:

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

These funds include:

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

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

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

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

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

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

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

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

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

**1. Cash and Cash Equivalents**

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

**2. Investments**

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

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

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

For the fiscal year ended June 30, 2014, the County Treasurer has not entered into any legally binding guarantees to support the participant equity in the investment pool. Income from pooled investments is allocated to individual funds or external participants based on each fund's or participant's average daily cash balance at quarter end in relation to the total pool investments. Investment income earned in agency funds with no interest earning requirements is assigned to the General Fund. Income from non-pooled investments is deposited into funds that provided the resources.

**3. Restricted Cash and Investments**

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

**4. Mortgages Receivable**

For the purpose of the fund financial statements, governmental fund expenditures arising from long-term loan subsidy programs are charged to operations upon funding. The loans are recorded, net of an estimated allowance for potentially uncollectible loans, as mortgages receivable with an offset to deferred inflows of resources. The balance of the mortgages receivable includes loans that may be forgiven if certain terms and conditions are being met. The County reported mortgages receivable of \$73.2 million, net of allowance of \$6.2 million, on the governmental fund balance sheet as of June 30, 2014.

**5. Inventories**

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

**6. Capital Assets**

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

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

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

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

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

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

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

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



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

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

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

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

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

**10. Net Position**

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

**11. Fund Balance Policies**

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

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

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

**D. Revenues and Expenditures/Expenses**

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

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

The County is responsible for assessing, collecting, and distributing property taxes in accordance with State law. Property taxes are levied on both secured (real property) and unsecured (personal property other than land and buildings) property. Supplemental property taxes are assessed upon transfer of ownership in property or completion of new construction. The State legislature determines the method of distribution of receipts from a 1% tax levy among the County, cities, school districts, and other districts. For the fiscal year 2013-14, total net assessed property value was \$144 billion, after deducting redevelopment tax allocation increment of \$13 billion. On the government-wide financial statements, property tax revenues are recognized in the fiscal year for which they are levied. On the fund financial statements, property tax revenues are deferred if not received within two months after fiscal year-end. The County levies, bills, and collects taxes as follows:

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

Effective July 1, 1993, the County began apportioning secured property tax revenue in accordance with the alternate method of distribution, the Teeter Plan, as prescribed by Section 4717 of the California Revenue and Taxation Code. Under the Teeter Plan, the County allocates to local taxing agencies 100% of the secured property taxes billed. In return, the County retains penalties and interest on delinquent secured taxes in the Tax Loss Reserve Fund (TLRF). The primary purpose of TLRF is to cover losses that may occur as a result of special sales of tax-defaulted property. The County legally is required to maintain a minimum of 1% of the total tax levies on secured properties within the tax areas of participating entities, which was about \$18.7 million at June 30, 2014.

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 \$132 million at June 30, 2014.

Pursuant to Section 97.2 (D)(4)(i) of the California Revenue and Taxation Code (Code), in 1992 the County established an agency fund, the Educational Revenue Augmentation Fund (ERAF), to redirect property tax from the County, cities, and special districts to public education programs. Each of these local agencies is required to shift an amount of property tax revenues prescribed by the Code to ERAF. Once school districts and programs are paid the maximum allowable, the Code requires the excess ERAF be refunded to these local agencies. The County General Fund received a total of \$108 million from the excess ERAF for the fiscal year ended June 30, 2014.

**2. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. *Operating revenues*, such as charges for services, generally result from exchange transactions associated with the principal activity of each

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
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fund. The Medical Center particularly defines its operating revenues as deemed by management to be ongoing, major, or central to the provision of healthcare services. Its operating revenues are derived from direct patient care, other programs (such as supplemental program and medical managed program), and revenues from the sale of other goods and services. *Nonoperating revenues* are mainly derived from interest income, rent and concessions, County contributions, state and federal grants, and management services. *Operating expenses* include costs for providing services and delivering goods such as administrative expenses and depreciation on capital assets. All other expenses not meeting this definition are reported as *nonoperating expenses*.

**E. Estimates**

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

**F. Interfund Transactions**

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

- Loans reported as receivables and payables are referred to as either “due to/from other funds” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the *governmental activities* and the *business-type activities* are reported in the government-wide financial statements as “internal balances.” Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in the applicable governmental funds to indicate that they are not 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.

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

**Deficit Fund Equity**

At June 30, 2014, the Tower Road Construction, the Workers’ Compensation Insurance, and the Long-Term Disability internal service funds reported net deficits of \$0.8 million, \$22.8 million, and \$1.6 million, 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.* This fund has accumulated sufficient fund balance to pay for workers compensation claims on a pay as you go basis. In addition, the County has sufficient General Fund reserve to cover the deficit in this fund as needed.

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
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**NOTE 4 – CASH AND INVESTMENTS**

The County investment pool includes both voluntary and involuntary participation from external public entities. Certain special districts and entities are required under State statutes to maintain their cash surplus in the pool. The investment pool is not registered with the Securities and Exchange Commission as an investment company. Part of the JPFA's and SamCERA's cash and investments are deposited in and managed by outside financial institutions. As of June 30, 2014, the net asset value of involuntary participation in the investment pool was \$2.64 billion.

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

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

<b>Cash:</b>		<b>The County's Cash and investments are reported as follows:</b>	
Cash on hand - County	\$ 2,784	Primary government	\$ 1,147,015
Cash on hand - Agency funds	145	Discretely presented component unit - First 5	21,122
Certificate of deposit - County	80,002	Discretely presented component unit - HPSM	181,151 <sup>2</sup>
Money market deposit accounts - JPFA	36,707	Pension trust fund	3,303,807
Money market mutual fund - JPFA	15,201	Investment trust fund	2,025,077
Cash and deposits - SamCERA	98,049	Agency funds	<u>343,960</u>
Deposit in earning credit plus account - County	10,384	Total cash and investments	<u>\$ 7,022,132</u>
Deposits - County	(17,885) <sup>1</sup>		
Cash deposits - HPSM	79,853 <sup>2</sup>		
Cash equivalents - HPSM	<u>40,175 <sup>2</sup></u>		
Total cash	<u>345,415</u>		
<b>Investments:</b>			
In Treasurer's pool	3,466,282		
With fiscal agents of the JPFA	8,345		
In SamCERA's portfolio	3,203,689		
In HPSM's portfolio	<u>23,537 <sup>2</sup></u>		
Total investments	6,701,853		
Perspective difference	<u>(25,136) <sup>3</sup></u>		
	<u>6,676,717</u>		
Total cash and investments	<u>\$7,022,132</u>		

<sup>1</sup> At year-end, the carrying amount of the County's cash deposits was \$(17,885) and the bank balance was \$25,572. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

<sup>2</sup> HPSM's cash and investments were as of December 31, 2013, for its year ended December 31, 2013.

<sup>3</sup> Perspective difference represents the difference between HPSM's participation in the Treasurer's pool at December 31, 2013 and June 30, 2014, which was \$37,586 and \$62,722, respectively.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
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**Investments**

The table below summarizes total investments reported as of June 30, 2014:

	Interest Rates	Maturities	Par Value	Fair Value	Weighted Average Maturity (Years)
<b>Investments in Investment Pool</b>					
U.S. government securities	0.125% - 1.625%	7/31/14 - 6/30/19	\$ 430,000	\$ 425,050	3.87
U.S. government securities - floating rate	0.080%	1/31/16	20,000	20,000	1.59
U.S. government agency securities	0.0456% - 2.500%	7/7/14 - 2/13/20	1,642,740	1,643,011	1.35
U.S. government agency securities - floating rate	0.151% - 0.206%	12/5/2014 - 2/27/17	45,000	45,022	1.43
Corporate bonds	0.450% - 3.200%	7/14/14 - 6/15/19	493,050	495,007	2.59
Corporate covered bonds	0.625%	12/4/15	25,000	25,050	1.43
Corporate bonds - floating rate	0.207% - 0.925%	8/15/14 - 5/18/18	376,000	376,708	1.97
Local Agency Investment Fund	0.228%	7/1/14	48,500	48,500	0.00
Commercial paper	0.020% - 0.330%	7/1/14 - 9/30/14	288,000	287,934	0.11
Repurchase agreements	0.040%	7/1/14	100,000	100,000	0.00
<b>Total investments in investment pool</b>			<u>3,468,290</u>	<u>3,466,282</u>	1.75
<b>Investments outside of Investment Pool</b>					
<i>San Mateo Joint Powers Financing Authority</i>					
Federal Home Loan Bank - discount note			1,936	1,936	*
Hong Kong and Shanghai Banking Corporation - repurchase agreements			938	938	1.39
Investment contract			5,471	5,471	4.59
Subtotal			<u>8,345</u>	<u>8,345</u>	3.17
<i>San Mateo County Employees' Retirement Association</i>					
Fixed income securities:					
Agency				2,992	10.32
Asset backed securities				4,850	8.07
Commerical mortgage backed securities				2,564	3.38
Collateralized mortgage obligation				11,763	7.29
Commingled fund				346,415	**
Corporate				33,723	9.09
Foreign				4,012	16.08
Mortgage pass-through				33,919	4.91
Options				(18)	**
Preferred stock				49	26.33
Swaps				33	**
Unclassified				1,821	4.49
U.S. Treasury				91,710	9.32
Yankee				6,324	11.49
Commingled fixed income portfolio				52,891	6.66
Equities:					
Domestic				1,229,040	**
International				653,569	**
Real estate				183,567	**
Private equities				138,491	**
Risk parity				197,597	**
Hedge funds				117,897	**
Commodities				90,480	**
Subtotal				<u>3,203,689</u>	0.62
<i>Health Plan of San Mateo</i> (as of December 31, 2013)					
Local Agency Investment Fund				23,537	**
<b>Total investments outside of investment pool</b>				<u>3,235,571</u>	
<b>Total investments</b>				<u>\$ 6,701,853</u>	

\* 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)**  
**For the Fiscal Year Ended June 30, 2014**  
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**County Investment Pool**

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

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years or less in accordance with its investment policy. At June 30, 2014, the investment pool had a weighted average maturity of 1.75 years and its investment in floating rate securities was \$377 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, 2014	Standard & Poor's Rating	% of Portfolio
U.S. Government Securities		
U.S. Treasury Securities	AA+	12.26%
U.S. Treasury Securities - Floating Rate	AA+	0.58%
U.S. Government Agency Securities		
Federal Home Loan Bank	AA+	18.47%
Federal Home Loan Mortgage Corporation	AA+	15.93%
Federal Home Loan Mortgage Corporation - Floating rate	AA+	0.72%
Federal National Mortgage Association	AA+	12.10%
Federal Farm Credit Bank	AA+	0.90%
Federal Farm Credit Bank - Floating Rate	AA+	0.58%
Corporate Bonds		
Corporate Covered Bonds	AA-	0.72%
Corporate Bonds	AAA	1.78%
Corporate Bonds	AA+	2.17%
Corporate Bonds	AA	1.96%
Corporate Bonds	AA-	5.16%
Corporate Bonds	A+	2.78%
Corporate Bonds	A	0.43%
Corporate Bonds - Floating Rate Securities	AAA	0.72%
Corporate Bonds - Floating Rate Securities	AA+	1.82%
Corporate Bonds - Floating Rate Securities	AA	1.30%
Corporate Bonds - Floating Rate Securities	AA-	3.07%
Corporate Bonds - Floating Rate Securities	A+	3.38%
Corporate Bonds - Floating Rate Securities	A	0.58%
Local Agency Investment Fund	Not rated	1.40%
Commercial Paper	A1+	3.26%
Commercial Paper	A1	5.05%
Repurchase Agreements	AA+	2.88%
Total		100.00%

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**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, 2014, the investment pool has more than 5% of its total investments with the following issuers: 18% in Federal Home Loan Bank, 17% in Federal Home Loan Mortgage Corporation, and 12% 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, 2014, the PMIA balance was \$64.9 billion, of which 1.09% is in structured notes and medium-term asset backed securities, and 0.77% in short-term asset-backed commercial paper. The total amount invested by all public agencies in LAIF was \$21.1 billion, and the County's investment in LAIF was \$48.5 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 232 days as of June 30, 2014. 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, 2014, the JPFA's investment portfolio had a weighted average maturity of 3.17 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 Bank, and (d) investment agreements. As of June 30, 2014, the JPFA's money market mutual fund was rated "AAAm" by Standard & Poor's and "Aaa-mf" by Moody's Investors Service. The repurchase agreement with the Hong Kong and Shanghai Banking Corporation was rated "AA-" by Standard & Poor's and "A1" by Moody's Investors Service. The remaining investments were unrated including the discount note with the Federal Home Loan Bank and the investment contract with Financial Guaranty Insurance Company Capital Market Services Group.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
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*Concentration of Credit Risk.* The JPFA places no limit on the amount invested in any one issuer. At June 30, 2014, the JPFA has \$1 million, or 11%, of its total investments in repurchase agreements with the Hong Kong and Shanghai Banking Corporation; \$2 million, or 23%, in a discount note with the Federal Home Loan Bank; and \$5.5 million, or 66%, in an investment contract with Financial Guaranty Insurance Company Capital Market Services Group.

**SamCERA's Investment Portfolio**

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

*Derivatives.* SamCERA's investment contains various derivative positions as of and for the year ended June 30, 2014, primarily in swaps and foreign currency forward positions. In comparison to SamCERA's total investments at fair value, the fair value of SamCERA's derivative positions as of June 30, 2014 is not material. SamCERA held derivatives with a notional amount of \$57 million and a fair value of negative \$28 thousand at June 30, 2014. Changes in fair value during FY 2013-14 are reported in the statement of changes in fiduciary net position as a component of investment income. No derivatives were held that would be classified as hedging derivatives – all are classified as investment derivatives.

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

<u>Investment Derivatives as of June 30, 2014</u>	<u>Notional Value</u>	<u>Fair Value</u>
Credit default swaps bought	\$ 231	\$ 32
Fixed income futures long	82,450	-
Fixed income futures short	(35,838)	-
Foreign currency futures long	4,700	-
Futures options bought	126	8
Futures options written	(199)	(32)
FX Forwards	5,923	(36)
Index futures long	41	-
Index futures short	(40)	-
Total	<u>\$ 57,394</u>	<u>\$ (28)</u>

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

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



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

<u>Credit Risk</u>	<u>Active Management</u>	<u>Commingled Management</u>
AAA	0.25%	0.00%
AA	48.94%	0.00%
A	5.86%	2.23%
BBB	6.98%	1.42%
Less than BBB	2.97%	71.06%
Not rated	35.00%	25.29%
	<u>100.00%</u>	<u>100.00%</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.

*Concentration of Credit Risk.* SamCERA’s investment policy has no general policy on the concentration of credit risk. The responsibility for securities selection, purchase and sale decisions, and proxy voting (where appropriate) is delegated to the external investment managers. The individual investment guideline parameters (including diversification constraints, concentration limits, asset type exclusions, etc.) and performance objectives for each investment manager will be established within the Investment Management Agreement with each firm.

*Custodial Credit Risk - Deposits.* SamCERA has no general policy on custodial credit risk for deposits. SamCERA maintains operation cash deposits to support day-to-day cash management requirements. At June 30, 2014, cash held with a financial institution in a pooled money market fund totaled \$50.4 million and cash held in the County’s investment pool was \$2.1 million. The deposits are not exposed to custodial credit risk as they are eligible and covered by insurance in accordance with applicable law and Federal Deposit Insurance Corporation rules and regulations.

*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, 2014, SamCERA had no investments that were exposed to custodial credit risk because all securities held by SamCERA’s custodian bank are in SamCERA’s name. SamCERA does not have a general policy addressing custodial credit risk.

*Custodial Credit Risk - Derivatives.* As of June 30, 2014, SamCERA’s derivatives were not subject to custodial credit risk. However, they are subject to other risks.

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

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

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The table below shows the fair value of investments in U.S. dollars that are exposed to foreign currency risk as of June 30, 2014, by investment type and currency denomination.

Currency	Common Stock	Depository Receipts	Foreign Currency	Government Issues	Total
Australian	\$ 16,362	\$ -	\$ -	\$ -	\$ 16,362
Belgium	361	-	-	-	361
Brazil	-	-	-	281	281
Canada	2,049	-	628	-	2,677
Denmark	10,807	-	-	-	10,807
Finland	1,854	-	-	-	1,854
France	24,073	-	-	-	24,073
Germany	13,627	-	-	-	13,627
Ghana	-	-	81	-	81
Hong Kong	6,669	-	-	-	6,669
International	-	-	1,665	-	1,665
Italy	8,731	-	-	-	8,731
Japan	50,682	-	205	-	50,887
Republic of Korea	3,053	-	-	-	3,053
Mexico	1,388	-	44	1,792	3,224
Netherlands	10,952	-	-	-	10,952
New Zealand	2,003	-	-	502	2,505
Philippines	1,025	-	-	-	1,025
Singapore	13,527	-	-	-	13,527
South Africa	5,114	-	-	-	5,114
Spain	19,078	-	-	-	19,078
Sweden	18,272	-	-	-	18,272
Switzerland	31,387	-	-	-	31,387
Turkey	3,178	-	-	-	3,178
United Kingdom	73,215	8,551	28	1,437	83,231
Total	<u>\$ 317,407</u>	<u>\$ 8,551</u>	<u>\$ 2,651</u>	<u>\$ 4,012</u>	<u>\$ 332,621</u>

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

For the year ended June 30, 2014, SamCERA's securities lending agent lent SamCERA securities to borrowers under the securities lending agreement. In return, SamCERA received cash, securities issued or guaranteed by the United States government, and sovereign debt or irrevocable bank letters of credit as collateral. As SamCERA did not have the ability to pledge or sell collateral securities delivered absent a borrower default, such non-cash collateral is not reported on the statement of fiduciary position. Borrowers were required to maintain the designated margin percentage of collateral on a daily basis.

SamCERA did not impose any restrictions for the fiscal year ended June 30, 2014, 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, 2014, resulting from a default of the borrowers or the securities lending agent.

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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. In June 2014, SamCERA paused its securities lending program and recalled its securities on loan due to a change in custodial banks effective July 1, 2014. Therefore, SamCERA had no securities on loan as of June 30, 2014.

*Security Lending Collateral Credit Risk.* Cash collateral from loans of securities 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.

*Security Lending Collateral Interest Rate Risk.* Cash collateral from loans of securities is invested in the State Street Navigator Securities Lending Prime Portfolio. Its average effective duration is restricted to 90 days or less. As of June 30, 2014, SamCERA had recalled its securities on loan and, therefore, did not invest any collateral in the reinvestment pool due to an upcoming change in custodial banks effective July 1, 2014.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

**County Investment Pool Condensed Financial Information**

Below is the condensed statement of the investment pool as of June 30, 2014:

**Statement of Net Position**

<b>Assets:</b>	
U.S. government securities	\$ 425,050
U.S. government securities - floating rate	20,000
U.S. government agency securities	1,643,011
U.S. government agency securities - floating rate	45,022
Corporate bonds	495,007
Corporate covered bonds	25,050
Corporate bonds - floating rate	376,708
Local Agency Investment Fund	48,500
Commerical paper	287,934
Repurchase agreements	100,000
Total investments	<u>3,466,282</u>
Other assets	14,441
Pool deposits	25,572
Total assets	<u>3,506,295</u>
<b>Liabilities:</b>	
Unfunded checks and warrants	43,457
Other liabilities	10,470
Total liabilities	<u>53,927</u>
<b>Net Position:</b>	
Equity of internal pool participants	1,423,320
Equity of external pool participants	2,029,048
Total net position	<u>\$ 3,452,368</u>

**Statement of Changes in Net Position**

Net position at July 1, 2013	\$ 2,943,274
Net change in investments by pool participants	509,094
Net position at June 30, 2014	<u>\$ 3,452,368</u>

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

Participant units outstanding (one dollar par value)	\$ 3,451,171
Undistributed and unrealized gain	1,197
Net position at June 30, 2014	<u>\$ 3,452,368</u>

Participant net position at fair value price per share (\$3,452,368 divided by 3,451,171 units)	<u>\$ 1.0003</u>
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**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

**NOTE 5 – RECEIVABLES**

As of June 30, 2014, 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 \$143.3 million, of which about \$103.9 million is not expected to be collected within the next twelve months.

<u>Governmental Activities</u>	General Fund	JPFA	Nonmajor Governmental Funds	Internal Service Funds	Total
Accounts	\$ 262,005	\$ -	\$ 207	\$ 439	\$ 262,651
Interest	14,540	96	204	88	14,928
Taxes	25,524	-	1,608	-	27,132
Mortgages	79,394	-	-	-	79,394
Advances	1	-	-	-	1
Other	23,248	-	38	-	23,286
Gross receivables	404,712	96	2,057	527	407,392
Less: allowances for uncollectibles	(261,387)	-	(776)	-	(262,163)
Total receivables, net	<u>\$ 143,325</u>	<u>\$ 96</u>	<u>\$ 1,281</u>	<u>\$ 527</u>	<u>\$ 145,229</u>

<u>Business-type Activities</u>	Medical Center	Housing Authority	Nonmajor Enterprise Funds	Total
Accounts	\$ 68,697	\$ 442	\$ 103	\$ 69,242
Grant	845	-	-	845
Interest	-	40	1	41
Other	420	-	-	420
Gross receivables	69,962	482	104	70,548
Less: allowances for uncollectibles	(52,795)	-	(40)	(52,835)
Total receivables, net	<u>\$ 17,167</u>	<u>\$ 482</u>	<u>\$ 64</u>	<u>\$ 17,713</u>

**NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES**

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

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

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

The table below summarizes the County's interfund receivables and payables as of June 30, 2014:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	JPFA	\$ 1,776
	Nonmajor Governmental Funds	2,524
	Medical Center	2,647
	Nonmajor Enterprise Funds	189
	Internal Service Funds	<u>3</u>
		<u>7,139</u>
Nonmajor Governmental Funds	General Fund	327
	Nonmajor Governmental Funds	4
	Internal Service Funds	<u>385</u>
		<u>716</u>
Medical Center	General Fund	<u>15</u>
Nonmajor Enterprise Funds	General Fund	1
	Nonmajor Governmental Funds	<u>10</u>
		<u>11</u>
Internal Service Funds	General Fund	64
	Medical Center	<u>3</u>
		<u>67</u>
	Total	<u>\$ 7,948</u>

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

Advances from the General Fund are comprised of the following as of June 30, 2014:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Medical Center	\$ 1,000
	JPFA	7,033
	Housing Authority	725
	Internal Service Fund	<u>1,361</u>
	Total	<u>\$ 10,119</u>

- \$1.0 million outstanding advance was caused by a \$5.0 million loan to the Medical Center for the purchase of diagnostic equipment in January 2000.
- \$7.0 million was advanced to JPFA in May 2014 to satisfy the reserve requirement of its new bonds for the jail construction. JPFA will return the \$7.0 million to the County General Fund once the surety bonds kicks in after the facilities are completed in late 2015 or early 2016.
- \$0.8 million outstanding advance was resulted from a \$0.1 million loan in January 1995 and a \$0.7 million loan in July 2003 to the Housing Authority for the development of affordable rental housing for low-income households.
- \$1.4 million outstanding advance was resulted from three separate advances (\$0.3 million in June 2009, \$0.5 million in June 2010, and \$0.6 million in June 2011) to the Tower Road Construction Fund to cover cash deficits at year-end.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

**NOTE 7 – INTERFUND TRANSFERS**

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

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

Transfer from	Transfer To	Amount	Purpose
General Fund	Medical Center	\$ 62,517	Provide subsidy to support indigent healthcare as budgeted.
		22	Transfer funds to support Medical Center's functions.
		790	Provide subsidy to finance retiree health benefits.
	Subtotal	<u>63,329</u>	
General Fund	Nonmajor enterprise funds	11	Provide subsidy to finance retiree health benefits.
	Nonmajor enterprise funds	18	Provide funds to cover 3% salary increases.
	Subtotal	<u>29</u>	
Medical Center	Nonmajor governmental funds	9,332	Transfer funds to cover lease payments.
	Nonmajor governmental funds	238	Transfer funds to finance capital projects.
	Subtotal	<u>9,570</u>	
	Total	<u>\$ 72,928</u>	

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

Transfer from	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 87,053	Provide funds to finance County capital projects.
		17,489	Transfer funds to cover lease payments.
		3,702	Contribute funds to support in-home supportive services.
		13,605	Transfer funds to finance capital projects.
		58	Transfer funds to pay for PG&E expenditures.
		58	Provide funds to cover 3% salary increases.
	Subtotal	<u>121,965</u>	
General Fund	Internal Service Funds	20	Provide subsidy to finance retiree health benefits.
	Internal Service Funds	31	Provide funds to cover 3% salary increases.
	Internal Service Funds	245	Transfer funds to finance purchases of capital assets.
		<u>296</u>	
JPFA	General Fund	<u>1,395</u>	Provide residual funds to finance County Radio System.
Nonmajor Governmental Funds	Nonmajor Governmental Funds	3,910	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	1,305	Transfer funds to finance capital improvements.
	Subtotal	<u>5,215</u>	
Nonmajor Governmental Funds	JPFA	<u>30,313</u>	Transfer funds to cover debt service payments.
Internal Service Funds	General Fund	<u>21</u>	Provide funds to support Sheriff's driver's training program.
Internal Service Funds	Nonmajor Governmental Funds	3	Transfer funds to finance capital projects.
	Nonmajor Governmental Funds	5	Transfer funds to cover lease payments.
	Subtotal	<u>8</u>	
	Total	<u>\$159,213</u>	

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

**NOTE 8 – CAPITAL ASSETS**

Capital asset activities for the fiscal year ended June 30, 2014, are as follows:

	Balance July 1, 2013	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2014
<b>Governmental activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land and easements	\$ 85,550	\$ 5,712	\$ (11,610)	\$ -	\$ 79,652
Infrastructure - maintained road subsystem	82,585	-	-	2,506	85,091
Construction in progress	45,531	64,404	-	(12,712)	97,223
Total capital assets, not being depreciated	<u>213,666</u>	<u>70,116</u>	<u>(11,610)</u>	<u>(10,206)</u>	<u>261,966</u>
<i>Capital assets, being depreciated:</i>					
Infrastructure	82,146	-	-	-	82,146
Structures and improvements	659,287	1,313	(30,445)	8,374	638,529
Equipment	83,334	7,797	(1,434)	317	90,014
Software	5,892	218	-	229	6,339
Total capital assets, being depreciated	<u>830,659</u>	<u>9,328</u>	<u>(31,879)</u>	<u>8,920</u>	<u>817,028</u>
<i>Less accumulated depreciation for:</i>					
Infrastructure	(27,613)	(1,656)	-	-	(29,269)
Structures and improvements	(150,256)	(12,186)	285	15	(162,142)
Equipment	(72,148)	(4,411)	1,428	(31)	(75,162)
Software	(4,716)	(834)	-	-	(5,550)
Total accumulated depreciation	<u>(254,733)</u>	<u>(19,087)</u>	<u>1,713</u>	<u>(16)</u>	<u>(272,123)</u>
Total capital assets, being depreciated, net	<u>575,926</u>	<u>(9,759)</u>	<u>(30,166)</u>	<u>8,904</u>	<u>544,905</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 789,592</u>	<u>\$ 60,357</u>	<u>\$ (41,776)</u>	<u>\$ (1,302)</u>	<u>\$ 806,871</u>
<b>Business-type activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 10,147	\$ 3,010	\$ -	\$ -	\$ 13,157
Construction in progress	4,114	2,561	(10)	(2,931)	3,734
Total capital assets, not being depreciated	<u>14,261</u>	<u>5,571</u>	<u>(10)</u>	<u>(2,931)</u>	<u>16,891</u>
<i>Capital assets, being depreciated:</i>					
Structures and improvements	73,565	3,055	(1,348)	2,154	77,426
Equipment	16,106	2,576	(1,605)	33	17,110
Software	12,987	735	-	744	14,466
Total capital assets, being depreciated	<u>102,658</u>	<u>6,366</u>	<u>(2,953)</u>	<u>2,931</u>	<u>109,002</u>
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(33,235)	(1,394)	1,348	-	(33,281)
Equipment	(9,643)	(841)	1,390	-	(9,094)
Software	(7,707)	(1,386)	-	-	(9,093)
Total accumulated depreciation	<u>(50,585)</u>	<u>(3,621)</u>	<u>2,738</u>	<u>-</u>	<u>(51,468)</u>
Total capital assets, being depreciated, net	<u>52,073</u>	<u>2,745</u>	<u>(215)</u>	<u>2,931</u>	<u>57,534</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 66,334</u>	<u>\$ 8,316</u>	<u>\$ (225)</u>	<u>\$ -</u>	<u>\$ 74,425</u>



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

**Depreciation**

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

<u><b>Governmental Activities</b></u>	
General government	\$ 2,601
Public protection	9,982
Public ways and facilities	511
Health and sanitation	2,714
Public assistance	1,245
Recreation	803
Depreciation on capital assets held by the County's internal service funds are charged to various functions based on their usage of the assets.	1,231
Total depreciation - governmental activities	\$ 19,087
<u><b>Business-type Activities</b></u>	
Medical Center	\$ 2,325
Housing Authority	454
Airports	580
Coyote Point Marina	262
Total depreciation - business-type activities	\$ 3,621

**Capital Project Commitments**

The County has four major capital projects underway in FY 2013-14. They are as follows:

*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 re-sculpting of the Berm were completed November 2011. The current project underway at the Youth Services Center includes the Loop Road Security project. A risk assessment feasibility study for security improvements along Loop Road was conducted in 2009 and recommended constructing perimeter fencing, gates, controls and associated appurtenances, lighting, communications, and video surveillance. The Loop Road Security project was completed in the spring of 2014 for an overall project cost of \$1.3 million. The County also approved one additional project to replace deficient surveillance and security system throughout the facility. As of June 30, 2014, the amount committed to this project is to be determined upon receipt of the professional estimator's report.

*Maple Street Correctional Center*

In December 2010, the County purchased four parcels of land at 20-80 Chemical Way, Redwood City, to build a new jail (the Maple Street Correctional Center). This new jail is approximately 259,806 square feet, consisting of a 768-bed facility, a surface parking for 189 vehicles, and all necessary on site and off site utility improvements. The jail will consist of a processing/transport area, a non-secure inmate-housing wing, an administrative and support services (laundry, food), and a secure inmate housing. The site will also include Video Visitation for inmates and a 4,660 square feet Central Utility Plant building. In May 2014, the authority issued lease revenue bonds of \$175 million to finance the jail construction. As of June 30, 2014, about \$126 million remains in the budget to complete the construction. The estimated date of completion is around November 2015.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

*San Mateo County Radio Interoperable Communications System*

On April 27, 2010, the County's Board adopted a resolution to construct a new radio network, the San Mateo County Radio Interoperable Communications System (SMIRC), to replace the old one. The SMIRC is aimed at improving public safety communications, as well as enhancing regional interoperability with surrounding counties, state and federal public safety agencies. The SMIRC project commenced in FY 2009-10 and was put in operation in January 2014. The overall project cost is approximately \$20 million. As of June 30, 2014, an immaterial amount was committed to complete the residual data conversion tasks.

*Skylonda Fire Station*

In August 2013, the JPFA issued the 2013 Bonds totaling \$40 million. A portion of the proceeds of the 2013 Bonds is used to finance capital improvements to the Skylonda Fire Station located on Skyline Boulevard in the Town of Woodside, California. This project replace the existing barracks and offices at Station 58 and adds a community room in a new 6,000 square foot facility. The fire station will house two engines (a paramedic engine and a wildland engine) and serves the communities of Skylonda, Kings Mountain, La Honda, Upper Woodside, Alpine Road, Middleton Tract, and Skyline Boulevard. The estimated project cost is \$4 million. As of June 30, 2014, \$3.9 million has been committed to fund this project.

**NOTE 9 – LEASES**

The County occupies a number of non-County owned office buildings and facilities to conduct its business under non-cancelable operating leases. Total rental paid for these leases was approximately \$11.6 million for the fiscal year ended June 30, 2014, and the future minimum lease payments are as follows:

<u>Governmental Activities</u>		<u>Business-type Activities</u>	
Fiscal year ending June 30,		Fiscal year ending June 30,	
2015	\$ 11,691	2015	\$ 1,614
2016	10,645	2016	1,597
2017	10,084	2017	1,613
2018	7,776	2018	1,647
2019	6,336	2019	1,362
2020-2024	9,848	2020-2024	7,046
2025-2029	22	2025-2029	8,168
Total	<u>\$ 56,402</u>	2030-2034	9,469
		2035-2039	10,977
		2040-2043	9,636
		Total	<u>\$ 53,129</u>

The County also leases various County-owned properties to other entities under non-cancelable operating leases. Income from these rental activities amounted to \$1.4 million for the fiscal year ended June 30, 2014.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

**NOTE 10 - LONG-TERM LIABILITIES**

The County's long-term liabilities as of June 30, 2014, are as follows:

Type of indebtedness (purpose)	Maturities	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2014
<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	7/1/14 - 7/1/16	6.50%	\$3,505- \$3,975	\$ 36,170	\$ 11,210
Term Current Interest Bonds	7/1/17 - 7/1/21	5% - 6%	\$4,230 - \$5,205	23,520	23,520
1993 Issue				59,690	34,730
<b><u>1993 Issue - Satellite Clinic</u></b>					
Purpose: To finance a portion of the costs of constructing and equipping the North County Satellite Clinic and an adjacent parking structure.					
Serial Capital Appreciation Bonds	9/1/17 - 9/1/26	5.9% - 6%	\$188 - \$233	2,085	2,085
Accreted interest on capital appreciation bonds				8,941	4,700
1993 Issue - Satellite Clinic				11,026	6,785
<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	7/15/14 - 7/15/25	4% - 5%	\$3,130 - \$5,205	62,480	48,600
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				141,080	127,200
<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 costs of issuance of the 2009 Bonds, and to pay other costs relating to the refunding of the Prior Bonds.					
Serial Current Interest Bonds	7/15/14 - 7/15/17	4% - 5%	\$6,080 - \$6,145	46,130	25,250
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	94,625
<b><u>2013 Issue</u></b>					
Purpose: To provide funds, together with other available moneys, (i) to redeem outstanding 1997, 1999, and 2001 Bonds, (ii) to finance certain capital improvements, and (iii) to pay costs of issuance of the 2013 Bonds.					
Serial Current Interest Bonds	7/15/14 - 7/15/32	2% - 5.25%	\$550 - \$10,320	40,065	40,065
<b><u>2014 Issue</u></b>					
Purpose: To provide funds, together with other available moneys, (i) to finance the acquisition, construction and equipping of the Maple Street Correctional Center, (ii) to refund all of the outstanding notes previously issued by the County in FY 2013-14, the proceeds of which were used to reimburse the County for the purchase price of the jail project site, (iii) to pay capitalized interest on the 2014 Bonds through May 30, 2016, (iv) to provide the Reserve Account Requirement, and (v) pay issuance costs of the 2014 Bonds.					
Serial Current Interest Bonds	6/15/17 - 6/15/31	3% - 5%	\$1,170 - 9,185	157,895	157,895
Term Interest Bonds	6/15/32 - 6/15/35	4%	\$2,500 - \$5,010	15,145	15,145
Term Interest Bonds	6/15/36 - 6/15/37	4%	\$495 - \$1,530	2,025	2,025
2014 Issue				175,065	175,065
<b>Total lease revenue bonds and accreted interest on capital appreciation bonds</b>				542,431	478,470

(Continued)

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

Type of indebtedness (purpose)	Maturities	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2014
<b>Certificates of Participation:</b>					
<b><u>1997 Issue</u></b>					
Purpose: To finance the design, construction and installation of storm water, and flood control improvements located in the Colma Creek Flood Control Zone.					
Term Certificates	8/1/14 - 8/1/17	5.25%	\$360 - \$440	\$ 2,000	\$ 1,640
Term Certificates	8/1/18 - 8/1/32	5.125%	\$465 - \$935	10,145	10,145
1997 certificates of participation				12,145	11,785
<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	8/1/14 - 8/1/25	3.25% - 4.5%	\$45 - \$70	975	670
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	10,075
<b>Total certificates of participation</b>				22,525	21,860
<b>Total long-term liabilities</b>				\$ 564,956	\$ 500,330
<b>Notes Payable:</b>					
<b>Department of Housing</b>					
Housing Development Loan	8/1/14	0.00%	-	\$ 124	\$ 124
<b>Total governmental activities</b>				\$ 124	\$ 124
<b><u>Business-type Activities</u></b>					
<b>Notes Payable:</b>					
<b>Coyote Point Marina</b>					
Department of Boating and Waterways	8/1/14 - 8/1/29	4.5%	\$14 - \$50	\$ 2,314	\$ 2,025
<b>Housing Authority</b>					
California Housing Finance Agency	5/20/57	0.00%	-	49	38
Downey Savings and Loan Bank <sup>a</sup>	2/28/16	0.00%	-	148	148
<b>Airports</b>					
Department of Transportation	2/7/13 - 2/7/23	4.78%	\$207 - \$362	4,000	1,654
<b>Total business-type activities</b>				\$ 6,511	\$ 3,865

<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, 2014**  
**(In Thousands)**

The table below summarizes changes in the County's long-term liabilities for the fiscal year ended June 30, 2014.

	Balance July 1, 2013	Additions/ Accretions	Retirements	Balance June 30, 2014	Due Within One Year
<b>Governmental Activities:</b>					
Lease revenue bonds	\$ 311,730	\$ 215,130	\$ (53,090)	\$ 473,770	\$ 13,705
Accreted interest on capital appreciation bonds	4,313	387	-	4,700	-
Add: unamortized premium	8,136	27,308	(765)	34,679	766
Less: unamortized discount	(88)	-	88	-	-
Lease revenue bonds, net	<u>324,091</u>	<u>242,825</u>	<u>(53,767)</u>	<u>513,149</u>	<u>14,471</u>
Certificates of participation	22,265	-	(405)	21,860	425
Add: unamortized premium	57	-	(3)	54	2
Certificates of participation, net	<u>22,322</u>	<u>-</u>	<u>(408)</u>	<u>21,914</u>	<u>427</u>
Notes payable	124	-	-	124	-
Other long-term obligations	1,887	-	(401)	1,486	509
Estimated claims	46,518	20,028	(17,815)	48,731	13,778
Compensated absences	33,270	26,639	(24,845)	35,064	27,588
<b>Total Governmental Activities</b>	<u>\$ 428,212</u>	<u>\$ 289,492</u>	<u>\$ (97,236)</u>	<u>\$ 620,468</u>	<u>\$ 56,773</u>
<b>Business-type Activities:</b>					
Notes payable	\$ 2,818	\$ 1,360	\$ (313)	\$ 3,865	\$ 328
Net OPEB Obligation	453	134	(472)	115	-
Estimated claims	669	-	(12)	657	12
Compensated absences	7,346	7,047	(6,827)	7,566	7,382
<b>Total Business-type Activities</b>	<u>\$ 11,286</u>	<u>\$ 8,541</u>	<u>\$ (7,624)</u>	<u>\$ 12,203</u>	<u>\$ 7,722</u>

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

- The *lease revenue bonds* are payable by a pledge of revenues from the base rental payments payable by the County, pursuant to individual lease agreements between the JPFA and the County for the use of equipment and facilities acquired or constructed by the JPFA. Under California law, the County cannot make lease payments until the County has constructive use or occupancy of the property being financed. Once construction is completed, the leases act like direct financing leases with lease payments equal to debt service payments. Total debt service requirements remaining on the lease revenue bonds is \$707.5 million payable through June 15, 2037. For the current year, principal and interest paid by the JPFA (including refunded debts) totaled \$53.1 million and \$15.2 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 \$39.0 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* under business-type activities are funded separately by respective enterprise funds.
- *Other long-term obligation* is financed by the General Fund.
- *Net OPEB obligation* is financed by the Housing Authority.
- *Estimated claims* are liquidated by charges for services collected through individual internal service funds and reserves of the Housing Authority.
- *Compensated absences* are financed by governmental funds (General Fund and individual special revenue funds) and enterprise funds (Medical Center, Housing Authority, Airports, and Coyote Point Marina) that are responsible for the charges.

**COUNTY OF SAN MATEO**  
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Annual debt service requirements for the governmental activities as of June 30, 2014, 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
2015	\$ 13,705	\$ -	\$ 22,196	\$ 425	\$ 1,086	\$ 124	\$ -
2016	14,510	-	21,805	445	1,064	-	-
2017	33,000	-	21,082	470	1,041	-	-
2018	33,488	692	19,649	490	1,016	-	-
2019	33,072	728	18,088	515	991	-	-
2020-2024	133,029	4,331	68,850	3,010	4,526	-	-
2025-2029	109,511	3,190	39,310	3,845	3,663	-	-
2030-2034	73,030	-	15,806	4,925	2,555	-	-
2035-2039	30,425	-	2,267	6,285	1,176	-	-
2040	-	-	-	1,450	36	-	-
Total requirements	<u>473,770</u>	<u>8,941</u>	<u>229,053</u>	<u>\$ 21,860</u>	<u>\$ 17,154</u>	<u>\$ 124</u>	<u>\$ -</u>
Less: unaccreted interest	-	(4,241)	-				
Total	<u>\$ 473,770</u>	<u>\$ 4,700</u>	<u>\$ 229,053</u>				

Annual debt service requirements for the business-type activities as of June 30, 2014, are summarized as follows:

Fiscal Year Ended June 30,	<b>Business-type Activities</b>	
	<u>Notes Payable</u>	
	Principal	Interest
2015	\$ 328	\$ 107
2016	491	91
2017	359	75
2018	376	57
2019	394	40
2020-2024	183	88
2025-2029	228	43
2030-2034	13	2
2035-2039	-	-
2040-2044	-	-
2045-2049	-	-
2050-2054	-	-
2055-2057	39	-
Total requirements *	<u>\$ 2,411</u>	<u>\$ 503</u>

\* The County was awarded a \$2.1 million loan for plans, permits, environmental review, and construction of Dock 29. Under this loan agreement, the State Department of Boat and Waterways reimburses the County for the amount expended on the Dock 29 project. In exchange, the County is obligated to pay interest annually until the Dock 29 is constructed and then principal plus interest afterwards. The loan repayment schedule is not available until the project is fully completed. As of June 30, 2014, the total principal due to the State is \$1,454.

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**Issuance of 2013 Lease Revenue Bonds**

In August 2013, the JPFA issued a total of \$40 million in Lease Revenue Bonds (the “2013 Bonds”) with an average interest rate of 5% and a bond premium of \$3 million. Together with other available moneys, the proceeds of the 2013 Bonds totaling \$43 million were used to (i) refund the outstanding 1997, 1999, and 2001 Bonds (collectively, the “Prior Bonds”) with an aggregated total of \$39 million, (ii) finance the Skylonda Fire Station project of \$4 million, and (iii) pay costs of issuance of the 2013 Bonds totaling \$0.6 million.

The refunding resulted in a \$0.1 million loss in early retirement of the Prior Bonds (the difference between the funds required to refund the old debt and the net carrying amount of the old debt). The loss is reported as deferred outflow of resources on the Statement of Net Position and amortized over the remaining life of the old debt until July 15, 2032. Despite the loss, the Authority in effect realized an economic gain of \$3.1 million (the difference between the present value of the debt service payments on the old debt and the present value of the debt service payments on the new debt) by reducing its aggregate debt service payments of \$4.5 million over the next 20 years.

The 2013 Bonds are limited obligations of the JPFA payable solely from, and secured solely by, revenues of the Authority, consisting primarily of Base Rental Payments to be received by the JPFA from the County under a lease agreement between the JPFA and the County, for the right to use and possess certain real property and facilities.

**Issuance of 2014 Lease Revenue Bonds**

In May 2014, the JPFA issued a total of \$175 million in Lease Revenue Bonds (the “2014 Bonds”) with an average interest rate of 4.65% and a bond premium of \$24 million. Together with other available moneys, the proceeds of the 2014 Bonds totaling \$199 million were used to (i) finance the acquisition, construction, equipping of the Maple Street Correctional Center, (ii) refund all of the outstanding County’s notes previously issued by the County, the proceeds of which were used to reimburse the County for the purchase price of the site, (iii) pay capitalized interest on the 2014 Bonds through May 30, 2016, (iv) provide Reserve Account Requirement, and (v) pay costs of issuance of the 2014 Bonds.

The 2014 Bonds are limited obligations of the JPFA payable solely from, and secured solely by, revenues of the Authority, consisting primarily of Base Rental Payments to be received by the JPFA from the County under a lease agreement between the JPFA and the County, for the right to use and possess certain real property and facilities.

**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 \$75 million for the fiscal year ended June 30, 2014.

**NOTE 11 – NET POSITION**

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

- *Net Investment in Capital Assets* groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* reflects net position that is subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.
  - Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources and includes a *legally enforceable* requirement that those resources be used only for the specific purposes stipulated in the legislation.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
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- 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, 2014, restricted net position for the governmental activities was \$449 million as reported on the government-wide statement of net position, and approximately \$67.4 million of which was restricted by enabling legislation.
- *Unrestricted Net Position* represents net position of the County that is not restricted for any project or purpose.

**NOTE 12 – FUND BALANCES**

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

**General Fund Departmental Reserve Requirements**

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

Departments must obtain approval from the County Manager prior to using reserves that will reduce the reserve below the two percent requirement. Excess fund balance at year end must first be used to replenish the minimum reserve requirement. Departments that are unable to demonstrate progress towards achieving the two percent requirement will be subject to enhanced fiscal oversight. Fund balance in excess of two percent minimum departmental reserves can only be allocated to the following: one-time purposes, purchase of capital assets, sinking fund for future replacement of assets, deferred maintenance, one-time departmental projects, reserve for audit disallowances, local match for grants, seed money for new departmental programs with ongoing funding sources and outcome measures, and short-term coverage of operational costs to maintain program integrity and prevent employee layoffs. Unexpended one-time funds from deferred and incomplete projects are carried over to the next fiscal year at 100% of the amount not spent.

**General Fund Non-departmental Reserve Requirements**

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

1. *General Fund Reserves* – should be maintained at a minimum of five percent (5%) of total General Fund Net Appropriations for one-time purposes or as part of a multi-year financial plan to balance the County’s budget. The five percent requirement may include Excess ERAF reserves. Excess fund balance at year end should first be used to replenish “Appropriation for Contingencies” and next the minimum of the five percent requirement.
2. *Appropriation for Contingencies* – should be maintained at three percent (3%) of total General Fund Net Appropriations for one-time emergencies and economic uncertainties. Excess fund balance at year end must be first used to replenish this amount to achieve the highest possible credit rating.
3. *Reserve for Capital Improvements* – should be maintained at a minimum of \$2 million to preserve the County’s capital assets. The reserve will be appropriated annually to finance countywide capital improvements as specified in the five-year County’s Capital Improvement plan. This plan will be updated annually during the budget process.



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4. *Reserve for Countywide Automation Projects* – should be maintained at a minimum of \$2 million to support automation projects that will generate long-term ongoing savings and reductions to net county cost.
5. *Reserve in Excess of Above Requirements* – can only be allocated for the following one-time or short-term purposes:
  - Capital and technology improvements;
  - Reduction of unfunded liabilities, including Retirement and Retiree Health obligations;
  - Debt retirement;
  - Productivity enhancements;
  - Cost avoidance projects;
  - Litigation;
  - Local match for grants involving multiple departments;
  - Innovation and Entrepreneurial Fund to create one-time and short term incentives for team efforts that generate ongoing savings or revenues in new and creative ways, including one-time investments in infrastructure and other areas with established parameters regarding payback periods and returns on investments;
  - Seed money for new programs involving multiple departments with future ongoing funding sources and outcome measures; and
  - Other purposes deemed to be fiscally prudent for the County as identified and recommended by the County Manager’s Office to the Board.

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

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

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

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

**NOTE 13 – EMPLOYEES’ RETIREMENT PLANS**

**San Mateo County Employees’ Retirement Association**

*(a) Plan Description*

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

**COUNTY OF SAN MATEO**  
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Management of SamCERA is vested in the Board of Retirement consisting of nine members. SamCERA is governed by the California Constitution, the 1937 Act and the by-laws, procedures, and policies adopted by the Board of Retirement. Pursuant to the 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 retired membership.

The Board of Retirement undertakes the administrative and fiduciary responsibility over the pension plan. As of June 30, 2014, the total number of plan participants was 10,826, of which 10,248 were County employees, 546 Court employees, and 32 Mosquito and Vector Control District employees. SamCERA issues a publicly available financial report that can be obtained by writing to the San Mateo County Employees' Retirement Association, 100 Marine Parkway, Suite 125, Redwood Shores, California 94065.

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

SamCERA has seven tiers covering members classified as general, safety or probation. Members in Tiers 1, 2, 4, 5, and 6 with 10 years of continuous service (permanent part-time employees need equivalent of 5 years of full-time service and 10 years of membership) may retire at age 50. Members in Tier 3 with 10 years of continuous service may retire at age 55. Members in Tier 7 with 5 years of service may retire at age 52.

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

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

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

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

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

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Private equity partnerships are reported in SamCERA's financial statements based on the fair value provided by the General Partner on a quarterly basis. The management assumptions are based upon the nature of the investment and the underlying business.

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

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

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

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

*Implementation of New Accounting Pronouncements.* For the year ended June 30, 2014, SamCERA implemented Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans; an amendment of GASB Statement No. 25*. The requirements for GASB No. 67 require changes and addition in the Notes to the Financial Statements, Required Supplemental Information, and Other Supplemental Information. Significant changes include calculation of total and net pension liability for financial reporting, comprehensive footnote disclosure regarding pension liability, sensitivity of net pension liability to the discount rate, additional investment disclosure, expected long-term discount rate, and annual money-weighted rate of return on investment. Such information can be found in the SamCERA's financial report for the fiscal year ended June 30, 2014, which can be obtained by writing to SamCERA at 100 Marine Parkway, Suite 125, Redwood Shores, CA 94065.

**(c) Funding Policy**

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

**(d) Annual Pension Cost**

For the fiscal year ended June 30, 2014, the County's annual pension cost approximated to the annual required contributions of \$147 million determined by the actuarial valuation as of June 30, 2012, using the entry age normal actuarial cost method. The actuarial assumptions included 7.50% annual investment rate of return, 3.25% annual

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inflation rate, 3.75% annual payroll increases, and 4.95% average annual projected salary increases attributed to inflation of 3.75% and adjustments for merit and longevity of 1.20%.

Beginning with the June 30, 2008 actuarial valuation, SamCERA converted to closed 15-year layered amortization methodology. Under this method, the original UAAL is amortized over 15 years as of the valuation date. Future actuarial gains and losses are amortized over the new 15-year periods. The average statutory employer contribution rate was 35.56% of the covered payroll, and the average member contribution rate was 10.60%. The UAAL is being amortized as a level percentage of projected payroll over the new 15-year periods.

The table below presents three-year trend information for the employer contribution:

Fiscal Year Ended	Statutory Annual Required Contribution*	Net Pension Obligation/ (Asset)	Percentage Contributed
6/30/2012	\$ 150,950	\$ -	100%
6/30/2013	144,308	-	100%
6/30/2014	152,877	(50,000)	133%

\* Statutory annual required contribution from all participating employers.  
The County's share was \$146,709 for the fiscal year ended June 30, 2014.

In addition to the annual required contribution, the County contributed an additional \$50 million in May 2014 to accelerate the pay down of its UAAL. The money has been put into the County Supplemental Contributions Account with SamCERA and will be invested in SamCERA's fund.

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

The plan was 79% funded as of June 30, 2014, the most recent actuarial valuation date. The actuarial value of assets was \$3.0 billion, the actuarial accrued liability for benefits \$3.8 billion, and the UAAL \$0.8 billion. The actuarial assets were valued using a "five-year smoothed market with 20% corridor" method. The annual covered payroll (annual payroll of active employees covered by the plan) was \$0.4 billion. The ratio of the UAAL to the annual covered payroll was 190%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

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

The Housing Authority is required to deposit an amount as set forth in the plan to employee accounts. Employer contributions are vested 20% for each year of service of the individual employee until the employee becomes fully vested after five years. Under this plan, management employees do not need to make contributions. The Housing Authority contributes 14% of the gross salary monthly for management. The plan had 44 active participants as of June 30, 2014. During the fiscal year ended June 30, 2014, the Housing Authority contributed \$0.4 million to its retirement plan.

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

<u>Years of Service</u>	<u>Percentage of Gross Salaries</u>	
	<u>Employees</u>	<u>Housing Authority</u>
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%

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS**

**County of San Mateo**

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

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

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

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

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

**Funding Policy.** The current funding policy of the County is to contribute the annual required contribution each year. Contribution requirements or amendments for members and the County are established through negotiations with individual bargaining units. For the fiscal year ended June 30, 2014, the County contributed \$24.2 million, or 100% of the annual required contribution to the Retiree Health Plan.

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**Annual OPEB Cost and Net OPEB Asset.** The County's annual OPEB cost consists of: (1) the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, (2) one year's interest on the beginning balance of the net OPEB asset, and (3) an adjustment to the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over a closed 30-year period from July 1, 2005. The remaining amortization period as of June 30, 2014, is 21 years.

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

The following table shows the components of the County's annual OPEB cost for the fiscal year ended June 30, 2014, the amount contributed to the plan, and changes in the County's net OPEB asset:

Annual required contribution	\$ 24,222
Interest on prior year net OPEB asset	(8,578)
Adjustment to annual required contribution	<u>8,165</u>
Annual OPEB cost	23,809
Contribution made	<u>(24,222)</u>
Increase in net OPEB asset	(413)
Net OPEB asset - beginning of year	<u>(125,961)</u>
Net OPEB asset - end of year	<u><u>\$ (126,374)</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)
6/30/2012	\$ 18,282	106.3%	\$ (125,003)
6/30/2013	19,947	104.8%	(125,961)
6/30/2014	23,809	101.7%	(126,374)

The table below shows how the total net OPEB asset as of June 30, 2014, is distributed. SamCERA's and First 5's employees are County employees and thereby eligible for postemployment health benefits.

	Net OPEB Obligation (Asset)
Governmental Activities	\$ (101,746)
Business-type Activities	(24,004)
SamCERA	(458)
First 5 San Mateo County	<u>(166)</u>
	<u><u>\$ (126,374)</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.

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The table below indicates the funded status of the Retiree Health Plan (from the most recent actuarial valuation) as of June 30, 2013:

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

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

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

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

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

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

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

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

**Plan Description.** The Housing Authority maintains a separate OPEB sick leave conversion retiree health plan (a single-employer defined benefit plan). This plan provides healthcare benefits to members who directly retire from the Housing Authority on or after age 55 with 5 years of service. Retirees receive health coverage based on the unused sick

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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 \$0.195 monthly if 45% or more of the sick leave earned over the employee’s employment remains unused at retirement. 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. The retiree may choose to convert more sick leave hours each month for higher payments.

**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.

The table below summarizes the position of the Housing Authority’s OPEB plan for the fiscal year ended June 30, 2014.

Annual required contribution	\$ 138
Interest on prior year net OPEB obligation	17
Adjustment to annual required contribution	(25)
Annual OPEB cost	130
Contribution made	(468)
Decrease in net OPEB obligation	(338)
Net OPEB obligation - beginning of year	453
Net OPEB obligation - end of year	\$ 115

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
6/30/2012	\$ 100	14.3%	\$ 378
6/30/2013	90	17.1%	453
6/30/2014	130	359.4%	115

**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, 2014, the most recent actuarial valuation date.

Actuarial accrued liability (AAL)	\$ 1,667
Actuarial value of plan assets	472
Unfunded actuarial accrued liability (UAAL)	\$ 1,195
Funded ratio (actuarial value of plan assets/AAL)	28.3%
Annual covered payroll (active plan members)	\$ 3,203
UAAL as a percentage of annual covered payroll	37.3%



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*Actuarial Methods and Assumptions.* The Entry Age Cost method was used for the valuation at July 1, 2014. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees. The actuarial assumptions included a 5.5% return on investment and the medical inflation rate of 2.5% for FY 2013-14 (6.25% for FY2014-15, 6.00% for FY 2015-2018, and 6.25% for FY 2018-21) with an underlying general inflation rate at 2.5%. 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.

**NOTE 15 – RISK MANAGEMENT**

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

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

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

The estimated claims liability of \$48,731, as reported in the internal service funds at June 30, 2014, 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 \$45,637 of the \$48,731 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 2013-14. Changes to the claims liability for FY2012-13 and FY2013-14 are as follows:

Liability at June 30, 2012	\$	50,506
Current year claims and changes in estimates		14,375
Payments on claims		(18,363)
Liability at June 30, 2013		46,518
Current year claims and changes in estimates		20,028
Payments on claims		(17,815)
Liability at June 30, 2014	\$	48,731

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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 to transfer risk through various levels of insurance. The Housing Authority is a member of Housing Authority Insurance Group (HAIG). Through HAIG, the Housing Authority maintains liability coverage for Commercial and Auto claims up to \$10 million and for public officials and employment practice up to \$1 million (defense only). All other common perils such as business, auto, and flood (where applicable) are insured through commercial insurance carriers. For fiscal year ended June 30, 2014, the Housing Authority paid \$116 towards premium and received surplus distribution of \$21 from HAIG.

**NOTE 16 – COMMITMENTS AND CONTINGENCIES**

**Grants**

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

**Encumbrances**

The County uses “encumbrances” to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve portion of applicable appropriations. Encumbrances still open at year end are not accounted for as expenditures and liabilities but, rather, as assigned fund balance. As of June 30, 2014, 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 Payors**

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

The majority of the Medical Center’s receivables are related to the care of patients covered by Medi-Cal and Medicare programs, and special funding created by legislative acts that subsidize certain health care facilities that treat a disproportionate share of Medi-Cal beneficiaries.

**Medical Center Concentration of Credit Risk**

Receivables from federal and state government agencies represent \$36.9 million at June 30, 2014, and Medical Center management does not believe that there is any credit risk associated with collection from these governmental agencies. Third party patient accounts receivable consist of receivables from various payors, including individuals involved in diverse activities subject to differing economic conditions, and do not represent any concentrated credit risk to the Medical Center. Management continually monitors and adjusts its allowances associated with these receivables and such allowances have historically been adequate to cover losses realized.

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**Medical Center Third-Party Reimbursement Agreements**

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

The Affordable Care Act (ACA) became effective on January 1, 2014. As a result, a portion of reimbursement under various Medi-Cal programs will begin to shift from supplemental program revenue to patient revenue as more of the Medical Center's patients become eligible for Medi-Cal coverage. The most significant changes were the automatic transition of patients from the Medical Center's LIHP to Medi-Cal, higher reimbursement for "Newly Eligible" Medi-Cal enrollees, and temporary Medi-Cal coverage through the Hospital Presumptive Eligibility program.

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

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

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

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

Under the Bridge to Reform, payments for the public hospitals are comprised of: 1) fee for service payments; 2) Medi-Cal DSH; 3) SNCP; 4) unreimbursed cost of physician and non-physician practitioner services; 5) Low Income Health Program which includes the Medicaid Expansion Coverage and Health Care Coverage Initiative previously called Coverage Initiative; and 6) Delivery System Reform Incentive Pool (DSRIP) program which is a subset of the SNCP. The nonfederal share of these payments is provided by the public hospitals rather than the State, primarily through CPEs whereby the hospital expends its local funding for services to draw down the federal match. For the inpatient hospital cost-based reimbursement, each hospital provides its own CPEs 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.

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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; reimbursement is based on a mix of allowable CPEs at the hospital specific level, at a total Public Hospital CPE level, and Intergovernmental Transfers.

The Medical Center meets the requirements of a Federally Qualified Health Center (FQHC) provider for Medi-Cal, and a large percentage of its outpatient clinic patients are covered by this reimbursement. Revenues for this type of reimbursement are included in net patient service revenue on the Statement of Revenues, Expenses and Changes in Net Position.

All CPEs reported by the Medical Center are subject to State and Federal audit and final reconciliation. If at the end of the final reconciliation process it is determined that the Medical Center’s claimed CPEs resulted in an overpayment by the State, the Medical Center may be required to return the overpayment whether or not they received the federal matching funds. The Medical Center has established reserves for the future financial impact of potential audit and reconciliation adjustments.

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.

SB 1100 requires the DHCS to finalize the calculation of stabilization funding for each hospital and pay that amount by April 1 following the project year. This determination is based on cost estimates and specified adjustments. Under State law the stabilization determined through this process shall not be modified for any reason other than mathematical errors or mathematical omissions on the part of DHCS.

During fiscal year 2013, management revised its P14 Cost Reports for fiscal years 2006 through 2010 based on additional guidance provided by DHCS. The Medical Center has determined that any estimated overpayments received are below its established reserve policy of 5% of all DSH funds received. The established reserve is reported as a component of due to other governmental agencies on the Statement of Net Position.

In addition, 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. The Medical Center has recorded these anticipated revenues based on estimates provided by the California Association of Public Hospitals (CAPH).

**Health Plan of San Mateo.** HPSM, a Medi-Cal managed care plan under contract by the State, reimburses the Medical Center directly for services provided to Medi-Cal patients. The Medical Center receives a fixed monthly premium payment for each patient enrolled to cover primary care services (primary care capitation payment) and receives fee-for-service (FFS) payments for hospital and specialty care services. Further, effective January 1, 2006, HPSM contracted with the Federal government to provide services to Medicare HMO patients, a program called Care Advantage. The Medical Center contracted with HPSM for this program to be reimbursed the same amount as Traditional Medicare reimburses the Medical Center.

The Medical Center received a total of \$50.3 million in fiscal year 2014 from HPSM, which includes \$28.8 million in FFS revenue, \$14.4 million in a managed care IGT, \$3.2 million in AB85 rate range capitation revenue, \$3.5 million in primary care capitation revenue, and \$0.40 million for pay-for-performance (P4P) revenue. The FFS revenue is reported as a component of Net patient service revenue, while the IGT, AB85, primary care capitation and P4P revenue is reported as a component of Other Program revenues – Medi-Cal managed care on the Statement of Revenues, Expenses and Changes in Net Position.

**Medicare.** Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical,

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diagnostic and other factors. The Medical Center is reimbursed for Graduate Medical Education and Disproportionate Share Hospital amounts at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audit thereof by the Medicare fiscal intermediary. At June 30, 2014, the last Medical Center Medicare cost report audited by the fiscal intermediary was for June 30, 2012. Medicare revenue is presented as part of net patient service revenue on the Statement of Revenues, Expenses and Changes in Net Position.

**Health Realignment.** In 1991, the state enacted a major change in the state and local government relationship, known as realignment. In the areas of mental health, social services, and health, realignment transferred programs from the state to county control, altered program cost-sharing ratios, and provided counties with dedicated tax revenues from the sales tax and vehicle license fee to pay for these changes. The Medical Center received \$3.4 million from sales tax revenue and \$6.9 million in vehicle license fees in fiscal year 2014 which is presented as other program revenues – sales tax and Contribution from County General Fund, respectively, in the Statement of Revenues, Expenses and Changes in Net Position.

With California electing to implement a state-run Medicaid Expansion afforded by the Affordable Care Act, the State anticipates that counties' costs and responsibilities for the health care services for the indigent population will decrease as much of this population becomes eligible for coverage through Medi-Cal or Covered California. On June 27, 2013, Governor Brown signed into law AB 85 that provides a mechanism for the State to redirect State health realignment funding to fund social service programs. The redirected amount will be determined according to a formula-based approach that takes into account a county's cost and revenue experience, and redirects 80% (70% in fiscal year 2014) of any profits (longfalls) realized by the county. The formula options were developed in consultation with the counties and DHCS to ensure continued viability of the county safety net.

For fiscal year 2014, the State redirected \$3.9 million of Health realignment funding. This redirection amount is expected to be reconciled against actual revenues and expenses during fiscal year 2015, with the final redirection amount less than or equal to \$3.9 million. On May 13, 2014, the Medical Center received notice that there would be no realignment funding redirection for fiscal year 2015. However, this decision will be reconciled against actual revenues and expenses during the fiscal year 2016. The financial impact of potential redirection of SMMC's Realignment funding in future years is not yet known.

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

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

#### **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 \$192.0 million for the year ended June 30, 2014. The total cost estimate is based on a ratio of cost to charges, where costs are allocated as a percentage of payor mix. The net cost of charity-discount care is determined by the total charity care cost less payor revenue, patient-related revenue due to sliding-scale payments, and other patient-specific sources, was \$52.5 million for the year ended June 30, 2014.

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

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

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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.

In addition to the Response Costs, Daly City and the Housing Authority shall jointly and severally pay to DTSC a "carrying charge" of \$24 thousand per year until the Response Cost payment is fully paid. At June 30, 2014, the Housing Authority accrued \$0.7 million to address the contingent liability discussed earlier. This amount is presented as current and non-current estimated claims in the Statement of Position.

**Genentech Tax Settlement**

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

Property tax paid in San Mateo County is distributed to schools, cities and redevelopment agencies, the County, and special districts such as for flood control and mosquito abatement. Refunds of property tax overpayments are collected from these entities as determined by the County's Property Tax Division. Total tax refund due from the County to Genentech is approximately \$1.5 million as of June 30, 2014, and is recorded as other long-term obligation in the statement of net position.

**Pending Litigation**

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

**NOTE 17 – SPECIAL ITEMS**

**Sale of Circle Star Plaza**

In March 2011, the County purchased two office buildings (the Circle Star Plaza) in City of San Carlos with a carrying value of \$41.8 million (including \$11.6 million in land and \$30.2 million in structures and improvements). The buildings were originally intended to house various County departments to reduce operating costs from leasing. The County later changed its initial plan. Instead of relocating certain County departments to the Plaza, the County decided to sell the Circle Star Plaza to The GN Net Member, LCC for \$90 million. Gain from the disposal of Circle Star Plaza of \$45.3 million was reported as a special item on the Statement of Activities. Proceed from the sale of the Plaza was \$87.1 million, net of all closing costs, and reported as a special item on the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances.

**Project Cost Reimbursement from Bond Proceeds**

In October 2010, the County purchased four real properties in Redwood City to construct a new County jail (the Maple Street Correctional Center). The center will provide a permanent relief to the overpopulated jail facilities and various programs to better transition offenders back into society. In May of 2014, the Authority issued the 2014 Bonds for a

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

total of \$175 million to finance the jail construction, to reimburse the County for expenses incurred for the jail project, and to pay bond issuance costs. As a result, JPFA reimbursed a total of \$28.8 million to the General Fund for project expenses incurred prior to the fiscal year 2013-14. Both the General Fund and JPFA reported such reimbursement as a special item on the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances.

**Additional Pension Contribution to SamCERA**

The County's pension obligation has increased over the past decade. On November 19, 2013, the Board adopted a resolution to deposit supplemental funding of \$50 million to SamCERA to provide greater security for pension benefits for both active and retired members, enhance the solvency of SamCERA, and reduce County's long-term pension costs by accelerating the unfunded pension liability. The additional contribution was reported as a special item on the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances.

**NOTE 18 – SUBSEQUENT EVENT**

**Purchase of Real Property**

On September 30, 2014, the County closed the purchase of certain real, personal, and intangible property located at 2700 Middlefield Road, San Mateo, California, where the new Fair Oaks Health Center was built for \$9.5 million. In conjunction with the purchase, the County also paid \$1.3 million to settle a lawsuit over the property with builders.



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



**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**For the Fiscal Year Ended June 30, 2014**  
**(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 \$85 million at June 30, 2014, is reported under the modified approach and is not subject to depreciation under GASB Statement No. 34.

The County manages its maintained pavement subsystem of the road network using the Metropolitan Transportation Commission's Pavement Management Program (Program). This Program establishes a Pavement Condition Index (PCI) on a scale from zero to one hundred (0 – 100) for each road segment. The pavement of roads with a PCI of 40 or higher is considered in a "Fair" or better condition, and roads with a PCI of 55 or higher in a "Good" or better condition. The County requires that at least 75 percent of the primary maintained road subsystem (roads with structural sections) be maintained at a PCI of 55 or higher, and at least 65 percent of the secondary maintained pavement subsystem (roads without structural sections) at a PCI of 40 or higher. A complete condition assessment is determined triennially. The latest complete condition assessment was completed in FY 2012-13.

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

For the fiscal year ended June 30, 2014, the actual maintenance and preservation cost exceeded the estimated costs by \$430. The variance was primarily from the additional funding spent on seal projects.

Fiscal Year Ended June 30,	Maintenance and Preservation Cost		Variance
	Estimated	Actual	
2009	\$ 4,320	\$ 4,509	\$ (189)
2010	3,900	3,850	50
2011	3,425	3,931	(506)
2012	5,943	5,736	207
2013	5,731	6,110	(379)
2014	4,375	4,805	(430)

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

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

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited) – (continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
6/30/2012	\$ 2,480,271	\$ 3,442,553	\$ 962,282	72.0%	\$ 419,779	229.24%
6/30/2013	2,618,639	3,572,750	954,111	73.3%	406,921	234.47%
6/30/2014	2,993,187	3,797,042	803,855	78.8%	422,022	190.48%

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

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

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
7/1/2012	\$ -	\$ 1,159	\$ 1,159	0.0%	\$ 3,184	36.4%
7/1/2013	-	1,584	1,584	0.0%	3,328	47.6%
7/1/2014	472	1,667	1,195	28.3%	3,203	37.3%



General Fund

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(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>	\$ 323,963	\$ 323,966	\$ 3	\$ 240,718	\$ (83,248)
<b>Resources (inflows):</b>					
Taxes	403,942	404,983	1,041	487,426	82,443
Licenses, permits and franchises	5,682	5,912	230	6,827	915
Fines, forfeitures and penalties	8,652	8,652	-	8,192	(460)
Use of money and property	9,018	9,018	-	10,622	1,604
Intergovernmental revenues	456,474	462,859	6,385	404,773	(58,086)
Charges for services	109,434	109,492	58	118,208	8,716
Interfund revenue	55,215	55,215	-	52,585	(2,630)
Miscellaneous revenue	35,908	36,144	236	30,384	(5,760)
Other financing sources	63,082	150,135	87,053	117,254	(32,881)
Amounts available for appropriation	1,147,407	1,242,410	95,003	1,236,271	(6,139)
<b>General Government</b>					
<b>Board of Supervisors - Special Projects</b>					
Salaries and benefits	35	35	-	-	35
Services and supplies	73	73	-	11	62
Total Board of Supervisors - Special Projects	108	108	-	11	97
<b>Board of Supervisors - District 1</b>					
Salaries and benefits	676	684	8	671	13
Services and supplies	71	71	-	44	27
Other charges	54	51	(3)	44	7
Other financing uses	-	3	3	3	-
Total Board of Supervisors - District 1	801	809	8	762	47
<b>Board of Supervisors - District 2</b>					
Salaries and benefits	676	684	8	602	82
Services and supplies	71	71	-	30	41
Other charges	54	51	(3)	45	6
Other financing uses	-	3	3	3	-
Total Board of Supervisors - District 2	801	809	8	680	129
<b>Board of Supervisors - District 3</b>					
Salaries and benefits	676	683	7	443	240
Services and supplies	71	71	-	34	37
Other charges	54	51	(3)	45	6
Other financing uses	-	3	3	3	-
Total Board of Supervisors - District 3	801	808	7	525	283
<b>Board of Supervisors - District 4</b>					
Salaries and benefits	676	683	7	451	232
Services and supplies	71	71	-	45	26
Other charges	54	51	(3)	46	5
Other financing uses	-	3	3	3	-
Total Board of Supervisors - District 4	801	808	7	545	263
<b>Board of Supervisors - District 5</b>					
Salaries and benefits	676	682	6	615	67
Services and supplies	71	71	-	40	31
Other charges	54	51	(3)	46	5
Other financing uses	-	3	3	3	-
Total Board of Supervisors - District 5	801	807	6	704	103

(continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>County Manager/Clerk of the Board</b>					
Salaries and benefits	4,887	4,920	33	4,105	815
Services and supplies	1,894	2,079	185	1,793	286
Other charges	871	815	(56)	683	132
Other financing uses	-	56	56	56	-
Intrafund transfers	(333)	(480)	(147)	(332)	(148)
Contingencies	160	160	-	-	160
Total County Manager/Clerk of the Board	7,479	7,550	71	6,305	1,245
<b>Special Services</b>					
Salaries and benefits	608	618	10	586	32
Services and supplies	352	352	-	128	224
Other charges	15,083	15,079	(4)	14,762	317
Other financing uses	-	4	4	4	-
Intrafund transfers	(11,853)	(11,863)	(10)	(12,479)	616
Contingencies	238	238	-	-	238
Total Special Services	4,428	4,428	-	3,001	1,427
<b>Assessor-Clerk-Recorder</b>					
Salaries and benefits	16,945	17,189	244	14,982	2,207
Services and supplies	5,859	5,859	-	3,862	1,997
Other charges	1,743	1,082	(661)	990	92
Fixed assets	375	375	-	(4)	379
Other financing uses	-	660	660	660	-
Intrafund transfers	(2,289)	(2,289)	-	(1,918)	(371)
Contingencies	970	970	-	-	970
Total Assessor-Clerk-Recorder	23,603	23,846	243	18,572	5,274
<b>Controller's Office</b>					
Salaries and benefits	5,972	6,160	188	5,530	630
Services and supplies	1,008	1,008	-	486	522
Other charges	2,157	2,834	677	15	2,819
Fixed assets	-	-	-	24	(24)
Other financing uses	-	224	224	224	-
Intrafund transfers	(256)	(256)	-	(392)	136
Contingencies	979	79	(900)	-	79
Total Controller's Office	9,860	10,049	189	5,887	4,162
<b>Tax Collector/Treasurer</b>					
Salaries and benefits	7,193	7,307	114	6,239	1,068
Services and supplies	4,349	2,493	(1,856)	1,133	1,360
Other charges	951	2,589	1,638	2,564	25
Other financing uses	-	223	223	223	-
Intrafund transfers	(3,078)	(3,078)	-	(3,040)	(38)
Contingencies	157	157	-	-	157
Total Tax Collector/Treasurer	9,572	9,691	119	7,119	2,572
<b>County Counsel</b>					
Salaries and benefits	8,862	9,007	145	8,600	407
Services and supplies	1,289	1,374	85	249	1,125
Other charges	474	472	(2)	472	-
Fixed assets	108	-	(108)	-	-
Other financing uses	-	26	26	26	-
Intrafund transfers	(1,641)	(1,641)	-	(1,958)	317
Contingencies	1,383	1,383	-	-	1,383
Total County Counsel	10,475	10,621	146	7,389	3,232

(continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(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	9,145	9,283	138	8,497	786
Services and supplies	2,446	2,453	7	1,914	539
Other charges	919	882	(37)	883	(1)
Fixed assets	250	340	90	80	260
Other financing uses	-	37	37	37	-
Intrafund transfers	(2,034)	(2,161)	(127)	(2,103)	(58)
Contingencies	456	457	1	-	457
<b>Total Human Resources</b>	<b>11,182</b>	<b>11,291</b>	<b>109</b>	<b>9,308</b>	<b>1,983</b>
<b>Information Services</b>					
Salaries and benefits	19,505	19,852	347	18,451	1,401
Services and supplies	50,617	50,692	75	36,130	14,562
Other charges	1,770	1,607	(163)	1,580	27
Fixed assets	5,425	5,425	-	4,383	1,042
Other financing uses	286	513	227	509	4
Intrafund transfers	(56,913)	(57,399)	(486)	(48,058)	(9,341)
Contingencies	4,778	4,778	-	-	4,778
<b>Total Information Services</b>	<b>25,468</b>	<b>25,468</b>	<b>-</b>	<b>12,995</b>	<b>12,473</b>
<b>Public Works</b>					
Salaries and benefits	22,764	23,055	291	20,990	2,065
Services and supplies	17,562	17,531	(31)	14,483	3,048
Other charges	5,300	4,596	(704)	2,781	1,815
Fixed assets	223	259	36	57	202
Other financing uses	-	704	704	695	9
Intrafund transfers	(17,866)	(18,138)	(272)	(18,369)	231
Contingencies	230	230	-	-	230
<b>Total Public Works</b>	<b>28,213</b>	<b>28,237</b>	<b>24</b>	<b>20,637</b>	<b>7,600</b>
<b>Non-Departmental Services</b>					
Salaries and benefits	52,100	54,857	2,757	3,934	50,923
Services and supplies	52,343	53,748	1,405	94,315	(40,567)
Other charges	3,140	12,449	9,309	1,309	11,140
Other financing uses	91,829	180,284	88,455	106,061	74,223
Intrafund transfers	(488)	(508)	(20)	(1,423)	915
Contingencies	142,530	120,195	(22,335)	-	120,195
<b>Total Non-Departmental Services</b>	<b>341,454</b>	<b>421,025</b>	<b>79,571</b>	<b>204,196</b>	<b>216,829</b>
<b>Total General Government</b>	<b>475,847</b>	<b>556,355</b>	<b>80,508</b>	<b>298,636</b>	<b>257,719</b>
<b>Public Protection</b>					
<b>Public Safety Communication</b>					
Salaries and benefits	9,263	9,530	267	9,530	-
Services and supplies	701	592	(109)	562	30
Other charges	527	511	(16)	508	3
Fixed assets	38	25	(13)	25	-
Other financing uses	-	29	29	29	-
Intrafund transfers	(366)	(366)	-	(371)	5
Contingencies	203	203	-	-	203
<b>Total Public Safety Communication</b>	<b>10,366</b>	<b>10,524</b>	<b>158</b>	<b>10,283</b>	<b>241</b>

(continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(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	3,783	3,842	59	3,806	36
Services and supplies	258	258	-	146	112
Other charges	539	533	(6)	491	42
Other financing uses	-	6	6	6	-
Contingencies	260	261	1	-	261
Total Agricultural Commission	4,840	4,900	60	4,449	451
<b>Grand Jury</b>					
Salaries and benefits	56	59	3	59	-
Services and supplies	468	465	(3)	434	31
Other charges	1	1	-	1	-
Total Grand Jury	525	525	-	494	31
<b>Message Switch</b>					
Services and supplies	464	464	-	382	82
Other charges	271	271	-	271	-
Intrafund transfers	(188)	(188)	-	(189)	1
Contingencies	751	751	-	-	751
Total Message Switch	1,298	1,298	-	464	834
<b>Criminal Division</b>					
Salaries and benefits	23,290	23,632	342	23,019	613
Services and supplies	1,430	2,868	1,438	1,629	1,239
Other charges	1,950	2,120	170	1,755	365
Fixed assets	-	10	10	389	(379)
Other financing uses	-	163	163	163	-
Contingencies	359	359	-	-	359
Total Criminal Division	27,029	29,152	2,123	26,955	2,197
<b>Child Support Services</b>					
Salaries and benefits	10,669	10,539	(130)	9,396	1,143
Services and supplies	492	792	300	472	320
Other charges	810	521	(289)	426	95
Other financing uses	-	289	289	289	-
Intrafund transfers	(168)	(226)	(58)	(2)	(224)
Total Child Support Services	11,803	11,915	112	10,581	1,334
<b>County Support of Courts</b>					
Salaries and benefits	485	485	-	479	6
Services and supplies	1,105	1,105	-	710	395
Other charges	19,101	19,096	(5)	18,449	647
Other financing uses	-	5	5	5	-
Total County Support of Courts	20,691	20,691	-	19,643	1,048
<b>Private Defender Program</b>					
Services and supplies	17,197	17,197	-	17,198	(1)
Other charges	58	14	(44)	14	-
Other financing uses	-	44	44	44	-
Total Private Defender Program	17,255	17,255	-	17,256	(1)

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Sheriff</b>					
Salaries and benefits	143,600	144,403	803	137,934	6,469
Services and supplies	21,842	24,253	2,411	11,687	12,566
Other charges	21,913	23,188	1,275	22,347	841
Fixed assets	7,649	7,882	233	5,784	2,098
Other financing uses	905	1,443	538	1,388	55
Intrafund transfers	(2,486)	(2,486)	-	(1,495)	(991)
Contingencies	7,863	5,989	(1,874)	-	5,989
Total Sheriff	201,286	204,672	3,386	177,645	27,027
<b>Probation</b>					
Salaries and benefits	55,125	55,386	261	54,029	1,357
Services and supplies	26,968	26,977	9	24,495	2,482
Other charges	15,701	8,193	(7,508)	8,079	114
Fixed assets	2,000	2,000	-	955	1,045
Other financing uses	-	7,508	7,508	7,508	-
Intrafund transfers	(18,548)	(18,548)	-	(18,715)	167
Contingencies	2,556	2,556	-	-	2,556
Total Probation	83,802	84,072	270	76,351	7,721
<b>Coroner's Office</b>					
Salaries and benefits	1,870	1,883	13	1,541	342
Services and supplies	690	683	(7)	612	71
Other charges	406	394	(12)	394	-
Fixed assets	-	5	5	5	-
Other financing uses	-	13	13	13	-
Contingencies	98	98	-	-	98
Total Coroner's Office	3,064	3,076	12	2,565	511
<b>Local Agency Formation Commission</b>					
Salaries and benefits	214	244	30	235	9
Services and supplies	104	87	(17)	25	62
Other charges	46	37	(9)	25	12
Intrafund transfers	(99)	(99)	-	(99)	-
Contingencies	49	46	(3)	-	46
Total Local Agency Formation Commission	314	315	1	186	129
<b>Fire Protection</b>					
Salaries and benefits	2	3	1	3	-
Services and supplies	6,778	6,778	-	6,062	716
Other charges	164	161	(3)	160	1
Fixed assets	100	100	-	28	72
Other financing uses	-	82	82	82	-
Intrafund transfers	-	(80)	(80)	-	(80)
Total Fire Protection	7,044	7,044	-	6,335	709
<b>Planning</b>					
Salaries and benefits	6,777	6,990	213	6,237	753
Services and supplies	1,682	2,177	495	1,057	1,120
Other charges	4,053	4,047	(6)	616	3,431
Other financing uses	-	32	32	32	-
Intrafund transfers	(599)	(1,199)	(600)	(280)	(919)
Contingencies	540	514	(26)	-	514
Total Planning	12,453	12,561	108	7,662	4,899
<b>Total Public Protection</b>	<b>401,770</b>	<b>408,000</b>	<b>6,230</b>	<b>360,869</b>	<b>47,131</b>

(Continued)



**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Health and Sanitation</b>					
<b>Health Services Administration</b>					
Salaries and benefits	2,532	2,568	36	2,294	274
Services and supplies	1,233	1,233	-	1,012	221
Other charges	855	854	(1)	6,547	(5,693)
Other financing uses	6,500	6,501	1	-	6,501
Intrafund transfers	(2,371)	(2,371)	-	(2,238)	(133)
Contingencies	-	-	-	-	-
Total Health Services Administration	8,749	8,785	36	7,615	1,170
<b>Health Coverage Unit</b>					
Salaries and benefits	3,643	3,701	58	3,632	69
Services and supplies	6,507	6,511	4	5,667	844
Other charges	196	196	-	136	60
Intrafund transfers	(2,648)	(2,648)	-	(2,646)	(2)
Total Health Coverage Unit	7,698	7,760	62	6,789	971
<b>Health Policy Plan Promotion</b>					
Salaries and benefits	15,340	15,508	168	13,813	1,695
Services and supplies	11,073	11,328	255	11,213	115
Other charges	2,097	2,084	(13)	1,879	205
Other financing uses	-	14	14	13	1
Intrafund transfers	(4,149)	(4,149)	-	(2,313)	(1,836)
Contingencies	862	862	-	-	862
Total Health Policy Plan Promotion	25,223	25,647	424	24,605	1,042
<b>Health IT</b>					
Salaries and benefits	1,923	1,928	5	1,192	736
Services and supplies	1,130	1,130	-	669	461
Other charges	749	749	-	298	451
Intrafund transfers	(1,805)	(1,805)	-	(1,805)	-
Total Health IT	1,997	2,002	5	354	1,648
<b>Emergency Medical Services</b>					
Salaries and benefits	1,051	1,064	13	708	356
Services and supplies	4,539	4,539	-	4,421	118
Other charges	67	66	(1)	60	6
Other financing uses	-	1	1	1	-
Intrafund transfers	(113)	(113)	-	-	(113)
Total Emergency Medical Services	5,544	5,557	13	5,190	367
<b>Contributions to Medical Center</b>					
Other financing uses	61,385	62,517	1,132	62,517	-
Total Contributions to Medical Center	61,385	62,517	1,132	62,517	-
<b>Environmental Health Services</b>					
Salaries and benefits	10,847	11,026	179	10,686	340
Services and supplies	2,222	2,223	1	1,923	300
Other charges	1,171	1,168	(3)	1,112	56
Other financing uses	-	3	3	3	-
Intrafund transfers	(107)	(107)	-	-	(107)
Contingencies	760	760	-	-	760
Total Environmental Health Services	14,893	15,073	180	13,724	1,349

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Behavioral Health Services</b>					
Salaries and benefits	55,547	56,432	885	53,555	2,877
Services and supplies	58,059	57,485	(574)	53,363	4,122
Other charges	31,432	32,483	1,051	31,931	552
Other financing uses	-	349	349	349	-
Intrafund transfers	(2,778)	(2,778)	-	(3,062)	284
Total Behavioral Health Services	142,260	143,971	1,711	136,136	7,835
<b>Family Health Services</b>					
Salaries and benefits	23,361	23,442	81	22,260	1,182
Services and supplies	3,812	3,816	4	2,977	839
Other charges	2,150	2,136	(14)	2,047	89
Fixed assets	63	63	-	-	63
Other financing uses	-	3	3	3	-
Intrafund transfers	(1,412)	(1,412)	-	(894)	(518)
Contingencies	520	520	-	-	520
Total Family Health Services	28,494	28,568	74	26,393	2,175
<b>Correctional Health Services</b>					
Salaries and benefits	12,418	12,517	99	12,106	411
Services and supplies	5,359	5,359	-	5,305	54
Other charges	615	615	-	609	6
Fixed assets	177	177	-	-	177
Intrafund transfers	(8,140)	(8,140)	-	(7,996)	(144)
Contingencies	174	174	-	-	174
Total Correctional Health Services	10,603	10,702	99	10,024	678
<b>Total Health and Sanitation</b>					
	306,846	310,582	3,736	293,347	17,235
<b>Public Assistance</b>					
<b>Workforce Investment Board</b>					
Salaries and benefits	2,464	2,506	42	1,792	714
Services and supplies	2,341	2,341	-	1,928	413
Other charges	1,821	2,349	528	2,085	264
Total Workforce Investment Board	6,626	7,196	570	5,805	1,391
<b>Aging &amp; Adult Services</b>					
Salaries and benefits	16,748	17,003	255	15,418	1,585
Services and supplies	5,165	5,165	-	3,224	1,941
Other charges	5,318	5,568	250	4,529	1,039
Other financing uses	-	6	6	6	-
Intrafund transfers	(3,739)	(3,739)	-	(2,736)	(1,003)
Contingencies	424	424	-	-	424
Total Aging & Adult Services	23,916	24,427	511	20,441	3,986
<b>In Home Support Services - Public Authority</b>					
Other charges	3,702	3,702	-	-	3,702
Other financing uses	-	-	-	3,702	(3,702)
Total In Home Support Services - Public Authority	3,702	3,702	-	3,702	-

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Human Services Agency</b>					
Salaries and benefits	90,710	92,030	1,320	83,763	8,267
Services and supplies	56,094	56,303	209	45,501	10,802
Other charges	71,929	71,294	(635)	61,687	9,607
Fixed assets	-	30	30	-	30
Other financing uses	287	922	635	919	3
Intrafund transfers	(29,959)	(29,959)	-	(22,265)	(7,694)
Contingencies	5,731	5,731	-	-	5,731
Total Human Services Agency	194,792	196,351	1,559	169,605	26,746
<b>Department of Housing</b>					
Salaries and benefits	1,693	1,719	26	1,460	259
Services and supplies	545	545	-	516	29
Other charges	7,698	9,448	1,750	9,256	192
Intrafund transfers	(100)	(100)	-	-	(100)
Contingencies	37	37	-	-	37
Total Department of Housing	9,873	11,649	1,776	11,232	417
<b>Total Public Assistance</b>	238,909	243,325	4,416	210,785	32,540
<b>Recreation</b>					
<b>Parks &amp; Recreation</b>					
Salaries and benefits	7,096	7,190	94	6,763	427
Services and supplies	2,136	2,091	(45)	1,949	142
Other charges	1,287	1,276	(11)	1,071	205
Fixed assets	-	65	65	27	38
Other financing uses	-	13	13	13	-
Intrafund transfers	(150)	(150)	-	(115)	(35)
Contingencies	128	128	-	-	128
Total Parks & Recreation	10,497	10,613	116	9,708	905
<b>Total Recreation</b>	10,497	10,613	116	9,708	905
<b>Contingencies</b>					
Contingencies	37,501	37,501	-	-	37,501
<b>Total Contingencies</b>	37,501	37,501	-	-	37,501
Total charges to appropriations	1,471,370	1,566,376	95,006	1,173,345	393,031
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 303,644	\$ 303,644

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (page 83)	\$ 1,236,271
Differences - budget to GAAP:	
Reimbursements are inflows of budgetary resources but are used to offset expenditures for financial reporting purposes.	(52,585)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(1,416)
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	(3)
Special items are inflows of budgetary resources but are not revenues for financial reporting purposes.	(115,835)
Receipts from County Agency subfunds are not budgeted but are reported as General Fund revenues for financial reporting purposes.	77,020
<hr/>	<hr/>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 27)	<u><u>\$ 1,143,452</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 90)	\$ 1,173,345
Differences - budget to GAAP:	
Expenditures offset by reimbursements for financial reporting purposes are outflow of budgetary appropriations, but are not expenditures for financial reporting purposes.	(52,585)
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.	(419)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(185,619)
Special item is an outflow of budgetary resources but is not an expenditure for financial reporting purposes	(50,000)
Disbursements from sub-funds classified from County Agency Fund, not budgeted.	1,339
<hr/>	<hr/>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 27)	<u><u>\$ 886,061</u></u>

See Notes to the Budgetary Comparison Schedule.

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited) – (continued)**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

**BUDGETARY BASIS OF ACCOUNTING**

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 County funds on the modified accrual basis of accounting in accordance with California Government Code Sections 29000 and 29143.

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

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

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

The amounts reported on the budgetary basis differ from the basis used to present the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Annual budgets are prepared using the modified accrual basis of accounting except that (1) current year encumbrances are budgeted as expenditures, (2) reimbursements for amount disbursed on behalf of other governmental funds are reported as resources and related expenditures as charges to the appropriations, (3) certain transactions are accounted for in different periods between budgetary and GAAP reporting basis, and (4) transactions from 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, 2014**  
**(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	\$ 111,397	\$ 24,977	\$ 95,171	\$ 231,545
Receivables (net):				
Accounts	35	-	28	63
Interest	169	27	8	204
Taxes	976	-	-	976
Other	38	-	-	38
Due from other funds	716	-	-	716
Due from other governmental agencies	3,786	-	538	4,324
Inventories	358	-	-	358
Total assets	<u>\$ 117,475</u>	<u>\$ 25,004</u>	<u>\$ 95,745</u>	<u>\$ 238,224</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,829	\$ -	\$ 1,015	\$ 5,844
Accrued salaries and benefits	260	-	-	260
Due to other funds	1,990	-	548	2,538
Unearned revenues	1,593	-	28	1,621
Deposits	3	-	-	3
Total liabilities	<u>8,675</u>	<u>-</u>	<u>1,591</u>	<u>10,266</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	69	-	-	69
Unavailable revenue - intergovernmental revenues	-	-	106	106
Unavailable revenue - others	497	-	-	497
Total deferred inflows of resources	<u>566</u>	<u>-</u>	<u>106</u>	<u>672</u>
<b>FUND BALANCES</b>				
Nonspendable	358	-	-	358
Restricted:				
Debt services	-	25,004	-	25,004
Road improvement	34,013	-	-	34,013
Fire services	3,705	-	-	3,705
Sewer maintenance	17,854	-	-	17,854
Flood control	17,420	-	-	17,420
Lighting maintenance	12,137	-	-	12,137
Highway and transportation improvement	2,598	-	-	2,598
Waste management	8,150	-	-	8,150
Emergency care	3,015	-	-	3,015
Garbage and fire protection	3,907	-	-	3,907
Parks acquisition and development	-	-	2,070	2,070
Courthouse construction	-	-	841	841
Miscellaneous purposes	842	-	-	842
Assigned				
Capital projects and improvements	-	-	91,137	91,137
Miscellaneous purposes	4,235	-	-	4,235
Total fund balances	<u>108,234</u>	<u>25,004</u>	<u>94,048</u>	<u>227,286</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 117,475</u>	<u>\$ 25,004</u>	<u>\$ 95,745</u>	<u>\$ 238,224</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, 2014**  
**(In Thousands)**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues:</b>				
Taxes	\$ 16,665	\$ -	\$ 946	\$ 17,611
Licenses and permits	2,852	-	-	2,852
Intergovernmental	38,643	-	1,106	39,749
Charges for services	18,931	-	2,235	21,166
Fines, forfeitures and penalties	2,282	-	-	2,282
Rents and concessions	95	-	-	95
Investment income	984	176	68	1,228
Other	1,717	333	525	2,575
Total revenues	<u>82,169</u>	<u>509</u>	<u>4,880</u>	<u>87,558</u>
<b>Expenditures:</b>				
Current:				
General government	2,842	-	-	2,842
Public protection	8,508	-	-	8,508
Public ways and facilities	18,910	-	-	18,910
Health and sanitation	16,915	-	-	16,915
Public assistance	15,563	-	-	15,563
Capital outlay	8,260	-	16,767	25,027
Total expenditures	<u>70,998</u>	<u>-</u>	<u>16,767</u>	<u>87,765</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,171</u>	<u>509</u>	<u>(11,887)</u>	<u>(207)</u>
<b>Other financing sources (uses):</b>				
Transfers in	4,839	30,765	101,154	136,758
Transfers out	(2,555)	(30,313)	(2,660)	(35,528)
Total other financing sources	<u>2,284</u>	<u>452</u>	<u>98,494</u>	<u>101,230</u>
<b>Net change in fund balances</b>	13,455	961	86,607	101,023
Fund balances - beginning	<u>94,779</u>	<u>24,043</u>	<u>7,441</u>	<u>126,263</u>
Fund balances - end	<u>\$ 108,234</u>	<u>\$ 25,004</u>	<u>\$ 94,048</u>	<u>\$ 227,286</u>

## COUNTY OF SAN MATEO

### Nonmajor Governmental Funds

#### Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2014**  
**(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	\$ 31,312	\$ 3,692	\$ 9,184	\$ 20,840	\$ 17,396	\$ 11,175	\$ 2,801
Receivables (net):							
Accounts	-	-	22	-	-	-	13
Interest	40	12	13	31	25	17	4
Taxes	-	375	226	42	253	74	-
Other	38	-	-	-	-	-	-
Due from other funds	695	-	-	2	-	4	13
Due from other governmental agencies	-	84	3	140	139	211	197
Inventories	358	-	-	-	-	-	-
Total assets	<u>\$ 32,443</u>	<u>\$ 4,163</u>	<u>\$ 9,448</u>	<u>\$ 21,055</u>	<u>\$ 17,813</u>	<u>\$ 11,481</u>	<u>\$ 3,028</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 345	\$ -	\$ 1,318	\$ 2,996	\$ 2	\$ 12	\$ -
Accrued salaries and benefits	198	-	-	20	-	-	-
Due to other funds	13	-	4	4	-	-	-
Unearned revenues	632	416	200	37	224	65	13
Deposits	-	-	3	-	-	-	-
Total liabilities	<u>1,188</u>	<u>416</u>	<u>1,525</u>	<u>3,057</u>	<u>226</u>	<u>77</u>	<u>13</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - property taxes	-	26	16	3	18	5	-
Unavailable revenue - others	-	-	3	141	139	212	-
Total deferred inflows of resources	<u>-</u>	<u>26</u>	<u>19</u>	<u>144</u>	<u>157</u>	<u>217</u>	<u>-</u>
<b>FUND BALANCES</b>							
Nonspendable							
Inventories	358	-	-	-	-	-	-
Restricted:							
Road improvement	30,383	-	-	-	-	-	-
Fire services	-	3,705	-	-	-	-	-
Sewer maintenance	-	-	-	17,854	-	-	-
Flood control	-	-	-	-	17,420	-	-
Lighting maintenance	-	-	952	-	-	11,185	-
Highway and transportation improvement	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-
Emergency care	-	-	-	-	-	-	3,015
Garbage and fire protection	-	-	3,907	-	-	-	-
Miscellaneous purposes	-	-	112	-	-	-	-
Assigned	514	16	2,933	-	10	2	-
Total fund balances	<u>31,255</u>	<u>3,721</u>	<u>7,904</u>	<u>17,854</u>	<u>17,430</u>	<u>11,187</u>	<u>3,015</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,443</u>	<u>\$ 4,163</u>	<u>\$ 9,448</u>	<u>\$ 21,055</u>	<u>\$ 17,813</u>	<u>\$ 11,481</u>	<u>\$ 3,028</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2014**  
**(In Thousands)**

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	IHSS Public Authority	Other Special Revenue	Total	
\$ 2,588	\$ 3,624	\$ 8,053	\$ 1	\$ 731	\$ 111,397	<b>ASSETS</b>
						Cash and investments
						Receivables (net):
-	-	-	-	-	35	Accounts
4	6	12	4	1	169	Interest
-	-	-	-	6	976	Taxes
-	-	-	-	-	38	Other
-	-	2	-	-	716	Due from other funds
17	-	153	2,839	3	3,786	Due from other governmental agencies
-	-	-	-	-	358	Inventories
<u>\$ 2,609</u>	<u>\$ 3,630</u>	<u>\$ 8,220</u>	<u>\$ 2,844</u>	<u>\$ 741</u>	<u>\$ 117,475</u>	Total assets
						<b>LIABILITIES</b>
\$ 8	\$ -	\$ 44	\$ 104	\$ -	\$ 4,829	Accounts payable
3	-	24	15	-	260	Accrued salaries and benefits
-	-	2	1,967	-	1,990	Due to other funds
-	-	-	-	6	1,593	Unearned revenues
-	-	-	-	-	3	Deposits
<u>11</u>	<u>-</u>	<u>70</u>	<u>2,086</u>	<u>6</u>	<u>8,675</u>	Total liabilities
						<b>DEFERRED INFLOWS OF RESOURCES</b>
-	-	-	-	1	69	Unavailable revenue - property taxes
-	-	-	-	2	497	Unavailable revenue - others
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>566</u>	Total deferred inflows of resources
						<b>FUND BALANCES</b>
						Nonspendable
						Inventories
-	-	-	-	-	358	Restricted:
	3,630				34,013	Road improvement
					3,705	Fire services
					17,854	Sewer maintenance
					17,420	Flood control
					12,137	Lighting maintenance
2,598					2,598	Highway and transportation improvement
		8,150			8,150	Waste management
					3,015	Emergency care
					3,907	Garbage and fire protection
				730	842	Miscellaneous purposes
			758	2	4,235	Assigned
<u>2,598</u>	<u>3,630</u>	<u>8,150</u>	<u>758</u>	<u>732</u>	<u>108,234</u>	Total fund balances
<u>\$ 2,609</u>	<u>\$ 3,630</u>	<u>\$ 8,220</u>	<u>\$ 2,844</u>	<u>\$ 741</u>	<u>\$ 117,475</u>	Total liabilities, deferred inflows of resources, and fund balances

**COUNTY OF SAN MATEO**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
<b>Revenues</b>							
Taxes	\$ -	\$ 5,391	\$ 3,250	\$ 881	\$ 3,735	\$ 1,134	\$ -
Licenses and permits	165	-	123	-	-	-	-
Intergovernmental	23,886	1,738	19	5	28	4	-
Charges for services	1,463	324	1,480	13,241	-	90	-
Fines, forfeitures and penalties	-	-	-	-	-	-	2,281
Rents and concessions	60	31	-	-	4	-	-
Investment income	262	50	74	170	148	104	30
Other	343	43	135	159	190	119	104
<b>Total revenues</b>	<u>26,179</u>	<u>7,577</u>	<u>5,081</u>	<u>14,456</u>	<u>4,105</u>	<u>1,451</u>	<u>2,415</u>
<b>Expenditures</b>							
Current:							
General government	-	-	2,288	-	-	554	-
Public protection	-	6,257	1,750	-	490	-	-
Public ways and facilities	17,508	-	-	-	-	-	-
Health and sanitation	-	-	-	11,198	-	-	2,408
Public assistance	-	-	-	-	-	-	-
Capital outlay	6,420	-	4	1,800	-	36	-
<b>Total expenditures</b>	<u>23,928</u>	<u>6,257</u>	<u>4,042</u>	<u>12,998</u>	<u>490</u>	<u>590</u>	<u>2,408</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,251</u>	<u>1,320</u>	<u>1,039</u>	<u>1,458</u>	<u>3,615</u>	<u>861</u>	<u>7</u>
<b>Other financing sources (uses)</b>							
Transfers in	1,114	-	-	-	-	-	-
Transfers out	(3)	-	-	-	(1,512)	-	-
<b>Total other financing sources (uses)</b>	<u>1,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,512)</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>3,362</u>	<u>1,320</u>	<u>1,039</u>	<u>1,458</u>	<u>2,103</u>	<u>861</u>	<u>7</u>
Fund balances - beginning	<u>27,893</u>	<u>2,401</u>	<u>6,865</u>	<u>16,396</u>	<u>15,327</u>	<u>10,326</u>	<u>3,008</u>
Fund balances - end	<u>\$ 31,255</u>	<u>\$ 3,721</u>	<u>\$ 7,904</u>	<u>\$ 17,854</u>	<u>\$ 17,430</u>	<u>\$ 11,187</u>	<u>\$ 3,015</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, 2014**  
**(In Thousands)**

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	IHSS Public Authority	Other Special Revenue	Total	
\$ 2,236	\$ -	\$ -	\$ -	\$ 38	\$ 16,665	<b>Revenues</b>
-	-	2,564	-	-	2,852	Taxes
-	-	336	12,627	-	38,643	Licenses and permits
103	455	1,501	267	7	18,931	Intergovernmental
-	-	-	-	1	2,282	Charges for services
-	-	-	-	-	95	Fines, forfeitures and penalties
23	35	72	8	8	984	Rents and concessions
-	55	164	395	10	1,717	Investment income
<u>2,362</u>	<u>545</u>	<u>4,637</u>	<u>13,297</u>	<u>64</u>	<u>82,169</u>	Other
						Total revenues
-	-	-	-	-	2,842	<b>Expenditures</b>
-	-	-	-	11	8,508	Current:
1,401	1	-	-	-	18,910	General government
-	-	3,309	-	-	16,915	Public protection
-	-	-	15,513	50	15,563	Public ways and facilities
-	-	-	-	-	8,260	Health and sanitation
<u>1,401</u>	<u>1</u>	<u>3,309</u>	<u>15,513</u>	<u>61</u>	<u>70,998</u>	Public assistance
						Capital outlay
						Total expenditures
<u>961</u>	<u>544</u>	<u>1,328</u>	<u>(2,216)</u>	<u>3</u>	<u>11,171</u>	Excess (deficiency) of revenues over (under) expenditures
3	-	20	3,702	-	4,839	<b>Other financing sources (uses)</b>
(634)	(389)	(17)	-	-	(2,555)	Transfers in
<u>(631)</u>	<u>(389)</u>	<u>3</u>	<u>3,702</u>	<u>-</u>	<u>2,284</u>	Transfers out
						Total other financing sources (uses)
330	155	1,331	1,486	3	13,455	<b>Net change in fund balances</b>
<u>2,268</u>	<u>3,475</u>	<u>6,819</u>	<u>(728)</u>	<u>729</u>	<u>94,779</u>	Fund balances - beginning
<u>\$ 2,598</u>	<u>\$ 3,630</u>	<u>\$ 8,150</u>	<u>\$ 758</u>	<u>\$ 732</u>	<u>\$ 108,234</u>	Fund balances - end

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Road Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(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>	\$ 26,686	\$ 26,686	\$ -	\$ 25,746	\$ (940)
<b>Resources (inflows):</b>					
Licenses, permits and franchises	160	160	-	165	5
Use of money and property	277	277	-	322	45
Intergovernmental revenues	32,585	32,585	-	23,886	(8,699)
Charges for services	381	381	-	1,463	1,082
Interfund revenue	591	591	-	-	(591)
Miscellaneous revenue	170	170	-	343	173
Other financing sources	-	1,056	1,056	1,114	58
Amounts available for appropriation	34,164	35,220	1,056	27,293	(7,927)
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Salaries and benefits	9,722	9,757	35	9,051	706
Services and supplies	34,492	28,167	(6,325)	9,503	18,664
Other charges	1,468	1,465	(3)	915	550
Fixed assets	928	7,253	6,325	6,420	833
Other financing uses	-	3	3	3	-
Intrafund transfers	-	-	-	(1,961)	1,961
Contingencies	14,240	14,240	-	-	14,240
Non-general fund reserves	-	1,021	1,021	-	1,021
Total charges to appropriations	60,850	61,906	1,056	23,931	37,975
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 29,108	\$ 29,108

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 27,293
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes	(1,114)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 26,179

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 23,931
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(3)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 23,928

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Fire Protection Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(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>	\$ 2,398	\$ 2,398	\$ -	\$ 2,401	\$ 3
<b>Resources (inflows):</b>					
Taxes	4,847	4,847	-	5,391	544
Use of money and property	42	42	-	81	39
Intergovernmental revenues	1,730	1,730	-	1,738	8
Charges for services	290	290	-	324	34
Miscellaneous revenue	19	19	-	43	24
Amounts available for appropriation	<u>6,928</u>	<u>6,928</u>	<u>-</u>	<u>7,577</u>	<u>649</u>
<b>Charges to appropriations (outflows):</b>					
Public protection					
Services and supplies	7,041	7,041	-	6,257	784
Non-general fund reserves	<u>2,285</u>	<u>2,285</u>	<u>-</u>	<u>-</u>	<u>2,285</u>
Total charges to appropriations	<u>9,326</u>	<u>9,326</u>	<u>-</u>	<u>6,257</u>	<u>3,069</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,721</u>	<u>\$ 3,721</u>



**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Service Area Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(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>	\$ 7,190	\$ 7,212	\$ 22	\$ 6,865	\$ (347)
<b>Resources (inflows):</b>					
Taxes	3,016	3,016	-	3,250	234
Licenses, permits and franchises	103	103	-	123	20
Use of money and property	51	51	-	74	23
Intergovernmental revenues	19	19	-	19	-
Charges for services	1,483	1,483	-	1,480	(3)
Interfund revenue	150	150	-	-	(150)
Miscellaneous revenue	4	4	-	135	131
Amounts available for appropriation	<u>4,826</u>	<u>4,826</u>	<u>-</u>	<u>5,081</u>	<u>255</u>
<b>Charges to appropriations (outflows):</b>					
General government and public protection					
Services and supplies	4,795	4,795	-	3,838	957
Other charges	233	255	22	200	55
Fixed assets	-	-	-	4	(4)
Contingencies	4,591	4,591	-	-	4,591
Non-general fund reserves	2,397	2,397	-	-	2,397
Total charges to appropriations	<u>12,016</u>	<u>12,038</u>	<u>22</u>	<u>4,042</u>	<u>7,996</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,904</u>	<u>\$ 7,904</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Sewer and Sanitation Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(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>	\$ 16,456	\$ 16,915	\$ 459	\$ 16,396	\$ (519)
<b>Resources (inflows):</b>					
Taxes	547	547	-	881	334
Use of money and property	67	67	-	170	103
Intergovernmental revenues	3	3	-	5	2
Charges for services	10,784	10,784	-	13,241	2,457
Interfund revenue	1,220	9,940	8,720	-	(9,940)
Miscellaneous revenue	3	3	-	159	156
Other financing sources	121	121	-	-	(121)
Amounts available for appropriation	<u>12,745</u>	<u>21,465</u>	<u>8,720</u>	<u>14,456</u>	<u>(7,009)</u>
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	1,033	1,033	-	900	133
Services and supplies	13,722	13,722	-	9,379	4,343
Other charges	630	9,808	9,178	919	8,889
Fixed assets	6,634	6,634	-	1,800	4,834
Other financing uses	121	122	1	-	122
Intrafund transfers	(1,447)	(1,447)	-	-	(1,447)
Contingencies	8,508	8,508	-	-	8,508
Total charges to appropriations	<u>29,201</u>	<u>38,380</u>	<u>9,179</u>	<u>12,998</u>	<u>25,382</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,854</u>	<u>\$ 17,854</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Flood Control Zone Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 15,370	\$ 15,711	\$ 341	\$ 15,327	\$ (384)
<b>Resources (inflows):</b>					
Taxes	2,708	2,708	-	3,735	1,027
Use of money and property	84	84	-	152	68
Intergovernmental revenues	25	25	-	28	3
Miscellaneous revenue	-	-	-	190	190
Other financing sources	3,300	3,300	-	-	(3,300)
Amounts available for appropriation	<u>6,117</u>	<u>6,117</u>	<u>-</u>	<u>4,105</u>	<u>(2,012)</u>
<b>Charges to appropriations (outflows):</b>					
Public protection					
Services and supplies	2,301	2,301	-	326	1,975
Other charges	823	2,664	1,841	164	2,500
Fixed assets	1,500	-	(1,500)	-	-
Other financing uses	4,812	4,812	-	1,512	3,300
Contingencies	12,051	12,051	-	-	12,051
Total charges to appropriations	<u>21,487</u>	<u>21,828</u>	<u>341</u>	<u>2,002</u>	<u>19,826</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,430</u>	<u>\$ 17,430</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,002
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(1,512)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 490</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Lighting Districts Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(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>	\$ 10,360	\$ 10,395	\$ 35	\$ 10,326	\$ (69)
<b>Resources (inflows):</b>					
Taxes	674	674	-	1,134	460
Use of money and property	51	51	-	104	53
Intergovernmental revenues	4	4	-	4	-
Charges for services	-	-	-	90	90
Miscellaneous revenue	-	-	-	119	119
Amounts available for appropriation	<u>729</u>	<u>729</u>	<u>-</u>	<u>1,451</u>	<u>722</u>
<b>Charges to appropriations (outflows):</b>					
General government					
Services and supplies	1,040	1,040	-	554	486
Other changes	-	35	35	-	35
Fixed assets	435	435	-	36	399
Intrafund transfers	(109)	(109)	-	-	(109)
Contingencies	9,723	9,723	-	-	9,723
Total charges to appropriations	<u>11,089</u>	<u>11,124</u>	<u>35</u>	<u>590</u>	<u>10,534</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,187</u>	<u>\$ 11,187</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Emergency Medical Services Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(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>	\$ 3,019	\$ 3,019	\$ -	\$ 3,008	\$ (11)
<b>Resources (inflows):</b>					
Fines, forfeitures and penalties	2,431	2,431	-	2,281	(150)
Use of money and property	32	32	-	30	(2)
Miscellaneous revenue	52	52	-	104	52
Amounts available for appropriation	<u>2,515</u>	<u>2,515</u>	<u>-</u>	<u>2,415</u>	<u>(100)</u>
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Services and supplies	2,761	2,761	-	2,408	353
Non-general fund reserves	<u>2,773</u>	<u>2,773</u>	<u>-</u>	<u>-</u>	<u>2,773</u>
Total charges to appropriations	<u>5,534</u>	<u>5,534</u>	<u>-</u>	<u>2,408</u>	<u>3,126</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,015</u>	<u>\$ 3,015</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Half-Cent Transportation Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(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>	\$ 2,276	\$ 2,277	\$ 1	\$ 2,268	\$ (9)
<b>Resources (inflows):</b>					
Taxes	1,865	1,865	-	2,236	371
Use of money and property	-	-	-	23	23
Charges for services	75	75	-	103	28
Other financing sources	-	3	3	3	-
Amounts available for appropriation	<u>1,940</u>	<u>1,943</u>	<u>3</u>	<u>2,365</u>	<u>422</u>
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Salaries and benefits	192	195	3	164	31
Services and supplies	2,883	2,883	-	1,158	1,725
Other charges	1,141	506	(635)	79	427
Other financing uses	-	636	636	634	2
Total charges to appropriations	<u>4,216</u>	<u>4,220</u>	<u>4</u>	<u>2,035</u>	<u>2,185</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,598</u>	<u>\$ 2,598</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 2,365
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes	<u>(3)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 2,362</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,035
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(634)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 1,401</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County-Wide Road Improvement Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(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>	\$ 3,487	\$ 3,487	\$ -	\$ 3,475	\$ (12)
<b>Resources (inflows):</b>					
Use of money and property	25	25	-	35	10
Charges for services	262	262	-	455	193
Miscellaneous revenue	-	-	-	55	55
Amounts available for appropriation	<u>287</u>	<u>287</u>	<u>-</u>	<u>545</u>	<u>258</u>
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Services and supplies	287	287	-	1	286
Other charges	-	(389)	(389)	-	(389)
Other financing uses	-	389	389	389	-
Non-general fund reserves	3,487	3,487	-	-	3,487
Total charges to appropriations	<u>3,774</u>	<u>3,774</u>	<u>-</u>	<u>390</u>	<u>3,384</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,630</u>	<u>\$ 3,630</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 390
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(389)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 1</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Solid Waste Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(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>	\$ 6,843	\$ 6,844	\$ 1	\$ 6,819	\$ (25)
<b>Resources (inflows):</b>					
Licenses, permits and franchises	2,425	2,425	-	2,564	139
Fines, forfeitures & penalties	-	-	-	-	-
Use of money and property	31	31	-	72	41
Intergovernmental revenues	235	235	-	336	101
Charges for services	35	35	-	1,501	1,466
Interfund revenue	1,501	1,501	-	-	(1,501)
Miscellaneous revenue	-	-	-	164	164
Other financing sources	-	20	20	20	-
Amounts available for appropriation	<u>4,227</u>	<u>4,247</u>	<u>20</u>	<u>4,657</u>	<u>410</u>
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	1,374	1,395	21	1,101	294
Services and supplies	5,341	5,341	-	2,121	3,220
Other charges	110	81	(29)	87	(6)
Other financing uses	-	29	29	17	12
Contingencies	3,298	3,298	-	-	3,298
Non-general fund reserves	947	947	-	-	947
Total charges to appropriations	<u>11,070</u>	<u>11,091</u>	<u>21</u>	<u>3,326</u>	<u>7,765</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,150</u>	<u>\$ 8,150</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,657
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes	<u>(20)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 4,637</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,326
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(17)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 3,309</u>



**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**In-Home Supportive Services Public Authority Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(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>	\$ 862	\$ 862	\$ -	\$ (728)	\$ (1,590)
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	8	8
Intergovernmental revenues	13,584	13,584	-	12,627	(957)
Charges for services	3,970	3,970	-	267	(3,703)
Miscellaneous revenue	-	-	-	395	395
Other financing sources	-	-	-	3,702	3,702
Amounts available for appropriation	17,554	17,554	-	16,999	(555)
<b>Charges to appropriations (outflows):</b>					
Public assistance					
Salaries and benefits	695	695	-	524	171
Services and supplies	4,230	4,412	182	3,949	463
Other charges	12,629	12,447	(182)	11,040	1,407
Non-general fund reserves	862	862	-	-	862
Total charges to appropriations	18,416	18,416	-	15,513	2,903
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 758	\$ 758

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 16,999
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	\$ 13,297

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(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>	\$ 604	\$ 604	\$ -	\$ 89	\$ (515)
Resources (inflows):					
Taxes	29	29	-	38	9
Use of money and property	3	3	-	6	3
Charges for services	7	7	-	7	-
Miscellaneous revenue	-	-	-	6	6
Amounts available for appropriation	<u>39</u>	<u>39</u>	<u>-</u>	<u>57</u>	<u>18</u>
Charges to appropriations (outflows):					
Health and Sanitation					
Services and supplies	85	85	-	2	83
Contingencies	466	466	-	-	466
Non-general fund reserves	92	92	-	-	92
Total charges to appropriations	<u>643</u>	<u>643</u>	<u>-</u>	<u>2</u>	<u>641</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144</u>	<u>\$ 144</u>
<b><u>Fish and Game Fund</u></b>					
<b>Budgetary fund balance, July 1</b>	\$ 82	\$ 82	\$ -	\$ 81	\$ (1)
Resources (inflows):					
Fines, forfeitures, and penalties	1	1	-	1	-
Use of money and property	-	-	-	2	2
Miscellaneous Revenue	-	-	-	2	2
Amounts available for appropriation	<u>1</u>	<u>1</u>	<u>-</u>	<u>5</u>	<u>4</u>
Charges to appropriations (outflows):					
General government					
Services and supplies	68	68	-	10	58
Non-general fund reserves	15	15	-	-	15
Total charges to appropriations	<u>83</u>	<u>83</u>	<u>-</u>	<u>10</u>	<u>73</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ 76</u>
<b><u>Total - Other Special Revenue Funds</u></b>					
<b>Budgetary fund balance, July 1</b>	\$ 686	\$ 686	\$ -	\$ 170	\$ (516)
Resources (inflows)	40	40	-	62	22
Charges to appropriations (outflows)	<u>726</u>	<u>726</u>	<u>-</u>	<u>12</u>	<u>714</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 220</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 62
Differences - budget to GAAP:	
Receipts from other special revenue funds, not budgeted	<u>2</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u><u>\$ 64</u></u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 12
Differences - budget to GAAP:	
Disbursements from other special revenue funds, not budgeted	<u>49</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u><u>\$ 61</u></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, 2014**  
**(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>	\$ 17,479	\$ 17,479	\$ -	\$ 24,043	\$ 6,564
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	176	176
Interfund revenue	12,500	-	(12,500)	-	-
Miscellaneous revenue	-	-	-	333	333
Other financing sources	18,683	31,183	12,500	30,765	(418)
Amount available for appropriation	<u>31,183</u>	<u>31,183</u>	<u>-</u>	<u>31,274</u>	<u>91</u>
<b>Charges to appropriations (outflows):</b>					
Other charges	30,716	30,716	-	-	30,716
Other financing uses	-	-	-	30,313	(30,313)
Non-general fund reserves	17,946	17,946	-	-	17,946
Total charges to appropriations	<u>48,662</u>	<u>48,662</u>	<u>-</u>	<u>30,313</u>	<u>18,349</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,004</u>	<u>\$ 25,004</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 31,274
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(30,765)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ 509</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 30,313
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(30,313)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ -</u>

## COUNTY OF SAN MATEO

### Nonmajor Governmental Funds

#### Capital Projects Funds

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

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

*Accumulated Capital Outlay Fund* – accounts for appropriations for County capital improvement 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, 2014**  
**(In Thousands)**

	Parks Acquisition	Accumulated Capital Outlay	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
<b>ASSETS</b>						
Cash and investments	\$ 2,254	\$ 87,049	\$ 1,748	\$ 840	\$ 3,280	\$ 95,171
Accounts receivable	-	-	14	14	-	28
Interest receivable	3	1	3	1	-	8
Due from other governmental agencies	538	-	-	-	-	538
Total assets	<u>\$ 2,795</u>	<u>\$ 87,050</u>	<u>\$ 1,765</u>	<u>\$ 855</u>	<u>\$ 3,280</u>	<u>\$ 95,745</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 71	\$ -	\$ -	\$ -	\$ 944	\$ 1,015
Due to other funds	548	-	-	-	-	548
Unearned revenues	-	-	14	14	-	28
Total liabilities	<u>619</u>	<u>-</u>	<u>14</u>	<u>14</u>	<u>944</u>	<u>1,591</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - intergovernmental revenues	<u>106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106</u>
<b>FUND BALANCES</b>						
Restricted:						
Parks acquisition and development	2,070	-	-	-	-	2,070
Courthouse construction	-	-	-	841	-	841
Assigned	-	87,050	1,751	-	2,336	91,137
Total fund balances	<u>2,070</u>	<u>87,050</u>	<u>1,751</u>	<u>841</u>	<u>2,336</u>	<u>94,048</u>
Total liabilities, deferred inflows of resources, and fund	<u>\$ 2,795</u>	<u>\$ 87,050</u>	<u>\$ 1,765</u>	<u>\$ 855</u>	<u>\$ 3,280</u>	<u>\$ 95,745</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, 2014**  
**(In Thousands)**

	Parks Acquisition	Accumulated Capital Outlays	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 946	\$ 946
Intergovernmental	1,106	-	-	-	-	1,106
Charges for services	20	-	1,107	1,107	1	2,235
Investment income	24	(3)	19	8	20	68
Other	416	-	16	57	36	525
Total revenues	<u>1,566</u>	<u>(3)</u>	<u>1,142</u>	<u>1,172</u>	<u>1,003</u>	<u>4,880</u>
<b>Expenditures:</b>						
Capital outlay	<u>1,855</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>14,905</u>	<u>16,767</u>
Total expenditures	<u>1,855</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>14,905</u>	<u>16,767</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(289)</u>	<u>(3)</u>	<u>1,142</u>	<u>1,165</u>	<u>(13,902)</u>	<u>(11,887)</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	87,053	-	-	14,101	101,154
Transfers out	<u>(282)</u>	<u>-</u>	<u>(1,100)</u>	<u>(1,278)</u>	<u>-</u>	<u>(2,660)</u>
Total other financing sources (uses)	<u>(282)</u>	<u>87,053</u>	<u>(1,100)</u>	<u>(1,278)</u>	<u>14,101</u>	<u>98,494</u>
<b>Net change in fund balances</b>	<u>(571)</u>	<u>87,050</u>	<u>42</u>	<u>(113)</u>	<u>199</u>	<u>86,607</u>
Fund balances - beginning	<u>2,641</u>	<u>-</u>	<u>1,709</u>	<u>954</u>	<u>2,137</u>	<u>7,441</u>
Fund balances- end	<u>\$ 2,070</u>	<u>\$ 87,050</u>	<u>\$ 1,751</u>	<u>\$ 841</u>	<u>\$ 2,336</u>	<u>\$ 94,048</u>



**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Parks Acquisition Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(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>	\$ 2,650	\$ 2,650	\$ -	\$ 2,641	\$ (9)
<b>Resources (inflows):</b>					
Taxes	300	300	-	-	(300)
Use of money and property	20	20	-	24	4
Intergovernmental revenues	2,403	2,457	54	1,106	(1,351)
Charges for services	-	-	-	20	20
Interfund revenue	599	599	-	-	(599)
Miscellaneous revenue	688	741	53	416	(325)
Other financing sources	-	50	50	-	(50)
Amounts available for appropriation	<u>4,010</u>	<u>4,167</u>	<u>157</u>	<u>1,566</u>	<u>(2,601)</u>
<b>Charges to appropriations (outflows):</b>					
Services and supplies	1,228	1,385	157	311	1,074
Fixed assets	3,209	3,209	-	1,544	1,665
Other financing uses	1,233	1,233	-	282	951
Non-general fund reserves	990	990	-	-	990
Total charges to appropriations	<u>6,660</u>	<u>6,817</u>	<u>157</u>	<u>2,137</u>	<u>4,680</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,070</u>	<u>\$ 2,070</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,137
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(282)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 1,855</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Accumulated Capital Outlays Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(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>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	(3)	(3)
Other financing sources	-	-	-	87,053	87,053
Amounts available for appropriation	-	-	-	87,050	87,050
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,050</u>	<u>\$ 87,050</u>

\* The County reactivated the Accumulated Capital Outlays Fund in FY 2013-14 after the County Budget was adopted.

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 87,050
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(87,053)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ (3)</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Criminal Facility Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(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>	\$ 1,715	\$ 1,715	\$ -	\$ 1,709	\$ (6)
<b>Resources (inflows):</b>					
Use of money and property	12	12	-	19	7
Charges for services	1,050	1,050	-	1,107	57
Miscellaneous revenue	-	-	-	16	16
Amounts available for appropriation	<u>1,062</u>	<u>1,062</u>	<u>-</u>	<u>1,142</u>	<u>80</u>
<b>Charges to appropriations (outflows):</b>					
Other financing uses	1,100	1,100	-	1,100	-
Contingencies	86	86	-	-	86
Non-general fund reserves	<u>1,591</u>	<u>1,591</u>	<u>-</u>	<u>-</u>	<u>1,591</u>
Total charges to appropriations	<u>2,777</u>	<u>2,777</u>	<u>-</u>	<u>1,100</u>	<u>1,677</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,751</u>	<u>\$ 1,751</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, 2014**  
**(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>	\$ 957	\$ 957	\$ -	\$ 954	\$ (3)
<b>Resources (inflows):</b>					
Use of money and property	5	5	-	8	3
Charges for services	1,050	1,050	-	1,107	57
Miscellaneous revenue	-	-	-	57	57
Amounts available for appropriation	<u>1,055</u>	<u>1,055</u>	<u>-</u>	<u>1,172</u>	<u>117</u>
<b>Charges to appropriations (outflows):</b>					
Other charges	872	56	(816)	7	49
Other financing uses	462	1,278	816	1,278	-
Contingencies	28	28	-	-	28
Non-general fund reserves	<u>650</u>	<u>650</u>	<u>-</u>	<u>-</u>	<u>650</u>
Total charges to appropriations	<u>2,012</u>	<u>2,012</u>	<u>-</u>	<u>1,285</u>	<u>727</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 841</u>	<u>\$ 841</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,285
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(1,278)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 7</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2014**  
**(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>	\$ 2,634	\$ 2,632	\$ (2)	\$ 2,137	\$ (495)
<b>Resources (inflows):</b>					
Taxes	6,357	6,857	500	946	(5,911)
Use of money and property	-	-	-	20	20
Charges for services	-	-	-	1	1
Interfund revenues	960	-	(960)	-	-
Miscellaneous revenue	-	-	-	36	36
Other financing sources	131,531	133,735	2,204	14,101	(119,634)
Amounts available for appropriation	<u>138,848</u>	<u>140,592</u>	<u>1,744</u>	<u>15,104</u>	<u>(125,488)</u>
<b>Charges to appropriations (outflows):</b>					
Services and supplies	200	7,475	7,275	7,275	200
Other charges	-	7,033	7,033	-	7,033
Fixed assets	140,125	127,559	(12,566)	7,630	119,929
Contingencies	1,157	1,157	-	-	1,157
Total charges to appropriations	<u>141,482</u>	<u>143,224</u>	<u>1,742</u>	<u>14,905</u>	<u>128,319</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,336</u>	<u>\$ 2,336</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 15,104
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(14,101)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 1,003</u>



## Nonmajor Enterprise Funds

## COUNTY OF SAN MATEO

### **Nonmajor Enterprise Funds**

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

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

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

**COUNTY OF SAN MATEO**  
**Combining Statement of Fund Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2014**  
**(In Thousands)**

	Airports	Coyote Point Marina	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 60	\$ 439	\$ 499
Restricted cash and investments	843	-	843
Receivables (net):			
Accounts	32	31	63
Interest	1	-	1
Due from other funds	1	10	11
Due from other governmental agencies	41	173	214
Total current assets	978	653	1,631
Noncurrent assets:			
Net OPEB asset	185	119	304
Capital assets:			
Nondepreciable:			
Land	6,844	1,334	8,178
Construction in progress	551	2,158	2,709
Depreciable:			
Structures and improvements	29,044	13,047	42,091
Equipment	73	107	180
Less accumulated depreciation	(9,205)	(6,334)	(15,539)
Total capital assets	27,307	10,312	37,619
Total noncurrent assets	27,492	10,431	37,923
Total assets	28,470	11,084	39,554
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	76	3	79
Accrued interest payable	31	25	56
Accrued salaries and benefits	25	6	31
Due to other funds	6	183	189
Unearned revenues	26	-	26
Deposits	1	4	5
Notes payable - current	301	27	328
Compensated absences - current	50	12	62
Total current liabilities	516	260	776
Noncurrent liabilities:			
Notes payable - noncurrent	1,353	1,998	3,351
Compensated absences - noncurrent	36	18	54
Total noncurrent liabilities	1,389	2,016	3,405
Total liabilities	1,905	2,276	4,181
<b>NET POSITION</b>			
Net investment in capital assets	25,653	8,287	33,940
Restricted for airport management by FAA	843	-	843
Restricted for Fuel Dock 10 project	-	137	137
Unrestricted	69	384	453
Total net position	\$ 26,565	\$ 8,808	\$ 35,373



**COUNTY OF SAN MATEO**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services	\$ 30	\$ 951	\$ 981
Rent and concessions	2,682	26	2,708
Miscellaneous	74	1	75
Total operating revenues	<u>2,786</u>	<u>978</u>	<u>3,764</u>
<b>Operating expenses:</b>			
Salaries and benefits	1,121	295	1,416
General and administrative	1,084	196	1,280
Depreciation and amortization	580	262	842
Total operating expenses	<u>2,785</u>	<u>753</u>	<u>3,538</u>
Operating income	<u>1</u>	<u>225</u>	<u>226</u>
<b>Nonoperating expenses:</b>			
Recoveries from settlement	227	7	234
Investment income	6	3	9
Interest expense	<u>(87)</u>	<u>(27)</u>	<u>(114)</u>
Total nonoperating expenses	<u>146</u>	<u>(17)</u>	<u>129</u>
Income before capital contributions and transfers	147	208	355
Capital contributions	84	-	84
Transfers in	<u>26</u>	<u>3</u>	<u>29</u>
<b>Change in net position</b>	257	211	468
Net position - beginning	<u>26,308</u>	<u>8,597</u>	<u>34,905</u>
Net position - end	<u>\$ 26,565</u>	<u>\$ 8,808</u>	<u>\$ 35,373</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

	Airports	Coyote Point Marina	Total
<b>Cash flows from operating activities</b>			
Cash receipts from customers	\$ 2,784	\$ 970	\$ 3,754
Cash paid to suppliers of goods and services	(1,090)	(196)	(1,286)
Cash paid to employees for services	(1,120)	(292)	(1,412)
Net cash provided by operating activities	574	482	1,056
<b>Cash flows from noncapital financing activities</b>			
Transfers received from other funds	26	3	29
Net cash provided by noncapital financing activities	26	3	29
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	(221)	(1,950)	(2,171)
Capital contributions from other governments	84	-	84
Proceeds from long term borrowings	-	1,335	1,335
Principal paid on long-term liabilities	(287)	-	(287)
Interest paid on long-term liabilities	(92)	(27)	(119)
Net cash used in capital and related financing activities	(516)	(642)	(1,158)
<b>Cash flows from investing activities</b>			
Investment income received	6	4	10
Recoveries from settlement	227	7	234
Net cash provided by investing activities	233	11	244
Net increase (decrease) in cash and cash equivalents	317	(146)	171
Cash and cash equivalents, beginning	586	585	1,171
Cash and cash equivalents, end	\$ 903	\$ 439	\$ 1,342
<b>Financial statement presentation:</b>			
Cash and cash equivalents	\$ 60	\$ 439	\$ 499
Cash and equivalents - restricted	843	-	843
Cash and cash equivalents, end	\$ 903	\$ 439	\$ 1,342
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
<b>Operating income</b>	\$ 1	\$ 225	\$ 226
Adjustments to reconcile operating income to cash flows from operating activities:			
Depreciation	580	262	842
Decrease (increase) in:			
Accounts receivable	(18)	(9)	(27)
Due from other funds	11	(9)	2
Due from other governmental agencies	(24)	(173)	(197)
Net OPEB assets	(1)	-	(1)
Increase (decrease) in:			
Accounts payable	(6)	-	(6)
Accrued salaries and benefits	3	-	3
Due to other funds	6	183	189
Unearned revenues	22	-	22
Compensated absences	(1)	3	2
Refundable deposits	1	-	1
Net cash provided by operating activities	\$ 574	\$ 482	\$ 1,056



Internal Service Funds

## COUNTY OF SAN MATEO

### **Internal Service Funds**

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

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

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

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

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

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

**COUNTY OF SAN MATEO**  
**Combining Statement of Fund Net Position**  
**Internal Service Funds**  
**June 30, 2014**  
**(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	\$ 11,265	\$ 264	\$ 20,293	\$ 864	\$ 10,276	\$ 21,521	\$ 64,483
Receivables (net):							
Accounts	6	4	-	-	-	429	439
Interest	15	-	30	1	17	25	88
Due from other funds	2	65	-	-	-	-	67
Due from other governmental agencies	-	-	-	-	-	4,040	4,040
Inventories	89	-	-	-	-	-	89
Other assets	-	-	872	-	3,523	-	4,395
Total current assets	<u>11,377</u>	<u>333</u>	<u>21,195</u>	<u>865</u>	<u>13,816</u>	<u>26,015</u>	<u>73,601</u>
Noncurrent assets:							
Net OPEB asset	240	445	-	-	-	-	685
Capital assets:							
Nondepreciable:							
Construction in progress	196	-	-	-	-	-	196
Depreciable:							
Structures and improvements	1,171	-	-	-	-	-	1,171
Equipment	20,998	24	-	-	-	-	21,022
Software	9	-	-	-	-	-	9
Less accumulated depreciation	(19,223)	(24)	-	-	-	-	(19,247)
Total capital assets	<u>3,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,151</u>
Total noncurrent assets	<u>3,391</u>	<u>445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,836</u>
Total assets	<u>14,768</u>	<u>778</u>	<u>21,195</u>	<u>865</u>	<u>13,816</u>	<u>26,015</u>	<u>77,437</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	45	117	78	10	9	340	599
Accrued salaries and benefits	29	27	-	-	-	-	56
Due to other funds	387	1	-	-	-	-	388
Unearned revenues	-	-	113	-	63	-	176
Deposits	94	-	-	-	-	-	94
Compensated absences - current	55	72	-	-	-	-	127
Estimated claims - current	-	-	11,902	455	997	424	13,778
Total current liabilities	<u>610</u>	<u>217</u>	<u>12,093</u>	<u>465</u>	<u>1,069</u>	<u>764</u>	<u>15,218</u>
Noncurrent liabilities:							
Advances from other funds	-	1,361	-	-	-	-	1,361
Compensated absences - noncurrent	51	-	-	-	-	-	51
Estimated claims - noncurrent	-	-	31,908	1,951	1,094	-	34,953
Total noncurrent liabilities	<u>51</u>	<u>1,361</u>	<u>31,908</u>	<u>1,951</u>	<u>1,094</u>	<u>-</u>	<u>36,365</u>
Total liabilities	<u>661</u>	<u>1,578</u>	<u>44,001</u>	<u>2,416</u>	<u>2,163</u>	<u>764</u>	<u>51,583</u>
<b>NET POSITION</b>							
Net investment in capital assets	3,151	-	-	-	-	-	3,151
Unrestricted	10,956	(800)	(22,806)	(1,551)	11,653	25,251	22,703
Total net position	<u>\$ 14,107</u>	<u>\$ (800)</u>	<u>\$ (22,806)</u>	<u>\$ (1,551)</u>	<u>\$ 11,653</u>	<u>\$ 25,251</u>	<u>\$ 25,854</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

	Fleet Maintenance	Tower Road Construction	Workers' Compensation Insurance	Long-Term Disability	Personal Injury and Property Damage	Employee Benefits	Total
<b>Operating revenues:</b>							
Charges for services	\$ 6,625	\$ 1,652	\$ 12,616	\$ 843	\$ 6,252	\$ 100,614	\$ 128,602
Miscellaneous	133	19	288	100	46	131	717
Total operating revenues	<u>6,758</u>	<u>1,671</u>	<u>12,904</u>	<u>943</u>	<u>6,298</u>	<u>100,745</u>	<u>129,319</u>
<b>Operating expenses:</b>							
Salaries and benefits	1,323	1,273	-	-	-	-	2,596
General and administrative	3,104	424	2,685	-	2,047	3,205	11,465
Benefits and claims	-	-	13,958	37	841	5,192	20,028
Insurance premiums	-	-	1,186	-	2,236	90,249	93,671
Depreciation	1,231	-	-	-	-	-	1,231
Total operating expenses	<u>5,658</u>	<u>1,697</u>	<u>17,829</u>	<u>37</u>	<u>5,124</u>	<u>98,646</u>	<u>128,991</u>
Operating income (loss)	<u>1,100</u>	<u>(26)</u>	<u>(4,925)</u>	<u>906</u>	<u>1,174</u>	<u>2,099</u>	<u>328</u>
<b>Nonoperating expenses</b>							
Recoveries from settlement	87	-	357	17	27	213	701
Investment income	90	1	204	5	98	183	581
Total nonoperating expenses	<u>177</u>	<u>1</u>	<u>561</u>	<u>22</u>	<u>125</u>	<u>396</u>	<u>1,282</u>
Income (loss) before transfers	1,277	(25)	(4,364)	928	1,299	2,495	1,610
Transfers in	279	17	-	-	-	-	296
Transfers out	<u>(6)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>(21)</u>	<u>-</u>	<u>(29)</u>
<b>Change in net position</b>	1,550	(10)	(4,364)	928	1,278	2,495	1,877
Net position - beginning	<u>12,557</u>	<u>(790)</u>	<u>(18,442)</u>	<u>(2,479)</u>	<u>10,375</u>	<u>22,756</u>	<u>23,977</u>
Net position - end	<u>\$ 14,107</u>	<u>\$ (800)</u>	<u>\$ (22,806)</u>	<u>\$ (1,551)</u>	<u>\$ 11,653</u>	<u>\$ 25,251</u>	<u>\$ 25,854</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

	Fleet Maintenance	Tower Construction	Workers' Compensation Insurance
<b>Cash flows from operating activities</b>			
Cash received from interfund services provided	\$ 7,260	\$ 1,696	\$ 12,823
Cash payment to suppliers of goods and services	(2,897)	(343)	(4,147)
Cash payment to employees for services	(1,308)	(1,270)	-
Cash payment for judgments and claims	-	-	(11,533)
Net cash provided by (used in) operating activities	<u>3,055</u>	<u>83</u>	<u>(2,857)</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers received from other funds	279	17	-
Transfers paid to other funds	(6)	(2)	-
Net cash provided by (used in) noncapital financing activities	<u>273</u>	<u>15</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	(1,298)	-	-
Net cash used in capital and related financing activities	<u>(1,298)</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>			
Investment income received	88	1	207
Recoveries from settlement	87	-	357
Net cash provided by investing activities	<u>175</u>	<u>1</u>	<u>564</u>
Net increase (decrease) in cash and cash equivalents	2,205	99	(2,293)
Cash and cash equivalents, beginning	9,060	165	22,586
Cash and cash equivalents, end	<u>\$ 11,265</u>	<u>\$ 264</u>	<u>\$ 20,293</u>
<b>Financial statement presentation:</b>			
Cash and cash equivalents	<u>\$ 11,265</u>	<u>\$ 264</u>	<u>\$ 20,293</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
<b>Operating income (loss)</b>	\$ 1,100	\$ (26)	\$ (4,925)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,231	-	-
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	(1)	7	-
Due from other funds	503	18	25
Due from other government agencies	-	-	-
Inventories	48	-	-
Net OPEB assets	(1)	(1)	-
Other assets	-	-	(106)
Increase (decrease) in:			
Accounts payable	(227)	106	(101)
Accrued salaries and benefits	7	5	-
Due to other funds	386	(8)	(175)
Unearned revenues	-	(17)	-
Compensated absences	9	(1)	-
Estimated claims	-	-	2,425
Net cash provided by (used in) operating activities	<u>\$ 3,055</u>	<u>\$ 83</u>	<u>\$ (2,857)</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

Long-Term Disability	Personal Injury and Property Damage	Employee Benefits	Total	
\$ 943	\$ 5,743	\$ 98,312	\$ 126,777	<b>Cash flows from operating activities</b>
(4)	(5,806)	(93,851)	(107,048)	Cash received from interfund services provided
-	-	-	(2,578)	Cash payment to suppliers of goods and services
(529)	(574)	(5,179)	(17,815)	Cash payment to employees for services
410	(637)	(718)	(664)	Cash payment for judgments and claims
				Net cash provided by (used in) operating activities
				<b>Cash flows from noncapital financing activities</b>
-	-	-	296	Transfers received from other funds
-	(21)	-	(29)	Transfers paid to other funds
-	(21)	-	267	Net cash provided by (used in) noncapital financing activities
				<b>Cash flows from capital and related financing activities</b>
-	-	-	(1,298)	Acquisition of capital assets
-	-	-	(1,298)	Net cash used in capital and related financing activities
				<b>Cash flows from investing activities</b>
4	98	185	583	Investment income received
17	27	213	701	Recoveries from settlement
21	125	398	1,284	Net cash provided by investing activities
431	(533)	(320)	(411)	Net increase (decrease) in cash and cash equivalents
433	10,809	21,841	64,894	Cash and cash equivalents, beginning
<u>\$ 864</u>	<u>\$ 10,276</u>	<u>\$ 21,521</u>	<u>\$ 64,483</u>	Cash and cash equivalents, end
				<b>Financial statement presentation:</b>
<u>\$ 864</u>	<u>\$ 10,276</u>	<u>\$ 21,521</u>	<u>\$ 64,483</u>	Cash and cash equivalents
				<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>
\$ 906	\$ 1,174	\$ 2,099	\$ 328	<b>Operating income (loss)</b>
				Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:
-	-	-	1,231	Depreciation
				Changes in operating assets and liabilities:
				Decrease (increase) in:
-	-	(429)	(423)	Accounts receivable
-	-	-	546	Due from other funds
-	-	(2,004)	(2,004)	Due from other government agencies
-	-	-	48	Inventories
-	-	-	(2)	Net OPEB assets
-	(555)	-	(661)	Other assets
				Increase (decrease) in:
(4)	(1,354)	(128)	(1,708)	Accounts payable
-	-	-	12	Accrued salaries and benefits
-	(169)	(269)	(235)	Due to other funds
-	-	-	(17)	Unearned revenues
-	-	-	8	Compensated absences
(492)	267	13	2,213	Estimated claims
<u>\$ 410</u>	<u>\$ (637)</u>	<u>\$ (718)</u>	<u>\$ (664)</u>	Net cash provided by (used in) operating activities





Fiduciary Funds

## COUNTY OF SAN MATEO

### Fiduciary Funds

#### Trust Funds

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

#### Agency Funds

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

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

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

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

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

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

**COUNTY OF SAN MATEO**  
**Combining Statement of Fiduciary Net Position**  
**Investment Trust Funds**  
**June 30, 2014**  
**(In Thousands)**

	<b>External Investment Pool</b>			<b>Total</b>
	Special Districts under <u>Local Board</u>	School Districts	Other Investment Trust	
<b>ASSETS</b>				
Cash and investments	\$ 213,014	\$ 1,157,149	\$ 654,914	\$ 2,025,077
Interest receivable	329	1,819	1,124	3,272
Due from other governmental agencies	5,179	-	5,851	11,030
Other assets	137	2	-	139
Total assets	<u>218,659</u>	<u>1,158,970</u>	<u>661,889</u>	<u>2,039,518</u>
<b>LIABILITIES</b>				
Accounts payable	356	-	1,236	1,592
Due to other governmental agencies	-	650	1,696	2,346
Other liabilities	4,829	-	1,703	6,532
Total liabilities	<u>5,185</u>	<u>650</u>	<u>4,635</u>	<u>10,470</u>
<b>NET POSITION</b>				
Net position held in trust for investment pool participants	<u>\$ 213,474</u>	<u>\$ 1,158,320</u>	<u>\$ 657,254</u>	<u>\$ 2,029,048</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Investment Trust Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(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	\$ 324,383	\$ 2,596,797	\$ 430,157	\$ 3,351,337
Net investment income:				
Net appreciation (depreciation) in fair value of investments	660	3,917	(3,380)	1,197
Investment income	1,281	6,879	71,271	79,431
Total net investment income	1,941	10,796	67,891	80,628
Total additions	326,324	2,607,593	498,048	3,431,965
<b>DEDUCTIONS</b>				
Distribution from investment pool	306,076	2,580,513	468,602	3,355,191
<b>Change in net position</b>	20,248	27,080	29,446	76,774
Net position - beginning	193,226	1,131,240	627,808	1,952,274
Net position - end	\$ 213,474	\$ 1,158,320	\$ 657,254	\$ 2,029,048

**COUNTY OF SAN MATEO**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

	Balance July 1, 2013	Addition	Deletion	Balance June 30, 2014
<b><u>COUNTY LIBRARY</u></b>				
Assets:				
Cash and investments	\$ 18,248	\$ 28,991	\$ 23,947	\$ 23,292
Interest receivable	23	29	23	29
Taxes receivable, net	1,233	47	-	1,280
Due from other governmental agencies	1,636	1,669	1,636	1,669
Other assets	3,062	2,194	1,942	3,314
Total assets	<u>\$ 24,202</u>	<u>\$ 32,930</u>	<u>\$ 27,548</u>	<u>\$ 29,584</u>
Liabilities:				
Fiduciary liabilities	\$ 24,202	\$ 59,140	\$ 53,758	\$ 29,584
Total liabilities	<u>\$ 24,202</u>	<u>\$ 59,140</u>	<u>\$ 53,758</u>	<u>\$ 29,584</u>
<b><u>UNAPPORTIONED TAXES</u></b>				
Assets:				
Cash and investments	\$ 121,068	\$ 3,586,142	\$ 3,584,203	\$ 123,007
Interest receivable	154	146	155	145
Due from other governmental agencies	1,645	4,258	1,645	4,258
Other assets	68	-	68	-
Total assets	<u>\$ 122,935</u>	<u>\$ 3,590,546</u>	<u>\$ 3,586,071</u>	<u>\$ 127,410</u>
Liabilities:				
Due to other governmental agencies	\$ 73,088	\$ 2,220	\$ -	\$ 75,308
Fiduciary liabilities	49,847	4,655,261	4,653,006	52,102
Total liabilities	<u>\$ 122,935</u>	<u>\$ 4,657,481</u>	<u>\$ 4,653,006</u>	<u>\$ 127,410</u>
<b><u>TRIAL COURTS OPERATION</u></b>				
Assets:				
Cash and investments	\$ 1,687	\$ 30,356	\$ 31,620	\$ 423
Interest receivable	3	2	4	1
Other assets	1,111	-	2	1,109
Total assets	<u>\$ 2,801</u>	<u>\$ 30,358</u>	<u>\$ 31,626</u>	<u>\$ 1,533</u>
Liabilities:				
Fiduciary liabilities	\$ 2,801	\$ 62,431	\$ 63,699	\$ 1,533
Total liabilities	<u>\$ 2,801</u>	<u>\$ 62,431</u>	<u>\$ 63,699</u>	<u>\$ 1,533</u>
<b><u>PUBLIC ADMINISTRATOR</u></b>				
Assets:				
Cash and investments	\$ 18,708	\$ 23,759	\$ 19,349	\$ 23,118
Interest receivable	-	55	55	-
Other assets	7,280	4,847	5,327	6,800
Total assets	<u>\$ 25,988</u>	<u>\$ 28,661</u>	<u>\$ 24,731</u>	<u>\$ 29,918</u>
Liabilities:				
Due to other governmental agencies	\$ -	\$ 22	\$ -	\$ 22
Fiduciary liabilities	25,988	19,715	15,807	29,896
Total liabilities	<u>\$ 25,988</u>	<u>\$ 19,737</u>	<u>\$ 15,807</u>	<u>\$ 29,918</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2014**  
**(In Thousands)**

	Balance July 1, 2013	Addition	Deletion	Balance June 30, 2014
<b><u>PUBLIC GUARDIAN</u></b>				
Assets:				
Cash and investments	\$ 19,876	\$ 38,381	\$ 37,520	\$ 20,737
Interest receivable	32	41	47	26
Other assets	32,523	935	4,680	28,778
Total assets	<u>\$ 52,431</u>	<u>\$ 39,357</u>	<u>\$ 42,247</u>	<u>\$ 49,541</u>
Liabilities:				
Due to other governmental agencies	\$ 1,007	\$ 992	\$ 1,007	\$ 992
Fiduciary liabilities	51,424	46,459	49,334	48,549
Total liabilities	<u>\$ 52,431</u>	<u>\$ 47,451</u>	<u>\$ 50,341</u>	<u>\$ 49,541</u>
<b><u>OTHER AGENCY</u></b>				
Assets:				
Cash and investments	\$ 132,332	\$ 5,671,759	\$ 5,650,708	\$ 153,383
Interest receivable	257	328	329	256
Taxes receivable, net	122,561	128,536	129,191	121,906
Due from other governmental agencies	15,042	16,620	15,033	16,629
Other assets	7,788	1,704	7,772	1,720
Total assets	<u>\$ 277,980</u>	<u>\$ 5,818,947</u>	<u>\$ 5,803,033</u>	<u>\$ 293,894</u>
Liabilities:				
Due to other governmental agencies	\$ 387	\$ 1,165	\$ 87	\$ 1,465
Fiduciary liabilities	277,593	5,974,970	5,960,134	292,429
Total liabilities	<u>\$ 277,980</u>	<u>\$ 5,976,135</u>	<u>\$ 5,960,221</u>	<u>\$ 293,894</u>
<b><u>TOTALS</u></b>				
Assets:				
Cash and investments	\$ 311,919	\$ 9,379,388	\$ 9,347,347	\$ 343,960
Receivables:				
Interest	469	601	613	457
Taxes, net	123,794	128,583	129,191	123,186
Due from other governmental agencies	18,323	22,547	18,314	22,556
Other assets	51,832	9,680	19,791	41,721
Total assets	<u>\$ 506,337</u>	<u>\$ 9,540,799</u>	<u>\$ 9,515,256</u>	<u>\$ 531,880</u>
Liabilities:				
Due to other governmental agencies	\$ 74,482	\$ 4,399	\$ 1,094	\$ 77,787
Fiduciary liabilities	431,855	10,817,976	10,795,738	454,093
Total liabilities	<u>\$ 506,337</u>	<u>\$ 10,822,375</u>	<u>\$ 10,796,832</u>	<u>\$ 531,880</u>



**STATISTICAL SECTION**  
**(Unaudited)**

# COUNTY OF SAN MATEO

## Statistical Section

This part of the County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

### **Financial Trends**

This segment contains trend information to help the reader understand how the County's financial performance and has changed over time.

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Economic and Demographic Information**

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

### **Operating Information**

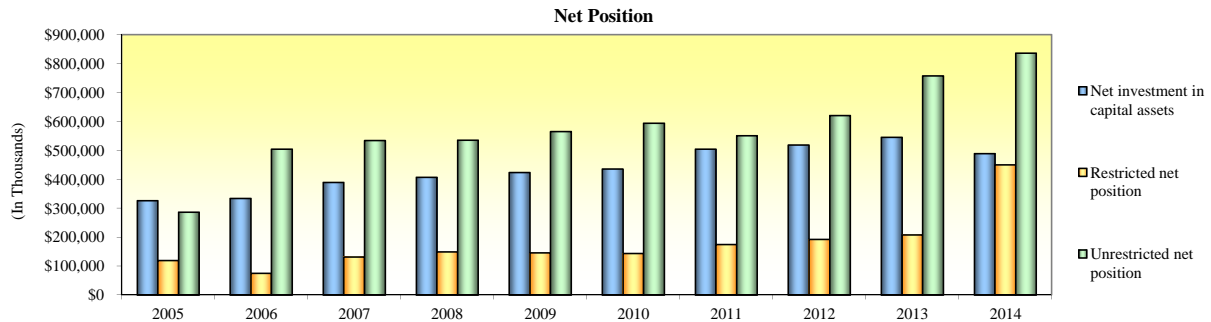
This segment displays service and capital asset data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

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



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

	As of June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental Activities</b>										
Net investment in capital assets <sup>1</sup>	\$ 287,265	\$ 292,983	\$ 342,916	\$ 360,632	\$ 375,392	\$ 381,801	\$ 449,235	\$ 459,511	\$ 482,077	\$ 418,671
Restricted for:										
Government programs <sup>3</sup>	60,012	68,414	91,179	102,966	82,421	99,319	108,657	126,227	143,399	247,541
Capital projects	-	4,574	-	-	6,315	3,231	3,718	3,675	3,595	5,977
Debt service	58,217	65	40,248	38,158	46,504	40,605	61,056	60,863	60,726	195,628
Unrestricted	302,777	514,597	525,709	503,969	511,196	538,887	481,004	550,999	679,125	756,305
Subtotal governmental activities net position	708,271	880,633	1,000,052	1,005,725	1,021,828 <sup>5</sup>	1,063,843	1,103,670	1,201,275	1,368,922	1,624,122
<b>Business-type Activities</b>										
Net investment in capital assets	38,771	41,223	46,614	47,003	47,946	53,559	54,851	58,904	63,516	70,560
Restricted for:										
Housing assistance programs	1,127	1,506	167	7,595	10,263	444	1,095	1,886	-	-
Airport management by FAA	-	-	-	-	-	-	-	-	-	843
Fuel Dock 10 project	-	-	-	-	-	-	-	-	524	137
Unrestricted (Deficit)	(16,007)	(9,901)	8,107	31,759	53,741	55,625	69,588	69,816	78,690	79,936
Subtotal business-type activities net position	23,891	32,828	54,888	86,357	111,950	109,628	125,534	130,606	142,730	151,476
<b>Primary Government</b>										
Net investment in capital assets	326,036	334,206	389,530	407,635	423,338	435,360	504,086	518,415	545,593	489,231
Restricted for:										
Governmental programs	60,012	68,414	91,179	102,966	82,421	99,319	108,657	126,227	143,399	247,541
Capital projects	-	4,574	-	-	6,315	3,231	3,718	3,675	3,595	5,977
Debt service	58,217	65	40,248	38,158	46,504	40,605	61,056	60,863	60,726	195,628
Housing assistance programs	1,127	1,506	167	7,595	10,263	444	1,095	1,886	-	-
Airport management by FAA	-	-	-	-	-	-	-	-	524	843
Fuel Dock 10 project	-	-	-	-	-	-	-	-	-	137
Total restricted	119,356	74,559	131,594	148,719	145,503	143,599	174,526	192,651	208,244	450,126
Unrestricted	286,770	504,696	533,816 <sup>4</sup>	535,728	564,937	594,512	550,592	620,815	757,815	836,241
Total primary government net position <sup>2</sup>	\$ 732,162	\$ 913,461	\$ 1,054,940	\$ 1,092,082	\$ 1,133,778	\$ 1,173,471	\$ 1,229,204	\$ 1,331,881	\$ 1,511,652	\$ 1,775,598
Percent of increase (decrease) in primary government net position	15.51%	24.76%	15.49%	3.52%	3.82%	3.50%	4.75%	8.35%	13.50%	17.46%



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

Notes:

<sup>1</sup> Capital assets include land, easements, infrastructure, construction in progress, structures & improvements, equipment, and software.

<sup>2</sup> Accounting standards require that net position be reported in three components in the government-wide financial statements: net investment in capital assets, restricted, and unrestricted. Net position is considered restricted only when an external party, such as the state or federal government, places a restriction on how the resources may be used, or through enabling legislation enacted by the County.

<sup>3</sup> Net position is restricted for specific purposes as indicated on the Statement of Net Position.

<sup>4</sup> Substantial increase in net position for governmental and business-type activities is partially due to reporting postemployment healthcare benefits under GASB Statement No. 45 instead of GASB Statement No. 16.

<sup>5</sup> The FY2008-09's total primary government net position was restated to conform to the "retroactive adjustment" requirements under GASB Statement No. 53.

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

	<b>Fiscal Year Ended June 30,</b>									
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013*</b>	<b>2014</b>
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 60,798	\$ 68,175	\$ 67,730	\$ 65,188	\$ 84,171	\$ 71,316	\$ 68,325	\$ 78,215	\$ 78,988	\$ 108,980
Public protection	243,797	253,800	277,542	294,239	297,357	308,208	329,087	330,062	337,059	353,458
Public ways and facilities	19,938	19,701	18,617	20,312	27,453	18,771	19,089	19,358	20,248	19,419
Health and sanitation	170,679	173,311	200,441	235,782	241,519	229,477	214,952	221,129	228,050	246,652
Public assistance	184,150	195,258	151,594	201,221	195,507	201,823	207,316	199,789	201,087	221,761
Education	151	142	-	-	-	-	-	-	-	-
Recreation	7,401	8,032	8,302	8,839	8,704	9,316	9,608	8,538	8,621	10,420
Interest on long-term debt	19,019	19,459	19,244	20,126	19,677	15,829	18,185	16,841	16,292	16,351
Total governmental activities expenses	<u>705,933</u>	<u>737,878</u>	<u>743,470</u>	<u>845,707</u>	<u>874,388</u>	<u>854,740</u>	<u>866,562</u>	<u>873,932</u>	<u>890,345</u>	<u>977,041</u>
<b>Business-type activities:</b>										
San Mateo Medical Center	178,500	188,920	207,729	221,318	225,876	232,530	241,028	251,626	234,736	244,015
Airports	1,654	1,753	2,146	2,482	2,427	2,879	2,598	2,763	2,841	2,877
Coyote Point Marina	1,045	1,330	1,252	1,403	1,271	1,143	1,067	1,066	826	790
Housing Authority	69,899	64,615	59,509	58,947	63,029	65,919	68,728	70,553	70,578	71,052
Total business-type activities expenses	<u>251,098</u>	<u>256,618</u>	<u>270,636</u>	<u>284,150</u>	<u>292,603</u>	<u>302,471</u>	<u>313,421</u>	<u>326,008</u>	<u>308,981</u>	<u>318,734</u>
Total primary government expenses	<u>\$ 957,031</u>	<u>\$ 994,496</u>	<u>\$ 1,014,106</u>	<u>\$ 1,129,857</u>	<u>\$ 1,166,991</u>	<u>\$ 1,157,211</u>	<u>\$ 1,179,983</u>	<u>\$ 1,199,940</u>	<u>\$ 1,199,326</u>	<u>\$ 1,295,775</u>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services										
General government	\$ 33,089	\$ 31,903	\$ 28,864	\$ 21,505	\$ 41,007	\$ 28,104	\$ 29,180	\$ 29,011	\$ 33,015	\$ 33,588
Public protection	30,603	29,831	30,864	28,849	29,314	32,776	36,881	35,478	35,822	34,680
Public ways and facilities	3,544	3,451	2,968	4,281	6,149	3,318	3,808	2,123	2,432	2,246
Health and sanitation	47,634	49,094	53,143	62,959	71,051	71,795	62,483	74,523	72,773	73,499
Public assistance	4,297	7,160	6,750	5,083	4,254	4,374	4,922	4,605	4,273	5,085
Recreation	1,262	1,266	1,364	1,450	1,791	2,054	1,641	2,253	2,028	1,983
Operating grants and contributions **	382,115	392,847	414,761	408,626	385,104	379,714	408,092	446,884	483,718	481,941
Capital grants and contributions	10,130	13,068	1,769	750	-	-	-	-	907	-
Total governmental activities program revenues	<u>512,674</u>	<u>528,620</u>	<u>540,483</u>	<u>533,503</u>	<u>538,670</u>	<u>522,135</u>	<u>547,007</u>	<u>594,877</u>	<u>634,968</u>	<u>633,022</u>
<b>Business-type activities:</b>										
Charges for services										
San Mateo Medical Center	112,751	123,695	110,826	104,927	126,039	131,370	121,074	124,285	173,494	183,861
Airports	1,888	1,904	2,077	2,236	2,503	2,609	2,771	2,589	2,505	2,712
Coyote Point Marina	1,101	1,192	1,165	1,137	1,108	1,064	1,132	1,198	1,000	977
Housing Authority	1,979	1,932	1,727	1,890	1,979	2,002	2,196	3,586	3,647	3,402
Operating grants and contributions	75,310	73,128	103,700	106,474	107,735	96,936	138,510	138,170	66,128	70,400
Capital grants and contributions	8,618	5,385	8,357	5,398	4,805	4,579	4,514	5,939	5,607	6,623
Total business-type activities program revenues	<u>201,647</u>	<u>207,236</u>	<u>227,852</u>	<u>222,062</u>	<u>244,169</u>	<u>238,560</u>	<u>270,197</u>	<u>275,767</u>	<u>252,381</u>	<u>267,975</u>
Total primary government program revenues	<u>\$ 714,321</u>	<u>\$ 735,856</u>	<u>\$ 768,335</u>	<u>\$ 755,565</u>	<u>\$ 782,839</u>	<u>\$ 760,695</u>	<u>\$ 817,204</u>	<u>\$ 870,644</u>	<u>\$ 887,349</u>	<u>\$ 900,997</u>
<b>Net Expense <sup>1</sup></b>										
Governmental activities	\$ (193,259)	\$ (209,258)	\$ (202,987)	\$ (312,204)	\$ (335,718)	\$ (332,605)	\$ (319,555)	\$ (279,055)	\$ (255,377)	\$ (344,019)
Business-type activities	(49,451)	(49,382)	(42,784)	(62,088)	(48,434)	(63,911)	(43,224)	(50,241)	(56,600)	(50,759)
Total primary government net expenses	<u>\$ (242,710)</u>	<u>\$ (258,640)</u>	<u>\$ (245,771)</u>	<u>\$ (374,292)</u>	<u>\$ (384,152)</u>	<u>\$ (396,516)</u>	<u>\$ (362,779)</u>	<u>\$ (329,296)</u>	<u>\$ (311,977)</u>	<u>\$ (394,778)</u>

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

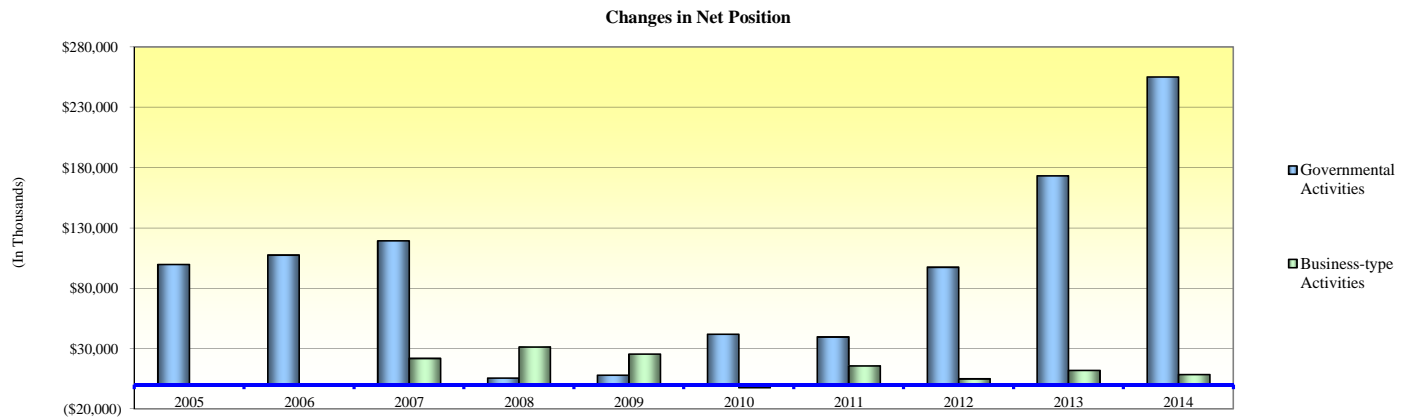
Notes:  
\* Reclassifications were made to the FY 2012-13 data to conform with the current year presentation.  
\*\* In prior years pass-through payments from redevelopment agencies were reported as part of the property tax revenues. Starting FY 2011-12 these payments were reported under "intergovernmental revenues" as operating grants.

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

(Continued)

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

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013*	2014
<b>General Revenues and Other Changes in Net Position</b>										
<u>Governmental activities:</u>										
Taxes:										
Property taxes	\$ 218,188	\$ 298,368	\$ 295,134	\$ 326,757	\$ 370,695	\$ 372,312	\$ 356,011	\$ 360,310	\$ 403,021	\$ 430,981
Property transfer taxes	8,111	8,487	8,192	6,011	3,842	4,829	5,018	5,651	6,725	8,747
Sales and use taxes	16,061	12,986	13,544	14,896	16,479	14,579	16,395	18,869	35,687	95,357
Property tax in-lieu of sales taxes	-	3,878	4,164	4,569	4,880	4,372	4,772	5,560	6,247	5,726
Transient occupancy taxes	815	839	842	667	1,016	966	928	1,221	1,172	1,519
Aircraft taxes	814	821	1,287	1,680	1,517	1,631	857	1,091	1,576	1,399
Vehicle rental business license tax	-	-	-	-	-	-	-	-	7,907	12,254
Other taxes	2	5	4	23	13	75	43	2	-	-
Motor vehicle in-lieu taxes	58,033	-	-	-	-	-	-	-	-	-
Unrestricted interest and investment earnings	20,369	19,059	40,750	31,473	(641) <sup>4</sup>	11,916	10,008	10,602	3,863	11,861
Securities lending activities:										
Securities lending income	1,895	3,689	4,245	2,750	375	47	34	-	-	-
Securities lending expenses	(1,761)	(3,569)	(4,139)	(2,362)	(291)	(38)	(29)	-	-	-
Miscellaneous	20,707	21,680	20,301	21,123	25,564	22,599	20,873	24,483	31,100	39,880
Special items	-	-	-	-	(8,139)	-	-	-	-	45,283
Transfers	(50,022)	(49,291)	(61,918)	(89,710)	(71,397)	(58,668)	(55,528)	(51,129)	(68,570)	(53,788)
Total governmental activities	293,212	316,952	322,406	317,877	343,913	374,620	359,382	376,660	428,728	599,219
<u>Business-type activities:</u>										
Unrestricted interest and investment earnings	258	286	626	890	(524)	235	279	372	173	170
Securities lending activities:										
Securities lending income	30	83	139	133	26	3	2	-	-	-
Securities lending expenses	(27)	(80)	(137)	(115)	(21)	(2)	(2)	-	-	-
Miscellaneous	-	-	2,298	2,939	3,149	2,685	3,323	3,812	2,787	5,547
Special item	-	-	-	-	-	-	-	-	(2,806)	-
Transfers	50,022	49,291	61,918	89,710	71,397	58,668	55,528	51,129	68,570	53,788
Total business-type activities	50,283	49,580	64,844	93,557	74,027	61,589	59,130	55,313	68,724	59,505
Total primary government	\$ 343,495	\$ 366,532	\$ 387,250	\$ 411,434	\$ 417,940	\$ 436,209	\$ 418,512	\$ 431,973	\$ 497,452	\$ 658,724
<b>Change in Net Position</b>										
Governmental activities	\$ 99,953	\$ 107,694	\$ 119,419	\$ 5,673	\$ 8,195	\$ 42,015	\$ 39,827	\$ 97,605	\$ 173,351	\$ 255,200
Business-type activities	832	198	22,060	31,469	25,593	(2,322)	15,906	5,072	12,124	8,746
Total primary government	\$ 100,785	\$ 107,892	\$ 141,479	\$ 37,142	\$ 33,788	\$ 39,693	\$ 55,733	\$ 102,677	\$ 185,475	\$ 263,946



Notes:

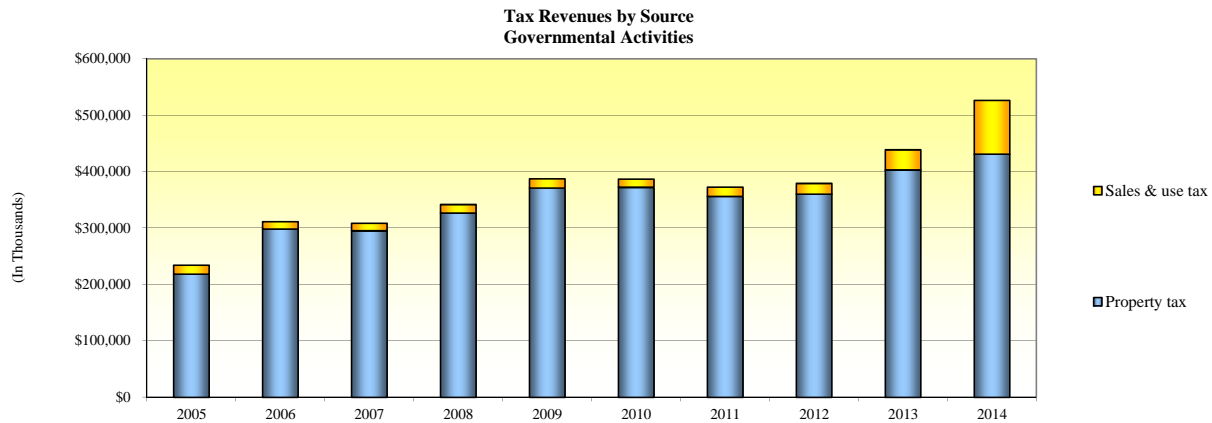
<sup>2</sup> This amount reflected the County's share of revenues from "Triple Flip", a State legislation enacted to replace 0.25% sales tax revenue to local governments via a temporary reduction to the Educational Revenue Augmentation Fund (ERAF) until the State's recovery loan is fully paid.

<sup>3</sup> In prior years, vehicle license fee (VLF) was based on the original VLF and reported as motor vehicle in-lieu taxes. Starting in FY 2005-06, VLF was calculated using the prior year's VLF amount plus the local increases in assessed valuations of property and was reported as property tax revenue.

<sup>4</sup> Investments in the County investment pool experienced a sharp decline in value due to the Lehman loss. The financial recession further reduced the County's cash and investments in the investment pool. Lower investment value and diminished investment return resulted in a sizable decrease in interest and investment earnings.

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

Fiscal Year	Property tax			Vehicle Rental		Transient Occupancy	Aircraft	Other	Total
	Property *	Property Transfer	Sales and Use	in-lieu of Sales Tax	Business License Tax				
2005	\$ 218,188 <sup>1</sup>	\$ 8,111	\$ 16,061	\$ -	\$ -	\$ 815	\$ 814	\$ 2	\$ 243,991
2006	298,368 <sup>2</sup>	8,487	12,986	3,878 <sup>3</sup>	-	839	821	5	325,384
2007	295,134	8,192	13,544	4,164	-	842	1,287	4	323,167
2008	326,757	6,011	14,896	4,569	-	667	1,680	23	354,603
2009	370,695	3,842	16,479	4,880	-	1,016	1,517	13	398,442
2010	372,312	4,829	14,579	4,372	-	966	1,631	75	398,764
2011	356,011	5,018	16,395	4,772	-	928	857	43	384,024
2012	360,310	5,651	18,869	5,560	-	1,221	1,091	2	392,704
2013 <sup>7</sup>	403,021	6,725	35,687	6,247	7,907 <sup>5</sup>	1,172	1,576	-	462,335
2014	430,981	8,747	95,357 <sup>6</sup>	5,726	12,254	1,519	1,399	-	555,983
<b>Change</b>									
<b>2005 - 2014</b>	97.5%	7.8%	493.7%	n/a	n/a	86.4%	71.9%	-100.0%	127.9%



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

Notes:

- \* In prior years pass-through payments from redevelopment agencies were reported as part of the property tax revenues. Starting FY 2011-12 these payments were reported under "intergovernmental revenues" as operating grants.
- <sup>1</sup> The County realized approximately \$41 million more in property tax rebates from ERAF in FY 2004-05, which accounted for most of the increase.
- <sup>2</sup> In FY 2004-05, vehicle license fee (VLF) was based on the original VLF and reported as intergovernmental revenues. Starting in FY 2005-06, VLF was calculated using the prior year's VLF amount plus the local increases in the assessed valuations of property and was reported as property tax revenue.
- <sup>3</sup> This amount reflected the County's share of revenues from "Triple Flip", a State legislation enacted to replace 0.25% sales tax revenue to local governments through a temporary reduction to ERAF until the State's recovery loan is fully paid.
- <sup>4</sup> In November 2012, San Mateo County voters approved a measure that increases the sales tax throughout the County by half a cent for the next 10 years (Measure A). Revenues from Measure A will be used to help fund county critical facilities and services.
- <sup>5</sup> In June 2012, with the voters' approval, the County adopted an ordinance to levy a business license tax on operators of vehicle rental businesses in the unincorporated area of the County. The Vehicle Rental Business License Tax was imposed at a rate of 2.5% on the gross receipts of vehicle rental businesses in the unincorporated areas effective July 1, 2012.
- <sup>6</sup> The sharp increase in sales and use tax revenue is predominantly from the passage of Measure A that increases the County's sales tax by half a cent for the next 10 years since its inception on April 1, 2013.
- <sup>7</sup> Reclassifications were made to conform to this year's presentation.

n/a - not applicable

**COUNTY OF SAN MATEO**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*  
**(In Thousands)**

<u>Fund Balance</u>	<u>As of June 30,</u>			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General Fund</b>				
Reserved for:				
Encumbrances	\$ 3,070	\$ 3,737	\$ 3,209	\$ 2,385
Inventories and advances	14,771	26,092	5,943	5,929
Unreserved	<u>290,471</u>	<u>332,479</u>	<u>324,074</u>	<u>265,544</u>
Total general fund	<u>308,312</u>	<u>362,308</u>	<u>333,226</u>	<u>273,858</u>
<b>All Other Governmental Funds</b>				
Reserved for:				
Encumbrances	287	21	-	-
Debt service	58,217	65,244	69,893	68,431
Inventories and advances	3,420	3,404	431	359
Capital projects	92,606	30,314	16,698	18,863
Unreserved:				
Special revenue	51,073	45,542	51,230	57,886
Capital projects	8,939	10,570	9,830	10,393
Total all other governmental funds	<u>214,542</u>	<u>155,095</u>	<u>148,082</u>	<u>155,932</u>
<b>Total Governmental Funds <sup>2</sup></b>				
Reserved for:				
Encumbrances	3,357	3,758	3,209	2,385
Debt service	58,217	65,244	69,893	68,431
Inventories and advances	18,191	29,496	6,374	6,288
Capital projects	92,606	30,314	16,698	18,863
Unreserved:				
General Fund	290,471	332,479	324,074	265,544
Special revenue	51,073	45,542	51,230	57,886
Capital projects	8,939	10,570	9,830	10,393
Total governmental funds	<u>\$ 522,854</u>	<u>\$ 517,403</u>	<u>\$ 481,308</u>	<u>\$ 429,790</u>

<u>General Fund</u>	<u>As of June 30,</u>					
	<u>2009 <sup>3</sup></u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 <sup>1</sup></u>
Nonspendable	\$ 7,154	\$ 10,666	\$ 12,099	\$ 27,124	\$ 28,517	\$ 31,031
Restricted	31,668	33,466	35,653	46,149	60,119	146,966
Committed	789	1,834	1,572	-	-	13,481
Assigned	38,583	92,881	1,763	4,590	6,190	4,410
Unassigned	<u>179,281</u>	<u>146,759</u>	<u>194,868</u>	<u>231,286</u>	<u>342,146</u>	<u>380,110</u>
Total general fund	<u>257,475</u>	<u>285,606</u>	<u>245,955</u>	<u>309,149</u>	<u>436,972</u>	<u>575,998</u>
<b>All Other Governmental Funds</b>						
Nonspendable	588	352	410	354	343	362
Restricted	103,572	109,689	137,778	144,616	147,601	302,180
Committed	25,310	25,283	-	-	-	-
Assigned	15,926	15,281	14,567	12,725	15,730	95,372
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(728)</u>	<u>-</u>
Total all other governmental funds	<u>145,396</u>	<u>150,605</u>	<u>152,755</u>	<u>157,695</u>	<u>163,674</u>	<u>397,914</u>
<b>Total Governmental Funds <sup>2</sup></b>						
Nonspendable	7,742	11,018	12,509	27,478	28,860	31,393
Restricted	135,240	143,155	173,431	190,765	207,720	449,146
Committed	26,099	27,117	1,572	-	-	13,481
Assigned	54,509	108,162	16,330	17,315	21,920	99,782
Unassigned	<u>179,281</u>	<u>146,759</u>	<u>194,868</u>	<u>231,286</u>	<u>341,418</u>	<u>380,110</u>
Total governmental funds	<u>\$ 402,871</u>	<u>\$ 436,211</u>	<u>\$ 398,710</u>	<u>\$ 466,844</u>	<u>\$ 599,918</u>	<u>\$ 973,912</u>

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

Notes:

<sup>1</sup> Substantial increase in fund balance is explained in the Management's Discussion and Analysis.

<sup>2</sup> Governmental funds include general fund, special revenue funds, debt service funds, and capital projects funds.

<sup>3</sup> The County early implemented GASB Statement No. 54 under which governmental fund balances were reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.

**COUNTY OF SAN MATEO**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*  
**(In Thousands)**

	Fiscal Year Ended June 30,										10 Year % of Increase/ Decrease
	2005	2006	2007	2008	2009	2010	2011	2012	2013 ~	2014	
<b>Revenues</b>											
Taxes *	\$ 225,830	\$ 317,504	\$ 329,142	\$ 347,205	\$ 391,006	\$ 401,382	\$ 389,130	\$ 381,743	\$ 453,666	\$ 554,773	145.66%
Licenses and permits	11,683	12,814	11,900	11,311	10,168	9,578	8,498	8,692	9,082	9,678	-17.16%
Intergovernmental *	437,231	386,003	405,455	387,475	392,320	392,303	403,907	463,959	493,731	470,364	7.58%
Charges for services	91,147	102,524	92,011	109,150	115,807	107,466	112,039	118,445	114,940	140,023	53.62%
Fines, forfeitures and penalties	8,831	9,285	9,806	10,114	11,108	13,052	14,904	12,967	12,409	11,476	29.95%
Rents and concessions	1,005	914	1,123	1,194	1,347	1,181	1,960	1,599	1,708	3,538	252.04%
Investment income (loss)	19,359	18,267	33,538	28,294	(860)	9,707	8,328	10,127	3,731	10,352	-46.53%
Securities lending activities:											
Securities lending income	1,894	3,203	3,872	2,474	333	40	29	-	-	-	-100.00%
Securities lending expenditures	(1,760)	(3,098)	(3,775)	(2,124)	(257)	(32)	(25)	-	-	-	-100.00%
Other revenues	29,885	26,300	17,863	34,157	27,806	28,385	25,266	24,340	29,606	31,682	6.01%
<b>Total revenues</b>	<b>825,105</b>	<b>873,716</b>	<b>900,935</b>	<b>929,250</b>	<b>948,778</b>	<b>963,062</b>	<b>964,036</b>	<b>1,021,872</b>	<b>1,118,873</b>	<b>1,231,886</b>	<b>49.30%</b>
<b>Expenditures</b>											
<b>Current:</b>											
General government**	58,591	62,912	60,688	73,916	75,222	73,680	60,788	62,548	72,902	100,404	71.36%
Public protection**	236,522	246,166	268,318	282,132	288,697	290,931	323,469	335,123	328,862	342,040	44.61%
Public ways and facilities	18,852	18,829	17,962	19,489	26,672	18,171	18,512	18,906	19,599	18,910	0.31%
Health and sanitation	166,250	168,658	195,995	230,028	237,758	238,572	211,873	221,383	222,494	243,850	46.68%
Public assistance	181,769	192,731	206,289	193,902	206,098	190,352	208,747	202,959	200,458	220,554	21.34%
Education	118	141	-	-	-	-	-	-	-	-	-100.00%
Recreation	6,566	7,310	7,609	8,084	8,638	8,727	9,110	8,222	8,005	9,633	46.71%
Capital outlay	72,262	77,000	41,286	18,978	16,079	15,761	83,093	23,238	34,384	76,041	5.23%
<b>Debt service:</b>											
Principal	7,172	7,052	8,200	11,322	11,713	12,003	11,874	12,990	13,645	14,340	99.94%
Interest	18,515	19,804	19,015	20,005	16,991	16,145	18,562	17,542	16,914	16,278	-12.08%
Payment to bond refunding escrow	-	-	-	-	778	4,454	-	-	-	1,085	n/a
Bond issuance costs	480	-	-	-	1,328	1,094	-	-	-	1,042	117.08%
<b>Total expenditures</b>	<b>767,097</b>	<b>800,603</b>	<b>825,362</b>	<b>857,856</b>	<b>889,974</b>	<b>869,890</b>	<b>946,028</b>	<b>902,911</b>	<b>917,263</b>	<b>1,044,177</b>	<b>36.12%</b>
Excess of revenues over expenditures	58,008	73,113	75,573	71,394	58,804	93,172	18,008	118,961	201,610	187,709	223.59%
<b>Other financing sources (uses)</b>											
Proceeds from sale of capital assets	2	46	2	2	2	2	5	23	3	3	50.00%
Issuance of lease revenue bonds/ certificates of participation (COP)	10,380	-	-	-	-	-	-	-	-	-	100.00%
Issuance of refunding bonds	-	-	-	-	141,080	115,505	-	-	-	215,130	<sup>1</sup> n/a
Premium on lease revenue bonds/COP	75	-	-	-	1,703	8,438	-	-	-	27,308	<sup>1</sup> 36310.67%
Discount on lease revenue bonds/COP	-	-	-	-	-	-	-	-	-	-	n/a
Payment to bond refunding escrow/agent	-	-	-	-	(148,972)	(124,860)	-	-	-	(39,155)	<sup>1</sup> n/a
Capital leases	-	-	30	-	-	-	-	-	-	-	n/a
Capital contribution	-	-	-	750	-	-	-	-	-	-	n/a
Transfers in	53,485	53,632	60,441	156,378	85,614	72,613	131,685	75,426	85,919	168,487	215.02%
Transfers out	(103,507)	(132,242)	(172,141)	(163,580)	(157,011)	(131,530)	(187,199)	(126,276)	(154,458)	(222,542)	115.00%
<b>Total other financing sources (uses)</b>	<b>(39,565)</b>	<b>(78,564)</b>	<b>(111,668)</b>	<b>(6,450)</b>	<b>(77,584)</b>	<b>(59,832)</b>	<b>(55,509)</b>	<b>(50,827)</b>	<b>(68,536)</b>	<b>149,231</b>	<b>-477.18%</b>
<b>Change in fund balances before special item</b>	<b>18,443</b>	<b>(5,451)</b>	<b>(36,095)</b>	<b>64,944</b>	<b>(18,780)</b>	<b>33,340</b>	<b>(37,501)</b>	<b>68,134</b>	<b>133,074</b>	<b>336,940</b>	<b>1726.93%</b>
Special item	-	-	-	(116,462)	(8,139)	-	-	-	-	37,054	<sup>2</sup> n/a
<b>Net change in fund balances</b>	<b>\$ 18,443</b>	<b>\$ (5,451)</b>	<b>\$ (36,095)</b>	<b>\$ (51,518)</b>	<b>\$ (26,919)</b>	<b>\$ 33,340</b>	<b>\$ (37,501)</b>	<b>\$ 68,134</b>	<b>\$ 133,074</b>	<b>\$ 373,994</b>	<b>1927.84%</b>
<b>Debt service as a percentage of noncapital expenditures</b>	3.70%	3.71%	3.47%	3.73%	3.28%	3.30%	3.53%	3.47%	3.44%	3.14%	

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

\* Prior to FY 2011-12 pass-through payments from RDAs were reported as part of property taxes. Starting FY 2011-12 these payments were reported under intergovernmental revenues.

\*\* Historically, General Fund departments in various programs/functions moved their shares of debt service payments and 10% surcharges (as "program expenses") to a "general government" program (as "intrafund revenues"). This program then transferred the departments' contributions to the County's Debt Service and Capital Projects Funds (as "transfers-out") accordingly. The 10% surcharge was split equally between Debt Service Fund and Capital Project Fund. Beginning in FY 2012-13, departments directly transferred their shares to these two funds (as "transfers out" in lieu of "program expenses"). This new method essentially changed the way expenses were recorded and reported in FY 2012-13.

~ Reclassifications were made to conform to this year's presentation.

<sup>1</sup> See discussions under Note 10 to the basic financial statements.

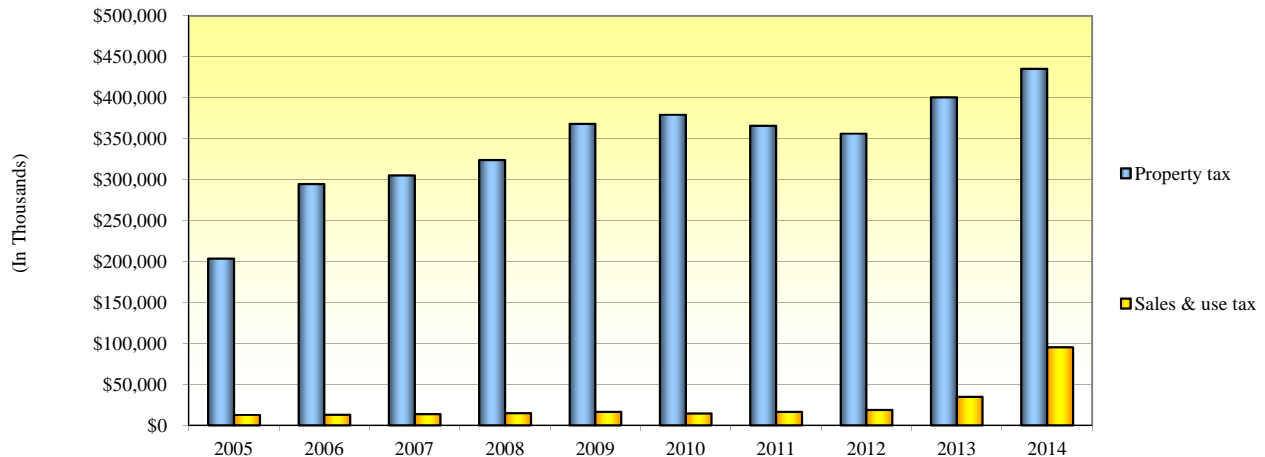
<sup>2</sup> See discussions under Note 17 to the basic financial statements.

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* Taxes</b>	<b>Sales &amp; Use Taxes</b>	<b>Property Transfer Taxes</b>	<b>Vehicle Rental Business License Tax</b>	<b>All Other Taxes</b>	<b>Total</b>
2005	\$ 203,499	\$ 12,706	\$ 8,111	\$ -	\$ 1,514	\$ 225,830
2006	294,569	12,855	8,487	-	1,593	317,504
2007	305,146	13,607	8,192	-	2,197	329,142
2008	323,897	14,867	6,011	-	2,430	347,205
2009	368,152	16,479	3,842	-	2,533	391,006
2010	379,302	14,579	4,829	-	2,672	401,382
2011	365,889	16,395	5,018	-	1,828	389,130
2012	356,221	18,869	5,651	-	1,002	381,743
2013 <sup>3</sup>	400,683	34,779	6,725	7,907	3,572	453,666
2014	435,497	95,357 <sup>1</sup>	8,747	12,254	2,918 <sup>2</sup>	554,773
<b>10 year % of change</b>	114.0%	650.5%	7.8%	n/a	92.7%	145.7%

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



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

\* Prior to FY 2011-12 pass-through payments from Redevelopment Agencies were reported as part of the property tax revenues. Starting FY 2011-12 these payments were reported under "intergovernmental revenues" as operating grants.

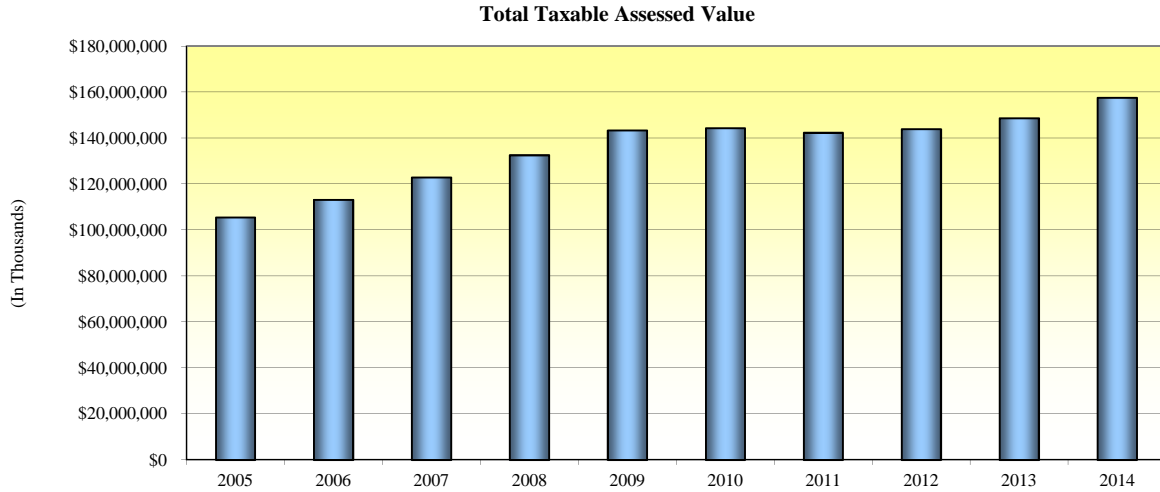
<sup>1</sup> The sharp increase in sales and use tax revenue is predominantly from the passage of Measure A which increases the County's sales tax by half a cent for the next 10 years since its inception on April 1, 2013.

<sup>2</sup> The sizeable increase in other taxes is due primarily to the significant increases in Vehicle Rental Business License Tax, Property Transfer Tax, and other taxes.

<sup>3</sup> Reclassifications were made to conform to this year's presentation.

**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>
2005	\$ 102,268,521	\$ 6,406,818	\$ 3,222,916	\$ 105,452,423	5%	1%
2006	110,747,828	6,034,679	3,626,924	113,155,583	7%	1%
2007	120,723,432	6,178,495	3,952,784	122,949,143	9%	1%
2008	130,015,063	6,723,347	4,140,836	132,597,574	8%	1%
2009	139,551,172	8,122,323	4,341,148	143,332,347	8%	1%
2010	140,933,698	7,953,401	4,569,501	144,317,598	1%	1%
2011	140,260,986	6,591,402	4,513,149	142,339,239	-1%	1%
2012	142,561,543	6,193,886	4,849,067	143,906,362	1%	1%
2013	146,967,831	6,381,748	4,624,208	148,725,371	3%	1%
2014	156,221,561	6,389,447	5,036,955	157,574,053	6%	1%
<b>10 year % of Change</b>	52.76%	-0.27%	56.29%	49.43%		



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

Notes:

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

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

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



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

<b>Fiscal Year</b>	<b>Direct Rate <sup>1</sup></b>	<b>Overlapping Rates <sup>2</sup></b>			<b>Total</b>
	<b>County General</b>	<b>Local Special Districts</b>	<b>Schools</b>	<b>Cities</b>	
2005	1.0000	0.0032	0.0487	0.0053	1.0572
2006	1.0000	0.0030	0.0508	0.0048	1.0586
2007	1.0000	0.0030	0.0679	0.0046	1.0755
2008	1.0000	0.0039	0.0633	0.0044	1.0716
2009	1.0000	0.0039	0.0707	0.0042	1.0788
2010	1.0000	0.0045	0.0756	0.0039	1.0840
2011	1.0000	0.0048	0.0797	0.0036	1.0881
2012	1.0000	0.0049	0.0877	0.0036	1.0962
2013	1.0000	0.0053	0.0859	0.0034	1.0946
2014	1.0000	0.0052	0.0911	0.0032	1.0995

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

Notes:

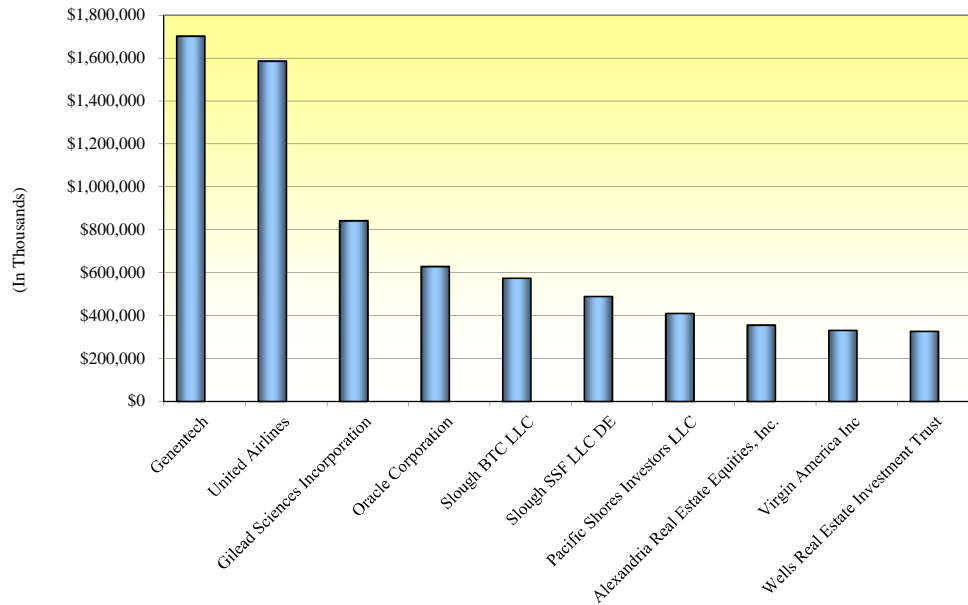
<sup>1</sup> On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, that limits the taxing power of California public agencies. Legislation enacted to implement Article XIII A (Statutes of 1978, Chapter 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, 2014 and January 1, 2005**  
**(In Thousands)**

Assessee	Nature of Business	As of January 1, 2014			As of January 1, 2005		
		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	\$ 1,702,972	1	1.08%	\$ 1,335,887	2	1.39%
United Airlines	Air Carrier	1,586,582	2	1.01%	1,689,351	1	1.75%
Gilead Sciences Incorporation	Biopharmaceutical	841,741	3	0.53%			
Oracle Corporation	Software	628,740	4	0.40%	537,116	4	0.56%
Slough BTC LLC	Lease	573,834	5	0.36%	212,450	8	0.22%
Slough SSF LLC DE	Lease	488,848	6	0.31%			
Pacific Shores Investors LLC	Investment	410,058	7	0.26%			
Alexandria Real Estate Equities, Inc.	Real estate	355,496	8	0.23%			
Virgin America Inc	Air Carrier	330,953	9	0.21%			
Wells Real Estate Investment Trust	Real estate	326,635	10	0.21%			
Pacific Gas & Electric	Utilities				567,794 <sup>3</sup>	3	0.59%
Sun Microsystems	Computer products				376,979	5	0.39%
Tyco Electronics Corp	Electronics				290,895	6	0.30%
Pacific Shores Investors	Investment				271,946	7	0.28%
American Airlines	Air Carrier				210,173	9	0.22%
SBC California	Telecommunication				200,127	10	0.21%
<b>Total</b>		<b>\$ 7,245,859</b>		<b>4.60%</b>	<b>\$ 5,692,718</b>		<b>5.91%</b>

**Principal Property Assesseees**  
**As of January 1, 2014**



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

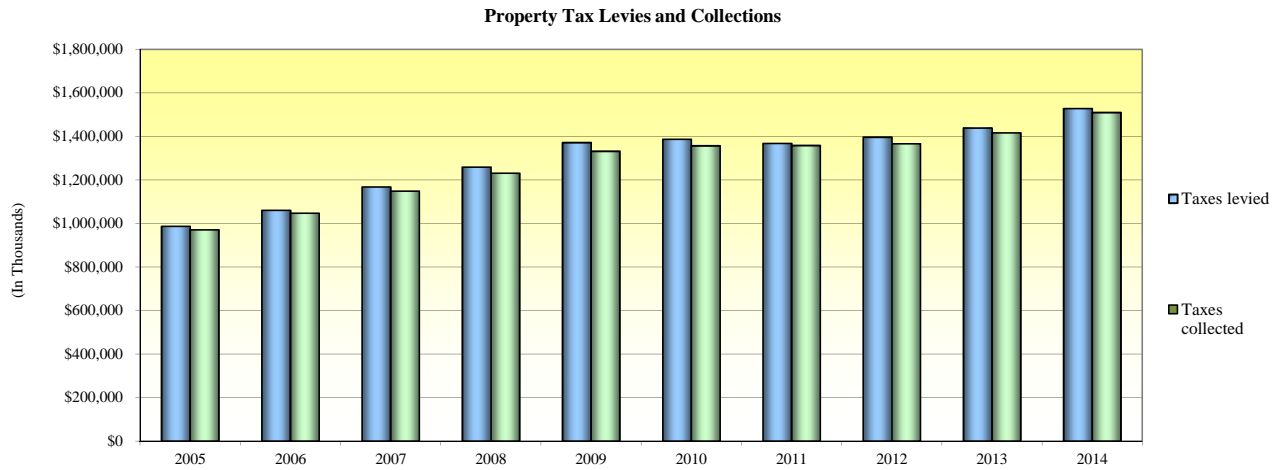
Notes:

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

<sup>2</sup> Total taxable assessed value as of January 1, 2014, was about \$158 billion.

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

Fiscal Year	Total Tax Levy for the Fiscal Year					Collected within the Fiscal Year of the Levy			Total Collections to Date	
	General Levy <sup>1</sup>	Debt Service Levy <sup>2</sup>				Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
	Countywide	Local			Total <sup>3</sup>					
		Districts	Schools	Cities						
2005	\$ 926,041	\$ 3,354	\$ 51,713	\$ 5,605	\$ 986,713	\$ 968,038	98.11%	\$ 2,673	\$ 970,711	98.38%
2006	992,334	3,395	59,123	5,546	1,060,398	1,045,517	98.60%	1,576	1,047,093	98.75%
2007	1,079,958	3,705	77,821	5,781	1,167,265	1,147,755	98.33%	986	1,148,741	98.41%
2008	1,163,392	5,268	84,542	5,930	1,259,132	1,230,054	97.69%	847	1,230,901	97.76%
2009	1,258,424	5,695	101,079	6,012	1,371,210	1,330,807	97.05%	621	1,331,428	97.10%
2010	1,266,244	6,455	108,530	5,659	1,386,888	1,356,170	97.79%	565	1,356,735	97.83%
2011	1,248,931	6,750	107,189	4,826	1,367,696	1,356,075	99.15%	1,771	1,357,846	99.28%
2012	1,260,058	5,834	125,107	5,107	1,396,106	1,362,328	97.58%	4,067	1,366,395	97.87%
2013	1,302,080	7,952	123,352	4,878	1,438,262	1,415,076	98.39%	1,275	1,416,351	98.48%
2014	1,378,449	8,241	136,591	4,810	1,528,091	1,509,532	98.79%	n/a	1,509,532	98.79%



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

Notes:

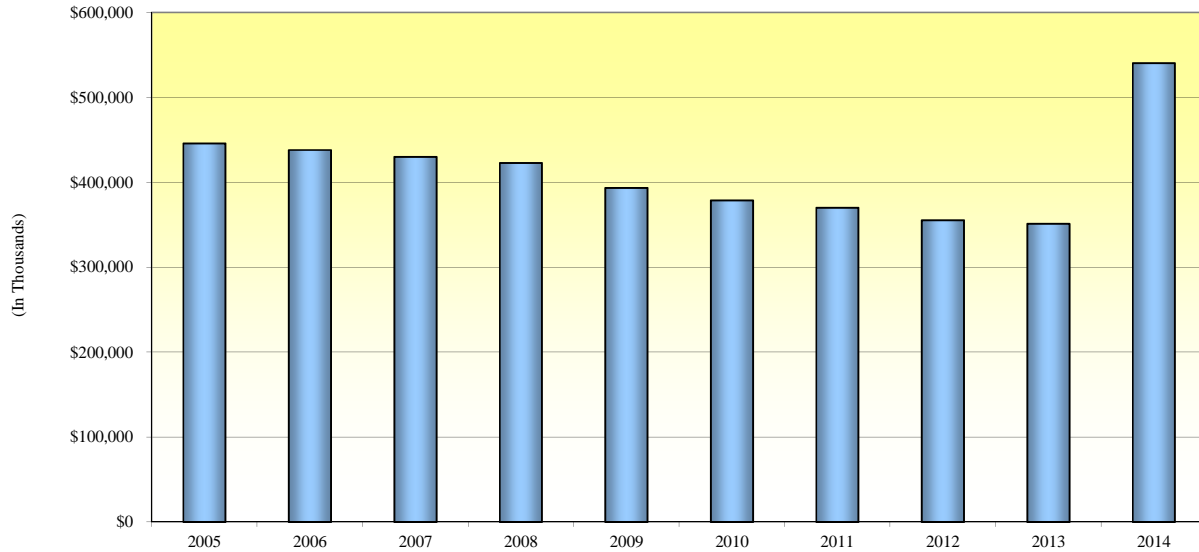
- <sup>1</sup> Figures show general tax dollars from secured, unsecured, homeowners, unitary and utility assessment rolls after tax shifts to schools.
- <sup>2</sup> Figures represent debt service levy for the local taxing agencies.
- <sup>3</sup> Total taxes levied for each fiscal year are based on 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			
2005	\$ 419,323	\$ 24,939	\$ 358	\$ -	\$ 444,620	\$ 1,455	\$ 30	\$ 1,485	\$ 446,105	1.02%	\$ 620
2006	411,942	24,687	316	-	436,945	1,314	5	1,319	438,264	0.92%	606
2007	404,301	24,390	271	15	428,977	1,206	-	1,206	430,183	0.85%	591
2008	393,565	24,083	224	7	417,879	5,133	-	5,133	423,012	0.83%	574
2009	364,423	23,760	191	-	388,374	4,868	508	5,376	393,750	0.79%	528
2010	350,322	23,428	173	89	374,012	4,595	345	4,940	378,952	0.77%	502
2011	339,076	23,076	154	4,047	366,353	3,863	181	4,044	370,397	0.73%	511
2012	326,750	22,709	134	2,894	352,487	3,139	-	3,139	355,626	0.64%	488
2013	324,091	22,322	124	1,887	348,424	2,818	-	2,818	351,242	n/a	477
2014	513,149	21,914	124	1,486	536,673	3,865	-	3,865	540,538	n/a	725

**County Debt**



Source: County Comprehensive Annual Financial Reports.

Notes:

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

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

**COUNTY OF SAN MATEO**  
**Direct and Overlapping Debt**  
**As of June 30, 2014**  
**(In Thousands)**

Assessed valuation (including unitary utility valuation) \$ 158,463,786  
 Redevelopment Incremental Assessed Valuation \$ 13,152,596

	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable<sup>1</sup></b>	<b>Estimated Share of Overlapping Debt<sup>4</sup></b>
<b>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</b>			
<b>Direct General Fund Obligation Debt</b>			
San Mateo County General Fund Obligations	\$ 513,149	100.00%	\$ 513,149
San Mateo County Flood Control District Certificates of Participation	21,914	100.00%	21,914
Notes payable	124	100.00%	124
Other long-term obligation	1,486	100.00%	1,486
<b>Total direct debt</b>	<b>536,673</b>		<b>536,673</b>
<b>Overlapping General Fund Obligation Debt</b>			
<i>Cities</i>			
City of Brisbane General Fund and Pension Obligations	26,770	100.00%	26,770
City of Burlingame General Fund and Pension Obligations	38,355	100.00%	38,355
City of Daly City Pension Obligations	28,380	100.00%	28,380
City of Pacifica General Fund Obligations and Pension Obligations	33,075	100.00%	33,075
City of San Mateo General Fund Obligations	36,065	100.00%	36,065
Other City General Fund and Pension Obligations	57,364	100.00%	57,364
<i>Special Districts</i>			
Midpeninsula Regional Open Space Park General Fund Obligations	133,210	30.84%	41,086
Granada Sanitary District Certificates of Participation	271	100.00%	271
Menlo Park Fire Protection District Certificates of Participation	11,515	100.00%	11,515
<i>School Districts</i>			
San Mateo County Board of Education Certificates of Participation	10,950	100.00%	10,950
South San Francisco Unified School District Certificates of Participation	903	100.00%	903
Portola Valley School District Certificates of Participation	2,403	100.00%	2,403
Redwood City School District General Fund Obligations	662	100.00%	662
San Bruno School District General Fund Obligations	4,725	100.00%	4,725
<b>Total overlapping general fund obligation debt</b>	<b>384,648</b>		<b>292,524</b>
<b>Overlapping Tax and Assessment Debt</b>			
<i>Cities</i>			
	62,675	100.00%	62,675
<i>Special Districts</i>			
	-		-
Montara Sanitary District	12,655	100.00%	12,655
Community Facilities Districts	112,805	100.00%	112,805
1915 Act Bonds	17,688	100.00%	17,688
<i>School Districts</i>			
	-		-
San Mateo Community College District	563,070	100.00%	563,070
Cabrillo Unified School District	27,543	100.00%	27,543
La Honda-Pescadero Unified School District	5,292	100.00%	5,292
South San Francisco School District	121,571	100.00%	121,571
Jefferson Union High School District	147,462	100.00%	147,462
San Mateo Union High School District	514,147	100.00%	514,147
Sequoia Union High School District	328,635	100.00%	328,635
Belmont-Redwood Shores School and School Facilities Improvement Districts	90,464	100.00%	90,464
Burlingame School District	85,947	100.00%	85,947
Hillsborough School District	56,031	100.00%	56,031
Jefferson School District	62,045	100.00%	62,045
Menlo Park City School District	116,854	100.00%	116,854
Millbrae School District	58,590	100.00%	58,590
Redwood City School District	40,103	100.00%	40,103
San Carlos School District	70,572	100.00%	70,572
San Mateo - Foster City School District	186,857	100.00%	186,857
Other School District	91,514	100.00%	91,514
<b>Total overlapping tax and assessment debt</b>	<b>2,772,520</b>		<b>2,772,520</b>
<b>Overlapping Tax Increment Debt</b>	<b>305,592</b>	100.00%	<b>305,592</b>
<b>Total overlapping debt</b>	<b>3,462,760</b>		<b>3,370,636</b>
<b>Total direct and overlapping debt</b>	<b>\$ 3,999,433</b>		<b>\$ 3,907,309</b>
Ratio of total direct and overlapping debt to adjusted assessed value:	2.52%		
Ratio of total overlapping tax increment debt to redevelopment incremental assessed value <sup>3</sup> of \$13,152,596	2.32%		

Source: California Municipal Statistics, Inc.

<sup>1</sup> Percentage of overlapping agency's assessed valuation located within the boundaries of the county.

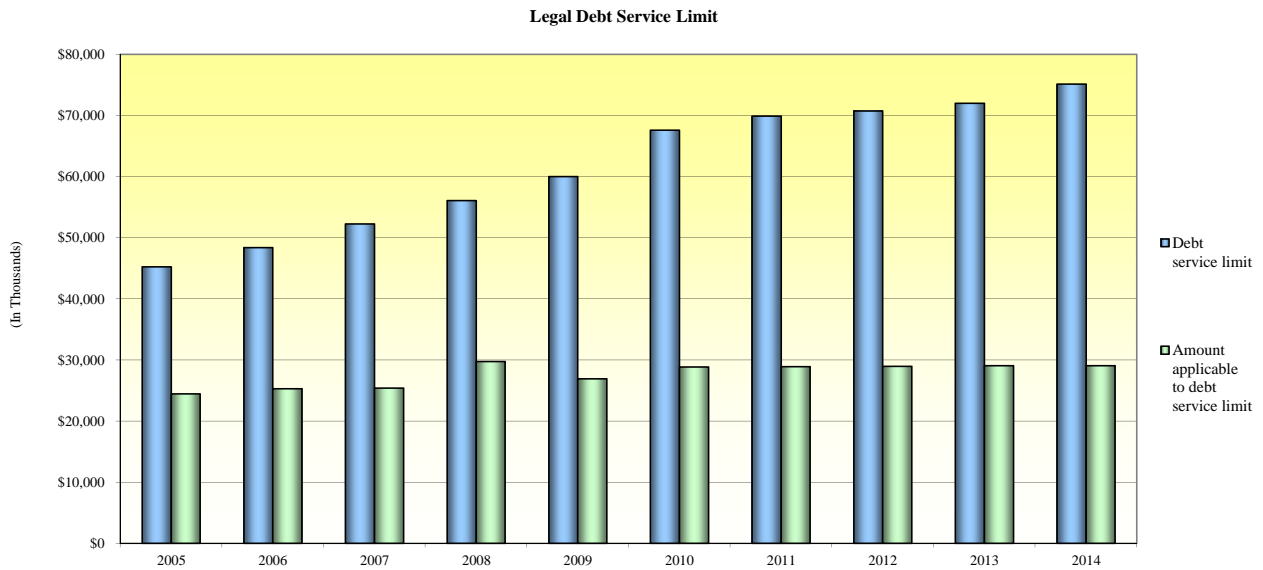
<sup>2</sup> This total excludes enterprise revenue, mortgage revenue, tax and revenue anticipation notes, and non-bonded capital lease obligations.

<sup>3</sup> Redevelopment incremental valuation refers to the difference between base year assessed value and current year assessed value of properties in areas designated for redevelopment.

<sup>4</sup> Overlapping debt refers to liability incurred by a municipality or local government body in partly or fully financing projects falling in the jurisdiction of such other bodies.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Average Annual County budget <sup>1</sup> for the current and preceding four fiscal years</b>	\$ 1,131,000	\$ 1,209,880	\$ 1,306,666	\$ 1,401,783	\$ 1,501,054	\$ 1,689,809	\$ 1,747,657	\$ 1,768,913	\$ 1,800,809	\$ 1,878,700
<b>Legal debt service limit <sup>2</sup></b> 4% of average county annual budget for the current and preceding four fiscal years	45,240	48,395	52,267	56,071	60,042	67,592	69,906	70,757	72,032	75,151
Less: Amount applicable to debt service limit <sup>3</sup>	(24,448)	(25,328)	(25,403)	(29,762)	(26,940)	(28,847)	(28,904)	(28,996)	(29,065)	(29,086)
<b>Legal debt service margin</b>	<u>\$ 20,792</u>	<u>\$ 23,067</u>	<u>\$ 26,864</u>	<u>\$ 26,309</u>	<u>\$ 33,102</u>	<u>\$ 38,745</u>	<u>\$ 41,002</u>	<u>\$ 41,761</u>	<u>\$ 42,967</u>	<u>\$ 46,065</u>
Legal debt service margin as a percentage of debt service limit	45.96%	47.66%	51.40%	46.92%	55.13%	57.32%	58.65%	59.02%	59.65%	61.30%



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	Debt Service		Coverage	Available	Debt Service		Coverage	
	Revenue	Principal	Interest	ratio <sup>1</sup>	Revenue	Principal	Interest	ratio	
<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.				
2005	\$ 4,404	\$ 1,825	\$ 2,909	0.93	\$ 982	\$ 240	\$ 742	1.00	
2006	4,445	1,825	2,909	0.94	981	250	731	1.00	
2007	2,620	-	2,909	0.90	979	260	719	1.00	
2008	2,620	-	2,909	0.90	977	270	707	1.00	
2009	2,620	-	2,909	0.90	979	285	695	1.00	
2010	5,097	2,560	2,825	0.95	976	295	681	1.00	
2011	5,085	2,720	2,654	0.95	976	310	666	1.00	
2012	5,087	2,905	2,472	0.95	975	325	650	1.00	
2013	5,073	3,085	2,276	0.95	979	345	634	1.00	
2014	5,070	3,290	2,069	0.95	975	360	615	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				
2005	\$ 3,384	\$ 530	\$ 3,009	0.96	\$ 6,004	\$ 630	\$ 5,374	1.00	
2006	5,571	2,915	2,934	0.95	6,021	670	5,351	1.00	
2007	5,706	3,060	2,802	0.97	6,383	1,065	5,318	1.00	
2008	5,725	3,220	2,661	0.97	6,401	1,125	5,276	1.00	
2009	5,880	3,385	2,495	1.00	6,429	1,205	5,224	1.00	
2010	4,806	3,605	1,201	1.00	4,207	1,290	2,917	1.00	
2011	556	-	556	1.00	641	-	641	1.00	
2012	556	-	556	1.00	641	-	641	1.00	
2013	556	-	556	1.00	641	-	641	1.00	
2014	278	-	278	1.00	320	-	320	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.				
2005	\$ 2,651	\$ 1,380	\$ 1,272	1.00	\$ -	\$ -	\$ -	-	
2006	2,647	1,415	1,232	1.00	501	-	501	1.00	
2007	2,654	1,465	1,189	1.00	535	35	500	1.00	
2008	2,653	1,510	1,143	1.00	535	35	500	1.00	
2009	2,647	1,555	1,092	1.00	534	35	499	1.00	
2010	2,646	1,610	1,036	1.00	532	35	497	1.00	
2011	2,653	1,680	973	1.00	536	40	496	1.00	
2012	2,646	1,740	906	1.00	535	40	495	1.00	
2013	2,650	1,815	835	1.00	533	40	493	1.00	
2014	2,289	1,890	399	1.00	537	45	492	1.00	

(continued)

**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>2008 Lease Revenue Bonds</b>				<b>2009 Lease Revenue Bonds</b>		
<b>Purpose:</b>	Provided funds, together with other available moneys, to redeem the 2003 Lease Revenue Bonds and to pay the termination payment for the 2003 interest swap agreements.				Provided funds to refund a portion of outstanding 1997 Bonds and the outstanding 1999 Bonds, to pay for costs of issuance of the 2009 Bonds, and to pay for other costs relation to the refunding.			
<b>Funding Source:</b>	County departments occupying the facilities.				General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement			
2010	\$ 9,298	\$ 2,590	\$ 6,708	1.00	\$ -	\$ -	\$ -	-
2011	9,205	2,665	6,630	0.99	10,434	4,440	5,993	1.00
2012	9,294	2,760	6,534	1.00	10,486	5,200	5,286	1.00
2013	9,297	2,875	6,422	1.00	10,530	5,475	5,055	1.00
2014	9,294	2,990	6,304	1.00	10,569	5,765	4,804	1.00

Fiscal Year	Available Revenue	Debt Service		Coverage ratio <sup>1</sup>	Available Revenue	Debt Service		Coverage ratio
		Principal	Interest			Principal	Interest	
		<b>2013 Lease Revenue Bonds</b>				<b>2014 Lease Revenue Bonds</b>		
<b>Purpose:</b>	To provide funds, together with other available moneys, (i) to redeem outstanding 1997, 1999, and 2001 Bonds, (ii) finance certain capital improvements, and (iii) to pay costs of issuance of the 2013 Bonds				To provide funds, together with other available moneys, (i) to finance the acquisition, construction, and equipping of the Maple Street Correctional Center, (ii) to refund all of the outstanding notes previously issued by the County in FY 2013-14, the proceeds of which were used to reimburse the County for the purchase price of the jail project site, (iii) to pay capitalized interest on the 2014 Bonds through May 30, 2016, (iv) to provide the Reserve Account Requirement, and (v) pay issuance costs of the 2014 Bonds.			
<b>Funding Source:</b>	County departments occupying the facilities.				County departments occupying the facilities.			
2014	\$ 861	\$ -	\$ 861	1.00	\$ -	\$ -	\$ -	n/a

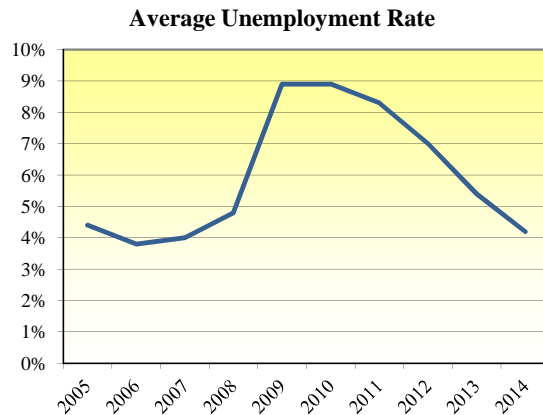
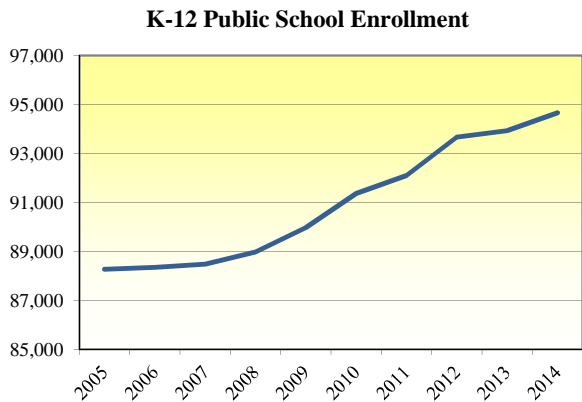
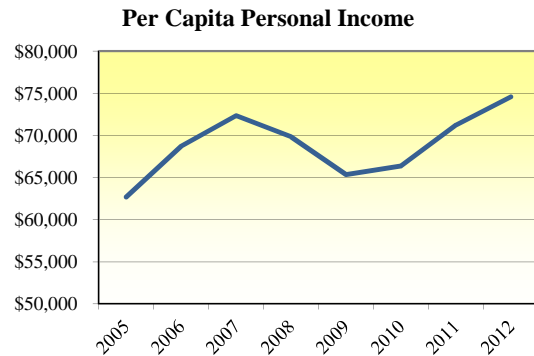
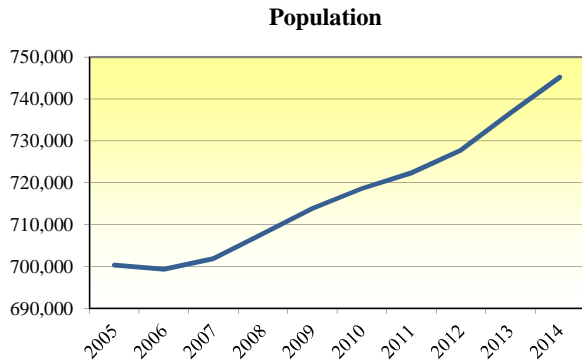
Available revenue - per contributions from responsible departments.  
Principal and interest - per debt service schedules.  
n/a - not applicable.

<sup>1</sup> Debt service payments not covered by available revenues were funded by amounts available in accounts with Trustee.



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

<b>Year</b>	<b>Population<sup>1</sup></b> (January 1st)	<b>Total Personal Income<sup>5</sup></b> (in millions)	<b>Per Capita Personal Income<sup>5</sup></b>	<b>Median Age<sup>4</sup></b>	<b>K-12 Public School Enrollment<sup>2</sup></b>	<b>Average Unemployment Rate<sup>3</sup></b>
2005	700,350	\$ 43,264	\$ 62,695	39.2	88,273	4.4%
2006	699,347	47,440	68,736	39.4	88,350	3.8%
2007	701,838	50,186	72,330	39.7	88,479	4.0%
2008	707,820	49,148	69,830	39.9	88,974	4.8%
2009	713,818	46,631	65,345	38.9	89,971	8.9% <sup>6</sup>
2010	718,614	47,787	66,362	39.3	91,371	8.9%
2011	722,372	51,931	71,232	39.4	92,097	8.3%
2012	727,795	55,139	74,582	39.6	93,674	7.0%
2013	736,647	n/a	n/a	39.3	93,931	5.7%
2014	745,193	n/a	n/a	n/a	94,667	4.2%



**Sources:**

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

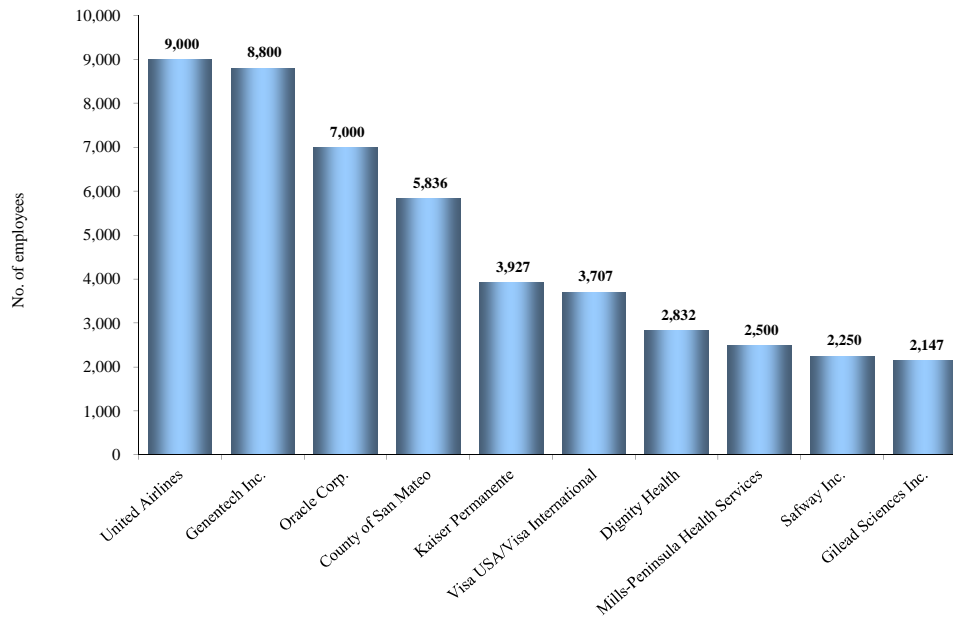
**Note:**

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

**COUNTY OF SAN MATEO  
Principal Employers  
Year 2012 and Year 2006**

Employer	Business Type	2012 <sup>1</sup>			2006		
		Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
United Airlines	Airline	9,000	1	2.43%	9,600	1	2.73%
Genentech Inc.	Biotechnology	8,800	2	2.37%	7,845	2	2.23%
Oracle Corp.	Hardware and Software	7,000	3	1.89%	5,642	4	1.61%
County of San Mateo	Government	5,836	4	1.57%	5,777	3	1.64%
Kaiser Permanente	Health Care	3,927	5	1.06%	3,609	5	1.03%
Visa USA/Visa International	Global Payments Technology	3,707	6	1.00%			
Dignity Health	Health Care	2,832	7	0.76%			
Mills-Peninsula Health Services	Health Care	2,500	8	0.67%	1,800	9	0.51%
Safway Inc.	Retail Grocer	2,250	9	0.61%	2,280	6	0.65%
Gilead Sciences Inc.	Biotechnology	2,147	10	0.58%			
United States Postal Service	Postal Service				2,174	7	0.62%
Electronic Arts Inc.	Interactive Entertainment				2,000	8	0.57%
Applied Biosystems	Biotechnology				1,578	10	0.45%
<b>Total</b>		<b>47,999</b>		<b>10.51%</b>	<b>42,305</b>		<b>12.04%</b>

**Principal Employers  
Year 2012**



Source: San Francisco Business Times - 2014 Book of Lists.  
California Employment Development Department

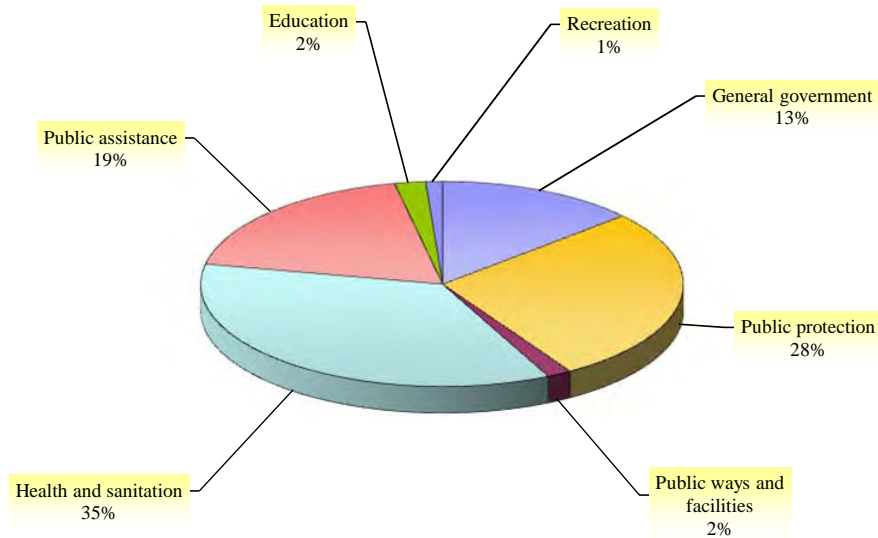
Notes:

<sup>1</sup> The latest information available for principal employers in the County.

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

<u>Function</u>	<u>As of June 30,</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>	<u>2013</u>	<u>2014</u>
General government	790	789	831	850	801	774	740	736	700	704
Public protection	1,292	1,354	1,381	1,391	1,452	1,432	1,423	1,389	1,422	1,454
Public ways and facilities	92	93	92	95	96	96	90	85	86	86
Health and sanitation	1,895	1,981	2,077	2,174	2,142	2,022	1,995	1,932	1,802	1,851
Public assistance	906	953	994	1,036	1,041	960	887	890	931	979
Education	108	112	113	113	113	114	-	112	108	108
Recreation	55	55	56	56	57	52	52	51	49	59
Total full-time equivalent employees <sup>1</sup>	5,138	5,337	5,544	5,715	5,702	5,450	5,187	5,195	5,098	5,241

**Full-time Equivalent County Employees by Function**  
**As of June 30, 2014**



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

Notes:

<sup>1</sup> The full-time equivalent (FTE) employee count is based on the information available in the County's Budget System and may change due to revision.

**COUNTY OF SAN MATEO**  
**Operating Indicators by Function**  
**Fiscal Years 2013-2014**

<b>Function</b> <sup>1</sup>	<b>Fiscal Year</b> <sup>2</sup>	
	<b>2012</b>	<b>2013</b>
<b><u>General Government</u></b>		
<i>County Manager's Office</i>		
Issuer credit rating from Moody's/Standard & Poor's	Aaa/AAA	Aaa/AAA
<i>County Counsel</i>		
Percent of general litigation cases won or resolved (with client approval)	100%	100%
<i>Treasurer Tax Collector</i>		
Dollar earnings in County pool due to investments	\$29.2M	\$23.3M
<b><u>Public Protection</u></b>		
<i>District Attorney</i>		
Percent of clients rating victim services as good or better	91%	82%
<i>Private Defender Program</i>		
Number of criminal arraignments, both limited and general jurisdiction	14,577	14,698
<i>Sheriff's Office</i>		
Forensic Laboratory		
Percent of customers rating forensic laboratory services as good or better	100%	86%
Patrol Bureau		
Average response time - urban / rural	5:35 / 12:25	6:29 / 15:32
Number of dispatched calls for patrol services	90,862	112,893
Investigations Bureau		
Percent of Gang Intelligence Unit investigations leading to arrest or diversion	91%	65%
Maguire Correctional Facility		
Number of persons booked into custody	15,422	16,260
Court Security and Transportation Services		
Total number of inmates transported	21,662	25,736
<i>Probation Department</i>		
Adult Services		
Percent of adult probationers completing probation without a new sustained law violation	63%	63%
Juvenile Services		
Percent of juvenile probationers completing probation without new sustained law violations	81%	80%
Institutions Services		
Percent of Youth successfully completing the Community Care Program	93%	93%
<i>Coroner's Office</i>		
Percent of survey respondents rating services good or better	99%	91%
<b><u>Public Ways and Facilities</u></b>		
<i>Department of Public Works</i>		
Facilities Services		
Percent of preventative maintenance completed on time	46%	68.5%
Construction Services		
Percent of jobs completed within budget/schedule	100%	100%
Waste management		
Number of programs / projects implemented in the unincorporated areas that reduce waster, promote resource conservation, or conserve resources	34	32
Utilities		
Percent of streetlights repaired within ten working days	85%	90.5%

Source: County's Adopted Budget for FY 2013-14 and FY 2014-15

<sup>1</sup> Functions/programs operated by the County.

<sup>2</sup> County developed a new set of performance measures starting in FY 2011-12.

**COUNTY OF SAN MATEO**  
**Operating Indicators by Function**  
**Fiscal Years 2013-2014**

<u>Function</u> <sup>1</sup>	<u>Fiscal Year</u> <sup>2</sup>	
	<u>2012</u>	<u>2013</u>
<b><u>Health and Sanitation</u></b>		
<i>Heath System</i>		
Health Administration		
Percent of stakeholders respondents rating services good or better	86%	87%
Health Coverage Unit		
Number of Health coverage applications completed per FTE	1,296	1,476
Emergency Medical Services		
Percent of ambulance emergency medical service calls responded to on time per contract standards	94%	94%
Community-Based Programs		
Percent of Adult Protective Services cases that are resolved and stabilized for at least twelve months	84%	85%
Environmental Health Services		
Percent of suspected food-borne illness complaints responded to within one business day	91%	81%
Mental Health Adult Services		
Percent of new adult clients system-wide receiving prompt access to treatment as measured by	58%	59%
Mental Health Youth Services		
Percent of new youth clients system-wide receiving prompt access to treatment as measured by	64%	66%
Alcohol and Other Drug Services		
Percent of clients who report abstinence from alcohol and other drug use at discharge	55.7%	44.3%
Correctional Health Services		
Percent of participants who will demonstrate a reduction in criminal thinking after participation in Choices	57%	65%
San Mateo Medical Center		
Percent of publicly reported quality measures scoring in the 90th percentile	25%	76%
<b><u>Public Assistance</u></b>		
<i>IHSS Public Authority</i>		
Percent of In-Home Supportive Services consumers who find an IHSS provider through the Public Authority registry	78%	72%
<i>Human Services Agency</i>		
Key Performance Measures		
Percent of applications for public assistance programs such as CalFesh, CalWorks and Medi-Cal that are processed standards for within State timeliness	82%	86%
Timely visits by Emergency Response Social Workers investigating alleged child abuse cases requiring 10 day response	92%	90.3%
Eligibility Determination		
Percent of residents receiving nutritional assistance through CalFresh benefits from total estimated population below the poverty limit	55%	56%
Vocational Rehabilitation Services (VRS)		
Overall satisfaction rated good or better for all VRS services	100%	93%
Childcare Services		
Percent of preschool aged children assisted with child care that enroll in licensed early childhood education providers	55%	59%
Homeless and Safety Net Services		
Percent of clients residing in homeless transitional shelters (HUD funded) that are connected to mainstream services and benefits	72%	78%
Percent of clients receiving food and/or shelter assistance by Core Service Agencies contracting with the Human Services Agency	99%/68%	99%/70%
<i>Department of Housing</i>		
Housing & Community Development		
Number of County funded housing units developed and occupied	123	120
Housing Authority		
Number of households served by rental assistance	4,633	4,476
<b><u>Recreation</u></b>		
<i>Parks &amp; Recreation</i>		
Percent of customers rating services and experiences 'good' or 'excellent'	97%	89%
<i>Coyote Point Marina</i>		
Percent of customers rating marina services and experiences 'good' or 'excellent'	97%	95.3%

**COUNTY OF SAN MATEO**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	As of June 30,									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</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
Office buildings	4	4	4	4	4	4	4	4	4	4
Parking structures	1	1	1	1	1	1	2	2	2	2
<b>Public protection</b>										
Fire stations	4	4	4	4	4	4	4	4	4	4
Sheriff stations	1	1	1	1	1	1	1	1	1	1
Jail	2	2	2	2	2	2	2	2	2	2
<sup>1</sup> Youth services center	1	1	1	1	1	1	1	1	1	1
<b>Public ways and facilities</b>										
Road										
Pavement (miles)	316.6	316.2	314.41	315.88	314.8	315.39	315.39	315.5	315.5	315.5
Bridges	28	28	28	28	31	31	31	32	33	33
Traffic signals	19	19	19	19	19	19	19	19	19	19
Flashing Beacons	n/a	n/a	n/a	3	3	3	4	4	4	4
Lighted Crosswalks	n/a	n/a	n/a	4	4	4	4	4	4	4
Radar Feedback signs	n/a	n/a	n/a	4	4	10	11	11	11	11
Sewer and water										
Sewer:										
Sanitary sewers (miles)	148.51	149.47	149.47	147.35	147.47	144.18 <sup>3</sup>	144.18	144.18	144.18	144.18
Water:										
Water mains (miles)	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Fire hydrants	20	20	20	20	20	20	20	20	20	20
Storage capacity (thousands of gallons)	710	710	710	710	710	710	710	710	710	710
Lighting										
Street lights	2,927	2,920	2,921	2,128 <sup>2</sup>	2,166	2,166	2,167	2,167	2,179	2,193
Flood control										
Channels (miles)	6.4	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7
<b>Health and sanitation</b>										
Warehouse	2	2	2	2	2	2	2	2	2	2
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	19	19	19	19	19	19	19	19	19	19
<b><u>Business-type Activities:</u></b>										
Medical center	1	1	1	1	1	1	1	1	1	1
Airports	2	2	2	2	2	2	2	2	2	2
Coyote Point Marina Recreation Area	1	1	1	1	1	1	1	1	1	1

Sources:

County Capital Asset Master File  
Department of Public Works

Notes:

n/a - not available

<sup>1</sup> A new youth services center was opened in September 2006.

<sup>2</sup> The decrease was caused by transfer of the Ravenswood Lighting District to the City of East Palo Alto.

<sup>3</sup> Less sanitary sewer miles are maintained in the Emerald Lake Heights Sewer Maintenance District.



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