



# COUNTY OF SAN MATEO, CALIFORNIA

## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018



Juan Raigoza, Controller



# County of San Mateo, California

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2018



**Juan Raigoza**  
**Controller**

**COUNTY OF SAN MATEO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Fiscal Year Ended June 30, 2018**

**Table of Contents**

---

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	i
GFOA Certificate of Achievement for Excellence in Financial Reporting for 2017.....	xi
Organization Chart.....	xii
Public Officials .....	xiii
 <b>FINANCIAL SECTION</b>	
<b>Independent Auditor’s Report</b> .....	1
<b>Management’s Discussion and Analysis (Required Supplementary Information - unaudited)</b> .....	4
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position .....	23
Statement of Activities .....	24
<b>Fund Financial Statements:</b>	
<u>Governmental Funds:</u>	
Balance Sheet.....	26
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position .....	27
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities .....	29
<u>Proprietary Funds:</u>	
Statement of Fund Net Position .....	30
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	31
Statement of Cash Flows .....	32
<u>Fiduciary Funds:</u>	
Statement of Fiduciary Net Position .....	34
Statement of Changes in Fiduciary Net Position .....	35
<b>Notes to the Basic Financial Statements:</b>	
(1) The Financial Reporting Entity.....	36
(2) Summary of Significant Accounting Policies.....	38
(3) Stewardship, Compliance, and Accountability .....	48
(4) Cash and Investments .....	48
(5) Receivables .....	60
(6) Interfund Receivables and Payables .....	61

(7) Interfund Transfers.....	63
(8) Capital Assets.....	64
(9) Leases.....	66
(10) Long-Term Liabilities .....	67
(11) Net Position.....	70
(12) Fund Balances .....	71
(13) Employees' Retirement Plans .....	74
(14) Other Postemployment Benefits .....	83
(15) Risk Management .....	90
(16) Commitments and Contingencies .....	91
(17) Special Item .....	96
(18) Subsequent Event .....	96

**Required Supplementary Information (Unaudited):**

Infrastructure Assets Reported Using the Modified Approach.....	97
Schedule of Proportionate Share of the Net Pension Liability .....	98
Schedule of County Contributions – Pension Plan .....	99
HPSM's Schedule of Changes in the Net Pension Asset and Related Ratios.....	100
HPSM's Schedule of Contributions.....	101
Schedule of Changes in the Net OPEB Liability and Related Ratios .....	101
Schedule of OPEB Contribution.....	102
Housing Authority's Schedule of Changes in the Net OPEB Liability and Related Ratios .....	103
Housing Authority's Schedule of Contributions.....	103
Budgetary Comparison Schedule – General Fund.....	104
Note to the Budgetary Comparison Schedule – General Fund .....	113

**Combining and Individual Fund Statements and Schedules:**

Nonmajor Governmental Funds:

Combining Balance Sheet .....	114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	115

*Special Revenue Funds:*..... 116

Combining Balance Sheet.....	117
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	119

Budgetary Comparison Schedules:

Road Fund.....	121
County Fire Protection Fund.....	122
County Service Area Fund.....	123
Sewer and Sanitation Fund .....	124
Flood Control Zone Fund.....	125
Lighting Districts Fund.....	126
Emergency Medical Services Fund .....	127
County Half-Cent Transportation Fund .....	128
County-Wide Road Improvement Fund.....	129
Solid Waste Fund .....	130

In-Home Supportive Services Public Authority Fund.....	131
Other Special Revenue Funds:	
Highlands Landscape Maintenance District .....	132
Los Trancos County Maintenance Fund .....	132
Fish and Game Fund.....	132
 <i>Debt Service Fund:</i> .....	133
Budgetary Comparison Schedule - Other Debt Service Fund .....	134
 <i>Capital Projects Funds:</i> .....	135
Combining Balance Sheet .....	136
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	137
Budgetary Comparison Schedules:	
Parks Acquisition Fund.....	138
Accumulated Capital Outlays Fund.....	139
Criminal Facility Fund.....	140
Courthouse Construction Fund .....	141
Other Capital Projects Fund.....	142
 <u>Nonmajor Enterprise Funds:</u> .....	143
Combining Statement of Fund Net Position.....	144
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position.....	145
Combining Statement of Cash Flows .....	146
 <u>Internal Service Funds:</u> .....	147
Combining Statement of Fund Net Position.....	148
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position.....	149
Combining Statement of Cash Flows .....	150
 <u>Fiduciary Funds:</u> .....	152
<i>Investment Trust Funds:</i>	
Combining Statement of Fiduciary Net Position.....	153
Combining Statement of Changes in Fiduciary Net Position.....	154
<i>Agency Funds:</i>	
Combining Statement of Fiduciary Assets and Liabilities .....	155

**STATISTICAL SECTION (Unaudited)**

**Financial Trends**

*Government-wide:*

Net Position by Component, Last Ten Fiscal Years.....	158
Changes in Net Position, Last Ten Fiscal Years .....	159
Governmental Activities Tax Revenues by Source, Last Ten Fiscal Years.....	161

*Governmental Funds:*

Fund Balances of Governmental Funds, Last Ten Fiscal Years.....	162
Changes in Fund Balances of Governmental Funds, Last Ten Fiscal Years.....	163
Governmental Fund Tax Revenues by Source, Last Ten Fiscal Years.....	164

**Revenue Capacity**

Assessed Value of Taxable Property, Last Ten Fiscal Years ..... 165  
Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years ..... 166  
Principal Property Assesseees, as of January 1, 2018 and January 1, 2009 ..... 167  
Property Tax Levies and Collections, Last Ten Fiscal Years ..... 168

**Debt Capacity**

Ratios of Outstanding Debt by Type, Last Ten Fiscal Years ..... 169  
Direct and Overlapping Debt as of June 30, 2018 ..... 170  
Legal Debt Service Margin Information, Last Ten Fiscal Years ..... 171  
Pledged Revenue Coverage, Last Ten Fiscal Years ..... 172

**Economic and Demographic Information**

Demographic and Economic Statistics, Last Ten Years ..... 173  
Principal Employers, Year 2017 and Year 2009 ..... 174

**Operating Information**

Full-time Equivalent County Employees by Function, Last Ten Fiscal Years ..... 175  
Operating Indicators by Function, Fiscal Years 2016-2017 ..... 176  
Capital Asset Statistics by Function, Last Ten Fiscal Years ..... 178



## **INTRODUCTORY SECTION**

- **Controller's Letter of Transmittal**
- **Certificate of Achievement –  
Government Finance Officers Association**
- **Organization Chart**
- **Public Officials**



**COUNTY OF SAN MATEO**  
OFFICE OF THE CONTROLLER

**Juan Raigoza**  
Controller

**Shirley Tourel**  
Assistant Controller

555 County Center, 4th Floor  
Redwood City, CA 94063  
650-363-4777  
<http://controller.smcgov.org>

November 21, 2018

The Honorable Members of the Board of Supervisors  
Citizens and Residents 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, 2018 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, 2018. 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 4-22 of this report, provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this Letter of Transmittal and should be read in conjunction with it.

### **Profile of the Government**

The County, one of the nine counties in the San Francisco Bay Area, was established by State law in 1856. 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 774,155 residents live in the suburban corridor east of the Santa Cruz Mountains, which bisect the County. The western part of the County remains primarily rural and has some of California's most beautiful coastline.

The County performs a dual role that differs from cities. Cities generally provide 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 councils. 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-type services for residents who do not live within a city but live in an unincorporated area.



Under a charter form of government, the County is governed by a five-member Board of Supervisors (the Board). Each Supervisor serves four-year terms on a full-time basis, must reside in one of the five districts of the County, and is elected by district in non-partisan elections. The Board is responsible, among other duties, for passing ordinances, adopting the County's budget, and appointing the County Manager/Clerk of the Board, the County Counsel, and members of various boards, commission and committees. The County Manager appoints the non-elected directors of ten departments. The County has six elected officials responsible for the offices of the Assessor-County Clerk-Recorder, Controller, Coroner, District Attorney, Sheriff, 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 dependent special districts including County Service Areas, sewer and sanitation, flood control, lighting, and other special districts.

### **Key Financial Policies**

#### **Investments**

The County investment pool was established to meet the County's liquidity and long-term investment needs. The Board established an eight-member oversight committee under State law to monitor the management of public funds in the investment pool. The oversight committee meets at least three times a year to evaluate general strategies, monitor results, and evaluate the economic outlook, portfolio diversification, maturity structure, and potential risks to the invested funds. The Board reviews and approves the Investment Policy annually. The foundation of the County Investment Policy is in 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 to reduce the negative impact on the County's financial resources during times of economic uncertainty and potential losses of funding from other governmental agencies. In 2010, the Board adopted the revised policy to align it with the current fiscal environment. In 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 are only 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 the creation of operating deficits through dependency on fund balance and reserves for ongoing expenditures. The policy requires departments to maintain reserves at a minimum of 2% of net appropriation; General Fund reserves shall be maintained at a minimum of 5% of total General Fund net appropriations; appropriations for contingencies shall be maintained at 3% of total general fund net appropriations; a minimum reserve of \$2 million shall be maintained for capital improvements; and a minimum \$2 million in reserves for countywide automation projects. 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. The Board subsequently adopted this change to reduce the use of these one-time funds for ongoing General Fund operations and maintain an appropriate level of savings.

#### **Budget**

Under State law, the County is required to adopt a balanced budget by October 2nd of each year. Except for the Joint Powers Financing Authority and certain other special revenue funds, the County Manager's Office prepares a budget for

all governmental funds on the modified accrual basis of accounting in accordance with California Government Code Sections 29000 and 29144.

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

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

### **Debt Service Limit and Debt Management Policy**

Under the County's Debt Limit Ordinance, the Board is required to establish the County debt service limit annually. The debt service limit is applicable to non-voter approved debt that is the obligation of the County. The limit does not include any voter-approved debt or any debts of agencies, 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 2017-18, the County continued to remain within this limit.

On October 23, 2018, the County adopted its debt management policy in accordance with Senate Bill 1029. The policy, which was developed in connection with the County's 2018 Series A and 2019 Series A bonds, is designed to, among other things, facilitate a systematic and prudent approach to debt issuance and debt management, ensure access to debt capital markets and direct purchase investors through prudent and flexible policies, assist the County in achieving the highest practical credit rating, and ensure compliance with applicable state and federal laws. The policy sets forth the purposes for which the County may engage in long-term borrowing, short-term borrowing, and refinancing of existing debt. The policy also sets forth the types of debt that the County may issue and prohibits the County's use of derivatives and interest rate swaps in its debt program. The County's Joint Powers Financing Authority approved the same policy at its October 24, 2018 meeting.

### **Economic and Financial Outlook**

Global economic growth, measured using Gross Domestic Product (GDP), is projected to continue at the same 2017 growth rate of 3.7% into 2018 and 2019. The United States' growth is forecasted at an annual rate of 2.7% in 2018, up from 2.2% in 2017. Lower U.S. growth rates of 2.5% and 2.0% are projected for 2019 and 2020, respectively. GDP of the San Francisco metropolitan area, which includes San Mateo County, increased by 3.4% in 2017 (latest available data) while the average U.S. metro area grew 2.1% in 2017.

Unemployment rates have declined steadily over the past years. As of September 2018, the County's unemployment rate was 2.1% (down from 2.9% in September 2017) and was lower than the State's rate of 4.1% and the national rate of 3.7%.

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 assessed property values are key indicators of the County's financial outlook. For fiscal year (FY) 2018-19 the total value of assessed properties within the County increased by 8% to \$225 billion. This will increase the property tax revenue base to \$2.25 billion. Property values saw the seventh consecutive year of record growth in FY

2018-19. Property tax revenues are shared by all local taxing agencies (schools, cities, special districts, and County) that operate within the County.

The median price paid for a home (house and condo) in the Bay Area in September 2018 was \$815,000, up 9.3% from September of 2017. Within the County, the median home price in September 2018 increased to \$1,300,500, a 13.1% jump from September 2017. The County's median single-family home price rose 12.3% to \$1,608,000 in September 2018 from \$1,432,500 in September 2017. While home prices and assessed property values have been rising for many past years, home affordability continues to be a challenge across the Bay Area.

The California Association of Realtors' Traditional Housing Affordability Index measures the percentage of households that can afford to purchase a median-priced home. The housing affordability index for the Bay Area was 18 as of the quarter ending in June 2018. The County's affordability index was 14 (unchanged from the prior year), while the U.S. index was 53 and the State's was 26 in June 2018. Accordingly, during the June 2018 quarter, only 14% of households in the County could afford to purchase a median-priced home in the County.

The commercial real estate market remains strong with low vacancy rates and steady leasing rates. The average asking rate to lease commercial space in the County increased by 1.2%, from \$5.08 per square foot per month in June 2017 to \$5.14 as of June 2018. Meanwhile, the County's vacancy rate for commercial property decreased slightly to 3.7% in June 2018, down from 4.0% in June 2017. Local vacancy rates and leasing rates of commercial properties are indicators of the overall demand for commercial space and of the general economy within the County.

## **Long-Term Financial Planning**

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

Since FY 1992-93 local taxing entities (cities, special districts, and the County) are mandated to shift a portion of their property tax dollars to the ERAF to be used to reduce the State's obligation in funding school districts. School districts that receive less than their minimum State guaranteed amount are eligible to receive revenues from the ERAF while those that receive property taxes equal to or greater than their minimum State guaranteed amount do not.

Any monies remaining in the ERAF after funding school districts and special education up to their allowable amounts are refunded back to the local taxing agencies in the same proportion as their contributions. These refunded monies are referred to as Excess ERAF. In FY 2017-18 the County's share of Excess ERAF monies was \$128.9 million. The County is conservative in budgeting Excess ERAF monies, as the revenues may be subject to legislative risk.

### **Employees' Retirement Plan**

In FY 2014-15 the County implemented the Government Accounting Standards Board (GASB) Statement No. 68 which requires financial reporting of pension plans in the basic financial statements. It also requires additional disclosures in the Notes to the Basic Financial Statements and Required Supplementary Information sections of the CAFR. The San Mateo Employees' Retirement Association (SamCERA) administers the pension plan for the County and its employees. Because of this reporting standard SamCERA and the County now use two different actuarial valuation methods for its pension plan - one for financial reporting purposes as required by GASB No. 68, and another for funding purposes to determine the County's annual contribution to the plan.

As of June 30, 2018, for financial reporting purposes, the County's net pension liability is \$546.9 million, and the plan's funded ratio is 87.5%. Contributions from the County to the pension plan totaled \$198.4 million in FY 2017-18. For financial reporting purposes, SamCERA used a discount rate of 6.92% in FY 2017-18.

As of June 30, 2018, for funding purposes, as reported by SamCERA, the entire pension plan's Unfunded Actuarial Accrued Liability (UAAL) totaled \$619 million, a decrease of \$124 million from the UAAL of \$743 million in FY 2016-17. For funding purposes, the pension plan's funded ratio increased from 84.3%, as of June 30, 2017, to 87.5% as of June

30, 2018, while the County’s proportionate share of the plan’s unfunded liability decreased to \$589.2 million (95.18% of \$619 million). For funding purposes, SamCERA maintained the discount rate of 6.75% in FY 2017-18.

The table below shows the differences between the two actuarial valuation methodologies. For this year, FY 2017-18, the “net/unfunded liability” amounts under both valuations are very similar while the funded ratios are the same.

	Funding Purposes	Financial Reporting Purposes
Discount Rate / Assumed Rate of Return	6.75%	6.92%
Measurement Date of Assets	June 30, 2018	June 30, 2017
Recognition of Investment Income (Loss)	Gain (loss) recognized over 5-year period	Projected gain plus/minus 20% of difference between projected and actual gain (loss)
Funded Ratio as of June 30, 2018	87.5%	87.5%
Unfunded Actuarial Accrued Liability as of June 30, 2018	\$589.2 million	n/a
Net Pension Liability as of June 30, 2018	n/a	\$546.9 million

The discount rate, the assumed investment rate of return, has a significant impact when determining the actuarial net pension liability amount. Note 13, Employees’ Retirement Plans, includes a required disclosure titled *Sensitivity of the County’s Proportionate Share of Net Pension Liability to Changes in the Discount Rate*. Decreasing the discount rate by 1% from 6.92% to 5.92% would increase the County’s net pension liability for financial statement reporting purposes from \$546.9 to \$1,178 million. Similarly, significant changes to the unfunded liability amount for funding purposes would result if that discount rate was decreased from 6.75% to 5.75%.

In FY 2013-14 the Board approved a resolution to accelerate the payment of unfunded pension liabilities by contributing an additional \$50 million from reserves in FY 2013-14 and an additional \$10 million in each of the following nine years. These extra contributions are in addition to the annual contractually required contribution amounts. Under this scenario, which started in FY 2013-14, the County is expecting to achieve a 90% funded ratio in 7 years, and 100% in 11 years, if actuarial assumptions used for funding purposes are realized. These additional contributions were estimated to save the County about \$304 million in cumulative contributions and, therefore, reduce operating costs over the next 30 years.

**Other Postemployment Benefits (OPEB)**

The County administers an “other post-employment benefits” (OPEB) Retiree Health Plan to members who retire from the County and are eligible to receive a pension from SamCERA. As such, eligible retirees may elect to continue healthcare coverage in the County health plan and convert sick leave hour balances to a County-paid monthly benefit that will help pay their retiree health premiums. The County funds its OPEB obligations through the California Employers’ Retiree Benefits Trust (CERBT).

This year the County implemented new GASB Statement No. 75, which specifies the accounting and financial reporting requirements for postemployment benefits other than pensions. GASB No. 75 is similar to pension reporting standards (GASB No. 68) in that it requires reporting of the net OPEB liability amount on the face of the financial statements. It also requires additional disclosures in the CAFR’s Notes to the Basic Financial Statements and Required Supplementary Information sections about the actuarial assumptions and methods used to account for the OPEB plan. These changes will improve transparency of the plan and its unfunded liabilities.

For the year ended June 30, 2018 the County contributed \$24.6 million to the Retiree Health Plan. Using a discount rate of 6.73%, the plan’s funded ratio was 75.8% as of June 30, 2018. The County’s total OPEB liability was \$359 million and its net OPEB liability was \$87 million as of June 30, 2018.

**Measure K Sales Tax Revenues**

In November 2012 the voters approved Measure A which provided for a one-half cent countywide sales tax increase until March 2023. In November 2016 voters passed Measure K which extended the sales tax for an additional 20 years. Measure K programs and initiatives are tracked separately for budgeting and reporting purposes and are mostly funded on a reimbursement basis, while success is measured through approved performance measures. SMC Performance, an online dashboard, provides information about the use of Measure K funds.

In FY 2017-18 Measure K generated \$89.6 million in tax revenues while \$88.4 million was spent on Measure K funded initiatives. Significant expenditures for FY 2017-18 included: technology infrastructure and open data projects (\$9.7 million), new 911 Dispatch Center (\$8.8 million), affordable housing (\$8.7 million), and the Big Lift (\$8.3 million).

**Affordable Care Act**

The Affordable Care Act (ACA) changed healthcare coverage for Americans in two significant ways. It expands Medicaid (called Medi-Cal in California) to cover more low-income individuals in the States that have chosen to pursue such an expansion and provides subsidies for low and middle-income Americans to purchase insurance through health insurance marketplaces.

The implementation of the ACA in San Mateo County has been a success. The Human Services Agency in partnership with the Health System and a network of community-based organization partners are working in the fifth season of Open Enrollment for health insurance coverage under the ACA. Census data to track the impact of the ACA's health insurance expansion on the number of uninsured Americans lags, but the most recent estimates (Fall 2017) indicate that 96% of San Mateo County residents are insured, a sizable increase since the pre-ACA insured level of 89%.

As of October 2018, approximately 32,000 San Mateo County residents are enrolled in the segment of Medi-Cal that was expanded through the ACA and approximately 26,000 residents are enrolled in a health insurance offering through California's health insurance marketplace, Covered California.

In addition to the expansion of Medi-Cal coverage, the ACA added treatment for moderate mental illness and for substance use treatment as Medi-Cal benefits. The ACA has increased access to mental health services by four-fold since inception and allowed the County to become the first California entity to implement substance use treatment under the ACA, doubling the number of persons in treatment.

The ACA's provisions also affect the financing of healthcare, particularly for healthcare providers that serve a large population of low-income residents. Of the approximately 32,000 residents who are enrolled in the expanded component of Medi-Cal, almost 17,000 are assigned to San Mateo Medical Center (SMMC). SMMC's revenues and operating results have improved since a greater proportion of the patients it serves now have insurance.

However, the full long-term financial impacts to SMMC may not be known for several years as the various financial components that are a part of California's Medi-Cal and healthcare safety net financing continue to be implemented, and many payment sources are changing from reimbursement of costs to performance-based. There has been uncertainty regarding the alignment of interests between California and the federal administration with regard to Medicaid payments and ACA components that have been the subject of federal legislative proposals. Future federal legislation may result in unknown financial impacts to SMMC.

**Infrastructure**

The two-year Adopted Budget for FY 2017-18 and FY 2018-19 includes a total of \$324.7 million for capital projects funded by the General Fund, Measure K, and other funding sources.

Major General Fund and bond-funded projects include the Animal Care Shelter replacement (\$18.9 million), San Mateo Medical Center Campus (\$34.5 million), Parks and Marina projects (\$9.5 million) and Homeless Shelter (\$3.3 million).

Key capital projects funded by Measure K include the new 911 Dispatch Center (\$48.9 million), Skylonda Fire Station replacement (\$1.9 million), and Pescadero Fire Station replacement (\$1.6 million).

In 2014, \$87.1 million from the sale of the Circle Star Plaza property were set aside in the Accumulated Capital Outlay (ACO) Fund for future construction projects. Several projects including County Office Building No. 3 (\$32.3 million) will be funded by the ACO Fund.

### **Meeting the Future**

While key economic indicators for the County remain positive, the current growth cycle is one of the longest sustained cycles in history. The current U.S. GDP forecasts suggest that the overall economy remains positive. Although the County's unemployment rate is only 2.1% as of September 2018, and home prices are at historic highs, the pace of growth is expected to slow as the economic cycle matures.

Additionally, future federal and state policies and funding priorities may have a negative impact on the County's finances, especially those that impact healthcare costs. County revenues subject to uncertainty include funding for healthcare services under the Affordable Care Act and property tax revenues received from the Excess Educational Revenue Augmentation Fund (ERAF).

Future federal legislation or policies may reduce payment amounts to the County for providing healthcare services and/or increase the number of uninsured residents. Furthermore, as the State makes changes to the Local Control Funding Formula (LCFF) for schools and/or increases the minimum funding requirements to school districts, the amount of Excess ERAF monies returned to the County, cities, and special districts may decrease.

In November 2018, in connection with its issuance of lease revenue bonds, the County noted that the amount of property and other tax revenues available to the General Fund may be reduced in the event of widespread damage to property in the County due to sea level rise and other climate change related impacts. The County noted that it had previously initiated a study of the vulnerability of land in the County to risks resulting from potential sea level rise. The study, which is titled "County of San Mateo Sea Level Rise Vulnerability Assessment" (Assessment), was completed in March 2018 and found risk of potential impacts to property in the County in the event of various sea level rise scenarios. The Assessment is available on the County's website at <http://seachangesmc.com/vulnerability-assessment/>.

Planned investments in capital projects will require hundreds of millions of dollars in one-time construction and acquisition costs. Measure K funds will help to provide some resources to replace the County's aging physical and technology infrastructure. On-going operating and maintenance costs for some of these capital projects will likely require tens of millions of dollars of additional annual funding. On November 1, 2018 the County's Joint Powers Financing Authority sold \$217,640,000 in lease revenue bonds to finance capital improvements to the San Mateo Medical Center and construct a new office building.

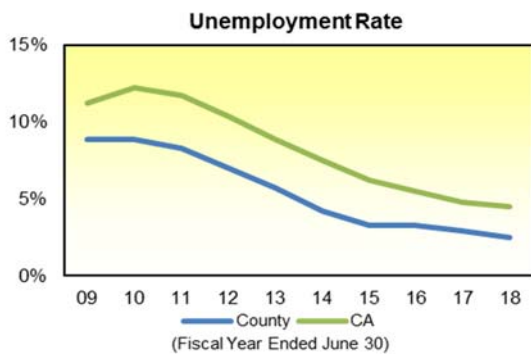
The County's outstanding credit rating allows it to obtain financing for capital projects at relatively low interest rates. In October 2018 Moody's Investor Services and S&P Global Ratings affirmed the County's Aaa and AAA issuer ratings, respectively. This enables the County to finance capital projects at lower costs.

The above will require the County to focus on sustainable growth, exercise fiscal discipline, and closely monitor liabilities and expenditures in order to weather any future revenue reductions and the next cyclical economic slowdown. The current U.S. economic expansion is now 9 years old, making it the second longest on record after the 10-year expansion that ended with the bursting of the dot-com bubble in 2001. A recession is inevitable and the County should continue to plan long-term and prepare for it.

**Factors Affecting Economy**

**Employment**

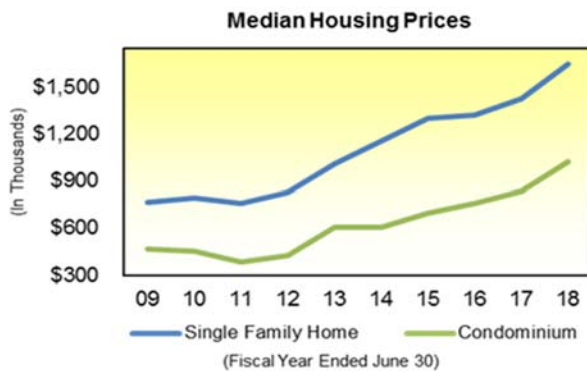
- The County had 11,200 unemployed residents as of June 2018, down from 12,900 in June 2017.
- The County’s unemployment rate was 2.5% for June 2018, down from 2.9% in June 2017, while California’s rate was 4.5% and the U.S.’ rate was 4.0% in June 2018.
- Among California’s 58 counties, once again, as of June 2018, the County recorded the lowest unemployment rate, a frequent occurrence.



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

**Residential Property**

- The County’s median single-family home price rose 15.7% to \$1,651,000 in June 2018, up from \$1,427,500 in June 2017.
- The County’s median condominium price rose 22.6% to \$1,020,500 in June 2018, up from \$832,500 in June 2017.



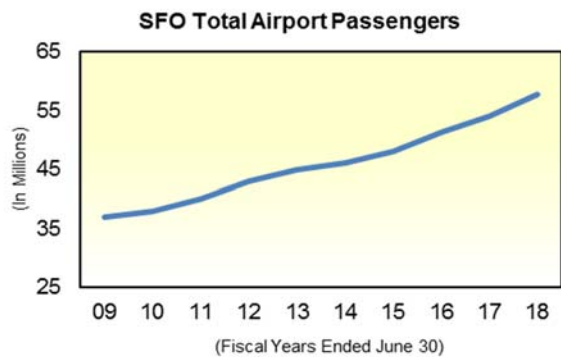
Source: San Mateo County Association of Realtors, based on statistics from Multiple Listing Services, Inc.

**Commercial Property**

- The County’s office vacancy rate in June 2018 was at 6.4%, slighter lower than 6.9% for June 2017, and 6.8% for June 2016.
- The average asking rate to lease office space in the County rose 1.2% to \$5.14 per square foot per month in June 2018, up from \$5.08 in June 2017, and from \$5.01 in June 2016.

**Tourism**

- San Francisco International Airport remains a significant economic engine in the region by providing tens of thousands of jobs. The Airport’s total passenger volume rose 7% to 57 million for the year ended June 2018, up from 54 million for the year ended June 2017.



Source: SFO Comparative Traffic Reports

**Taxable Sales**

- Taxable sales throughout the County grew 8% to \$17.9 billion for the year ending June 2018, up from \$16.6 billion for the year ending June 2017.

**Median Family Income & Per Capita Income**

- The County’s estimated median family income increased to \$108,627 for 2016 (latest data), a 7.3% increase from \$101,272 for 2015.
- The County’s per capita personal income increased to \$105,721 in 2016 (latest data), a 4.4% increase from \$101,264 in 2015.

Major Initiatives



Healthy and Safe Community

Aging and Adult Services / District Attorney’s Office

- Prevent elder abuse through Elder Dependent Adult Protection Team which provides outreach, education, support, investigation, and prosecution services.

Health System

- Help first-time mothers prepare for birth and the best possible start in life for their child through the Nurse-Family Partnership Program.
- Provide behavioral health crisis response services via the Mental Health Assessment and Referral Team.

County Manager’s Office / Health System

- Rebuild aging Cordilleras Mental Health Facility.

County Manager’s Office / County Fire

- Replace outdated fire engines and support vehicles.

County Manager’s Office

- Manage construction of the new 911 Dispatch Center.

Human Service Agency

- Increase the percentage of children who exited to a permanent home within 12 months of entering foster care.
- Maintain the Children and Family Resource Centers that provide bilingual therapeutic services to children and their families in high-need school districts.



Environmentally Conscious Community

Parks Department

- Improve visitor center at Sam McDonald Park, including its exhibits, compliance with Americans with Disabilities Act, and repairs to facilities.
- Build all infrastructure and visitor amenities for Tunitas Creek Beach per its initial operating plan.

Department of Public Works

- Build an early warning system to prepare for future storm seasons with support from a Flood Emergency Preparedness grant.



Prosperous Community

Board of Supervisors

- Continue investing in the Big Lift initiative to provide quality preschool and other services to promote literacy and reduce absenteeism.

Human Services Agency

- Increase job preparedness opportunities through Welfare to Work program and Service Connect job placement program.

Department of Housing / Board of Supervisors

- Invest in the Affordable Housing Fund to construct or rehabilitate affordable housing for the long term.
- Support the Affordable Rental Acquisition and Preservation Program to preserve the affordability of existing multifamily buildings within the County.



Livable Community

Department of Public Works

- Renovate the facilities of the Respite Center/ Serenity House, relocate the motor pool to Grant Yard, and complete Maple Street Shelter renovations.

Office of Sustainability

- Manage the County’s employee commuter bus pilot program to reduce traffic and help commuters.



Collaborative Community

Assessor’s Office / Tax Collector’s Office / Controller’s Office / Information Services Department

- Replace old systems with modern integrated assessment and property tax systems.



## 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, 2017. This was the eighteenth 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, 2017. The Popular Annual Financial Report (PAFR), also known as the Financial Highlights report, presents information from the CAFR in a more concise and easy-to-read manner.

### Acknowledgments

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

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

I would like to thank our recently retired County Manager John Maltbie, Deputy Controller Reyna Farrales, and Budget Director Jim Saco. The County's strong financial position and high credit ratings are due in large part to their great leadership and financial management over the last 25 years.

I would also 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 manner.

Finally, I wish to thank all of the citizens of San Mateo County for their support and the employees of the County for their dedication and contributions to County government.

Respectfully submitted,



Juan Raigoza  
Controller



Government Finance Officers Association

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

Presented to

**County of San Mateo  
California**

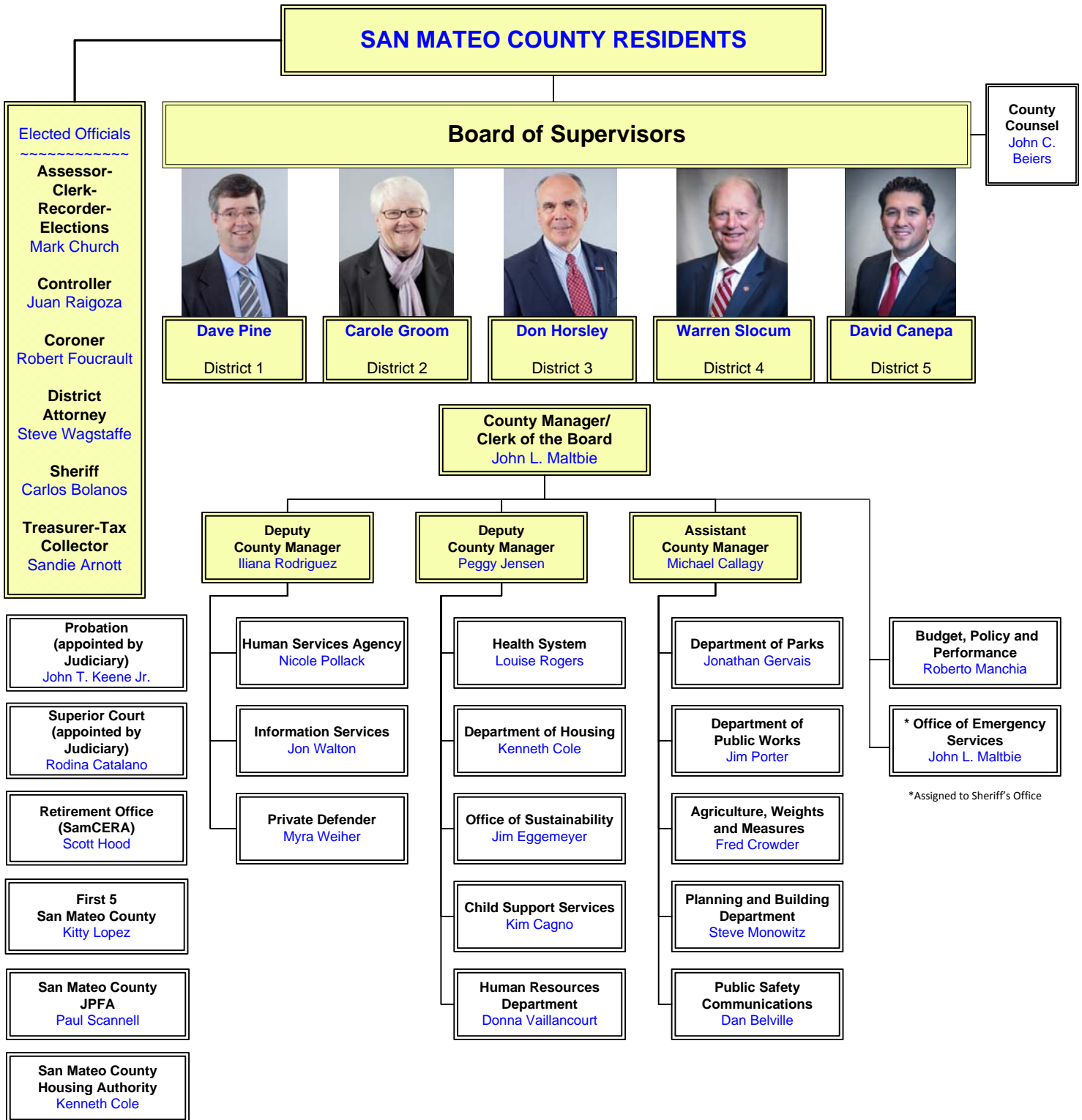
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO

**COUNTY OF SAN MATEO**  
**Organization Chart**  
 June 30, 2018



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

**ELECTED OFFICIALS**

Board of Supervisors:

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

Assessor-Clerk-Recorder-Elections	Mark Church
Controller	Juan Raigoza
Coroner	Robert Foucrault
District Attorney	Steve Wagstaffe
Sheriff	Carlos Bolanos
Treasurer-Tax Collector	Sandie Arnott

**APPOINTED OFFICIALS**

County Manager/Clerk of the Board – ( <i>appointed by Board of Supervisors</i> )	John L. Maltbie
Assistant County Manager – ( <i>appointed by County Manager</i> )	Michael Callagy
Deputy County Manager – ( <i>appointed by County Manager</i> )	Iliana Rodriguez
Deputy County Manager – ( <i>appointed by County Manager</i> )	Peggy Jensen
County Counsel – ( <i>appointed by Board of Supervisors</i> )	John C. Beiers
Court Executive Officer and Jury Commissioner – ( <i>appointed by Judiciary</i> )	Rodina Catalano
Probation Officer – ( <i>appointed by Judiciary</i> )	John T. Keene Jr.

**DEPARTMENT DIRECTORS**

Agriculture, Weights and Measures	Fred Crowder
Child Support Services	Kim Cagno
Housing	Kenneth Cole
Parks	Jonathan Gervais
Public Works	Jim Porter
Health System	Louise Rogers
Human Resources	Donna Vaillancourt
Human Services Agency	Nicole Pollack
Information Services	Jon Walton
Planning and Building	Steve Monowitz
Public Safety Communications	Dan Belville
Office of Sustainability	Jim Eggemeyer

**AFFILIATED ORGANIZATIONS**

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



## **FINANCIAL SECTION**

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



## Independent Auditor’s Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of San Mateo, California (County) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

### Management’s Responsibility for the Financial Statements

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

### Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the County of San Mateo (Housing Authority), the San Mateo County Employees’ Retirement Association (SamCERA), the First 5 San Mateo County (First 5), and the Health Plan of San Mateo (HPSM), which represent the following percentages of the assets and deferred outflows, net positions/fund balances, and revenues/additions of the following opinion units as of and for the year ended June 30, 2018.

Opinion Unit	Assets and Deferred Outflows	Net Positions/ Fund Balances	Revenues/ Additions
Business-type activities	11%	50%	26%
Major enterprise fund – Housing Authority	100%	100%	100%
Aggregate remaining fund information	53%	59%	11%
Aggregate discretely presented component units	100%	100%	100%

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

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

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

### ***Opinions***

In our opinion, 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, 2018, 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 Pronouncements***

As discussed in Note 1(G) to the financial statements, effective as of July 1, 2017, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and No. 85, *Omnibus 2017*. Our opinions are 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, information on the infrastructure assets reported using the modified approach, the schedule of proportionate share of the net pension liability, the schedule of County contributions – pension plan, the HPSM's schedule of changes in the net pension asset and related ratios, the HPSM's schedule of contributions, the schedules of changes in the net OPEB liability and related ratios, the schedules of OPEB contributions, and 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 fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California  
November 21, 2018





**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, 2018

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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we provided in our transmittal letter in the preceding section. All dollar amounts are expressed in thousands unless otherwise indicated.

**Financial Highlights**

**Government-wide financial position**

The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year 2017-18 by \$2.0 billion (*net position*):

- \$719 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.
- \$300 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*).
- \$976 million is available to fund County programs for citizens and debt obligations to creditors (*unrestricted net position*).

In June 2015, GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which establishes new accounting and financial reporting for state and local governments by improving the accounting and financial reporting for OPEB plans and provides information obtained by state and local government employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. As of July 1, 2017, the County implemented this Statement and restated the beginning net position on the government wide statements by \$253.0 million (\$205.5 million governmental activities and \$47.5 million business-type activities - \$46.8 million from cumulative effect of accounting change and \$0.7 million from prior period adjustment) and recognized \$29.3 million of beginning deferred outflows of resources for its OPEB contributions and to establish beginning net OPEB liability of \$156.5 million.

The County's total net position increased \$9.6 million to \$2.0 billion over the year. The positive change in County's net position indicates that the financial position of the County is improving.

- \$35.4 million increase in net position was derived from governmental activities with \$240.9 million increase predominantly from increases in property taxes, interest and investment and \$205.5 million decrease from cumulative effect of accounting change due to implementation of GASB Statement No. 75.
- \$25.8 million decrease in net position was derived from business-type activities with \$8.7 million increase from the Medical Center, \$9.6 million increase from the Housing Authority, \$3.8 million increase from the Airports, \$0.8 million decrease from Coyote Point, and \$46.8 million decrease from cumulative effect of accounting change due to implementation of GASB Statement No. 75.

**Fund financial position**

The County's governmental funds reported combined fund balances of \$1.3 billion at the close of fiscal year, an increase of \$85 million compared to the prior year. About \$942 million (sum of assigned and unassigned fund balances) of this amount, or 73%, is available for spending at the County's discretion.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2018

**Capital assets and debt administration**

The County's *capital assets* increased \$26.5 million to \$1,111 million with \$1,030 million for the governmental activities and \$81 million for the business-type activities. The increase was mainly from \$19 million increase in construction in progress (\$8.8 million for the Regional Operations Center, \$3.9 million for the Health System Center Campus Upgrade, \$2.1 million from the Skylonda Fire Station Replacement, \$2 million from the Animal Care Shelter, \$1.3 million from County Office Building #3, and \$0.9 million from Cordilleras Mental Health Facility Replacement), a \$4 million increase in software from completion of the Probation Case Management System, and \$2 million increase in equipment purchases countywide to meet county wide operating needs

The County's total outstanding *long-term debt* (including lease revenue and revenue refunding bonds, notes payable, and other long-term obligations) decreased \$35 million to \$441 million. The decrease was mainly caused by normal debt payments made on the lease revenue and revenue refunding bonds (\$33.9 million in principal payment, \$2.6 million in bond premiums amortized, and \$0.7 million in accreted interest) and partially offset by other long term obligations (\$2 million increase in issuance of other long term obligations).

**Overview of Financial Statements**

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

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

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

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

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

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

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

**Fund Financial Statements** provide a narrower view of the County's finances. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of the County are divided into three categories: (1) Governmental

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2018

Funds include general, special revenue, debt service, and capital project funds; (2) Proprietary Funds include enterprise and internal service funds; and (3) Fiduciary Funds include investment trust, pension trust, and agency funds.

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

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

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

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

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

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

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

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

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

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

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

The basic financial statements also incorporate *component units* that are legally separate entities for which the County is financially accountable. A component unit can be "blended" or "discretely presented" in the County's financial

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2018

statements. A blended component unit functions, for all practical purposes, as an integral part of the primary government (the County), whereas a discretely presented component unit does not function as an integral part of the County.

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

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

*The notes can be found on pages 36-96 of this report.*

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

*Required supplementary information can be found on pages 97-113 of this report.*

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

*Combining and individual fund statements and schedules can be found on pages 114-156 of this report.*

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

	<b>County's Net Position</b>							
	<b>(In Thousands)</b>							
	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2018	2017	2018	2017	2018	2017	Amount	Percentage
Current and other assets	\$ 1,826,003	\$ 1,771,539	\$ 259,633	\$ 259,552	\$ 2,085,636	\$ 2,031,091	\$ 54,545	3%
Capital assets	1,030,168	1,004,781	81,213	80,060	1,111,381	1,084,841	26,540	2%
Total assets	<u>2,856,171</u>	<u>2,776,320</u>	<u>340,846</u>	<u>339,612</u>	<u>3,197,017</u>	<u>3,115,932</u>	<u>81,085</u>	3%
Deferred outflows of resources	373,310	406,805	66,810	71,733	440,120	478,538	(38,418)	-8%
Long-term liabilities	540,124	570,015	14,956	14,467	555,080	584,482	(29,402)	-5%
Net pension liability	445,984	558,747	100,243	116,105	546,227	674,852	(128,625)	-19%
Net OPEB liability	71,216	-	15,971	-	87,187	-	87,187	100%
Other liabilities	206,435	170,947	177,995	166,789	384,430	337,736	46,694	14%
Total liabilities	<u>1,263,759</u>	<u>1,299,709</u>	<u>309,165</u>	<u>297,361</u>	<u>1,572,924</u>	<u>1,597,070</u>	<u>(24,146)</u>	-2%
Deferred inflows of resources	57,327	10,478	12,371	2,035	69,698	12,513	57,185	457%
Net position:								
Net investment in capital assets	640,425	579,485	78,508	76,676	718,933	656,161	62,772	10%
Restricted	298,492	260,536	1,383	362	299,875	260,898	38,977	15%
Unrestricted	969,478	1,032,917	6,229	34,911	975,707	1,067,828	(92,121)	-9%
Total net position	<u>\$ 1,908,395</u>	<u>\$ 1,872,938</u>	<u>\$ 86,120</u>	<u>\$ 111,949</u>	<u>\$ 1,994,515</u>	<u>\$ 1,984,887</u>	<u>\$ 9,628</u>	0.5%

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2018

**Analysis of Net Position.** The County's net position increased \$9.6 million, or 0.5%, to \$2.0 billion at June 30, 2018.

**Governmental Activities** increased the County's net position by \$35 million, or 2% to \$1.9 billion.

**Total assets** increased \$79.9 million, or 3%, to \$2.9 billion. The significant changes in assets occurred in the following areas:

- *Cash and investments* increased by \$115 million. This increase was due primarily to increase in property tax, operating grants and contributions, investments from higher interest rates in FY 2017-18, and \$1.1 million in unspent Measure K sales and use tax revenues.
- *Receivables and loan receivable* increased \$24 million primarily due to \$13.3 million in net mortgage receivable, \$4.4 million in accrued mortgage interest and other interest income, \$0.9 million in tax receivable, and a net \$3.1 million in loan receivable (\$4.5 million paid off Peninsula Clean Energy and \$7.6 million new loans from Half Moon Bay library, City of Brisbane library and Town of Atherton).
- *Due from other governmental agencies* increased by \$21.4 million primarily due to \$15.8 increase in receipt of Medi-Cal revenues, \$3 million increase from State Children's Health Insurance Program (CHIP) revenues, \$1.6 million increase from Mental Health Services Act (MHSA) program revenues, and \$1 million increase from CalWORKs Housing Program revenues.
- *Capital assets* increased by \$25.4 million. The significant changes occurred in the following areas:
  - \$19 million increase in construction in progress (\$8.8 million for the Regional Operations Center, \$3.9 million for the Health System Center Campus Upgrade, \$2.1 million from the Skylonda Fire Station Replacement, \$2 million from the Animal Care Shelter, \$1.3 million from County Office Building, and \$0.9 million from Cordilleras Mental Health Facility Replacement.)
  - \$4 million increase in software from completion of the Probation Case Management System.
  - \$2 million increase in equipment purchases to meet county wide operating needs.

**Total liabilities** decreased \$36 million, or 3% to \$1.3 billion. The significant changes in liabilities occurred in the following areas:

- *Net pension liability* decreased \$112.8 million or 20% to \$446 million. This decrease is a reflection of progressive contributions as actuarially determined to provide pension benefits for both active and retired members.
- *Net OPEB liability* is required to be reported in the amount of \$71 million due to implementation of GASB 75.
- *Long-term liabilities (lease revenue and revenue refunding bonds)* decreased by \$30 million. The decrease was primarily due to \$37 million regularly scheduled debt payments, and accreted interest. Offset by the increase of \$6.8 million as follows: \$2.5 million in compensated absences, \$2.5 million in estimated claims, and \$1.8 million in other long term obligations.
- *Other current liabilities* increased \$35.5 million or 21% to \$206 million. The increase was mainly due to \$15 million in accounts payable and \$20.5 million in due to other governmental agencies.

**Business-Type Activities** decreased the County's net position by \$25.8 million, or 23% to \$86 million.

Total assets increased \$1.2 million, or 0.4%, to \$341 million. The increase was primarily caused by the increase in capital assets.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2018

Total liabilities increased \$11.8 million, or 4%, to \$309 million. The increase was primarily due to the following:

- The *Medical Center's total liabilities* increased \$10.1 million. The significant changes are discussed below:
  - Recognition of a decrease in the net pension liability as of June 30, 2018, amounting to \$15.7 million as a result of changes in proportionate share of pension related assumptions and changes in projected and actual earnings on investments between FY 2017 and FY 2018.
  - Increase of \$4.9 million in accounts payable, other liabilities, and accrued salaries and benefits is mainly due to the timing of payment to vendors, employees and contractors.
  - Increase of \$15.5 million in net OPEB liabilities as a result of implementing GASB 75.
  - Decrease of \$2 million in advances from other County funds paid to Behavioral Health Recovery Services (BHRS) for prior years.
  - Increase of \$7.1 million in due to other governmental agencies resulting from Intergovernmental Transfer (IGT) payment accruals.

The Medical Center's net position decreased \$37.5 million, or 92%, to \$3.5 million. See explanations on page 13.

The Housing Authority's net position increased \$8.9 million, or 26%, to \$43.2 million. See explanations on page 13.

Airports and Coyote Point Marina Funds net position increased \$2.5 million.

The **County's total net position** increased by \$9.6 million, or 0.5%, to \$2.0 billion as of June 30, 2018. The County's net position can be divided into three categories: net investment in capital assets, restricted, and unrestricted.

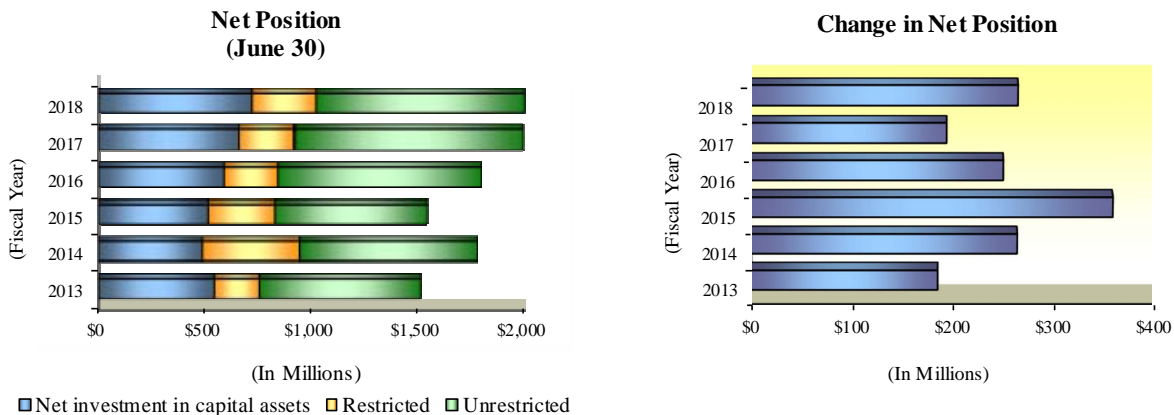
- 36%, or \$719 million, of the County's net position reflects its *investment in capital assets* (e.g., land, buildings and equipment); net of any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to citizens. These 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.
- 15%, or \$300 million, of the County's net position represents resources that are subject to external restrictions on how they may be used and therefore *restricted*.
- 49%, or \$976 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*.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2018

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

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2018	2017	2018	2017	2018	2017	Amount	Percentage
<b>Revenues:</b>								
Program revenues:								
Charges for services	\$ 175,206	\$ 173,974	\$ 373,594	\$ 323,154	\$ 548,800	\$ 497,128	\$ 51,672	10%
Operating grants and contributions	566,848	501,166	1,095	1,488	567,943	502,654	65,289	13%
Capital grants and contributions	-	-	4,919	6,431	4,919	6,431	(1,512)	-24%
Total program revenues	742,054	675,140	379,608	331,073	1,121,662	1,006,213	115,449	11%
General revenues:								
Property taxes	565,264	514,936	-	-	565,264	514,936	50,328	10%
Other taxes	140,275	133,303	-	-	140,275	133,303	6,972	5%
Unrestricted interest and investment earnings	24,828	14,859	156	(222)	24,984	14,637	10,347	71%
Miscellaneous	44,792	42,246	1,271	422	46,063	42,668	3,395	8%
Total general revenues	775,159	705,344	1,427	200	776,586	705,544	71,042	10%
Total revenues	1,517,213	1,380,484	381,035	331,273	1,898,248	1,711,757	186,491	11%
<b>Expenses:</b>								
Program expenses:								
General government	156,598	130,331	-	-	156,598	130,331	26,267	20%
Public protection	409,330	403,393	-	-	409,330	403,393	5,937	1%
Public ways and facilities	24,375	23,460	-	-	24,375	23,460	915	4%
Health and sanitation	350,672	304,204	-	-	350,672	304,204	46,468	15%
Public assistance	250,393	243,469	-	-	250,393	243,469	6,924	3%
Recreation	16,252	15,483	-	-	16,252	15,483	769	5%
Interest on long-term liabilities	17,691	19,068	-	-	17,691	19,068	(1,377)	-7%
San Mateo Medical Center	-	-	314,258	290,389	314,258	290,389	23,869	8%
Airports	-	-	4,533	3,808	4,533	3,808	725	19%
Coyote Point Marina	-	-	2,261	1,234	2,261	1,234	1,027	83%
Housing Authority	-	-	89,191	82,567	89,191	82,567	6,624	8%
Total expenses	1,225,311	1,139,408	410,243	377,998	1,635,554	1,517,406	118,148	8%
Excess (deficiency) before special item and transfers	291,902	241,076	(29,208)	(46,725)	262,694	194,351	68,343	35%
Transfers	(50,915)	(50,265)	50,915	50,265	-	-	-	-
<b>Change in net position</b>	240,987	190,811	21,707	3,540	262,694	194,351	68,343	35%
Net position - beginning, as previously stated	1,872,938	1,682,127	111,949	108,409	1,984,887	1,790,536	194,351	11%
Cumulative effect of accounting change and prior period adjustment	(205,530)	-	(47,536)	-	(253,066)	-	(253,066)	100%
Net position - beginning, as restated	1,667,408	1,682,127	64,413	108,409	1,731,821	1,790,536	(58,715)	-3%
Net position - ending	\$ 1,908,395	\$ 1,872,938	\$ 86,120	\$ 111,949	\$ 1,994,515	\$ 1,984,887	\$ 9,628	0.5%

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.



**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2018

**Governmental Activities.** Governmental activities increased the County's net position by \$35.5 million to \$1.9 billion for the fiscal year ended June 30, 2018. This was predominantly from \$240.9 million increase in property taxes, interest and investment and \$205.5 million decrease from cumulative effect of accounting change due to implementation of GASB Statement No. 75.

**Analysis of Governmental Activities - Revenues**

**Program Revenues** accounted for 49% of the County's overall governmental activities revenues. Program revenues consisted of charges for services, and operating grants and contributions. Program revenues increased \$66.9 million, or 10%, from the prior year. The significant changes included the following:

- *Charges for services* increased \$1.2 million, or 1%, to \$175 million due primarily to the increase in revenue from Medi-Cal Federal Financial Participation (FFP).
- *Operating grants and contributions* increased \$65.7 million, or 13%, to \$567 million. The increase was primarily due to the following:
  - \$40 million increase from two Intergovernmental Transfer (IGT) supplemental payments (for fiscal years FY 2015-16 and FY 2016-17) received for unreimbursed medi-cal services from the State.
  - State reimbursement increased by \$10 million for the 1991 Realignment, and \$4.8 million for the 2011 Realignment. Increase was due to increase in revenues received from the sales tax and vehicle license fees.
  - \$3.3 million increase in revenue from "Gas Tax", and Senate Bill (SB1) Road Repair Accountability Act of 2017.
  - \$3 million increase from State reimbursement revenues for the Radio System Upgrade project.
  - \$1.2 million increase due to higher court security revenue reimbursement from State for hiring more staff for the court.
  - \$1.8 million increase from federal funding received for Housing and Community Development (HCD) project.
  - \$1.6 million increase from receipt of Medi-Cal settlement payments.

**General Revenues** increased \$69.8 million, or 10%, from the prior year. General revenues accounted for 51% of the County's overall governmental activities revenues. The significant changes included the following:

- *Property Tax Revenues* increased \$50 million, or 10%, to \$565 million. The significant changes included the following:
  - \$17 million or 7% increase in secured tax which is consistent with the increase to the countywide local combined secured assessment roll.
  - \$22 million additional Excess ERAF due to an increase in property taxes deposited into the ERAF and an increase in school property taxes that outpaced the increase to their State guaranteed funding level. This resulted in an additional \$19 million and \$11 million in countywide Excess ERAF, respectively, of which the County has approximately a 73% share.
  - \$3 million or 14% increase in negotiated pass through payments from the former RDAs due to a 14% increase in RDA revenue.
  - \$8 million or 8% increase to the in-lieu of vehicle license fee (VLF) revenue which is consistent with the increase to the countywide local combined assessment roll.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2018

- *Other Tax Revenues* increased \$7 million, or 5%, to \$140 million primarily due to \$6.5 million increase in Measure K sales tax revenue and \$2.4 million increase in Public Safety (Prop. 172) half-cent sales tax. This was offset by \$1.6 million decrease in vehicle rental business license tax due to increased usage of ride sharing services like Uber/Lyft.
- *Unrestricted Interest and Investment Earnings* increased \$10 million, or 67%, primarily due to increased interest rates on earnings on investments.
- *Miscellaneous Revenues* increased \$2.5 million, or 6% primarily due to insurance distribution received from American Municipal Bond Assurance Corporation (AMBAC).

**Analysis of Governmental Activities – Expenses**

Expenses for *General Government* increased by \$26 million, or 20%. This increase was due to \$14 million increase from capital project related expenses, \$8.8 million increase in payments to provide implementation services for a hosted software-as-a-service (SaaS) web application to the County tax collector system, and \$3.8 million increase due to claims settlement paid in personal injury and property damage fund in internal service fund.

Expenses for *Public protection* increased by \$5.9 million, or 1%. The increase was due to \$3.9 million increase in personnel and operating expenses of the Maple Street Correctional Center (MSCC) facility, offset by \$1.2 million decrease in food services contracted by the Sheriff's office, and \$2.7 million increase from Court security-related expenses.

Expenses for *Public ways and facilities* remained relatively the same in the current year.

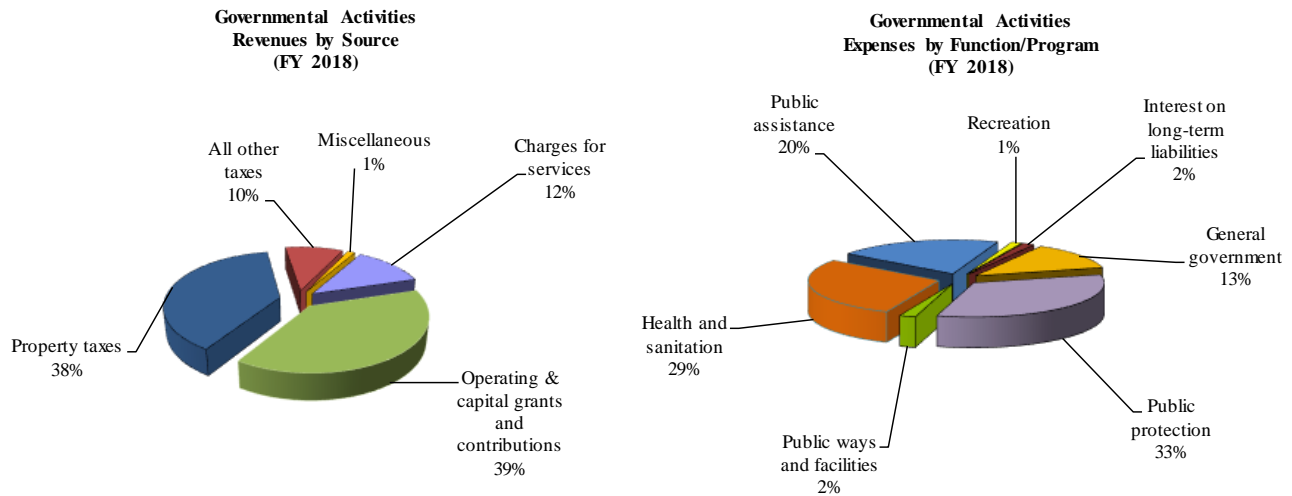
Expenses for *Health and sanitation* increased by \$46.5 million, or 15%. The increase was due to \$15 million transfer of funds to the Social Services Trust Fund based on the State's directive, \$14 million increase from two supplemental IGT payments made in FY 2017-18, \$3.8 million increase in Alcohol and Drug Treatment (AOD) services provided to San Mateo County residents, \$3.2 million increase due to the rate increase for children's healthcare premiums, \$2.8 million increase due to higher contracted pricing for Institution for Mental Disease (IMD) payments compared to prior year, \$2.3 million increase from expenditures associated with the 'Whole Person Care' program, and \$1.6 million increase due to increased cost of hypoxic-ischemic encephalopathy (HIE) development.

Expenses for *Public assistance* increased by \$6.9 million, or 3%. The increase is primarily due to Housing Authority of the County of San Mateo (HACSM) increasing the subsidy table which determines the Housing Assistance Payment (HAP) expense which resulted in a \$5.7 million increase in HAP expense, and \$1.2 million increase from In-Home Supportive Services Maintenance of Effort (IHSS MOE) expenses.

Expenses for *Recreation* remained relatively the same in the current year.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2018

For the fiscal year ended June 30, 2018, revenues and expenses for governmental activities are as follows:



**Transfers out** to business-type activities were relatively the same in the current year.

**Business-type Activities.** The net position for business-type activities decreased \$25.8 million to \$86 million. This was mainly from \$8.7 million increase from the Medical Center, \$9.6 million increase from the Housing Authority, \$3.8 million increase from the Airports, \$0.8 million decrease from Coyote Point, and \$46.8 million decrease from cumulative effect of accounting change due to implementation of GASB Statement No. 75.

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

**Medical Center.** The net position of Medical Center decreased \$37.6 million, or 92%, to \$3.5 million.

The Medical Center's net operating loss decreased \$6.3 million, or 13%, to \$43.8 million. The significant changes included the following:

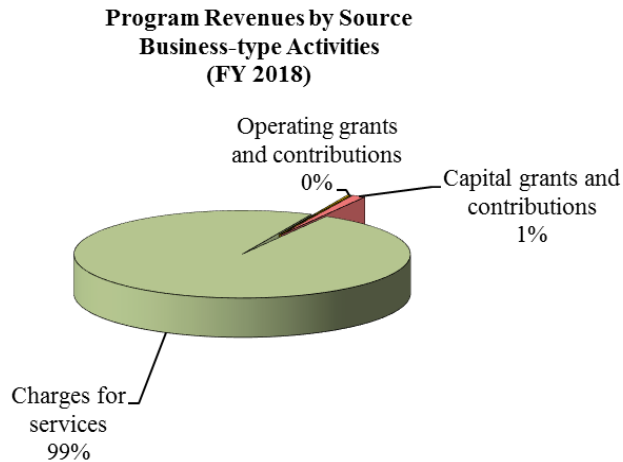
- Sales tax realignment increased by \$1.5 million.
- \$17.1 million increase from the new Medi-Cal 2020 Whole Person Care program.
- Employee salaries and benefits increased \$1.3 million resulting from the cost of salaries and benefits due to renegotiations of union agreements, offset by a small decrease resulting in expense recognition for OPEB benefits due to the implementation of GASB Statement No. 75.
- Pension and OPEB expenses increased \$4.4 million due to the results of actuarial analysis performed under the provisions of GASB Statement No. 75.
- Drugs increased \$0.7 million from the previous year. This increase was due to market increases in cost.
- Contract provider services increased by \$2.8 million due to higher claims for patients enrolled in the County's health coverage program and additional contracts with physicians.
- Other fees and purchased services increased by \$1.9 million due to the expenses related to the Medi-Cal 2020 Waiver's Whole Person Care program. These are offset by revenues received and posted in this program.
- Other general expenses increased \$13.3 million due to Intergovernmental Transfer (IGT) funding for Medi-Cal 2020 Waiver's Whole Person Care program.

**Housing Authority.** The net position of the Housing Authority increased \$8.9 million, or 26%, to \$43.2 million. Major factors for the Housing Authority's increase included \$16.6 million increase from the addition of a Continuum of Care grant. This increase was offset by \$6.8 million increase in HAP expenses primarily due to increasing the subsidy table

**COUNTY OF SAN MATEO**  
**Management’s Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2018

to landlords to decrease the rent burden to San Mateo County clients, make Section 8 vouchers more competitive in this market and to utilize the additional funds provided by HUD for the Move to Work (MTW) program as well as the additional Continuum of Care grant.

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



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

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

As of June 30, 2018, the County’s governmental funds reported combined fund balances of \$1.3 billion at year-end, an increase of \$85 million, or 7%, compared to the prior fiscal year. Approximately 73% of the combined amount, or \$942 million, constitutes fund balance that is available for appropriation in the upcoming year. The remainder of the fund balance totaling \$351 million is nonspendable and restricted, including \$47 million “not in spendable form” for items that are not expected to be converted into cash such as inventories and long-term loans, and \$304 million restricted for specific purposes.

The *General Fund* is the primary operating fund of the County. At June 30, 2018, the General Fund’s total assigned and unassigned fund balance (*unrestricted*) was \$846 million with total fund balance at \$1,019 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 74% of total fund expenditures, and total fund balance represents 90% of total fund expenditures. The overall fund balance in the General Fund has increased \$83.5 million during the current fiscal year.

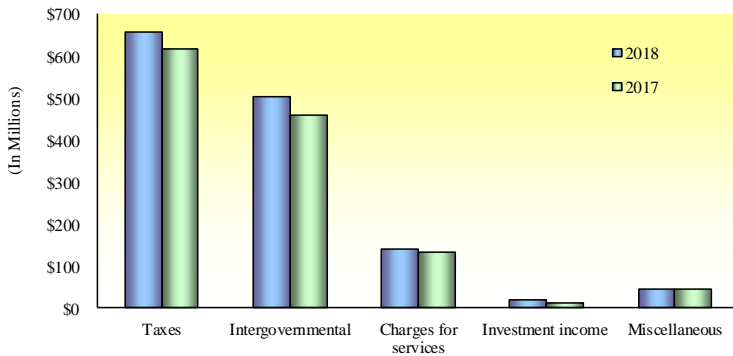
**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2018

For the fiscal years ended June 30, 2018 and 2017, revenues for the General Fund are distributed as follows:

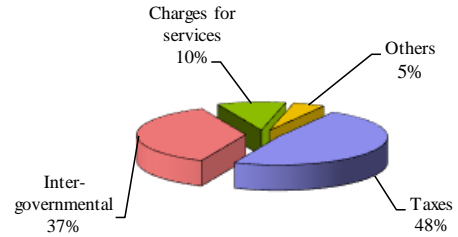
**General Fund - Revenues by Source**  
**(In Thousands)**

Revenues by Source	FY 2018		FY 2017		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 659,234	48%	\$ 616,435	49%	\$ 42,799	7%
Licenses and permits	7,701	1%	7,504	1%	197	3%
Intergovernmental	502,706	37%	459,724	36%	42,982	9%
Charges for services	138,881	10%	131,324	10%	7,557	6%
Fines, forfeitures, and penalties	8,069	1%	8,052	1%	17	0%
Rents and concessions	1,544	0%	1,546	0%	(2)	0%
Investment income	19,315	1%	10,853	1%	8,462	78%
Other	28,074	2%	28,643	2%	(569)	-2%
<b>Total</b>	<b>\$1,365,524</b>	<b>100%</b>	<b>\$1,264,081</b>	<b>100%</b>	<b>\$ 101,443</b>	<b>8%</b>

**General Fund - Revenues by Source**



**General Fund - Revenues by Source (FY 2018)**



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

*Taxes* increased by \$43 million, or 7%. See explanations on page 11.

*Intergovernmental* revenue increased by \$43 million or 9%. See explanations on page 11.

*Charges for services* increased by \$8 million, or 6%. See explanations on page 11. The increase on page 11 was primarily from increase in revenue from Medi-Cal Federal Financial Participation (FFP).

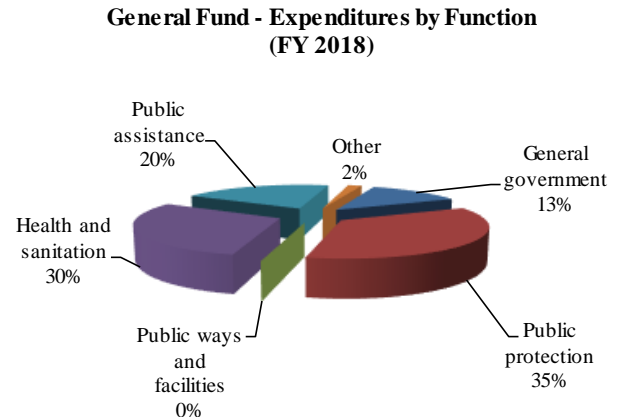
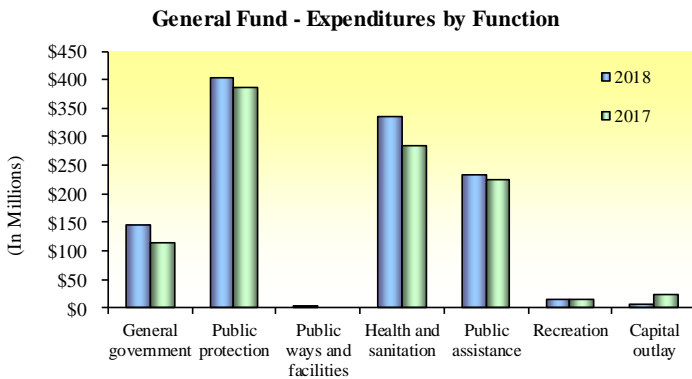
*Investment income* increased by \$8.5 million, or 78%, due primarily to increase in interest rates in investment earnings and higher fair market valuation comparing to prior year.

**COUNTY OF SAN MATEO**  
**Management’s Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2018

For the fiscal years ended June 30, 2018 and 2017, expenditures for the General Fund are distributed as follows:

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

Expenditures by Function	FY 2018		FY 2017		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 144,842	13%	\$ 114,264	11%	\$ 30,578	27%
Public protection	403,609	35%	387,718	37%	15,891	4%
Public ways and facilities	13	0%	-	0%	13	0%
Health and sanitation	335,690	30%	283,836	27%	51,854	18%
Public assistance	232,213	20%	224,640	21%	7,573	3%
Recreation	15,314	1%	14,629	1%	685	5%
Capital outlay	5,763	1%	22,728	2%	(16,965)	-75%
<b>Total</b>	<b>\$1,137,444</b>	<b>100%</b>	<b>\$1,047,815</b>	<b>100%</b>	<b>\$ 89,629</b>	<b>9%</b>



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

Expenditures for *General Government* increased by \$30.6 million, or 27%. See explanations on page 12.

Expenditures for *Public Protection* increased by \$15.9 million, or 4%. See explanations on page 12.

Expenditures for *Health and Sanitation* increased by \$51.9 million, or 18%. See explanations on page 12.

Expenditures for *Public Assistance* increased by \$7.6 million, or 3%. See explanations on page 12.

*Capital Outlay* decreased by \$17 million, or 75%. The decrease was primarily due to the purchase of \$8.1 million of Coastside Clinic and \$2 million of Middlefield Property in the prior year.

**Joint Powers Financing Authority** is a major governmental fund. During FY 2017-18, JPFA’s fund balance decreased \$0.1 million to \$26.5 million. The decrease was resulted from scheduled principal and interest payments of long-term debt.

**Nonmajor governmental funds** experienced a \$1.2 million increase in fund balance as a whole. The significant changes occurred in the following areas:

*Special Revenue Fund.* The overall fund balance for special revenue funds increased \$2.9 million to \$119.5 million. The significant changes occurred in the following funds:

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2018

- The Road Fund reported a \$7.8 million decrease in fund balance primarily due to \$5.5 million decrease in receipt of Federal Emergency Management Agency (FEMA) and California Governor's Office of Emergency Services (Cal OES) grant revenues for the County's Crystal Springs Dam Bridge project.
- The Sewer and Sanitation Fund reported a \$4.9 million increase in fund balance primarily due to decrease in Burlingame Hills Sewer Maintenance District (BHSMD) and Crystal Springs County Sanitation District (CSCSD) capital project costs.

*Debt Service Fund.* The overall fund balance for debt service funds increased \$1.1 million to \$28.5 million. This increase is mainly due to the transfer in from various funds to pay for debt service.

*Capital Project Fund.* The overall fund balance for capital project funds decreased \$2.8 million to \$99.1 million. This decrease is mainly due to the reimbursement of other Capital Projects Fund to General Fund.

**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 decreased \$25.8 million, with decreased of \$28.7 million from major enterprise funds (\$37.6 million decrease from Medical Center, and \$8.9 million increase from Housing Authority) and the remaining from non-major enterprise funds (Airports and Coyote Point Marina). Discussion on major enterprise funds can be found in the business-type activities section.

Airports Fund's net position increased \$3.5 million to \$32.3 million, due mainly to transfer in of \$2.8 million for capital projects and increased in State and federal grants revenue.

Coyote Point Marina Fund's net position decreased \$1 million to \$7.8 million, due mainly to increase in general and administrative expense.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund's final budget exceeded the original budget by \$4.1 million, or 0.3%, for the fiscal year ended June 30, 2018. 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 2017-18, the General Fund's adjustment of \$4.1 million to the final budget was primarily from the following:

- \$1.7 million from State County Children's Health Insurance Program (C-CHIP) to Health Plan of San Mateo (HPSM) to provide insurance program for affordable health insurance to children who are not eligible for full scope Medi-Cal or a subsidized insurance plan through Covered California.
- \$1.0 million from the Assessor-County Clerk-Recorder Elections (ACRE) Elections System Trust Fund to purchase voting system equipment.
- \$0.9 million refund from the City of San Mateo El Cerrito Relief Line Project at the conclusion of construction for El Cerrito Relief Line Project.
- \$0.5 million from other sources for various purposes.

Actual General Fund revenues were below budgeted by \$90 million, or 6.4%. Revenues from intergovernmental agencies were below anticipated projections by \$50.6 million due to lower than anticipated revenues from Realignment Sales Tax for Public Assistance, State and Federal Welfare Administration, and transfers from the Public Safety Half Cent Sales Tax Fund for project-based expenditures. Actual tax revenues were higher than the total budgeted by \$28.6

**COUNTY OF SAN MATEO**  
**Management’s Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2018

million due primarily to higher than expected income from Educational Revenue Augmentation Fund proceeds returned to local taxing entities, including the County. The overall revenue from the remaining sources was \$68 million lower than expected.

Actual General Fund expenditures were below budgeted by \$533 million, or 28%. The unspent appropriations can be found in the following areas:

- \$187.4 million unspent appropriations in contingencies resulted from cognizant long-term financial planning.
- \$45.6 million unspent appropriations in other financing uses due primarily to major capital projects funded by Non-Departmental Services and Measure K either not yet started or completed, including Regional Operations Center, Sanchez Adobe, Skylonda Fire Station, and the Animal shelter.
- \$160.1 million unspent appropriations in services and supplies due primarily to delays in one-time and ongoing facility projects including San Carlos Airport hanger replacement, Daly City 92<sup>nd</sup> street offices, Measure K funded initiatives including Parks projects countywide, departments-specific IT related projects, and prudent spending.
- \$89.2 million unspent appropriations in salaries and benefits due primarily to savings from unfilled positions and the recording of \$27.6 million in additional pension contributions as a “special item” rather than benefit expenditures.
- \$72.7 million unspent appropriations in other charges due primarily to lower than anticipated aid payments and affordable housing project contributions, as well as delayed contributions from Non-Departmental Services, including Coast Side Flooding and Open Space Preservation, Pescadero Marsh, as well as carryforward Measure K appropriations for District specific, and Big Lift.
- \$12.8 million unspent appropriations in capital assets due project delays for the Probation department’s case management system and capital projects as well as carryforward Measure K appropriations for fire apparatus.

The overall unspent appropriation discussed above was offset by unrealized *intrafund transfers* (reimbursements from General Fund departments) of \$35.5 million.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

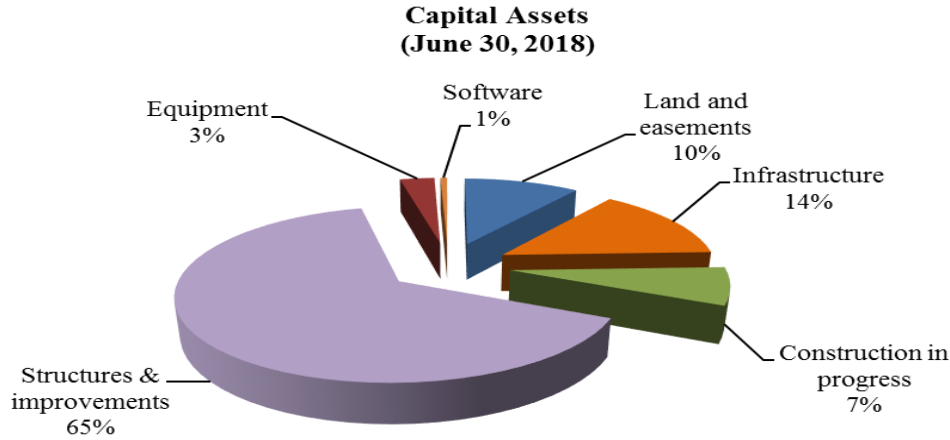
**Capital assets.** The County’s investment in capital assets increased \$26.5 million, or 2%, to \$1,111 million (net of accumulated depreciation). The investment includes land, easements, infrastructure, construction in progress, structures and improvement, equipment, and software. The County’s capital assets as of June 30, 2018 and 2017, are comprised of the following:

	<b>Capital Assets</b>							
	<b>Net of Accumulated Depreciation</b>							
	<b>(In Thousands)</b>							
	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2018	2017	2018	2017	2018	2017	Amount	Percentage
Land and easements	\$ 97,595	\$ 97,420	\$ 14,247	\$ 14,247	\$ 111,842	\$ 111,667	\$ 175	0%
Infrastructure	157,351	155,841	-	-	157,351	155,841	1,510	1%
Construction in progress	75,242	54,876	4,984	6,353	80,226	61,229	18,997	31%
Structures and improvements	672,453	676,697	48,698	44,897	721,151	721,594	(443)	0%
Equipment	21,970	19,646	12,206	12,369	34,176	32,015	2,161	7%
Software	5,557	301	1,078	2,194	6,635	2,495	4,140	166%
<b>Total</b>	<b>\$ 1,030,168</b>	<b>\$ 1,004,781</b>	<b>\$ 81,213</b>	<b>\$ 80,060</b>	<b>\$ 1,111,381</b>	<b>\$ 1,084,841</b>	<b>\$ 26,540</b>	<b>2%</b>



**COUNTY OF SAN MATEO**  
**Management’s Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2018

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 64-65 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 \$92 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.

A complete condition assessment on the County’s maintained pavement subsystem is performed every three years. From the latest complete condition assessment in FY 2017-18, the County’s maintained pavement subsystem was rated at a PCI of 76 based on a weighted average by area for the primary roads and 66 for the secondary roads.

PCI Condition Rating	2018	2018	2016	2016	2013	2013
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
<b>Primary:</b>						
Good to excellent (55-100)	146.96	93.7%	136.07	86.8%	139.19	89.3%
Substandard to fair (0-54)	9.91	6.3%	20.66	13.2%	16.73	10.7%
Total	<u>156.87</u>	<u>100.0%</u>	<u>156.73</u>	<u>100.0%</u>	<u>155.92</u>	<u>100.0%</u>
<b>Secondary:</b>						
Fair to excellent (40-100)	139.01	87.2%	130.07	81.6%	128.16	80.3%
Substandard (0-39)	20.36	12.8%	29.30	18.4%	31.36	19.7%
Total	<u>159.37</u>	<u>100.0%</u>	<u>159.37</u>	<u>100.0%</u>	<u>159.52</u>	<u>100.0%</u>

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2018

Major events related to capital assets included the following:

- *Spruce Avenue Property.* In November 2017, the City of South San Francisco Redevelopment Agency donated 14,000 square foot parcel with a 12,000 square foot medical office building valued at \$2.1 million to the County.
- *Alpine Road Trail Improvements Project.* The creek bank stabilization work and rehabilitation of the Alpine trail was completed in February 2018. The total cost of this project from inception through June 30, 2018 was \$5.6 million. Of this amount, \$4 million was incurred during FY 2017-18.
- *Adeline Drive and Canyon Road Capacity Improvement Project.* In 2009, Hydraulic deficiencies were identified in the sewer mains along Adeline Drive and Canyon Road. The diameters of the Adeline Drive Trunk sewer and the Canyon Road sewer were increased from 8" to 10". The total cost of this project from inception to June 30, 2018 was \$2.4 million. Of this amount, \$0.1 Million was incurred during FY 2017-18.
- *Probation Information Management System.* In August 2013, the County signed an agreement with Capita Technologies, Inc. to provide professional services for configuration enhancements, additional customizations, interfaces, and migrations to the Probation Information Management System. This project was completed and went live in March 2018. The total cost of this project from inception through June 30, 2018 was \$7.4 million. Of this amount, \$0.6 million was incurred during FY 2017-18.
- *Construction in Progress projects:*
  - *Regional Operations Center.* The new 37,000 square foot, two-story building at the County Center campus will house Emergency Operations Center, and the office of Emergency Services. The total cost incurred during FY 2017-18 is \$8.8 million.
  - *Health System Center Campus Upgrade.* This project will occur in multiple phases. (1) Demolition of the Health Services Building and the old portion of the hospital also known as Health Administration Building; (2) renovation of the ground floor of the Nursing Wing and the Central Plant to accommodate essential OSHPD functions currently housed in the Health Administration Building; and (3) construction of a new 70,000 SF Administration Building to house hospital support functions. The total cost incurred during FY 2017-18 is \$3.9 million.
  - *Skylonda Fire Station.* This project will replace the existing barracks and offices at Station 58 and adds a community room in a new 6,000 square foot facility. The total cost incurred during FY 2017-18 is \$2.1 million.
  - *Animal Care Shelter.* This project will replace the existing shelter building with a new approximately 27,000 square foot animal shelter facility. The total cost incurred during FY 2017-18 is \$2 million.
  - *County Office Building #3.* This project comprises of multiple facilities housing various County departments. The campus contains a promenade, parking structure, and limited surface parking. The total cost incurred during FY 2017-18 is \$1.3 million.
  - *Cordilleras Mental Health Facility Replacement.* This project will replace the existing Cordilleras Mental Health center with new facilities offering a total of 137 beds that meet modern standards of care for mentally ill individuals. The total cost incurred during FY 2017-18 is \$0.9 million.

Major capital project commitments include the following:

- *Skylonda Fire Station.* This project will replace the existing barracks and offices at Station 58 and adds a community room in a new 6,000 square foot facility. The project underwent a series of framing modifications

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2018

which are mostly complete. The project is at substantial completion and total project cost is estimated to be \$9.9 million with anticipated completion by January 2019.

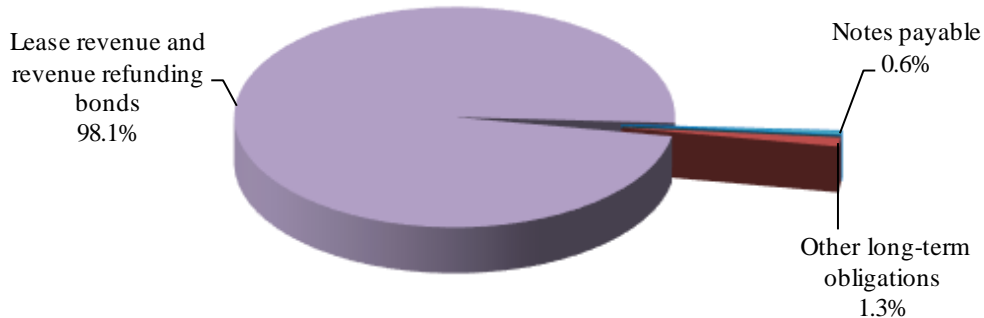
**Long-Term Debt.** The County's total debt decreased \$35 million, or 7%, to \$441 million as of June 30, 2018. The decrease is mainly caused by paying the scheduled retirement of outstanding debts. As indicated in the table below, the County's total debt is primarily comprised of \$432 million in lease revenue and revenue refunding bonds, \$2.7 million in notes payable, and \$5.9 million in other long-term obligations.

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

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2018	2017	2018	2017	2018	2017	Amount	Percentage
Lease revenue and revenue refunding bonds (including accreted interest)	\$ 432,227	\$ 468,956	\$ -	\$ -	\$ 432,227	\$ 468,956	\$ (36,729)	-8%
Notes payable	-	-	2,706	3,116	2,706	3,116	(410)	-13%
Other long-term obligations	4,441	2,613	1,409	1,158	5,850	3,771	2,079	55%
<b>Total</b>	<b>\$ 436,668</b>	<b>\$ 471,569</b>	<b>\$ 4,115</b>	<b>\$ 4,274</b>	<b>\$ 440,783</b>	<b>\$ 475,843</b>	<b>\$ (35,060)</b>	<b>-7%</b>

The County's debts as of June 30, 2018, are distributed as follows:

**Long-Term Debt**  
**(June 30, 2018)**



Additional information on the County's long-term debt can be found in Note 10 on pages 67-70 of this report.

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

- *Scheduled Retirement of Outstanding Debt.* The County retired a total of \$37.2 million in outstanding lease revenue bonds, and revenue refunding bonds including amortization of premiums and discounts, based on the debt service payment schedules.
- *Other Long Term Obligations.* The increase was mainly due to the Burlingame Hills Sewer project obtain a loan with the California Clean Water State.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2018

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 2017-18 was \$99.5 million. The amount applicable to the debt service limit was \$52.4 million, which was \$47.2 million, or 47.4%, 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 2018-19.

- As of June 2018, the unemployment rate in San Mateo County remains the lowest in the State at 2.5%.
- With the close of the assessment rolls, overall assessed value for secured property (real property) is anticipated to grow 8% for FY 2018-19. A 1% increase in the secured roll generates about \$3.6 million in General Fund discretionary income.
- Housing prices and commercial rents continue to climb. For June 2018 the median single family home price was \$1.5 million, representing an increase of 7.1% over June 2017. The average asking rent price for office space increased 1.2% to \$5.14 per square feet per month for second quarter of 2018, from \$5.08 per square feet per month for second quarter of 2017.
- The County's taxable sales have stagnated the past four years due to a number of factors, including lower fuel prices, use of more fuel efficient vehicles, and the increasing trend towards online sales. The County is projecting moderate 2% growth for both its Measure K Half Cent Sales Tax and the Bradley-Burns One Cent Sales Tax in FY 2018-19.

In September 2018 the County Board adopted the final budget of \$3 billion for FY 2017-18.

**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, 2018**  
(In Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	First 5 San Mateo County	Health Plan of San Mateo (December 31, 2017)
<b>ASSETS</b>					
Cash and investments	\$ 1,417,829	\$ 80,671	\$ 1,498,500	\$ 13,334	\$ 550,664
Restricted cash and investments	16,229	1,640	17,869	-	300
Receivables (net)	190,727	19,948	210,675	1,561	30,606
Due from other governmental agencies	180,137	137,138	317,275	-	78,191
Inventories	560	3,300	3,860	-	-
Other assets	11,228	5,536	16,764	-	9,099
Internal balances	1,586	(1,586)	-	-	-
Notes/Loans receivable	7,707	12,986	20,693	-	-
Net pension asset	-	-	-	-	2,256
Capital assets:					
Nondepreciable	264,851	19,231	284,082	-	15,668
Depreciable, net	765,317	61,982	827,299	-	57,165
Total assets	<u>2,856,171</u>	<u>340,846</u>	<u>3,197,017</u>	<u>14,895</u>	<u>743,949</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Unamortized losses on refunding debts	14,681	-	14,681	-	-
Pension-related items	338,911	62,434	401,345	431	772
OPEB-related items	19,718	4,376	24,094	35	-
Total deferred outflows of resources	<u>373,310</u>	<u>66,810</u>	<u>440,120</u>	<u>466</u>	<u>772</u>
<b>LIABILITIES</b>					
Accounts payable	66,222	19,151	85,373	2,299	2,787
Payable from restricted cash and investments	-	228	228	-	-
Accrued interest payable	5,636	105	5,741	-	-
Accrued salaries and benefits	28,103	7,414	35,517	48	-
Accrued liabilities	40	41	81	-	110,102
Due to other governmental agencies	40,692	149,892	190,584	308	290,985
Unearned revenues	65,635	1,160	66,795	-	-
Deposits	107	4	111	-	-
Long-term liabilities:					
Net pension liability - due beyond one year	445,984	100,243	546,227	664	-
Net OPEB liability - due beyond one year	71,216	15,971	87,187	127	-
Lease revenue and revenue refunding bonds - due within one year	36,816	-	36,816	-	-
Lease revenue and revenue refunding bonds - due beyond one year	395,411	-	395,411	-	-
Notes payable - due within one year	-	429	429	-	-
Notes payable - due beyond one year	-	2,277	2,277	-	-
Other long-term obligations - due within one year	135	-	135	-	-
Other long-term obligations - due beyond one year	4,306	1,409	5,715	-	-
Estimated claims - due within one year	18,229	-	18,229	-	-
Estimated claims - due beyond one year	37,969	-	37,969	-	-
Compensated absences - due within one year	36,214	10,670	46,884	35	-
Compensated absences - due beyond one year	11,044	171	11,215	39	-
Total liabilities	<u>1,263,759</u>	<u>309,165</u>	<u>1,572,924</u>	<u>3,520</u>	<u>403,874</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unamortized gain on refunding debts	44	-	44	-	-
Pension-related items	9,718	1,873	11,591	13	1,600
OPEB-related items	47,565	10,498	58,063	85	-
Total deferred inflows of resources	<u>57,327</u>	<u>12,371</u>	<u>69,698</u>	<u>98</u>	<u>1,600</u>
<b>NET POSITION</b>					
Net investment in capital assets	640,425	78,508	718,933	-	72,833
Restricted for:					
Public assistance	122,143	1,383	123,526	-	-
Road and sanitation	118,004	-	118,004	-	-
Debt service	49,130	-	49,130	-	-
Other purposes	9,215	-	9,215	-	300
Unrestricted	969,478	6,229	975,707	11,743	266,114
Total net position	<u>\$ 1,908,395</u>	<u>\$ 86,120</u>	<u>\$ 1,994,515</u>	<u>\$ 11,743</u>	<u>\$ 339,247</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, 2018**  
**(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	\$ 156,598	\$ 34,071	\$ 10,387	\$ -
Public protection	409,330	37,529	160,991	-
Public ways and facilities	24,375	3,002	20,683	-
Health and sanitation	350,672	91,551	171,606	-
Public assistance	250,393	6,147	203,042	-
Recreation	16,252	2,906	139	-
Interest on long-term liabilities	17,691	-	-	-
Total governmental activities	1,225,311	175,206	566,848	-
Business-type activities:				
San Mateo Medical Center	314,258	270,519	-	4,919
Airports	4,533	4,032	1,095	-
Coyote Point Marina	2,261	1,420	-	-
Housing Authority	89,191	97,623	-	-
Total business-type activities	410,243	373,594	1,095	4,919
Total primary government	\$ 1,635,554	\$ 548,800	\$ 567,943	\$ 4,919
<b>Component units:</b>				
First 5 San Mateo County	\$ 8,771	\$ -	\$ 5,954	\$ -
Health Plan of San Mateo	\$ 871,986	\$ 906,421	\$ -	\$ -
General revenues:				
Taxes:				
Property taxes				
Property transfer taxes				
Sales and use taxes				
Transient occupancy taxes				
Aircraft taxes				
Vehicle rental business license tax				
Unrestricted interest and investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Cumulative effect of accounting change and prior year adjustment				
Net position, beginning of year, as restated				
Net position, end of year				

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

(Continued)

**COUNTY OF SAN MATEO**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2018**  
**(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, 2017)
\$ (112,140)	\$ -	\$ (112,140)		
(210,810)	-	(210,810)		
(690)	-	(690)		
(87,515)	-	(87,515)		
(41,204)	-	(41,204)		
(13,207)	-	(13,207)		
(17,691)	-	(17,691)		
(483,257)	-	(483,257)		
	-			
	(38,820)	(38,820)		
	594	594		
	(841)	(841)		
	8,432	8,432		
	(30,635)	(30,635)		
(483,257)	(30,635)	(513,892)		
			\$ (2,817)	
				\$ 34,435
565,264	-	565,264	-	-
11,008	-	11,008	-	-
114,743	-	114,743	-	-
2,160	-	2,160	-	-
1,418	-	1,418	-	-
10,946	-	10,946	-	-
24,828	156	24,984	166	3,841
44,792	1,271	46,063	-	3,549
(50,915)	50,915	-	-	-
724,244	52,342	776,586	166	7,390
240,987	21,707	262,694	(2,651)	41,825
1,872,938	111,949	1,984,887	14,745	297,422
(205,530)	(47,536)	(253,066)	(351)	-
1,667,408	64,413	1,731,821	14,394	297,422
\$ 1,908,395	\$ 86,120	\$ 1,994,515	\$ 11,743	\$ 339,247

**Functions/Programs:**

**Primary government**

Governmental activities:

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

Business-type activities:

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

**Component units:**

First 5 San Mateo County

Health Plan of San Mateo

General revenues:

Taxes:

- Property taxes
- Property transfer taxes
- Sales and use taxes
- Transient occupancy taxes
- Aircraft taxes
- Vehicle rental business license tax
- Unrestricted interest and investment earnings
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

- Net position, beginning of year, as previously reported
- Cumulative effect of accounting change and prior year adjustment
- Net position, beginning of year, as restated

Net position, end of year

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





## **Basic Financial Statements -**

### **Fund Financial Statements**

**COUNTY OF SAN MATEO**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**  
(In Thousands)

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and investments	\$ 1,078,011	\$ 9,777	\$ 265,431	\$ 1,353,219
Restricted cash and investments	-	16,229	-	16,229
Receivables (net):				
Accounts	13,888	-	57	13,945
Interest	23,352	252	1,135	24,739
Taxes	21,433	-	1,321	22,754
Mortgages	101,359	-	-	101,359
Advances	1	-	-	1
Other	27,231	-	-	27,231
Due from other funds	655	-	101	756
Due from other governmental agencies	173,305	-	4,296	177,601
Loan receivable	7,707	-	-	7,707
Prepaid items	7,563	278	96	7,937
Inventories	142	-	344	486
Advances to other funds	7,954	-	-	7,954
Total assets	<u>\$ 1,462,601</u>	<u>\$ 26,536</u>	<u>\$ 272,781</u>	<u>\$ 1,761,918</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 50,279	\$ 63	\$ 13,554	\$ 63,896
Accrued salaries and benefits	27,473	-	511	27,984
Accrued liabilities	18	-	22	40
Due to other funds	89	-	382	471
Due to other governmental agencies	40,588	-	104	40,692
Unearned revenues	64,259	-	1,171	65,430
Deposits	-	-	13	13
Advances from other funds	-	-	6,206	6,206
Total liabilities	<u>182,706</u>	<u>63</u>	<u>21,963</u>	<u>204,732</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	260,563	-	3,729	264,292
Total deferred inflows of resources	<u>260,563</u>	<u>-</u>	<u>3,729</u>	<u>264,292</u>
<b>FUND BALANCES</b>				
Nonspendable	46,198	278	440	46,916
Restricted	127,495	26,195	150,438	304,128
Assigned	9,860	-	96,646	106,506
Unassigned	835,779	-	(435)	835,344
Total fund balances	<u>1,019,332</u>	<u>26,473</u>	<u>247,089</u>	<u>1,292,894</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,462,601</u>	<u>\$ 26,536</u>	<u>\$ 272,781</u>	<u>\$ 1,761,918</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, 2018**  
**(In Thousands)**

**Fund balances - total governmental funds (page 26)** \$ 1,292,894

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.	372,174
Deferred inflows of resources in governmental activities does not require the use of financial resources and, therefore, are not reported in the governmental funds.	(57,055)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,022,932
Other long-term assets are not available to pay for current-period expenditures and, therefore, are shown as deferred inflows of resources in the governmental funds.	264,292
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.	17,614
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.	(5,636)
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 and revenue refunding bonds	\$ (432,227)
Other long-term obligations	(4,441)
Compensated absences	(47,045)
Net pension liability	(444,256)
Net OPEB liability	(70,851)
	(998,820)

**Net position of governmental activities (page 23)** **\$ 1,908,395**

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, 2018**  
**(In Thousands)**

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
<b>Revenues:</b>				
Taxes	\$ 659,234	\$ -	\$ 36,125	\$ 695,359
Licenses and permits	7,701	-	3,582	11,283
Intergovernmental	502,706	-	40,126	542,832
Charges for services	138,881	-	24,361	163,242
Fines, forfeitures and penalties	8,069	-	1,925	9,994
Rents and concessions	1,544	-	120	1,664
Investment income	19,315	600	2,574	22,489
Other revenues	28,074	-	448	28,522
Total revenues	<u>1,365,524</u>	<u>600</u>	<u>109,261</u>	<u>1,475,385</u>
<b>Expenditures:</b>				
Current:				
General government	144,842	106	1,192	146,140
Public protection	403,609	-	5,834	409,443
Public ways and facilities	13	-	23,562	23,575
Health and sanitation	335,690	-	18,644	354,334
Public assistance	232,213	-	21,984	254,197
Recreation	15,314	-	-	15,314
Capital outlay	5,763	186	51,154	57,103
Debt service:				
Principal	-	33,233	775	34,008
Interest	-	19,151	929	20,080
Bond insurance	-	15	1	16
Total expenditures	<u>1,137,444</u>	<u>52,691</u>	<u>124,075</u>	<u>1,314,210</u>
Excess (deficiency) of revenues over (under) expenditures	<u>228,080</u>	<u>(52,091)</u>	<u>(14,814)</u>	<u>161,175</u>
<b>Other financing sources (uses):</b>				
Loan proceeds	-	-	1,974	1,974
Proceeds from sale of capital assets	2	-	1	3
Transfers in	13,306	52,206	87,555	153,067
Transfers out	<u>(130,306)</u>	<u>(221)</u>	<u>(73,491)</u>	<u>(204,018)</u>
Total other financing sources (uses)	<u>(116,998)</u>	<u>51,985</u>	<u>16,039</u>	<u>(48,974)</u>
<b>Change in fund balances before special item</b>	<u>111,082</u>	<u>(106)</u>	<u>1,225</u>	<u>112,201</u>
<b>Special item:</b>				
Additional pension contribution to SamCERA	<u>(27,630)</u>	<u>-</u>	<u>-</u>	<u>(27,630)</u>
	<u>(27,630)</u>	<u>-</u>	<u>-</u>	<u>(27,630)</u>
<b>Net change in fund balances</b>	83,452	(106)	1,225	84,571
Fund balances - beginning	<u>935,880</u>	<u>26,579</u>	<u>245,864</u>	<u>1,208,323</u>
Fund balances - end	<u>\$ 1,019,332</u>	<u>\$ 26,473</u>	<u>\$ 247,089</u>	<u>\$ 1,292,894</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, 2018**  
**(In Thousands)**

<b>Net change in fund balances - total governmental funds (page 28)</b>	\$	84,571
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	\$ 57,103	
Expenditures not subject to capitalization	(5,806)	
The net effect of various miscellaneous transactions involving capital assets such as sales, retirements, trade-ins, and donations	2,043	
Less current year depreciation	(28,235)	25,105
Pension contributions made subsequent to the measurement date is an expenditure in the governmental funds, but reported as a deferred outflow of resources in the government-wide financial statements		169,230
OPEB contributions made subsequent to the measurement date is an expenditure in the governmental funds, but reported as a deferred outflow of resources in the government-wide financial statements		19,617
Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are recognized as revenues in the statement of activities.		38,878
Issuance of other long term obligations provide current financial resources to the governmental funds, but these obligations are reported as long-term liabilities in the government-wide financial statements.		(1,974)
Repayment and defeasance of long-term liabilities are expenditures and other financing uses in the governmental funds but reduces long-term liabilities in the statement of net position.		
Payments toward:		
Lease revenue bonds	33,233	
Revenue refunding bonds	630	33,863
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Amortization of bond premium	2,646	
Retirement and amortization of loss on refunding of debt	(844)	
Change in accrued interest payable	364	
Accretion of capital appreciation bonds	(472)	
Change in other long-term liabilities	(1,828)	
Change in compensated absences	(2,503)	(2,637)
Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		(108,016)
Changes to net OPEB liability and OPEB related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		(14,518)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expenses of certain activities of the internal service funds are reported with governmental activities.		(3,132)
<b>Change in net position of governmental activities (page 25)</b>	<b>\$</b>	<b><u>240,987</u></b>

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, 2018**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 54,597	\$ 21,730	\$ 4,344	\$ 80,671	\$ 64,610
Restricted cash and investments	-	1,640	-	1,640	-
Receivables (net):					
Accounts	14,978	4	62	15,044	425
Grant	303	-	-	303	-
Interest	370	99	16	485	273
Other	4,116	-	-	4,116	-
Due from other funds	-	-	-	-	21
Due from other governmental agencies	136,725	306	107	137,138	2,536
Inventories	3,300	-	-	3,300	74
Notes receivable	-	4	-	4	-
Other assets	3,851	5	8	3,864	3,291
Total current assets	<u>218,240</u>	<u>23,788</u>	<u>4,537</u>	<u>246,565</u>	<u>71,230</u>
Noncurrent assets:					
Notes receivable	200	10,654	-	10,854	-
Loan receivable	2,128	-	-	2,128	-
Deposits	1,127	-	-	1,127	-
Other noncurrent assets	-	545	-	545	-
Capital assets:					
Nondepreciable:					
Land	841	5,228	8,178	14,247	-
Construction in progress	4,368	-	616	4,984	198
Depreciable:					
Structures and improvements	16,188	23,609	49,269	89,066	1,065
Equipment	20,613	1,310	354	22,277	26,769
Software	16,000	-	-	16,000	9
Less accumulated depreciation	(26,413)	(19,922)	(19,025)	(65,360)	(20,805)
Total capital assets	<u>31,597</u>	<u>10,225</u>	<u>39,392</u>	<u>81,214</u>	<u>7,236</u>
Total noncurrent assets	<u>35,052</u>	<u>21,424</u>	<u>39,392</u>	<u>95,868</u>	<u>7,236</u>
Total assets	<u>253,292</u>	<u>45,212</u>	<u>43,929</u>	<u>342,433</u>	<u>78,466</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension-related items	61,857	-	577	62,434	1,035
OPEB-related items	4,291	32	53	4,376	101
Total deferred outflows of resources	<u>66,148</u>	<u>32</u>	<u>630</u>	<u>66,810</u>	<u>1,136</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	18,571	309	271	19,151	2,326
Payable from restricted cash and investments	-	228	-	228	-
Accrued interest payable	-	-	105	105	-
Accrued salaries and benefits	7,193	155	67	7,415	119
Accrued liabilities	-	41	-	41	-
Due to other funds	-	-	1	1	305
Due to other governmental agencies	149,892	-	-	149,892	-
Unearned revenues	1,141	5	14	1,160	205
Deposits	-	-	4	4	94
Notes payable - current	-	1	428	429	-
Compensated absences - current	10,312	305	53	10,670	138
Estimated claims - current	-	-	-	-	18,229
Total current liabilities	<u>187,109</u>	<u>1,044</u>	<u>943</u>	<u>189,096</u>	<u>21,416</u>
Noncurrent liabilities:					
Advances from other funds	944	-	-	944	804
Net pension liability	99,326	-	917	100,243	1,728
Net OPEB liability	15,497	283	191	15,971	365
Notes payable - noncurrent	-	34	2,243	2,277	-
Compensated absences - noncurrent	-	109	62	171	75
Estimated claims - noncurrent	-	-	-	-	37,969
Other long-term liabilities - noncurrent	890	519	-	1,409	-
Total noncurrent liabilities	<u>116,657</u>	<u>945</u>	<u>3,413</u>	<u>121,015</u>	<u>40,941</u>
Total liabilities	<u>303,766</u>	<u>1,989</u>	<u>4,356</u>	<u>310,111</u>	<u>62,357</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension-related items	1,864	-	9	1,873	28
OPEB-related items	10,351	19	128	10,498	244
Total deferred inflows of resources	<u>12,215</u>	<u>19</u>	<u>137</u>	<u>12,371</u>	<u>272</u>
<b>NET POSITION</b>					
Net investment in capital assets	31,597	10,190	36,721	78,508	7,236
Restricted:					
Housing assistance programs	-	1,383	-	1,383	-
Unrestricted	(28,138)	31,663	3,345	6,870	9,737
Total net position	<u>\$ 3,459</u>	<u>\$ 43,236</u>	<u>\$ 40,066</u>	<u>86,761</u>	<u>\$ 16,973</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(641)	
Net position of business-type activities (page 23)				<u>\$ 86,120</u>	

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

**COUNTY OF SAN MATEO**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental Activities
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
<b>Operating revenues:</b>					
Charges for services	\$ 421,381	\$ -	\$ 1,467	\$ 422,848	\$ 151,679
Less:					
Contractual allowances	(309,921)	-	-	(309,921)	-
Provision for doubtful accounts	(3,651)	-	-	(3,651)	-
Net charges for services	107,809	-	1,467	109,276	151,679
Other program revenues:					
Supplemental programs	135,532	-	-	135,532	-
Premium revenues	11,597	-	-	11,597	-
Sales tax realignment	3,980	-	-	3,980	-
Other operating revenues:					
Rent and concessions	1,491	3,750	3,985	9,226	-
Revenue from housing assistance payments	-	93,873	-	93,873	-
Revenue from foundations	2,628	-	-	2,628	-
Sales of drugs and medical supplies, fees, and others	7,482	-	-	7,482	-
Miscellaneous	-	1,014	257	1,271	4,447
Total operating revenues	<u>270,519</u>	<u>98,637</u>	<u>5,709</u>	<u>374,865</u>	<u>156,126</u>
<b>Operating expenses:</b>					
Salaries and benefits	153,179	4,676	1,514	159,369	2,455
Pension expense	21,582	-	190	21,772	355
OPEB expense	3,175	52	39	3,266	75
Pharmaceutical drugs	9,650	-	-	9,650	-
Supplies	11,141	-	-	11,141	-
Contract provider services	40,144	-	-	40,144	-
Other fees and purchased services	52,365	-	-	52,365	-
General and administrative	20,077	4,316	4,002	28,395	15,203
Benefits and claims	-	-	-	-	29,844
Insurance premiums	-	-	-	-	110,186
Depreciation and amortization	2,994	626	905	4,525	1,490
Housing assistance payments	-	79,529	-	79,529	-
Total operating expenses	<u>314,307</u>	<u>89,199</u>	<u>6,650</u>	<u>410,156</u>	<u>159,608</u>
Operating income (loss)	<u>(43,788)</u>	<u>9,438</u>	<u>(941)</u>	<u>(35,291)</u>	<u>(3,482)</u>
<b>Nonoperating revenues (expenses):</b>					
State and federal grants	-	-	1,095	1,095	-
Gain/(loss) from disposal of capital assets	(315)	8	-	(307)	-
Investment income/(loss)	(67)	177	46	156	669
Interest expense	-	-	(135)	(135)	-
Total nonoperating revenues, net	<u>(382)</u>	<u>185</u>	<u>1,006</u>	<u>809</u>	<u>669</u>
Income (loss) before capital contributions and transfers	(44,170)	9,623	65	(34,482)	(2,813)
Capital contributions	4,919	-	-	4,919	-
Transfers in	58,426	-	2,985	61,411	66
Transfers out	(10,481)	-	(15)	(10,496)	(30)
<b>Change in net position</b>	<u>8,694</u>	<u>9,623</u>	<u>3,035</u>	<u>21,352</u>	<u>(2,777)</u>
Net position - beginning, as previously stated	41,051	34,282	37,612		20,967
Cumulative effect of accounting change and prior period adjustment	(46,286)	(669)	(581)		(1,217)
Net position - beginning, as restated	(5,235)	33,613	37,031		19,750
Net position - end	<u>\$ 3,459</u>	<u>\$ 43,236</u>	<u>\$ 40,066</u>		<u>\$ 16,973</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				355	
Change in net position of business-type activities (page 25)				<u>\$ 21,707</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, 2018**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental Activities
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities</b>					
Cash receipts from customers	\$ 228,566	\$ 98,789	\$ 5,849	\$ 333,204	\$ -
Cash receipts from interfund services provided	-	-	-	-	156,909
Cash paid to suppliers of goods and services	(130,204)	(4,908)	(3,833)	(138,945)	(123,647)
Cash paid to employees for services	(184,098)	(4,322)	(1,831)	(190,251)	(3,010)
Cash paid for housing assistance	-	(80,035)	-	(80,035)	-
Cash paid for judgments and claims	-	-	-	-	(27,341)
Net cash provided by (used in) operating activities	<u>(85,736)</u>	<u>9,524</u>	<u>185</u>	<u>(76,027)</u>	<u>2,911</u>
<b>Cash flows from noncapital financing activities</b>					
County subsidy transfers	58,426	-	-	58,426	-
Transfers received from other funds	-	-	185	185	66
Transfers paid to other funds	(10,481)	-	(15)	(10,496)	(30)
Loan payments to other funds	(2,008)	-	-	(2,008)	(1)
Proceeds from long term borrowings	-	214	-	214	-
State and federal grant receipts	-	-	1,095	1,095	-
Net cash provided by (used in) noncapital financing activities	<u>45,937</u>	<u>214</u>	<u>1,265</u>	<u>47,416</u>	<u>35</u>
<b>Cash flows from capital and related financing activities</b>					
Acquisition of capital assets	(4,393)	(80)	(1,512)	(5,985)	(4,227)
Capital contribution	4,919	-	-	4,919	-
Payment on long-term liabilities	-	-	(409)	(409)	-
Interest paid on long-term liabilities	-	-	(144)	(144)	-
Net cash provided by (used in) capital and related financing activities	<u>526</u>	<u>(80)</u>	<u>(2,065)</u>	<u>(1,619)</u>	<u>(4,227)</u>
<b>Cash flows from investing activities</b>					
Cash disbursed for loans	(64)	(3,120)	-	(3,184)	-
Interest received from loans	-	504	-	504	-
Interest receipts/(payments)	(67)	152	36	121	564
Interest expense paid	-	(669)	-	(669)	-
Net cash provided by (used in) investing activities	<u>(131)</u>	<u>(3,133)</u>	<u>36</u>	<u>(3,228)</u>	<u>564</u>
Net increase (decrease) in cash and cash equivalents	(39,404)	6,525	(579)	(33,458)	(717)
Cash and cash equivalents, beginning	94,001	16,845	4,923	115,769	65,327
Cash and cash equivalents, end	<u>\$ 54,597</u>	<u>\$ 23,370</u>	<u>\$ 4,344</u>	<u>\$ 82,311</u>	<u>\$ 64,610</u>
<b>Financial statement presentation:</b>					
Cash and investments	\$ 54,597	\$ 21,730	\$ 4,344	\$ 80,671	\$ 64,610
Restricted cash and investments	-	1,640	-	1,640	-
Cash and cash equivalents, end	<u>\$ 54,597</u>	<u>\$ 23,370</u>	<u>\$ 4,344</u>	<u>\$ 82,311</u>	<u>\$ 64,610</u>
<b>Supplemental disclosure of noncash activities:</b>					
Noncash capital and related financing activities:					
Capital contributions to Airports	\$ -	\$ -	\$ 2,800	\$ 2,800	\$ -

(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, 2018**  
**(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>	\$ (43,788)	\$ 9,438	\$ (941)	\$ (35,291)	\$ (3,482)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) from operating activities:					
Depreciation	2,994	626	905	4,525	1,490
Decrease (increase) in:					
Accounts receivable	(321)	5	(9)	(325)	182
Grant receivable	178	-	-	178	-
Other receivable	(2,482)	-	-	(2,482)	-
Due from other funds	318	-	-	318	(20)
Due from other governmental agencies	(46,697)	(194)	151	(46,740)	(308)
Inventories	(42)	-	-	(42)	2
Other assets	(277)	(98)	(8)	(383)	929
Deposits	(101)	-	-	(101)	-
Deferred outflows of resources	10,104	(32)	-	10,072	201
Increase (decrease) in:					
Accounts payable	3,314	(65)	177	3,426	1,449
Accrued salaries and benefits	901	3	1	905	10
Accrued liabilities	-	(401)	-	(401)	-
Due to other funds	-	-	-	-	303
Due to other governmental agencies	2	-	-	2	-
Unearned revenues	203	5	(2)	206	(12)
Refundable deposits	7,125	(48)	-	7,077	-
Net pension liability	(15,682)	-	(89)	(15,771)	(281)
Net OPEB Liability	(12,404)	283	(99)	(12,220)	(291)
Compensated absences	721	(17)	(20)	684	-
Estimated claims	-	-	-	-	2,503
Deferred inflows of resources	10,198	19	119	10,336	236
Net cash provided by (used in) operating activities	<u>\$ (85,736)</u>	<u>\$ 9,524</u>	<u>\$ 185</u>	<u>\$ (76,027)</u>	<u>\$ 2,911</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, 2018**  
**(In Thousands)**

	SamCERA Pension Trust	Investment Trust	Agency Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and investments (in County investment pool)	\$ 31,680	\$ 2,758,167	\$ 421,016
Cash and investments (outside County investment pool)	35,916	-	-
Receivables (net):			
Due from broker for investments sold	4,152	-	-
Contributions	9,423	-	-
Interest	5,930	12,715	1,895
Security lending income	10	-	-
Taxes	-	-	165,119
Other	95	-	-
Due from other governmental agencies	-	5,729	17,931
Prepaid expense	8	-	-
Investments:			
Fixed income	892,923	-	-
Equity	1,809,330	-	-
Alternatives	514,972	-	-
Risk parity	311,126	-	-
Inflation hedge	761,394	-	-
Capital assets, net	6,804	-	-
Other assets	-	111	50,179
Total assets	<u>4,383,763</u>	<u>2,776,722</u>	<u>\$ 656,140</u>
<b>LIABILITIES</b>			
Accounts payable	1,663	1,255	\$ -
Due to broker for investments purchased	5,408	-	-
Due to other governmental agencies	-	1,201	88,321
Securities lending collateral due to borrowers	1,489	-	-
Other liabilities	1,241	6,404	-
Fiduciary liabilities	-	-	567,819
Total liabilities	<u>9,801</u>	<u>8,860</u>	<u>\$ 656,140</u>
<b>NET POSITION</b>			
Net position restricted for pension benefits/investment pool participants	<u>\$ 4,373,962</u>	<u>\$ 2,767,862</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, 2018**  
**(In Thousands)**

	SamCERA Pension Trust	Investment Trust
	<u>          </u>	<u>          </u>
<b>ADDITIONS</b>		
Contributions:		
Employer contributions	\$ 207,257	\$ -
Plan member contributions	64,204	-
Contributions to investment pool	-	4,184,976
Total contributions	<u>271,461</u>	<u>4,184,976</u>
Net investment income:		
Net appreciation (depreciation) in fair value of investments	275,225	(9,249)
Interest and investment income	45,061	103,539
Investment expense	(40,210)	-
Securities lending activities:		
Securities lending income	53	-
Securities lending expenses	(10)	14
Total net investment income	<u>280,119</u>	<u>94,304</u>
Other additions	27	-
Total additions	<u>551,607</u>	<u>4,279,280</u>
<b>DEDUCTIONS</b>		
Benefits and refunds paid to plan members and beneficiaries:		
Service retirement benefits	179,880	-
Disability retirement benefits	23,872	-
Death and other benefits	976	-
Withdrawals of members' contributions	4,326	-
Total benefits and refunds paid to plan members and beneficiaries	<u>209,054</u>	<u>-</u>
Distributions from investment pool	-	4,347,303
Administrative expenses	7,293	-
Total deductions	<u>216,347</u>	<u>4,347,303</u>
<b>Change in net position</b>	335,260	(68,023)
Net position - beginning	<u>4,038,702</u>	<u>2,835,885</u>
Net position - end	<u>\$ 4,373,962</u>	<u>\$ 2,767,862</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, 2018**  
**(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 94063.

*Housing Authority of the County of San Mateo*

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

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

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

*County Service Areas, Sewer and Sanitation, 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). The County is financially accountable for these entities because the County holds a voting majority and may impose its will on each of these entities. Each of these special districts is, in substance, an integral part of the County and is reported as a nonmajor special revenue fund in the County's basic financial statements.

**(c) Discretely Presented Component Units**

*First 5 San Mateo County*

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

The primary role of First 5 is to ensure resources from the California Children and Families Trust Fund are allocated in a fiscally responsible manner. Its governing board consists of nine members, including County public officials and community leaders from the fields of early childhood education, healthcare, and family support. First 5 board members are appointed and can be removed at will by the County Board. If the County opts to 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; HealthWorx, an insurance program for In-Home Supportive Services employees, San Mateo County Extra Help employees, and certain City of San Mateo non-merit part-time and Library per diem employees; and Healthy Kids, a locally funded insurance product for children with family income levels of 400% of poverty or lower who do not qualify for Medi-Cal.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

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

*San Mateo County Employees' Retirement Association*

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

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

**A. Basis of Presentation**

*Government-wide Financial Statements*

The 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.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

***Fund Financial Statements***

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

The County reports the following major governmental funds:

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

The County reports the following major enterprise funds:

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

The County also reports the following additional fund types:

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

These funds include:

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



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

- *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.

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 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.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

**1. Cash and Cash Equivalents**

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

**2. Investments**

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

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

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

For the fiscal year ended June 30, 2018, 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 (enterprise fund). Amounts reported in the JPFA are restricted for debt service payments. Amounts reported in Housing Authority consist of security deposits received from tenants at move-in and housing assistance payment (HAP) equity for special vouchers in accordance with the U.S. Department of Housing and Urban Development (HUD) requirements. The security deposits are returned to tenants upon move-out.

**4. Mortgages Receivable**

For the purpose of the fund financial statements, governmental fund expenditures arising from long-term loan subsidy programs are charged to operations upon funding. The loans are recorded, net of an estimated allowance for potentially uncollectible loans, as mortgages receivable with an offset to deferred inflows of resources. The balance of the mortgages receivable includes loans that may be forgiven if certain terms and conditions are being met. The County reported mortgages receivable of \$101.4 million, net of allowance of \$16.5 million, on the governmental fund balance sheet as of June 30, 2018.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**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.

**6. Capital Assets**

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

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

The County has 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 2017-18 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 and related to pensions and OPEB. The losses on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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 and related to pensions and OPEB in its proprietary and government-wide statements. The governmental funds report unavailable revenues from property taxes, advances from the federal and State, and other sources as appropriate. These amounts are deferred and recognized as revenues in the period the amounts become available.

**8. Pensions**

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

**9. Postemployment Benefits Other Than Pensions (OPEB)**

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

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

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

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

**11. Net Position**

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

**12. Fund Balance Policies**

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

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

**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 fiscal year 2017-18, the total secured and unsecured assessed property value, net of all exemptions, and including utility, unitary, and railroad properties assessed by the State, was \$208.0 billion. This amount includes \$19.3 billion in redevelopment assessed value increment. On the government-wide financial statements, property tax revenues are recognized in the fiscal year for which they are levied. On the fund financial statements, property tax revenues are deferred if not received within two months after fiscal year-end. The County levies, bills, and collects taxes as follows:

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	<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 \$24.7 million at June 30, 2018.

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 \$173.9 million at June 30, 2018.

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 \$128.9 million from the excess ERAF for the fiscal year ended June 30, 2018.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. *Operating revenues*, such as charges for services, generally result from exchange transactions associated with the principal activity of each fund. The Medical Center particularly defines its operating revenues as deemed by management to be ongoing, major, or central to the provision of healthcare services. Its operating revenues are derived from direct patient care, other programs (such as supplemental program and medical managed program), and revenues from the sale of other goods and services. The Housing Authority's principal operating revenues are dwelling rental income and HUD housing assistance payments. *Nonoperating revenues* are mainly derived from interest income, 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*.

**3. Special Items**

Special items are transactions or events that are within the control of County Management and that are either unusual in nature or infrequent in occurrence.

**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.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**F. Interfund Transactions**

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

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

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

In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which establishes new accounting and financial reporting for state and local governments by improving the accounting and financial reporting for OPEB plans and provides information obtained by state and local government employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. As of July 1, 2017, the County implemented this Statement and restated the beginning net position on the government wide statements by \$253.0 million (\$205.5 million governmental activities and \$47.5 million business-type activities - \$46.8 million from cumulative effect of accounting change and \$0.7 million from prior period adjustment) and recognized \$29.3 million of beginning deferred outflows of resources for its OPEB contributions and to establish beginning net OPEB liability of \$156.5 million.

First 5 also implemented this statement and restated its beginning net position \$0.4 million and recognized \$42.8 thousand of beginning deferred outflows of resources for its OPEB contributions and to establish beginning net OPEB liability of \$0.2 million.

The County has insufficient prior year data which makes it impractical to restate the amounts of applicable deferred outflows of resources other than OPEB contributions noted in the second preceding paragraph, net OPEB liability and deferred inflows of resources related to OPEB. Therefore, the County has elected to report the implementation of this Statement as a cumulative effect of an accounting change in the fiscal year 2017-18 financial statements.

In March 2016, the GASB issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement is effective for the County’s fiscal year ended June 30, 2018 and there is no impact to the financial statements.

In March 2017, the GASB issued GASB Statement No. 85, *Omnibus 2017*. This Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement is effective for the County's fiscal year ended June 30, 2018. The County incorporated the provisions of this Statement in Notes 13 and 14 and required supplementary information of its financial statements.

In May 2017, the GASB issued GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement is effective for the County's fiscal year ended June 30, 2018 and there is no impact to the financial statements.

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

- In November 2016, the GASB issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement is to address accounting and financial reporting for certain retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement is effective for the County's fiscal year ending June 30, 2019.
- In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. This Statement is to establish criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for the County's fiscal year ending June 30, 2020.
- In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This Statement is to improve accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the consistency of information about governments' leasing activities. This Statement is effective for the County's fiscal year ending June 30, 2021.
- In April 2018, the GASB issued GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement is effective for the County's fiscal year ending June 30, 2019.
- In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expenditure/expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. This Statement is effective for the County's fiscal year ending June 30, 2021.



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

- In August 2018, the GASB issued GASB Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. This Statement is effective for the County’s fiscal year ending June 30, 2020.

**H. Housing Authority’s Prior Year Adjustment**

For the fiscal year ended June 30, 2018, the Housing Authority adjusted the net position by \$0.7 million due to a requirement set forth by HUD whereas the Housing Authority was required to return certain interest earned from HUD funding in prior years.

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

**Deficit Fund Equity/Net Position**

At June 30, 2018, the IHSS Public Authority, a special revenue fund; the Tower Road Construction, the Workers’ Compensation Insurance, and the Personal Injury and Property Damage internal service funds, reported net deficits of \$0.4 million, \$1.5 million, \$28.6 million, and \$0.2 million respectively.

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

*Tower Road Construction.* This fund has accumulated insufficient net position as a result of implementation of GASB 75 Other Postemployment Benefits plan, and a loan that is being repaid over time. The County is actively taking steps to cure the financial imbalance through staffing and spending reductions, review service charge billing rates, identify opportunities to increase efficiencies, and business process improvements.

*Workers’ Compensation Insurance.* This fund has accumulated sufficient net position to pay for workers’ compensation claims on a pay as you go basis. The County has sufficient General Fund reserve to cover the deficit in this fund as needed. In addition, the County will continue to phase in premium rate increases and work with departments to inhibit growth in operating costs.

*Personal Injury and Property Damage.* This fund has accumulated insufficient net position due to payout of some substantial cases during the fiscal year. The County has sufficient General Fund reserve to cover the deficit in this fund as needed.

**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, 2018, the net asset value of involuntary participation in the investment pool was \$3.75 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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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.

**Cash and cash equivalents:**

Cash on hand - County	\$ 3,074
Certificates of deposit - County	309,988
Money market deposit accounts - JPFA	7,822
Cash and deposits - SamCERA	35,916
Deposits - County	(20,719) <sup>1</sup>
Cash deposits - HPSM	350,937 <sup>2</sup>
Cash equivalents - HPSM	<u>40,564 <sup>2</sup></u>
Total cash	<u>727,582</u>

**The County's Cash and investments are reported as follows:**

Primary government	\$ 1,516,369
Discretely presented component unit - First 5	13,334
Discretely presented component unit - HPSM	550,964 <sup>2</sup>
Pension trust fund	4,357,341
Investment trust fund	2,758,167
Agency funds	<u>421,016</u>
Total cash and investments	<u>\$ 9,617,191</u>

**Investments:**

In Treasurer's pool	4,526,215
With fiscal agents of the JPFA	14,183
In SamCERA's portfolio	4,289,746
In HPSM's portfolio	<u>59,461 <sup>2</sup></u>
Total investments	8,889,605
Perspective difference	<u>4 <sup>3</sup></u>
	<u>8,889,609</u>
Total cash and investments	<u>\$9,617,191</u>

<sup>1</sup> At year-end, the carrying amount of the County's cash deposits was \$(20,719) and the bank balance was \$38,166. 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, 2017.

<sup>3</sup> Perspective difference represents the difference between HPSM's participation in the Treasurer's pool at December 31, 2017 and June 30, 2018, which was \$100,002 and \$100,006, respectively.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**Investments**

The table below summarizes total investments reported as of June 30, 2018:

	Interest Rates	Maturities	Par Value	Fair Value	Weighted Average Maturity (Years)
<b>Investments in Investment Pool</b>					
U.S. treasury notes	0.750% - 2.125%	7/31/18 - 10/31/23	\$ 831,000	\$ 808,259	2.64
U.S. treasury bills	1.744% - 2.012%	7/12/18 - 11/15/18	588,500	586,534	0.18
U.S. government agency securities	0.875% - 2.750%	7/11/18 - 8/17/21	797,215	789,748	1.10
U.S. government agency securities - floating rate	1.900% - 2.090%	3/15/19 - 12/11/20	25,000	25,041	1.62
<sup>2</sup> U.S. instrumentalities	0.875% - 2.350%	7/2/18 - 1/26/22	530,637	526,992	0.58
Corporate bonds	0.875% - 2.150%	7/10/18 - 4/7/21	195,000	193,114	1.04
Corporate bonds - floating rate	1.660% - 3.290%	7/30/18 - 5/16/22	276,200	276,776	1.81
Local Agency Investment Fund	1.520%	**	65,000	65,000	0.53 <sup>1</sup>
Commercial paper	1.891% - 2.485%	7/2/18 - 1/28/19	1,054,050	1,050,751	0.16
Repurchase agreements	2.050%	7/2/18	204,000	204,000	0.00
<b>Total investments in investment pool</b>			<u>\$ 4,566,602</u>	<u>\$ 4,526,215</u>	0.96
<b>Investments outside of Investment Pool</b>					
<i>San Mateo Joint Powers Financing Authority</i>					
U.S. treasury note				1,934	0.04 <sup>4</sup>
Hong Kong and Shanghai Banking Corporation - repurchase agreements				938	8.43 <sup>4</sup>
Guaranteed investment contract				5,471	3.01 <sup>4</sup>
First American Treasury Obligations Fund				5,840	*
Subtotal				<u>14,183</u>	1.58
<i>San Mateo County Employees' Retirement Association</i>					
Commingled fixed income portfolio:					
Opportunistic Credit Funds <sup>3</sup>				209,690	6.40
BlackRock Intermediate Government Bond				214,832	4.01
Fidelity Institutional Asset Management				260,132	8.92
PIMCO				79,777	9.03
Western Asset Management				128,492	6.64
Subtotal				<u>892,923</u>	6.83
Debt securities:					
U.S. government securities				87,508	**
Equity securities:					
Foreign stocks				424,341	**
U.S. common & preferred stock				11,702	**
Commingled funds:					
Domestic equity				825,595	**
International equity				330,061	**
Liquid pool				263,284	**
Domestic equity				156,868	**
International equity				60,763	**
Real estate				349,361	**
Risk parity				311,127	**
Alternatives:					
Absolute return/hedge funds				242,488	**
Private equity				272,484	**
Private real asset				61,241	**
Subtotal				<u>3,396,823</u>	
Total SamCERA's investments				<u>4,289,746</u>	
<i>Health Plan of San Mateo</i> (as of December 31, 2017)					
Local Agency Investment Fund				59,461	0.53 <sup>1</sup>
<b>Total investments outside of investment pool</b>				<u>4,363,390</u>	
<b>Total investments</b>				<u>\$ 8,889,605</u>	

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

\*\* Not applicable or not available.

<sup>1</sup> WAM was computed using the average life from the Pooled Money Investment Account quarterly performance report as of June 30, 2018.

<sup>2</sup> U.S. instrumentalities are United States dollar denominated senior unsecured, unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development.

<sup>3</sup> Category consists of seven opportunistic Credit Funds managed by Angelo Gordon (two funds), Beach Point, Brigade Capital Management, Franklin Templeton, Tennenbaum Capital Partners, and White Oak.

<sup>4</sup> The JPFA's investments measured at individual maturity in years.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**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, 2018, the investment pool had a weighted average maturity of 0.96 years and its investment in floating rate securities was \$301.8 million which are tied to the three-month London Interbank Offered Rate (LIBOR) index.

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

<u>Investment as of June 30, 2018</u>	<u>Standard &amp; Poor's Rating</u>	<u>% of Portfolio</u>
U.S. Government Securities		
U.S. Treasury Securities	AA+	28.61%
U.S. Treasury Securities	AAA	2.20%
U.S. Instrumentalities	AAA	11.64%
U.S. Government Agency Securities		
Federal Home Loan Bank	AA+	10.30%
Federal Home Loan Bank	AAA	0.27%
Federal Home Loan Mortgage Corporation	AA+	2.74%
Federal Farm Credit Bank - Floating Rate	AA+	0.55%
Federal National Mortgage Association	AA+	4.13%
Corporate Bonds		
Corporate Bonds	AA+	0.44%
Corporate Bonds	AA	0.11%
Corporate Bonds	AA-	1.86%
Corporate Bonds	A+	1.87%
Corporate Bonds - Floating Rate Securities	AA+	0.11%
Corporate Bonds - Floating Rate Securities	AA	0.22%
Corporate Bonds - Floating Rate Securities	AA-	2.26%
Corporate Bonds - Floating Rate Securities	A1	0.27%
Corporate Bonds - Floating Rate Securities	A+	3.14%
Corporate Bonds - Floating Rate Securities	A	0.12%
Local Agency Investment Fund	Not rated	1.44%
Commercial Paper	A+	0.12%
Commercial Paper	A1	12.77%
Commercial Paper	A1+	10.32%
Repurchase Agreements	AA+	4.51%
Total		<u>100.00%</u>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

*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, 2018, the investment pool has more than 5% of its total investments with the following issuer: 10.57% in Federal Home Loan Bank.

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

The County's investment pool is invested in the State of California Local Agency Investment Fund (LAIF), which is part of the State of California Pooled Money Investment Account (PMIA). As of June 30, 2018, the PMIA balance was \$88.8 billion, of which 1.89% is in structured notes and medium-term asset backed securities, and 0.78% in short-term asset-backed commercial paper. The total amount invested by all public agencies in LAIF was \$22.5 billion, while the County's investment in LAIF was \$65.0 million and HPSM's investment in LAIF was \$59.5 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 193 days as of June 30, 2018. The Local Investment Advisory Board, which consisted of five members designated by State statutes, has oversight responsibility for LAIF.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**County Investment Pool Condensed Financial Information**

Below is the condensed statement of the investment pool as of June 30, 2018:

**Statement of Net Position**

<b>Assets:</b>	
U.S. treasury notes	\$ 808,259
U.S. treasury bills	586,534
U.S. government agency securities	789,748
U.S. government agency securities - floating rate	25,041
U.S. instrumentalities	526,992
Corporate bonds	193,114
Corporate bonds - floating rate	276,776
Local Agency Investment Fund	65,000
Commerical paper	1,050,751
Repurchase agreements	<u>204,000</u>
Total investments	<u>4,526,215</u>
Other assets	18,555
Pool deposits	<u>38,166</u>
Total assets	<u>4,582,936</u>
<b>Liabilities:</b>	
Unfunded checks and warrants	58,885
Other liabilities	<u>8,860</u>
Total liabilities	<u>67,745</u>
<b>Net Position:</b>	
Equity of internal pool participants	1,747,329
Equity of external pool participants	<u>2,767,862</u>
Total net position	<u>\$ 4,515,191</u>

**Statement of Changes in Net Position**

Net position at July 1, 2017	\$ 4,612,841
Net change in investments by pool participants	<u>(97,650)</u>
Net position at June 30, 2018	<u>\$ 4,515,191</u>

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

Participant units outstanding (one dollar par value)	\$ 4,524,440
Undistributed and unrealized gain	<u>(9,249)</u>
Net position at June 30, 2018	<u>\$ 4,515,191</u>

Participant net position at fair value price per share (\$4,515,191 divided by 4,524,440 units)	<u>\$ 0.9980</u>
--	------------------

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**JPFA's Investment Portfolio**

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

*Interest Rate Risk.* The JPFA has not adopted a formal policy that limits investment maturity as a means of managing its exposure to declines in fair values arising from increasing interest rates. As of June 30, 2018, the JPFA's investment portfolio had a weighted average maturity of 1.58 years.

*Credit Risk.* The JPFA's bond trust agreements include provisions which restrict the JPFA's investment in (a) money market mutual funds rated "AAM" or "AAM-G" by Standard & Poor's, or better; (b) repurchase agreements with any domestic bank the long-term debt of which is rated at least "A" or better by Standard & Poor's Corporation and Moody's Investors Service; (c) specific obligations of government sponsored agencies which are not backed by the full faith and credit of the United State of America, and (d) investment agreements. As of June 30, 2018, the JPFA's money market mutual fund was rated "Aaa-mf" by Moody's Investors Service. The repurchase agreement with the Hong Kong and Shanghai Banking Corporation was rated "Aa3" by Moody's Investors Service. The U.S. treasury note was rated "AA+" by Standard & Poor's, "Aaa" by Moody's Investors Service, and "AAA" by Fitch. The remaining investments were unrated including the investment contract with Financial Guaranty Insurance Company Capital Market Services Group.

*Concentration of Credit Risk.* The JPFA places no limit on the amount invested in any one issuer. At June 30, 2018, the JPFA has \$0.9 million, or 5%, of its total investments in repurchase agreements with the Hong Kong and Shanghai Banking Corporation; \$1.9 million, or 11%, in a U.S. Treasury Note; and \$5.5 million, or 30%, in a guaranteed investment contract with Financial Guaranty Insurance Company Capital Market Services Group.

**SamCERA's Investment Portfolio**

*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. Private equity and real assets are reported in SamCERA's financial statements based on the fair value provided by the General Partner on a quarterly basis. The management assumptions are based upon the nature of the investment and the underlying business. Risk parity, hedge funds, and commodities are reported based on the fair value provided by a third party administrator.

*Investment Policy.* The investment policy of SamCERA seeks to optimize long-term returns within acceptable risk parameters. The Board periodically reviews the asset allocation in response to changing market conditions that may affect forward-looking expected returns of asset classes. During the fiscal year, the Board adjusted the target policy asset allocation that was initially set in October 2016. The Board also approved an allocation to include low volatility equity and a 50% currency hedge for developed international equity. The new target policy consists of 37% in public equity, 23% in fixed income, 12% in alternatives, 8% in risk parity, and 20% in inflation hedge.

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

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

*Custodial Credit Risk - Deposits.* SamCERA has no general policy on custodial credit risk for deposits. SamCERA maintains cash deposits to support its investment activities and operational needs. At June 30, 2018, cash held with a financial institution in a pooled money market fund totaled \$15.1 million and cash held in the County's investment pool was \$31.7 million. Cash held by investment managers at year end amounted to \$6.3 million, which is swept daily into a pooled short-term investment fund. The deposits are not exposed to custodial credit risk as they are eligible and covered by insurance in accordance with applicable law and Federal Deposit Insurance Corporation rules and regulations. However, \$0.4 million held with the Northern Trust Company is uninsured and uncollateralized. Thus, it is subject to custodian credit risk.

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

*Interest Rate Risk.* SamCERA has investments in eleven 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.

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

Credit Risk	Active Management	Commingled Management
AAA	100.0%	46.8%
AA	-	3.8%
A	-	7.3%
BBB	-	1.6%
Less than BBB	-	28.3%
Not rated	-	12.2%
	100.0%	100.0%

*Custodial Credit Risk - Investments.* The individual investment guidelines for each investment manager require that managed investments be held in the name of SamCERA. The master custodian may rely on sub-custodians. The custodial requirement does not apply to real estate investments and investments in pools. As of June 30, 2018, 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.

*Foreign Currency Risk.* SamCERA's investment policy allows forward currency contracts and currency futures as defensive currency hedging to mitigate foreign currency risk on the portfolio. International equity and global bond managers are permitted to invest in authorized countries.



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

The table below shows the fair value of investments in U.S. dollars that are exposed to foreign currency risk as of June 30, 2018, by investment type and currency denomination.

Country	Common Stock	Foreign Currency	Total
Australia	\$ 14,257	\$ 9	\$ 14,266
Brazil	2,792	-	2,792
Canada	5,307	397	5,704
Switzerland	20,340	-	20,340
Denmark	10,988	-	10,988
Europe	96,517	58	96,575
United Kingdom	83,333	-	83,333
Hong Kong	13,831	-	13,831
India	6,707	17	6,724
Japan	74,832	273	75,105
South Korea	4,653	-	4,653
Mexico	1,578	-	1,578
Malaysia	2,617	-	2,617
Philippines	900	-	900
Sweden	19,242	-	19,242
Singapore	16,150	-	16,150
South Africa	10,909	-	10,909
Total	<u>\$384,953</u>	<u>\$ 754</u>	<u>\$385,707</u>

*Concentration of Credit Risk.* SamCERA's investment policy has no general policy on the concentration of credit risk. As of June 30, 2018, SamCERA does not have investments in a single issuer with five percent or more of SamCERA's fiduciary net position.

*Derivatives.* SamCERA currently employs external investment managers to manage its assets as permitted by the California Government Code and SamCERA's Investment Policy. Specific managers hold investments in swaps, options, futures, forward settlement contracts, and warrants, and enter into forward foreign currency exchange security contracts within fixed income financial instruments. SamCERA held derivatives with a negative notional amount of \$12.9 million and a fair value of \$0.2 million at June 30, 2018 in the statement of fiduciary net position as part of the cash management overlay and inflation hedge. Changes in fair value during FY 2018 are reported in the statement of changes in fiduciary net position as a component of investment income. All derivatives held are investment derivatives and none of them are hedging derivatives.

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

The fair values of international currency forwards represents the unrealized gain or loss on the related contracts, which is calculated as the difference between the specified contract exchange rate and the exchange rate at the end of the reporting period. Further disclosure on the derivative positions held at fiscal year-end are contained in the table below.

<u>Investment Derivatives as of June 30, 2018</u>	<u>Notional Value</u>	<u>Fair Value (Level 2)</u>
Interest rate contracts - short	\$ (7,247)	\$ 9
Interest rate contracts - long	(26,952)	(35)
Foreign exchange contracts - short	(1,675)	(15)
Equity contracts - short	23,003	(182)
Total	<u>\$ (12,871)</u>	<u>\$ (223)</u>

*Custodial Credit Risk - Derivatives.* As of June 30, 2018, SamCERA’s derivatives were not subject to custodial credit risk. However, they are subject to other risks.

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

*Securities Lending Activity.* Securities lending transactions are short-term collateralized loans of SamCERA’s securities for the purpose of generating additional investment income. SamCERA has a securities lending agreement in place that authorizes its securities lending agent to lend SamCERA’s securities to broker-dealers and banks pursuant to a loan agreement. For each type of security loaned, SamCERA receives 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 pays SamCERA a loan premium. As of June 30, 2018, the fair value of securities on loan reported and the total collateral held amounted to \$2.09 million and \$2.16 million (with \$1.49 million in cash collateral and \$0.67 million in non-cash collateral), respectively.

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

*Securities Lending Collateral Interest Rate Risk.* The Fund’s average effective duration is restricted to 90 days or less. As of June 30, 2018, the Fund had an interest sensitivity of 15 days.

**Fair Value Measurement**

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

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

The County's cash equivalents and investments by fair value level as of June 30, 2018, include the following:

<u>Investments</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Investments subject to fair value hierarchy:			
U.S. treasury notes	\$ 810,193	\$ -	\$ 810,193
U.S. treasury bills	586,534	-	586,534
U.S. government agency securities	789,748	-	789,748
U.S. government agency securities - floating rate	25,041	-	25,041
U.S. instrumentalities	526,992	-	526,992
Corporate bonds	193,114	-	193,114
Corporate bonds - floating rate	276,776	-	276,776
Commercial paper	1,050,751	-	1,050,751
Repurchase agreements	204,938	-	204,938
Guaranteed investment contract	5,471	-	5,471
Mutual funds	5,840	-	5,840
Debt securities:			
U.S. government securities	87,508	-	87,508
Equity securities:			
Foreign stocks	424,341	424,341	-
U.S. common & preferred stock	11,702	11,702	-
Commingled funds:			
Domestic bond	423,101	79,777	343,324
Domestic equity	825,595	-	825,595
International equity	330,061	-	330,061
Liquid pool	263,284	-	263,284
Total investments subject to fair value hierarchy	6,840,990	\$ 515,820	\$ 6,325,170
Investments not subject to fair value hierarchy:			
Local Agency Investment Fund	124,461		
Investments measured at the net asset value (NAV)			
Domestic bond funds	429,768		
Global bond funds	40,054		
Domestic equity funds	156,868		
International equity funds	60,763		
Real estate funds	349,361		
Risk parity funds	311,127		
Absolute return/hedge funds	242,488		
Private equity funds	272,484		
Private real asset funds	61,241		
Total investments measured at NAV	1,924,154		
Total investments	\$ 8,889,605		

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

<u>Investments measured at NAV</u>	<u>6/30/2018</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Domestic bond funds <sup>(1)</sup>	\$ 429,768	\$ -	Daily, quarterly	15-90 days
Global bond funds <sup>(1)</sup>	40,054	-	Monthly	15 days
Domestic equity funds <sup>(1)</sup>	156,868	-	Daily	1-5 days
International equity funds <sup>(1)</sup>	60,763	-	Daily	1-10 days
Real estate funds <sup>(2)</sup>	349,361	53,300	Quarterly, not eligible	45 days
Risk parity funds <sup>(3)</sup>	311,127	-	Monthly	15 days
Hedge funds/absolute return <sup>(4)</sup>	242,488	-	Semi-monthly, monthly	5-75 days
Private equity funds <sup>(5)</sup>	272,484	159,700	Not eligible	Not applicable
Private real asset funds <sup>(5)</sup>	61,241	78,900	Not eligible	Not applicable
Total investments measured at NAV	<u>\$ 1,924,154</u>	<u>\$ 291,900</u>		

- <sup>(1)</sup> *Bond and Equity Funds.* This type includes seven domestic bond funds, one global bond fund, one domestic equity fund, and one international equity fund that is considered to be in commingled in nature. Each is valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments.
- <sup>(2)</sup> *Real Estate Funds.* This type includes three real estate funds that invest primarily in a diversified portfolio of institutional quality multi-family, industrial, retail and office assets in the United States. The fair values of the investments in this type have been determined using the NAV (or its equivalent) of the Plan's ownership interest in partners' capital. One investment has quarterly liquidity while the other two are ineligible for redemption.
- <sup>(3)</sup> *Risk Parity Funds.* This type includes two risk parity funds that seek to generate returns from a risk diversified portfolio of asset exposures. The fair values of the investments in this type have been determined using the NAV (or its equivalent) of the plan's ownership interest in partners' capital. The funds can be redeemed on a monthly basis.
- <sup>(4)</sup> *Hedge Funds/Absolute Return.* This strategy consists of two multi-strategy hedge funds/absolute return. One fund delivers efficient exposure to a well-diversified portfolio of hedge fund strategies and the other builds a broad range of return-seeking positions (i.e. multi-strategy) with high underlying liquidity that incorporates multiple risk views.
- <sup>(5)</sup> *Private Equity and Real Asset Funds.* This type includes twenty-two private equity funds, investing primarily in buyout funds, venture capital, and debt/special situations. The type also includes eight Private Real Asset funds, investing in infrastructure, mining finance, solar, energy, and farmland. The fair values of these funds have been determined using net assets values one quarter in arrears plus current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments with the funds are liquidated, which on average can occur over the span of 5 to 10 years.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**NOTE 5 – RECEIVABLES**

As of June 30, 2018, 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 \$187.3 million, of which about \$133.9 million is not expected to be collected within the next twelve months.

<u><b>Governmental Activities</b></u>	General Fund	JPFA	Nonmajor Governmental Funds	Internal Service Funds	Total
Accounts	\$ 291,030	\$ -	\$ 248	\$ 425	\$ 291,703
Interest	24,160	252	1,135	273	25,820
Taxes	34,242	-	2,109	-	36,351
Mortgages	117,825	-	-	-	117,825
Advances	1	-	-	-	1
Other	27,231	-	-	-	27,231
Gross receivables	494,489	252	3,492	698	498,931
Less: allowances for uncollectibles	(307,225)	-	(979)	-	(308,204)
Total receivables, net	<u>\$ 187,264</u>	<u>\$ 252</u>	<u>\$ 2,513</u>	<u>\$ 698</u>	<u>\$ 190,727</u>

<u><b>Business-type Activities</b></u>	Medical Center	Housing Authority	Nonmajor Enterprise Funds	Total
Accounts	\$ 63,960	\$ 4	\$ 100	\$ 64,064
Grant	303	-	-	303
Interest	370	99	16	485
Other	4,116	-	-	4,116
Gross receivables	68,749	103	116	68,968
Less: allowances for uncollectibles	(48,982)	-	(38)	(49,020)
Total receivables, net	<u>\$ 19,767</u>	<u>\$ 103</u>	<u>\$ 78</u>	<u>\$ 19,948</u>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

The governmental fund financial statements report unavailable revenues as a deferred inflow of resources in connection with receivables for revenues that are not available when they are not collectible within the current period or soon enough thereafter to pay for liabilities of the current period. The County reports a liability for unearned revenue in connection with resources that have been received, but not yet earned. As of June 30, 2018, the various components of unavailable revenue and unearned revenue reported were as follows:

<u>Governmental Activities</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
<b>General Fund</b>			
Property taxes	\$ 1,769	\$ 17,967	\$ 19,736
Intergovernmental revenues	70,191	35,017	105,208
Mortgage and related interest	118,465	-	118,465
Excess ERAF	64,840	-	64,840
SB 90 mandated costs	707	-	707
Others	4,591	11,275	15,866
	<u>260,563</u>	<u>64,259</u>	<u>324,822</u>
<b>Nonmajor Governmental Funds</b>			
Property taxes	109	1,106	1,215
Intergovernmental revenues	2,853	42	2,895
Excess ERAF	610	-	610
<b>Capital Projects Funds</b>			
Intergovernmental revenues	157	23	180
	<u>3,729</u>	<u>1,171</u>	<u>4,900</u>
<b>Internal Service Funds</b>			
	<u>-</u>	<u>205</u>	<u>205</u>
<b>Total Governmental Activities</b>	<u>\$ 264,292</u>	<u>\$ 65,635</u>	<u>\$ 329,927</u>
<b>Business-type Activities</b>			
San Mateo Medical Center		\$ 1,141	\$ 1,141
Housing Authority		5	5
Nonmajor Enterprise Funds		14	14
<b>Total Business-type Activities</b>		<u>\$ 1,160</u>	<u>\$ 1,160</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, 2018**  
**(In Thousands)**

The table below summarizes the County's interfund receivables and payables as of June 30, 2018:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 350
	Nonmajor Enterprise Funds	1
	Internal Service Funds	304
		<u>655</u>
Nonmajor Governmental Funds	General Fund	89
	Nonmajor Governmental Funds	12
		<u>101</u>
Internal Service Funds	Nonmajor Governmental Funds	20
	Internal Service Funds	1
		<u>21</u>
	Total	<u><u>\$ 777</u></u>

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

Advances from the General Fund are comprised of the following as of June 30, 2018:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 6,206
	Medical Center	944
	Internal Service Fund	804
		<u>\$ 7,954</u>

- \$6.2 million, of the authorized \$8.7 million, was advanced to Crystal Springs Sanitation District in April 2015 to begin construction of the Crystal Springs/El Cerrito Trunk Sewer to improve performance and capacity of sewer facilities. During fiscal year 17-18, Crystal Springs Sanitation District paid \$1.1 million to the County General Fund, and the outstanding balance will be repaid over a twenty-year period with 2.10% interest from revenues of the Crystal Springs Sanitation District.
- \$0.9 million represents a 10% reserve on Behavioral Health programs operated by the Medical Center. This reserve will be returned by the Medical Center to the Behavioral Health department when the P14 audit by the California Department of Health Care Services is completed. The P14 audit is not scheduled to be completed over the next several years.
- \$0.8 million outstanding advance resulted from three separate advances (\$0.3 million in June 2009, \$0.5 million in June 2010, and \$0.6 million in June 2011) to the Tower Road Construction Fund to cover cash deficits at year-end offset by a \$0.6 million payment against advances.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(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	\$ 58,426	Provide subsidy to support indigent healthcare as budgeted.
General Fund	Nonmajor Enterprise Funds	2,985	Transfer funds to finance capital projects.
Medical Center	Nonmajor Governmental Funds	10,481	Transfer funds to cover lease payments.
Nonmajor Enterprise Funds	General Fund	<u>15</u>	Reimburse County capital projects
	Total	<u>\$ 71,907</u>	

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

Transfer from	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 24,619	Provide funds to finance County capital projects.
	Nonmajor Governmental Funds	40,574	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	<u>3,702</u>	Contribute funds to support in-home supportive services.
	Subtotal	<u>68,895</u>	
JPFA	General Fund	<u>221</u>	Provide residual funds to finance County Radio System.
Nonmajor Governmental Funds	General Fund	713	Transfer funds to cover rent surcharges.
	General Fund	977	Reimburse Commute Alternatives Program costs.
	General Fund	8,190	Reimburse San Mateo County Fire program.
	General Fund	<u>3,169</u>	Reimburse County capital projects.
	Subtotal	<u>13,049</u>	
Nonmajor Governmental Funds	Nonmajor Governmental Funds	3,829	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	2,832	Transfer funds to finance capital improvements.
	Nonmajor Governmental Funds	<u>1,509</u>	Transfer funds to cover debt service payments.
	Subtotal	<u>8,170</u>	
Nonmajor Governmental Funds	JPFA	<u>52,206</u>	Transfer funds to cover debt service payments.
Nonmajor Governmental Funds	Internal Service Funds	<u>66</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	4	Transfer funds to finance capital projects.
	Nonmajor Governmental Funds	<u>5</u>	Transfer funds to cover lease payments.
	Subtotal	<u>9</u>	
	Total	<u>\$ 142,638</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, 2018**  
**(In Thousands)**

**NOTE 8 – CAPITAL ASSETS**

Capital asset activities for the fiscal year ended June 30, 2018, are as follows:

	Balance July 1, 2017	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2018
<b>Governmental activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land and easements	\$ 97,420	\$ 175	\$ -	\$ -	\$ 97,595
Infrastructure - maintained road subsystem	92,014	-	-	-	92,014
Construction in progress	54,876	43,234	(102)	(22,766)	75,242
Total capital assets, not being depreciated	244,310	43,409	(102)	(22,766)	264,851
<i>Capital assets, being depreciated:</i>					
Infrastructure	98,907	-	-	3,768	102,675
Structures and improvements	882,076	2,100	-	11,572	895,748
Equipment	101,315	9,426	(3,216)	-	107,525
Software	10,389	514	-	7,351	18,254
Total capital assets, being depreciated	1,092,687	12,040	(3,216)	22,691	1,124,202
<i>Less accumulated depreciation for:</i>					
Infrastructure	(35,080)	(2,330)	-	72	(37,338)
Structures and improvements	(205,379)	(17,916)	-	-	(223,295)
Equipment	(81,669)	(6,870)	2,984	-	(85,555)
Software	(10,088)	(2,609)	-	-	(12,697)
Total accumulated depreciation	(332,216)	(29,725)	2,984	72	(358,885)
Total capital assets, being depreciated, net	760,471	(17,685)	(232)	22,763	765,317
<b>Governmental activities capital assets, net</b>	<b>\$ 1,004,781</b>	<b>\$ 25,724</b>	<b>\$ (334)</b>	<b>\$ (3)</b>	<b>\$ 1,030,168</b>
<b>Business-type activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 14,247	\$ -	\$ -	\$ -	\$ 14,247
Construction in progress	6,353	6,437	-	(7,806)	4,984
Total capital assets, not being depreciated	20,600	6,437	-	(7,806)	19,231
<i>Capital assets, being depreciated:</i>					
Structures and improvements	83,363	43	-	5,659	89,065
Equipment	21,910	44	(1,126)	1,449	22,277
Software	15,834	-	-	166	16,000
Total capital assets, being depreciated	121,107	87	(1,126)	7,274	127,342
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(38,466)	(1,795)	-	(106)	(40,367)
Equipment	(9,541)	(1,448)	812	106	(10,071)
Software	(13,640)	(1,282)	-	-	(14,922)
Total accumulated depreciation	(61,647)	(4,525)	812	-	(65,360)
Total capital assets, being depreciated, net	59,460	(4,438)	(314)	7,274	61,982
<b>Business-type activities capital assets, net</b>	<b>\$ 80,060</b>	<b>\$ 1,999</b>	<b>\$ (314)</b>	<b>\$ (532)</b>	<b>\$ 81,213</b>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**Depreciation**

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

<u><b>Governmental Activities</b></u>	
General government	\$ 4,474
Public protection	16,952
Public ways and facilities	971
Health and sanitation	3,185
Public assistance	1,247
Recreation	1,406
Depreciation on capital assets held by the County's internal service funds are charged to various functions based on their usage of the assets.	1,490
Total depreciation - governmental activities	\$ 29,725
<u><b>Business-type Activities</b></u>	
Medical Center	\$ 2,994
Housing Authority	626
Airports	591
Coyote Point Marina	314
Total depreciation - business-type activities	\$ 4,525

**Capital Project Commitments**

The County has one major capital project underway in FY 2017-18 as follows:

*Skylonda Fire Station*

In August 2013, the JPFA issued the 2013 Bonds totaling \$40 million. A portion of the proceeds of the 2013 Bonds was used for capital improvements to the Skylonda Fire Station located on Skyline Boulevard in the Town of Woodside, California. This project will 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 project underwent a series of framing modifications which are mostly complete. The project is at substantial completion and total project cost is estimated to be \$9.9 million with anticipated completion by January 2019.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**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 \$15.3 million for the fiscal year ended June 30, 2018, and the future minimum lease payments are as follows:

<b>Governmental Activities</b>		<b>Component Units</b>	
Fiscal year ending June 30,		First 5 San Mateo County	
Fiscal year ending June 30,		Fiscal year ending June 30,	
2019	\$ 14,600	2019	\$ 87
2020	10,887	2020	90
2021	9,216	2021	92
2022	7,675	2022	31
2023	7,205	Total	\$ 300
2024-2028	22,735		
2029-2033	7,297		
2034-2038	6,811		
2039-2041	4,086		
Total	\$ 90,512		

The County also leases various County-owned properties to other entities under non-cancelable operating leases. Income from these rental activities amounted to \$0.7 million for the fiscal year ended June 30, 2018.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**NOTE 10 - LONG-TERM LIABILITIES**

The County's long-term liabilities as of June 30, 2018, are as follows:

Type of indebtedness (purpose)	Maturities	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2018
<b><u>Governmental Activities</u></b>					
<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	7/1/18 - 7/1/21	5% - 6%	\$4,450 - \$5,205	23,520	19,290
<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	9/1/18 - 9/1/26	5.9% - 6%	\$188 - \$233	2,085	1,852
Accreted interest on capital appreciation bonds				8,941	5,789
1993 Issue - Satellite Clinic				11,026	7,641
<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	7/15/18	4% - 5%	\$6,475	46,130	6,475
Serial Current Interest Bonds	7/15/19 - 7/15/26	4% - 5.25%	\$6,815 - \$8,990	69,375	62,900
2009 Issue				115,505	69,375
<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	7/15/18 - 7/15/32	4.25% - 5.25%	\$550 - \$10,320	40,065	35,470
<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	6/15/19 - 6/15/31	3% - 5%	\$5,675 - \$16,910	157,895	122,065
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	139,235
<b><u>2016 Issue</u></b>					
Purpose: To provide funds, together with other available moneys, to refund the outstanding 2008 Bonds, to pay costs of issuance of the 2016 Bonds, and to pay costs relating to the refunding of the 2008 Bonds.					
Serial Current Interest Bonds	7/15/18 - 7/15/36	3% - 5%	\$3,410 - \$7,620	107,600	100,935
<b>Total lease revenue bonds and accreted interest on capital appreciation bonds</b>				472,781	371,946

(Continued)

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

Type of indebtedness (purpose)	Maturities	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2018
<b>Revenue Refunding Bonds:</b>					
<b>2015 Issue</b>					
Purpose: To provide funds, together with other available moneys, (i) to refund its Certificates of Participation in the Colma Creek Flood Control Zone, and (ii) to pay issuance costs of the 2015 Bonds.					
Serial Current Interest Bonds	8/1/18 - 8/1/35	3% - 5%	\$630 - \$1,410	\$ 18,725	\$ 17,465
<b>Total governmental activities</b>				<b>\$ 491,506</b>	<b>\$ 389,411</b>
<b>Business-type Activities</b>					
<b>Notes Payable:</b>					
<b>Coyote Point Marina</b>					
Department of Boating and Waterways	8/1/18 - 8/1/29	4.5%	\$14 - \$50	\$ 2,314	\$ 456
Dock 29 loan	8/1/18 - 8/1/45	4.5%	\$32 - \$114	1,919	1,853
<b>Housing Authority</b>					
California Housing Finance Agency	5/20/57	0.00%	-	49	35
<b>Airports</b>					
Department of Transportation	2/7/19 - 2/7/23	4.78%	\$346 - \$362	4,000	362
<b>Total business-type activities</b>				<b>\$ 8,282</b>	<b>\$ 2,706</b>

The table below summarizes changes in the County's long-term liabilities for the fiscal year ended June 30, 2018.

	Balance July 1, 2017	Additions/ Accretions	Retirements	Balance June 30, 2018	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Lease revenue bonds	\$ 399,390	\$ -	\$ (33,233)	\$ 366,157	\$ 32,792
Accreted interest on capital appreciation bonds	6,009	472	(692)	5,789	728
Add: unamortized premium	42,919	-	(2,505)	40,414	2,505
Lease revenue bonds, net	448,318	472	(36,430)	412,360	36,025
Revenue refunding bonds	18,095	-	(630)	17,465	650
Add: unamortized premium	2,543	-	(141)	2,402	141
Revenue refunding bonds, net	20,638	-	(771)	19,867	791
Other long-term obligations	2,613	1,974	(146)	4,441	135
Estimated claims	53,695	29,844	(27,341)	56,198	18,229
Compensated absences	44,751	36,721	(34,214)	47,258	36,214
<b>Total Governmental Activities</b>	<b>\$ 570,015</b>	<b>\$ 69,011</b>	<b>\$ (98,902)</b>	<b>\$ 540,124</b>	<b>\$ 91,394</b>
<b>Business-type Activities:</b>					
Notes payable	\$ 3,116	\$ -	\$ (410)	\$ 2,706	\$ 429
Compensated absences	10,157	10,797	(10,113)	10,841	10,670
Other long-term obligations	1,158	519	(268)	1,409	-
<b>Total Business-type Activities</b>	<b>\$ 14,431</b>	<b>\$ 11,316</b>	<b>\$ (10,791)</b>	<b>\$ 14,956</b>	<b>\$ 11,099</b>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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 \$502.1 million payable through June 15, 2037. For the current year, principal and interest paid by the JPFA totaled \$33.2 million and \$19.1 million, respectively.
- The *revenue refunding bonds* are payable by a pledge of revenues from the installment payments payable by the County Flood Control District. Total debt service requirements remaining on the revenue refunding bonds is \$26.2 million payable through August 1, 2035. For the current year principal and interest paid by the District totaled \$0.6 million and \$0.9 million, respectively.
- *Notes payable* under business-type activities are funded separately by respective enterprise funds.
- *Other long-term obligations* are financed by the General Fund, including the Los Trancos County Water District, and the State Water Resources Control Board, and enterprise funds (Medical Center and Housing Authority).
- *Estimated claims* are liquidated by charges for services collected through individual internal service funds and reserves of the Housing Authority.
- *Compensated absences* are financed by governmental funds (General Fund and individual special revenue funds) and enterprise funds (Medical Center, Housing Authority, Airports, and Coyote Point Marina) that are responsible for the charges.

Annual debt service requirements for the governmental activities as of June 30, 2018, are summarized as follows:

<u>Fiscal Year Ended June 30,</u>	<b>Governmental Activities</b>					
	<u>Lease Revenue Bonds</u>			<u>Revenue Refunding Bonds</u>		
	<u>Principal</u>	<u>Interest</u>		<u>Principal</u>	<u>Interest</u>	
	Principal	Accretion	Interest	Principal	Interest	Interest
2019	\$ 32,792	\$ 728	\$ 16,814	\$ 650	\$ 854	
2020	31,335	775	15,249	680	824	
2021	28,806	819	13,804	710	789	
2022	26,844	866	12,449	750	753	
2023	21,994	911	11,376	785	714	
2024-2028	111,496	4,150	39,953	4,550	2,926	
2029-2033	76,035	-	15,453	5,810	1,636	
2034-2037	36,855	-	2,635	3,530	236	
Total requirements	<u>366,157</u>	<u>8,249</u>	<u>127,733</u>	<u>\$ 17,465</u>	<u>\$ 8,731</u>	
Less: unaccrued interest	-	(2,460)	-			
Total	<u>\$ 366,157</u>	<u>\$ 5,789</u>	<u>\$ 127,733</u>			

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

Annual debt service requirements for the business-type activities as of June 30, 2018, are summarized as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Business-type Activities</u>	
	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 429	\$ 125
2020	69	105
2021	72	102
2022	75	98
2023	78	95
2024-2028	449	417
2029-2033	354	312
2034-2038	364	232
2039-2043	455	140
2044-2048	327	30
2049-2053	-	-
2054-2057	34	-
Total requirements *	<u>\$ 2,706</u>	<u>\$ 1,656</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, 2018, the total principal due to the State is \$1,853.

**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 \$99.5 million for the fiscal year ended June 30, 2018.

**NOTE 11 – NET POSITION**

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

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

- 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, 2018, restricted net position for the governmental activities was \$298.5 million as reported on the government-wide statement of net position, and approximately \$71.6 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.



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	General Fund	Joint Powers Financing Authority	Other Governmental Funds
<b>Nonspendable:</b>			
Inventories	\$ 142	\$ -	\$ 344
Prepaid items	7,563	278	96
Long-term interfund advances	7,954	-	-
Long-term receivables	30,539	-	-
Total nonspendable	46,198	278	440
<b>Restricted:</b>			
Behavioral health services	6	-	-
District Attorney case management system	189	-	-
Health realignment	4,985	-	-
Calworks	178	-	-
Social services realignment	61,274	-	-
Medi-Cal	27,932	-	-
Health services programs	13,388	-	-
California assistance program for immigrants	6,764	-	-
Wraparound program	10,735	-	-
Other social services programs	2,044	-	-
Debt service	-	26,195	28,571
Road improvement	-	-	19,358
Fire services	-	-	9,396
Sewer maintenance	-	-	19,546
Flood control	-	-	25,398
Lighting maintenance	-	-	15,032
Highway and transportation improvement	-	-	4,309
Waste management	-	-	12,922
Emergency care	-	-	2,339
Garbage and fire protection	-	-	9,704
Parks acquisition and development	-	-	2,370
Courthouse construction	-	-	32
Others	-	-	1,461
Total restricted	127,495	26,195	150,438
<b>Assigned:</b>			
Election software system	300	-	-
Capital projects and improvements	1,160	-	96,646
Public services	8,400	-	-
Total assigned	9,860	-	96,646
Unassigned	835,779	-	(435)
Total fund balances	\$ 1,019,332	\$ 26,473	\$ 247,089

**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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

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

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

**NOTE 13 – EMPLOYEES’ RETIREMENT PLANS**

**San Mateo County Employees’ Retirement Association**

*(a) Plan Description*

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

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. SamCERA issues a publicly available financial report that can be obtained by writing to the San Mateo County Employees’ Retirement Association, 100 Marine Parkway, Suite 125, Redwood Shores, California 94065 or via the Internet at [www.samcera.org/comprehensive-annual-financial-reports](http://www.samcera.org/comprehensive-annual-financial-reports).

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

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

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

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

(Continued)

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

(1) Plan 5 was only available for those with the Deputy Sheriff Association.

(2) Plan 6 was only available for those with the Organization of Sheriff's Sergeants.

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

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

*Pension Plan Membership.* Plan membership as of June 30, 2018 is displayed in the table below.

	Plan 1*	Plan 2*	Plan 3*	Plan 4*	Plan 5	Plan 6	Plan 7	Total
<b>RETIREES AND BENEFICIARIES CURRENTLY RECEIVING BENEFITS</b>								
General	1,518	1,979	135	780	2	-	1	4,415
Safety	271	212	-	76	1	-	-	560
Probation	36	66	-	32	-	-	-	134
Subtotal	1,825	2,257	135	888	3	-	1	5,109
<b>INACTIVE MEMBERS ENTITLED TO BUT NOT RECEIVING BENEFITS (DEFERRED)</b>								
General	9	310	72	759	80	-	294	1,524
Safety	1	20	-	46	8	-	8	83
Probation	-	16	-	39	1	-	3	59
Subtotal	10	346	72	844	89	-	305	1,666
<b>CURRENT MEMBERS, VESTED</b>								
General	8	570	57	1,952	155	-	96	2,838
Safety	-	48	-	234	36	-	17	335
Probation	-	29	-	174	6	-	2	211
Subtotal	8	647	57	2,360	197	-	115	3,384
<b>CURRENT MEMBERS, NON-VESTED</b>								
General	-	-	5	20	113	-	1,627	1,765
Safety	-	-	-	-	23	-	150	173
Probation	-	-	-	-	2	-	43	45
Subtotal	-	-	5	20	138	-	1,820	1,983
Total Members	1,843	3,250	269	4,112	427	-	2,241	12,142

\* Plans closed to new entrants except eligible general members with reciprocity of the Mosquito and Vector Control District may participate in Plan 4.

*Contributions.* The 1937 Act established the basic obligations for employers and members to make contributions to the pension trust fund. The employer and member contribution rates are based on recommendations made by an independent actuary and adopted by the Board of Retirement. The participating employers are required by statutes to contribute the amounts necessary to fund the estimated benefits accruing to SamCERA members not otherwise funded by member contributions or expected investment earnings. Employer contribution rates for each tier are determined pursuant to Government Code Section 31453 of the 1937 Act. Contribution rates are actuarially determined using the entry age normal method and consist of an amount for normal cost (the estimated amount necessary to finance benefits earned by members during the year) and an amount required to amortize the unfunded actuarial accrued liability. Contributions to the plan from the County were \$198.2 million and First 5 were \$0.2 million for the year ended June 30, 2018.

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

As of June 30, 2018, the County reported \$546.2 million of net pension liability for its proportionate share of the net pension liability, while First 5 reported \$0.7 million of net pension liability for its proportionate share of the net pension liability. The net pension liability of the plan is measured as of June 30, 2017, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The County's proportion of the net pension liability was based on statutory contributions. The County's proportionate share of the net pension liability, which includes First 5 was 94.68% as of June 30, 2017, which was a decrease of 0.11% from its share measured as of June 30, 2016.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

For the year ended June 30, 2018, the County recognized pension expense of \$130.1 million and First 5 recognized pension expense of \$0.2 million. The County reported \$198.2 million and First 5 reported \$0.2 million as deferred outflows of resources related to pension contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Funds	San Mateo Medical Center	Airports	Coyote Point Marina	Fleet Maintenance	Tower Road Construction	First 5 San Mateo County
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Pension contributions subsequent to measurement date	\$ 169,230	\$ 28,293	\$ 200	\$ 49	\$ 257	\$ 209	\$ 199
Changes of pension-related assumptions	139,254	27,721	199	55	252	212	193
Changes in proportionate share of net pension liability	833	165	1	-	1	1	1
Difference in actual and proportionate share of pension contributions	1,125	223	2	1	2	2	1
Differences between expected and actual pension experience	27,434	5,455	38	13	49	43	37
Differences between projected and actual earnings on pension investments	-	-	2	17	-	7	-
Total deferred outflows of resources	<u>\$ 337,876</u>	<u>\$ 61,857</u>	<u>\$ 442</u>	<u>\$ 135</u>	<u>\$ 561</u>	<u>\$ 474</u>	<u>\$ 431</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Difference in actual and proportionate share of pension contributions	\$ 352	\$ 70	\$ 1	\$ -	\$ 1	\$ 1	\$ -
Differences between expected and actual pension experience	4,965	962	6	2	9	8	6
Differences between projected and actual earnings on pension investments	4,373	832	-	-	9	-	7
Total deferred inflows of resources	<u>\$ 9,690</u>	<u>\$ 1,864</u>	<u>\$ 7</u>	<u>\$ 2</u>	<u>\$ 19</u>	<u>\$ 9</u>	<u>\$ 13</u>

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

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>First 5</u>
2019	\$ 44,371	\$ 54
2020	93,855	106
2021	58,208	65
2022	(4,918)	(6)

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

*(c) Actuarial Assumptions*

The total pension liabilities in the June 30, 2017 actuarial valuation were determined using the information below.

<b>Actuarial Methods and Assumptions</b>	
Valuation date	6/30/2017
Actuarial cost method	Entry Age Normal
Actuarial experience study	July 1, 2014 to April 30, 2017
Amortization method	Level Percent of Projected Payroll
Amortization period	UAAL as of June 30, 2008, is amortized over a closed 15-year period ending June 30, 2023. Subsequent changes in the UAAL is amortized over separate closed 15-year layers which are determined annually.
Asset valuation method	5-year smoothed recognition of asset gains and losses (determined as the difference of the actual fair value to the expected fair value), which cannot vary more than 20% from the fair value.
Actuarial assumptions:	
Investment rate of return *	6.92%
Inflation rate (CPI)	2.50%
Payroll growth rate	3.00%
Mortality	Rates are primarily based on RP-2014 mortality tables. See the valuation report as of June 30, 2017, for details.

\* Differs from actuarial valuation for funding purposes due to addition of administrative load of 0.17%.

The long-term expected rate of return on pension plan investments was determined using a building-block approach in which a median (or expected) geometric rate of return is developed for each major asset class. The median rates are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and estimates of the median geometric rates of return for each major asset class are shown in the table below. The asset class return assumptions are presented on a nominal basis, and all assumptions include a base inflation rate assumption of 2.75%.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Public Equity	40%	4.40%
Fixed Income	21%	1.20%
Alternatives	13%	3.70%
Risk Parity	8%	5.10%
Inflation Hedge	18%	4.20%
<b>Total</b>	<b>100%</b>	

*Discount Rate.* The investment rate of return assumption used to measure the total pension liability was 6.92% as of June 30, 2018, reduced in comparison to 7.20% from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that employer and member contributions will be made at the funding requirements under SamCERA's funding policy and the legal requirements under the County Employees Retirement Law of 1937. In addition, the County intends to contribute additional amounts over the next 10 years to accelerate the elimination of the unfunded actuarial accrued liability. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, gross of administrative expenses.



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

*Sensitivity of the County's Proportionate Share of Net Pension Liability to Changes in the Discount Rate.* The following presents net pension liability of the County, calculated using the discount rate of 6.92%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.92%) or 1 percentage point higher (7.92%) than the current rate.

*(Dollars in Millions)*

	<b>Primary Government</b>		
	<b>1% Decrease:</b>	<b>Current Discount Rate:</b>	<b>1% Increase:</b>
	<b>5.92%</b>	<b>6.92%</b>	<b>7.92%</b>
Total pension liability	\$ 4,995.7	\$ 4,365.1	\$ 3,851.5
Fiduciary net position	3,819.1	3,819.1	3,819.1
Net pension liability	1,176.6	546.2	32.3

	<b>First 5</b>		
	<b>1% Decrease:</b>	<b>Current Discount Rate:</b>	<b>1% Increase:</b>
	<b>5.92%</b>	<b>6.92%</b>	<b>7.92%</b>
Total pension liability	\$ 6.1	\$ 5.3	\$ 4.7
Fiduciary net position	4.6	4.6	4.6
Net pension liability	1.4	0.7	0.0

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

**(d) Payable to the Pension Plan**

At June 30, 2018, the County has paid all contributions to the pension plan required for the year ended June 30, 2018.

**San Mateo County Supplemental Retirement Plan**

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

Federal and State tax laws, and the 1937 Act limit the annual compensation that can be used to determine benefits in SamCERA. All County employees who were hired after July 1, 1996, are subject to the annual limit, which is \$270 thousand for calendar year 2017. The Supplemental Retirement Plan was established in 2004 to invest contributions on compensation earnable over the annual limit to compensate for benefits that cannot be paid under SamCERA. The County is the plan trustee and is authorized to invest funds held under the Supplemental Retirement Plan. Fees are charged to the participants based on the fund selection.

Each year the County will contribute to the Supplemental Retirement Plan for certain employee participants. The amount of the contributions to the Supplemental Retirement Plan is the same amount that the County would have contributed to SamCERA for the benefits that cannot be paid under that plan. Contributions are fully vested. The employee participants and the amount of the County's annual contributions are designated in the plan documents. During the year ended June 30, 2018, the County contributed \$181 thousand into the Supplemental Retirement Plan.

**County of San Mateo Extra Help Agile 401a Plan**

The County maintains a qualified defined contribution plan for extra help employees. Employees are eligible upon employment at their discretion. Employer contributions are discretionary and are determined by the County on an annual basis. Employer matching contributions made by the County, including any earnings, vest over a 3-year period. During the year ended June 30, 2018, the County contributed \$0.6 million into the Agile 401a Plan.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

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

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 43 active participants as of June 30, 2018. During the fiscal year ended June 30, 2018, the Housing Authority contributed \$0.4 million to its retirement plan.

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

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

**Health Plan of San Mateo**

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

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

As of December 31, 2017, participant data for the Plan is as follows: 8 retired and beneficiaries, 38 inactive, and 265 active. The Plan does not issue a stand-alone financial report.

As of December 31, 2017, HPSM recognized pension expense of \$1.1 million and established \$2.3 million in net pension asset. Below is deferred outflows and deferred inflows of resources reported as follows:

	Health Plan of San Mateo (December 31, 2017)
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Changes of pension-related assumptions	\$ 3
Differences between expected and actual pension experience	769
Total deferred outflows of resources	\$ 772
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Changes of pension-related assumptions	\$ 697
Differences between expected and actual pension experience	218
Differences between projected and actual earnings on pension investments	685
Total deferred inflows of resources	\$ 1,600

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

<b>Year Ended December 31</b>	<b>HPSM</b>
2018	\$ (201)
2019	(201)
2020	(375)
2021	(150)
2022	99

The table below summarizes changes in pension asset for the year ended December 31, 2017:

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Pension</b>	<b>Net Pension Asset</b>
Balance at December 31, 2016	\$ 18,056	\$ 19,433	\$ (1,377)
Changes during the year:			
Service cost	1,343	-	1,343
Interest	1,369	-	1,369
Differences between expected and actual experience	642	-	642
Changes of assumptions	1	-	1
Benefit payments	(2,335)	(2,335)	-
Employer contributions	-	1,313	(1,313)
Net investment income	-	2,921	(2,921)
Net changes	1,020	1,899	(879)
Balance at December 31, 2017	\$ 19,076	\$ 21,332	\$ (2,256)

Actuarial assumptions used by HPSM as of December 31, 2017:

Valuation date	12/31/2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed amortization
Asset valuation method	Market value
Actuarial assumptions:	
Projected salary increases	5.00%
Mortality	Based on the RP-2014 healthy mortality table for males and females adjusted to 2006, with future mortality improvements projected on a fully generational basis using projection scale MP-2017
Discount rate	7.50%

The following table summarizes the sensitivity of net pension assets to changes in the discount rates as of December 31, 2017.

	<b>HPSM</b>		
	<b>1% Decrease:</b>	<b>Current Discount Rate:</b>	<b>1% Increase:</b>
	<b>6.50%</b>	<b>7.50%</b>	<b>8.50%</b>
Net pension asset as of December 31, 2017	\$ (868)	\$ (2,256)	\$ (3,487)

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS**

**County of San Mateo**

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

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

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

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

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

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

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

As of June 30, 2018, the conversion benefit is as follows per month.

Years of Service at Retirement	County Monthly Contribution*	Annual Increase	Not to exceed
<15	\$ 440.00	0%	90% of pre-65 Kaiser retiree only premium
15-20	511.97	2%	90% of pre-65 Kaiser retiree only premium
>20	621.70	4%	90% of pre-65 Kaiser retiree only premium

\* Contribution amount is in dollars.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

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

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

Future increases in retiree sick leave conversion benefits vary among various bargaining groups under the County's latest bargaining agreements. Demographic assumptions regarding retirement, disability, and turnover are based on statistics from the June 30, 2017 pension valuation for SamCERA.

<b>Membership</b>	
Actives	5,098
Retirees and beneficiaries receiving benefits	3,296

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

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

The contributions for fiscal year ended June 30, 2018, were as follows:

Employer contributions	\$ 18,566
Implicit rate subsidy	<u>6,013</u>
	<u>\$ 24,579</u>

**Net OPEB Liability, OPEB Expenses, and Deferred Outflows/Inflows of Resources Related to OPEB.** As of June 30, 2018, the County reported \$87.2 million of net OPEB liability, while First 5 reported \$0.1 million. The net OPEB liability of the plan is measured as of June 30, 2017, and the total OPEB liability for the plan used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The County's portion of the net OPEB liability, which includes First 5 was 98.04% as of June 30, 2017.

For the year ended June 30, 2018, the County recognized OPEB expense of \$17.8 million and First 5 recognized \$26 thousand. The County reported \$24.1 million and First 5 reported \$35 thousand as deferred outflows of resources related to OPEB contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Funds	San Mateo Medical Center	Airports	Coyote Point Marina	Fleet Maintenance	Tower Road Construction	First 5 San Mateo County
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
OPEB contributions subsequent to measurement date	\$ 19,617	\$ 4,291	\$ 40	\$ 13	\$ 57	\$ 44	\$ 35
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Changes of OPEB-related assumptions	\$ 35,499	\$ 7,765	\$ 72	\$ 24	\$ 103	\$ 80	\$ 64
Differences between expected and actual OPEB experience	10,920	2,389	22	7	32	24	19
Differences between projected and actual earnings on OPEB investments	902	197	2	1	3	2	2
Total deferred inflows of resources	\$ 47,321	\$ 10,351	\$ 96	\$ 32	\$ 138	\$ 106	\$ 85

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

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>First 5</u>
2019	\$ (9,314)	\$ (14)
2020	(9,314)	(14)
2021	(9,314)	(14)
2022	(9,314)	(14)
Thereafter	(20,788)	(29)

**Actuarial Assumptions.** The total OPEB liabilities in the June 30, 2017 actuarial valuation were determined using the information below.

<u>Actuarial Methods and Assumptions</u>	
Valuation date	6/30/2017
Actuarial cost method	Entry Age Normal
Actuarial experience study	July 1, 2011 to June 30, 2014
Actuarial assumptions:	
Discount rate	6.73%
Long-term expected rate of return	6.73%, net of investment expense
Inflation	2.75%
Payroll growth rate	3.00%
Mortality	SamCERA June 30, 2016 pension valuation
Health cost trend	Adjusted to reflect the expected costs due to ACA
	2017-18 7.60%
	2018-19 7.20%
	2019-20 7.00%
	2020-21 6.30%
	After 2073 4.50%
Dental cost trend	5.00%
Vision cost trend	5.00%

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. The Consolidated Appropriations Act (CAA), which was signed into law in December 2015, delays the tax from 2018 to 2022. On January 22, 2018, another delay was signed into law, pushing the effective date to 2022. GASB Statement No. 75 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. For this reason, the actuary has included the value of the excise tax in the June 30, 2017 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.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

<b>Asset Allocation</b>	
Global Equity	40%
U.S. Fixed Income	39%
Treasury Inflation-Protected Securities (TIPS)	10%
Real Estate Investment Trusts (REITs)	8%
Commodities	3%
<b>Total</b>	<b>100%</b>

**Discount Rate.** The investment rate of return assumption used to measure the total OPEB liability was 6.73%. The projection of benefit payments made in future periods and expected level of cash flows and investment returns were used to determine the discount rate and assumed that employer contributions will be made at the funding requirements. Based on those assumptions, the plan's fiduciary net position was projected to be sufficient to pay projected benefit payments in all future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability and net OPEB liability is equal to the long-term assumed rate of return, gross of administrative expenses.

**Sensitivity of the County's Net OPEB Liability to Changes in the Discount Rate.** The following presents net OPEB liability of the County, calculated using the discount rate of 6.73%, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.73%) or 1 percentage point higher (7.73%) than the current rate.

<i>(Dollars in Millions)</i>	<b>Primary Government</b>		
	<b>1% Decrease:</b>	<b>Current Discount Rate:</b>	<b>1% Increase:</b>
	<b>5.73%</b>	<b>6.73%</b>	<b>7.73%</b>
Total OPEB liability	\$ 393.1	\$ 358.5	\$ 327.9
Fiduciary net position	271.6	271.6	271.6
Net OPEB liability	121.6	86.9	56.3
<b>First 5</b>			
	<b>1% Decrease:</b>	<b>Current Discount Rate:</b>	<b>1% Increase:</b>
	<b>5.73%</b>	<b>6.73%</b>	<b>7.73%</b>
Total OPEB liability	\$ 0.6	\$ 0.5	\$ 0.5
Fiduciary net position	0.4	0.4	0.4
Net OPEB liability	0.2	0.1	0.1

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

<i>(Dollars in Millions)</i>	<b>Primary Government</b>		
	<b>1% Decrease:</b>	<b>Current Trend Rate:</b>	<b>1% Increase:</b>
Total OPEB liability	\$ 322.7	\$ 358.5	\$ 400.8
Fiduciary net position	271.6	271.6	271.6
Net OPEB liability	51.0	86.9	129.1
<b>First 5</b>			
	<b>1% Decrease:</b>	<b>Current Trend Rate:</b>	<b>1% Increase:</b>
Total OPEB liability	\$ 0.5	\$ 0.5	\$ 0.6
Fiduciary net position	0.4	0.4	0.4
Net OPEB liability	0.1	0.1	0.2

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**OPEB Plan Fiduciary Net Position.** The Plan Fiduciary Net Position and total OPEB liability were determined as of the measurement date. The components of the net OPEB liability as of June 30, 2017 were presented as follows:

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB * Liability
Balance at June 30, 2016	\$ 410,392	\$ 250,573	\$ 159,819
Changes for the year:			
Service cost	16,688	-	16,688
Interest on total OPEB liability	28,031	-	28,031
Effect of economic/demographic gains or losses	(15,855)	-	(15,855)
Effect of assumptions changes or inputs	(51,538)	-	(51,538)
Benefit payments	(21,496)	(21,496)	-
Employer contributions	-	29,945	(29,945)
Net investment income	-	18,552	(18,552)
Administrative expenses	-	(124)	124
Net changes	(44,170)	26,877	(71,047)
Balance at June 30, 2017	\$ 366,222	\$ 277,450	\$ 88,772

\* The County's proportionate share of net OPEB liability was 98.04% which amounted to \$87.0 million.

**Payable to the OPEB Plan.** At June 30, 2018, the County has paid all contributions to the OPEB plan required for the year ended June 30, 2018.

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

**Plan Description.** The Housing Authority has established a separate retiree health plan (the Plan) and participates in an agent multiple-employer defined benefit retiree healthcare plan through the California Employers' Retiree Benefits Trust (CERBT). This plan provides healthcare benefits to members who directly retire from the Housing Authority on or after age 55 with 5 years of service. Retirees receive health coverage based on the unused sick leave at retirement. The Housing Authority joined the Teamsters Healthcare Fund in March 2006 to provide health coverage for its employees and retirees. This fund adjusts premium rates in October of each year.

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

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

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

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



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

As of June 30, 2018, the Housing Authority has 45 active and 2 retirees that were covered by the benefit terms under the plan.

**Contributions.** Contribution requirements for the members and the Housing Authority are established through a Memorandum of Understanding between the Housing Authority and its applicable employee bargaining units and may be amended by agreements between the Housing Authority and the bargaining units. The annual contribution was based on the actuarially determined contribution. For the fiscal year ended June 30, 2018, the Housing Authority contributed \$54.7 thousand to the trust.

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB.** For the fiscal year ended June 30, 2018, the Housing Authority recognized OPEB expense of \$51.6 thousand and reported the following deferred outflows of resources and deferred inflows of resources related to OPEB.

	Housing Authority
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Differences between expected and actual OPEB experience	\$ 23
Differences between projected and actual earnings on OPEB investments	9
Total deferred outflows of resources	\$ 32
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Changes of OPEB-related assumptions	\$ 19

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

Year Ended June 30	Housing Authority
2019	\$ 3
2020	3
2021	3
2022	3
2023	1

The changes in the net OPEB liability as of June 30, 2018 are as follows:

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2017	\$ 1,222	\$ 918	\$ 304
Changes recognized for the measurement period:			
Service cost	31	-	31
Interest on total OPEB liability	71	-	71
Effect of economic/demographic gains or losses	27	-	27
Changes of assumptions	(22)	-	(22)
Employer contributions	-	55	(55)
Net investment income	-	43	(43)
Benefit payments	(36)	(6)	(30)
Net changes	71	92	(21)
Balance at June 30, 2018	\$ 1,293	\$ 1,010	\$ 283

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**Actuarial Assumptions.** The Housing Authority's Plan was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuation using the following information below.

<b>Actuarial Methods and Assumptions</b>	
Valuation date	6/30/2018
Actuarial assumptions:	
Discount rate	5.75%
Investment rate of return	5.75%
Inflation	2.50%
Payroll growth rate	4.02% - 9.71%
Mortality	Derived from 2014 CalPERS experience study
Pre-retirement turnover	Derived from 2014 CalPERS experience study
Healthcare trend rate	4.20% - 6.10%

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

<b>Asset Class</b>	<b>Asset Allocation</b>	<b>Expected Arithmetic Nominal Return</b>
Global Equity	24%	7.40%
U.S. Fixed Income	39%	5.80%
Treasury Inflation-Protected Securities	26%	3.69%
Real Estate Investment Trusts	8%	8.03%
Commodities	3%	5.44%
<b>Total</b>	<b>100%</b>	
Expected Arithmetic Return (30 years)		5.80%
Expected Geometric Return (30 years)		5.51%

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

**Sensitivity of the Housing Authority's Net OPEB Liability to Changes in the Discount Rate.** The following presents net OPEB liability of the Housing Authority, calculated using the discount rate of 5.75%, as well as what its net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.75%) or 1 percentage point higher (6.75%) than the current rate.

	<b>1% Decrease 4.75%</b>	<b>Current Discount Rate 5.75%</b>	<b>1% Increase 6.75%</b>
Net OPEB liability	\$ 426.1	\$ 283.3	\$ 160.0

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
Net OPEB liability	\$ 157.0	\$ 283.3	\$ 431.9

**NOTE 15 – RISK MANAGEMENT**

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

- Real and personal property in excess of \$100 per incident, but limited to a maximum of \$500,000.
- Earthquake in excess of \$250 or 5% of the replacement value, whichever is more per incident, but limited to a maximum of \$100,000 in aggregate.
- Flood damage in excess of 5% of the replacement value per location, but limited to a maximum of \$100,000 in aggregate.
- General liability in excess of \$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 \$56.2 million, as reported in the internal service funds at June 30, 2018, 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 \$54.4 million of the \$56.2 million reported was actuarially determined at a discount rate of 2%. The actuarially determined liability (which covers workers' compensation losses, general liability, and automobile liability) includes allocated loss adjustment expenses, case reserves, development of known claims, and incurred but not reported claims. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years and there has not been a significant reduction in coverage in FY 2017-18.

Changes to the claims liability for FY 2016-17 and FY 2017-18 are as follows:

Liability at June 30, 2016	\$ 48,673
Current year claims and changes in estimates	26,181
Payments on claims	(21,159)
Liability at June 30, 2017	53,695
Current year claims and changes in estimates	29,844
Payments on claims	(27,341)
Liability at June 30, 2018	\$ 56,198

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**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, 2018, the Housing Authority paid \$134 thousand towards premium.

**NOTE 16 – COMMITMENTS AND CONTINGENCIES**

**Grants**

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

**Encumbrances**

The County uses “encumbrances” to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve portion of applicable appropriations. As of June 30, 2018, the County’s General Fund had a total of \$1.8 million in encumbrances.

**Medical Center Third-Party Payors**

The Medical Center is reimbursed for services provided to patients under certain programs administered by governmental agencies. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation. Except as disclosed below, the Medical Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving 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.

Certain claims, suits and complaints arising in the ordinary course of business have been filed or are pending against the County related to the Medical Center. In the opinion of County management, such claims if disposed of unfavorably, would not have a material adverse effect on the financial position or changes in financial position of the Medical Center and are considered in the loss reserves and actuarial valuations of the County’s self-insurance program. Thus no liabilities have been accrued as of June 30, 2018, on the Medical Center’s statement of net position pertaining to these claims.

In February 2017, the Medical Center received an inquiry and documentation request from the Federal Department of Health and Human Services Office of Inspector General (HHS-OIG). The inquiry is related to the categorization, coding, or billing of a service as an inpatient service as opposed to an outpatient service. The Medical Center continues to provide documents to the HHS-OIG and the investigation is currently in progress. Although management cannot predict the ultimate outcome of this investigation, the Medical Center believes it is compliance with applicable laws and regulations and believes an unfavorable outcome would not have a material adverse effect on the financial position of the Medical Center.

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 and uninsured patients.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**Medical Center Concentration of Credit Risk**

Receivables from federal and State government agencies represent \$136.7 million at June 30, 2018, and Medical Center management does not believe that there is any credit risk associated with collection from these governmental agencies. Third party patient accounts receivable consist of receivables from various payors, including individuals involved in diverse activities subject to differing economic conditions, and do not represent any concentrated credit risk to the Medical Center. Management continually monitors and adjusts its allowances associated with these receivables and such allowances have historically been adequate to cover losses realized.

**Medical Center Third-Party Reimbursement Agreements**

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

Federal Medicaid law allows local public entities such as counties to transfer permissible public funds to the State Medicaid agency to be utilized as the non-Federal share of Medicaid expenditures, which are then eligible for Federal matching funds. San Mateo County has used this mechanism, known as an Intergovernmental Transfer (IGT), to draw down Federal matching funds for several programs.

The Affordable Care Act (ACA) became effective on January 1, 2014. As a result, a portion of reimbursement under various Medi-Cal programs was shifted from supplemental program revenue to patient revenue as more of the Medical Center's patients become eligible for Medi-Cal coverage. The most significant changes were the automatic transition of patients from the Medical Center's Low Income Health Program (LIHP) to Medi-Cal, enhanced Federal Medical Assistance Percentage (FMAP) reimbursement for "newly eligible" Medi-Cal Managed Care enrollees, and temporary Medi-Cal coverage through the Hospital Presumptive Eligibility program.

California's initial Section 1115 Medicaid Waiver, the Medi-Cal Hospital/Uninsured Demonstration Project (Demonstration), was a program implemented in 2006 for paying 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 October 31, 2010.

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

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 and Bridge to Reform programs, payments for the public hospitals were comprised of: 1) fee for service (FFS) reimbursement for inpatient hospital services (exclusive of physician component); 2) Medi-Cal Disproportionate Share Hospital (DSH) payments; 3) distribution from a newly created pool of federal funding for uninsured care, known as the Safety Net Care Pool (SNCP); 4) unreimbursed cost of physician and non-physician practitioner services; and 5) costs applicable to the Coverage Initiative. In addition, the Bridge to Reform program also covers i) LIHP which includes the Medicaid Expansion Coverage (MCE) and Health Care Coverage Initiative (HCCI) previously called Coverage Initiative; and ii) Delivery System Reform Incentive Pool (DSRIP) program which is a subset of the SNCP. The non-federal share of these five types of payments is provided by the public hospitals rather than the State, primarily through Certified Public Expenditures (CPE) whereby the hospital expends its local funding

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

for services to draw down federal financial participation (FFP) calculated using the Federal Medical Assistance Percentage (FMAP). The FMAP rate was 50% for all years covered by the Demonstration and Bridge to Reform Waivers dating back to 2010. For the inpatient hospital cost-based reimbursement, each hospital provided its own CPE and received the resulting federal match. For the DSH and SNCP distributions, the CPEs of all the public hospitals were used in the aggregate to draw down the federal match. The Medical Center reported its CPEs to DHCS each fiscal year through submission of the State mandated “Paragraph 14” Workbook (P14).

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

At June 30, 2018, the Medical Center’s P14 cost reports under the two (2) Medicaid waiver programs have been audited for FY06 through FY09, FY14, FY15, and FY16, with the FY10 audit currently in progress. It is anticipated that FY11 through FY13 and FY17 will be audited over the next several years.

The Bridge to Reform Waiver expired October 31, 2015. On December 30, 2015, CMS approved “California Medi-Cal 2020 Demonstration” (Medi-Cal 2020 Waiver) – a five year renewal of California’s Section 1115 Medicaid Waiver, which provides California public hospitals new federal funding through programs that are designed to shift the focus away from hospital-based and inpatient care, towards outpatient, primary and preventative care. A renewal of California’s Medicaid Waiver was a fundamental component to public hospital’s ability to continue to successfully implement the ACA beyond the primary step of coverage expansion.

On December 3, 2014, CMS issued a final rule on Medicaid DSH payments. The preamble to CMS’s final rule included language explaining the exclusion of uncompensated costs of FQHCs for purposes of calculating hospital-specific DSH payments. While this exclusion has not been previously applied in the calculation of DSH payments to California public hospitals, CMS is taking the position that the exclusion is consistent with CMS policy articulated in prior regulatory guidance, including a December 19, 2008, DSH final rule. As a result, on May 19, 2016, DHCS notified the Medical Center that it is incorporating CMS’ policy into DSH audits and DSH reconciliations effective for FY13. DHCS has also instructed the Medical Center to exclude uncompensated FQHC costs in future data submissions related to DSH payments for subsequent years. The Medical Center disputed the CMS policy and its retroactive application and joined five other public hospitals in a lawsuit filed against CMS to protect its ability to continue providing essential health care services to Medi-Cal and uninsured patients.

On January 16, 2018, the United States District Court, Northern California, granted a Summary Judgement in favor of the Medical Center and the 5 other public hospitals. CMS filed an appeal, which was ultimately withdrawn on July 18, 2018 by the United States Court of Appeals, Ninth Circuit.

Management is working with the California Association of Public Hospitals and Health System to evaluate the ultimate impact of this ruling, which is dependent on the outcome of final DSH audits for the years FY11 through FY13 for all public hospitals. Management estimates the final outcome will have a favorable effect on the Medical Center’s financial position. In FY18, the Medical Center released reserves amounting to \$12.6 million as a result of the ruling.

**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. Effective July 1, 2014, the Medical Center amended its contract with HPSM to cover the newly eligible Medi-Cal Managed Care patients for inpatient, outpatient, clinic and emergency room visits on a “per member per month” arrangement (premium revenue, also known as capitation revenue). The Medical Center was not at risk for these patients who receive services out-of-network. Patients under this contract were newly eligible and former LIHP enrollees.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

The capitation arrangement terminated December 31, 2016. For traditional Medi-Cal patients and all newly eligible patients, effective January 1, 2017, 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 at Medicare FFS rates.

The Medical Center received a total of \$68.9 million in FY18 from HPSM, which includes \$50.3 million in FFS revenue, \$6.1 million in primary care capitation revenue, \$12.2 million in IGT, and \$0.3 million for pay-for-performance (P4P) revenue. The FFS revenue is reported as a component of net patient service revenue while primary care capitation and P4P revenues are reported as premium revenues on the Statement of Revenues, Expenses and Changes in Net Position.

**Medicare.** Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Medical Center is reimbursed for Graduate Medical Education and Disproportionate Share Hospital amounts at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audit thereof by the Medicare fiscal intermediary. At June 30, 2018, the last Medical Center Medicare cost report audited by the fiscal intermediary was for June 30, 2016. Medicare revenue is presented as part of net patient service revenue on the Statement of Revenues, Expenses and Changes in Net Position. At June 30, 2018, the Medical Center had \$1.3 million of reserves related to potential Medicare cost report audit adjustments.

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

With California electing to implement a State-run Medi-Cal Expansion program offered by the Affordable Care Act, the State 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% of any profits (long falls) realized by the county back to the State, up to a maximum of 100% of the Realignment funds allocated. The formula options were developed in consultation with the counties and DHCS to ensure continued viability of the county as a safety net provider. In FY18, the Medical Center recognized \$1.5 million in AB 85 realignment revenues for estimated corrections to calculated apportionments to the Medical Center based on associated costs.

**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.

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**Charity Care**

The Medical Center provides treatment to all patients regardless of their ability to pay. Throughout the admission, billing and collection processes, certain patients are identified by the Medical Center as qualifying for the charity-discounted-health program. Once a patient is determined to be eligible for the Medical Center program, the patient's account is classified as charity-discounted care. Costs are the basis for valuing charity care. The cost of charity care provided was approximately \$52.2 million for the year ended June 30, 2018. The total cost estimate is based on a ratio of cost to charges, where costs are allocated as a percentage of payor mix. Charity care charges are calculated as payor revenue, patient-related revenue due to sliding-scale payments, and other patient-specific sources and totaled \$81.8 million for the year ended June 30, 2018. Net charity charges over costs for the year ended June 30, 2018, amounted to \$29.7 million.

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

On November 11, 2016, the Housing Authority entered into an Option to Purchase Agreement with the City of Daly City to purchase David R. Rowe Park. This park is adjacent to the Midway Village Complex for purposes of creating a better overall site plan for the Midway Village Redevelopment Project. The Housing Authority has recorded a prepaid option fee and purchase liability in the amounts of \$0.4 million for the future exercise of this option agreement. An asset of \$0.4 million is included in other assets as of June 30, 2018 related to an option to purchase land from Daly City.

**Genentech Tax Settlement**

There are currently outstanding appeals before the San Mateo County Assessment Appeals Board (AAB) brought by Genentech with respect to the assessed values of its property for tax years 2000 through 2005. Genentech's appeal applications routinely claim a 50% reduction in the value of its properties as assessed by the County. In considering the Genentech assessment appeals, the AAB has determined that for several of appeals for tax year 2003, Genentech is entitled to have its application values applied. Depending upon interest and the precise calculations used to determine the reduction of assessed value, the total refund and interest thereon, due from all affected taxing entities, is currently estimated to be between \$7 million and \$17 million. The County's portion of that amount would exceed \$500,000. The Assessor filed a Writ of Mandate on August 24, 2016 seeking review of a portion of the AAB decision. On July 27, 2018 the court entered judgment in favor of the Assessor and remanded the matter to the AAB. Genentech appealed that decision on August 10, 2018. Genentech has filed separate claims against the County related to the AAB's decision. That action will go to trial on February 25, 2019. Even if the Assessor prevails on the Writ appeal and Genentech's lawsuit, a minimum of approximately \$6.7 million in refunds, plus interest, will be due to Genentech, of which approximately \$900,000 would be the County's share.

**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.



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**NOTE 17 – SPECIAL ITEM**

**Additional Pension Contribution to SamCERA**

The County's total pension liability has increased over the past decade. On November 19, 2013, the Board adopted a resolution to deposit supplemental funding of \$50 million to SamCERA in fiscal year 2013-14 and \$10 million each fiscal year from fiscal years 2014-15 through 2022-23 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 reduction of the net pension liability. In June 2018, the County contributed \$10 million to SamCERA.

On March 28, 2017, the Board adopted a resolution setting employer and member contribution rates for all members and employers for fiscal year 2017-18 in accordance with Government Code Sections 31453 and 31454. This resolution set the County's targeted contribution rate at 37.14%. To reach the targeted contribution rate, the County made an additional contributions of \$17.6 million to SamCERA in June 2018. These contributions were reported as special items on the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances.

**NOTE 18 – SUBSEQUENT EVENT**

**Joint Powers Financing Authority**

On November 15, 2018, the Authority issued 2018 Series A Lease Revenue Bonds (Capital Projects) for a total of \$217.6 million with an interest rate of 5%. The bonds will mature on July 15, 2038. Proceeds of the bonds will be used to fund the acquisition, construction and equipping various capital improvement projects of the County.

In conjunction with the 2018 Series A Lease Revenue Bonds, the Authority issued 2019 Series A Lease Revenue Bonds (Forward Refunding) for a total of \$45.1 million with an interest rate of 5% that will mature on July 15, 2026. Proceeds of the bonds will be used to refund the 2009 Refunding Series A Lease Revenue Bonds and pay for costs of issuance. The 2019 Series A Lease Revenue Bonds is expected to be issued on or around October 17, 2019, subject to the satisfaction of certain conditions.



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

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**For the Fiscal Year Ended June 30, 2018**  
**(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 \$92 million at June 30, 2018, 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 2017-18.

PCI Condition Rating	2018	2018	2016	2016	2013	2013
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
<b>Primary:</b>						
Good to excellent (55-100)	146.96	93.7%	136.07	86.8%	139.19	89.3%
Substandard to fair (0-54)	9.91	6.3%	20.66	13.2%	16.73	10.7%
Total	<u>156.87</u>	<u>100.0%</u>	<u>156.73</u>	<u>100.0%</u>	<u>155.92</u>	<u>100.0%</u>
<b>Secondary:</b>						
Fair to excellent (40-100)	139.01	87.2%	130.07	81.6%	128.16	80.3%
Substandard (0-39)	20.36	12.8%	29.30	18.4%	31.36	19.7%
Total	<u>159.37</u>	<u>100.0%</u>	<u>159.37</u>	<u>100.0%</u>	<u>159.52</u>	<u>100.0%</u>

For the fiscal year ended June 30, 2018, the actual maintenance and preservation cost exceeded the estimated costs by \$253. The variance was primarily due to increased spending required for the maintenance and preservation work.

Fiscal Year Ended June 30,	Maintenance and Preservation Cost		Variance
	Estimated	Actual	
2013	\$ 5,731	\$ 6,110	\$ (379)
2014	4,375	4,805	(430)
2015	3,964	3,472	492
2016	4,511	4,841	(330)
2017	5,518	6,162	(644)
2018	3,839	4,092	(253)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited) – (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**2. SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	<b>2018</b>			
	<b>Governmental</b>	<b>Business type</b>	<b>First 5</b>	<b>Total County</b>
County's proportion of the collective net pension liability	77.21%	17.35%	0.11%	94.68%
County's proportionate share of the collective net pension liability	\$ 445,984	\$ 100,243	\$ 664	\$ 546,891
County's covered-employee payroll	394,048	88,570	587	483,205
County's proportionate share of the collective net pension liability as a percentage of covered payroll	113.18%	113.18%	113.18%	113.18%
Plan fiduciary net position as a percentage of the total pension liability	87.49%	87.49%	87.49%	87.49%
	<b>2017</b>			
	<b>Governmental</b>	<b>Business type</b>	<b>First 5</b>	<b>Total County</b>
County's proportion of the collective net pension liability	78.39%	16.29%	0.11%	94.79%
County's proportionate share of the collective net pension liability	\$ 558,747	\$ 116,105	\$ 771	\$ 675,623
County's covered-employee payroll	370,325	76,952	511	447,788
County's proportionate share of the collective net pension liability as a percentage of covered payroll	150.88%	150.88%	150.88%	150.88%
Plan fiduciary net position as a percentage of the total pension liability	83.25%	83.25%	83.25%	83.25%
	<b>2016</b>			
	<b>Governmental</b>	<b>Business type</b>	<b>First 5</b>	<b>Total County</b>
County's proportion of the collective net pension liability	78.75%	15.92%	0.11%	94.78%
County's proportionate share of the collective net pension liability	\$ 387,414	\$ 78,341	\$ 517	\$ 466,272
County's covered-employee payroll	358,061	72,402	478	430,941
County's proportionate share of the collective net pension liability as a percentage of covered payroll	108.20%	108.20%	108.20%	108.20%
Plan fiduciary net position as a percentage of the total pension liability	87.53%	87.53%	87.53%	87.53%
	<b>2015</b>			
	<b>Governmental</b>	<b>Business type</b>	<b>First 5</b>	<b>Total County</b>
County's proportion of the collective net pension liability	79.06%	15.41%	0.10%	94.57%
County's proportionate share of the collective net pension liability	\$ 325,438	\$ 63,439	\$ 410	\$ 389,287
County's covered-employee payroll	333,641	65,038	420	399,099
County's proportionate share of the collective net pension liability as a percentage of covered payroll	97.54%	97.54%	97.54%	97.54%
Plan fiduciary net position as a percentage of the total pension liability	88.88%	88.88%	88.88%	88.88%

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited) – (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**3. SCHEDULE OF COUNTY CONTRIBUTIONS - PENSION PLAN**

	<b>2018</b>			
	<b>Governmental</b>	<b>Business type</b>	<b>First 5</b>	<b>Total County</b>
Contractually required contributions	\$ 142,066	\$ 28,542	\$ 199	\$ 170,807
Contributions in relation to the contractually required contribution	169,696	28,542	199	198,437
Contribution deficiency (excess)	(27,630)	-	-	(27,630)
Covered payroll	413,793	93,007	616	507,416
Contributions as a percentage of covered payroll	41.01%	30.69%	32.30%	39.11%
	<b>2017</b>			
	<b>Governmental</b>	<b>Business type</b>	<b>First 5</b>	<b>Total County</b>
Contractually required contributions	\$ 130,547	\$ 26,037	\$ 177	\$ 156,761
Contributions in relation to the contractually required contribution	164,147	26,037	177	190,361
Contribution deficiency (excess)	(33,600)	-	-	(33,600)
Covered payroll	399,906	83,099	552	483,557
Contributions as a percentage of covered payroll	41.05%	31.33%	32.08%	39.37%
	<b>2016</b>			
	<b>Governmental</b>	<b>Business type</b>	<b>First 5</b>	<b>Total County</b>
Contractually required contributions	\$ 134,538	\$ 26,931	\$ 183	\$ 161,652
Contributions in relation to the contractually required contribution	154,076	26,931	183	181,190
Contribution deficiency (excess)	(19,538)	-	-	(19,538)
Covered payroll	372,001	75,220	496	447,717
Contributions as a percentage of covered payroll	41.42%	35.80%	36.87%	40.47%
	<b>2015</b>			
	<b>Governmental</b>	<b>Business type</b>	<b>First 5</b>	<b>Total County</b>
Contractually required contributions	\$ 135,405	\$ 26,396	\$ 170	\$ 161,971
Contributions in relation to the contractually required contribution	145,405	26,396	170	171,971
Contribution deficiency (excess)	(10,000)	-	-	(10,000)
Covered payroll	358,061	72,402	478	430,941
Contributions as a percentage of covered payroll	40.61%	36.46%	35.48%	39.91%
	<b>2014</b>			
	<b>Governmental</b>	<b>Business type</b>	<b>First 5</b>	<b>Total County</b>
Contractually required contributions	\$ 112,044	\$ 31,588	\$ 204	\$ 143,836
Contributions in relation to the contractually required contribution	162,044	31,588	204	193,836
Contribution deficiency (excess)	(50,000)	-	-	(50,000)
Covered payroll	333,641	65,038	420	399,099
Contributions as a percentage of covered payroll	48.57%	48.57%	48.57%	48.57%

**Notes to Schedule 2:**

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

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

**Notes to Schedule 3:**

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

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited) – (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

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

\* Net of pension plan investment and administrative expenses

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

	2017	2016	2015
<b>Total pension liability</b>			
Service cost	\$ 1,343	\$ 1,187	\$ 1,253
Interest	1,369	1,265	1,284
Differences between expected and actual experience	642	365	(460)
Changes of assumptions	1	4	(1,472)
Benefit payments	(2,335)	(875)	(709)
Net change in total pension liability	1,020	1,946	(104)
Total pension liability beginning of year	18,056	16,110	16,214
Total pension liability end of year (a)	<u>\$ 19,076</u>	<u>\$ 18,056</u>	<u>\$ 16,110</u>
<b>Plan fiduciary net pension</b>			
Contributions	1,313	1,164	1,459
Net investment income	2,921	1,401	(71)
Benefit payments	(2,335)	(875)	(709)
Net change in Plan fiduciary net position	1,899	1,690	679
Plan fiduciary net position beginning of year	19,433	17,743	17,064
Plan fiduciary net position end of year (b)	<u>\$ 21,332</u>	<u>\$ 19,433</u>	<u>\$ 17,743</u>
<b>Net pension asset end of year</b>			
Plan's net pension asset (a) - (b)	\$ (2,256)	\$ (1,377)	\$ (1,633)
Plan fiduciary net position as a percentage of the total pension asset	111.8%	107.6%	110.1%
Covered employee payroll	\$ 20,084	\$ 18,168	\$ 16,554
Net pension asset as a percentage of covered payroll	-11.23%	-7.58%	-9.86%

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited) – (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

**5. HPSM'S SCHEDULE OF CONTRIBUTIONS**

	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 1,313	\$ 1,164	\$ 1,437	\$ 1,368	\$ 1,322
Contributions related to actuarially determined contribution	1,313	1,164	1,459	1,333	1,362
Contribution deficiency (excess)	-	-	(22)	35	(40)
Covered-employee payroll	\$ 20,084	\$ 18,168	\$ 16,536	\$ 15,990	\$ 14,769
Contributions as a percentage of covered-employee payroll	6.54%	6.41%	8.82%	8.34%	9.22%
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 1,382	\$ 1,192	\$ 1,149	\$ 1,175	\$ 729
Contributions related to actuarially determined contribution	1,440	1,156	1,124	1,891	-
Contribution deficiency (excess)	(58)	36	25	(716)	729
Covered-employee payroll	\$ 13,203	\$ 12,680	\$ 11,486	\$ 10,190	\$ 8,514
Contributions as a percentage of covered-employee payroll	10.91%	9.12%	9.79%	18.56%	0.00%

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

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

	FY 17-18
<b>Total OPEB liability</b>	
Service cost	\$ 16,688
Interest on total OPEB liability	28,031
Effect of economic/demographic gains or losses	(15,855)
Effect of assumptions changes or inputs	(51,538)
Benefit payments	(21,496)
<b>Net change in total OPEB liability</b>	(44,170)
<b>Total OPEB liability - beginning</b>	410,392
<b>Total OPEB liability - ending (a)</b>	<u>\$ 366,222</u>
<b>Plan fiduciary net position</b>	
Employer contributions	\$ 29,945
Net investment income	18,552
Benefit payments	(21,496)
Administrative expenses	(124)
<b>Net change in plan fiduciary net position</b>	26,877
<b>Plan fiduciary net position - beginning</b>	250,573
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 277,450</u>
<b>Net OPEB liability - ending (a) - (b)</b>	<u>\$ 88,772</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	75.76%
<b>Covered-employee payroll</b>	\$ 576,523
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	15.40%

**Notes to Schedule 6:**

*Changes in Assumptions* – The discount rate used to measure the total OPEB liability was 6.73% as of June 30, 2017 and June 30, 2018.

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited) – (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

**7. SCHEDULE OF OPEB CONTRIBUTION**

	<u>FY 17-18</u>	<u>FY 16-17</u>
Actuarially determined contribution	\$ 23,579	\$ 29,945
Contributions in relation to the actuarially determined contribution	<u>24,579</u>	<u>29,945</u>
Contribution deficiency (excess)	<u>\$ (1,000)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 576,523	\$ 552,995
Contributions as a percentage of covered-employee payroll	4.26%	5.42%

**Notes to Schedule 7:**

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

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

<u>Actuarial Valuation (For Funding Purposes)</u>		
Valuation date	6/30/2017	6/30/2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll
Amortization period	A fixed 30-year period from July 1, 2005. The remaining amortization period as of July 1, 2017 is 18 years.	
		The remaining amortization period as of July 1, 2015 is 20 years.
Asset valuation method	5-7.3 year smoothed recognition of asset gains and losses (determined as the difference of the actual fair	
Actuarial assumptions:		
Investment rate of return *	6.73%	6.73%
Inflation rate (CPI)	2.75%	2.75%
Annual projected salary increases	3.00%	3.00%
Healthcare cost trend rates	7.6% in 2017-18, decreasing to 4.5% in 2073 and beyond.	6.9% in 2015-16, decreasing to 4.7% in 2070 and beyond.
Retirement age	Assumed retirement ages of 62 for general members, 50-55 for safety and probation members.	
Mortality	RP-2000 Healthy Combined Mortality, with adjustment for white collar workers.	

\* Net of OPEB plan investment and administrative expenses



**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited) – (Continued)**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

	FY 17-18	
<b>Total OPEB liability</b>		
Service cost	\$	31
Interest on total OPEB liability		71
Effect of economic/demographic gains or losses		27
Effect of assumptions changes or inputs		(22)
Benefit payments		(37)
<b>Net change in total OPEB liability</b>		70
<b>Total OPEB liability - beginning</b>		1,222
<b>Total OPEB liability - ending (a)</b>	\$	1,292
<b>Plan fiduciary net position</b>		
Employer contributions	\$	55
Net investment income		43
Benefit payments		(6)
Administrative expenses		(1)
<b>Net change in plan fiduciary net position</b>		91
<b>Plan fiduciary net position - beginning</b>		918
<b>Plan fiduciary net position - ending (b)</b>	\$	1,009
<b>Net OPEB liability - ending (a) - (b)</b>	\$	283
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>		78.08%
<b>Covered-employee payroll</b>	\$	3,351
<b>Net OPEB liability as a percentage of covered-employee payroll</b>		8.45%

**9. HOUSING AUTHORITY’S SCHEDULE OF CONTRIBUTIONS**

	FY 17-18	FY 16-17
Actuarially determined contribution	\$ 55	\$ 46
Contributions in relation to the actuarially determined contribution	55	46
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 3,351	\$ 3,314
Contributions as a percentage of covered-employee payroll	1.64%	1.39%



General Fund

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(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>	\$ 460,392	\$ 460,392	\$ -	\$ 358,848	\$ (101,544)
<b>Resources (inflows):</b>					
Taxes	630,137	630,384	247	659,005	28,621
Licenses, permits and franchises	7,031	7,031	-	7,648	617
Fines, forfeitures and penalties	5,984	5,984	-	6,755	771
Use of money and property	11,769	11,769	-	19,306	7,537
Intergovernmental revenues	505,531	507,809	2,278	457,253	(50,556)
Charges for services	139,985	141,042	1,057	143,114	2,072
Interfund revenue	77,237	66,978	(10,259)	(1,779)	(68,757)
Miscellaneous revenue	38,411	38,980	569	27,392	(11,588)
Other financing sources	2,085	12,343	10,258	13,308	965
Amounts available for appropriation	1,418,170	1,422,320	4,150	1,332,002	(90,318)
<b>General Government</b>					
<b>Board of Supervisors - Special Projects</b>					
Salaries and benefits	35	35	-	-	35
Services and supplies	42	42	-	17	25
Intrafund transfers	(77)	(77)	-	-	(77)
Total Board of Supervisors - Special Projects	-	-	-	17	(17)
<b>Board of Supervisors - District 1</b>					
Salaries and benefits	866	866	-	879	(13)
Services and supplies	68	68	-	47	21
Other charges	111	111	-	119	(8)
Other financing uses	4	4	-	4	-
Total Board of Supervisors - District 1	1,049	1,049	-	1,049	-
<b>Board of Supervisors - District 2</b>					
Salaries and benefits	853	853	-	784	69
Services and supplies	72	72	-	37	35
Other charges	57	57	-	53	4
Other financing uses	4	4	-	4	-
Total Board of Supervisors - District 2	986	986	-	878	108
<b>Board of Supervisors - District 3</b>					
Salaries and benefits	914	914	-	788	126
Services and supplies	72	72	-	53	19
Other charges	60	60	-	53	7
Other financing uses	4	4	-	4	-
Total Board of Supervisors - District 3	1,050	1,050	-	898	152
<b>Board of Supervisors - District 4</b>					
Salaries and benefits	933	933	-	765	168
Services and supplies	69	69	-	51	18
Other charges	58	58	-	56	2
Other financing uses	4	4	-	4	-
Total Board of Supervisors - District 4	1,064	1,064	-	876	188
<b>Board of Supervisors - District 5</b>					
Salaries and benefits	900	900	-	743	157
Services and supplies	72	72	-	42	30
Other charges	57	57	-	54	3
Other financing uses	4	4	-	4	-
Total Board of Supervisors - District 5	1,033	1,033	-	843	190

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(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	8,473	8,658	185	7,345	1,313
Services and supplies	16,426	16,518	92	4,923	11,595
Other charges	841	841	-	929	(88)
Capital assets	12	428	416	-	428
Other financing uses	19	19	-	183	(164)
Intrafund transfers	(2,864)	(2,864)	-	(383)	(2,481)
Contingencies	2,080	2,080	-	-	2,080
Total County Manager/Clerk of the Board	24,987	25,680	693	12,997	12,683
<b>Special Services</b>					
Salaries and benefits	755	746	(9)	734	12
Services and supplies	393	227	(166)	222	5
Other charges	18,623	18,873	250	18,868	5
Other financing uses	18	18	-	18	-
Intrafund transfers	(16,416)	(16,416)	-	(16,309)	(107)
Contingencies	625	550	(75)	-	550
Total Special Services	3,998	3,998	-	3,533	465
<b>Assessor-Clerk-Recorder</b>					
Salaries and benefits	19,754	21,149	1,395	20,438	711
Services and supplies	13,330	14,213	883	6,517	7,696
Other charges	1,649	1,675	26	1,663	12
Capital assets	284	736	452	450	286
Other financing uses	540	540	-	540	-
Intrafund transfers	(9,128)	(10,828)	(1,700)	(5,469)	(5,359)
Contingencies	1,831	1,831	-	-	1,831
Total Assessor-Clerk-Recorder	28,260	29,316	1,056	24,139	5,177
<b>Controller's Office</b>					
Salaries and benefits	9,172	9,172	-	8,020	1,152
Services and supplies	1,771	1,771	-	973	798
Other charges	3,191	3,191	-	3,191	-
Other financing uses	180	180	-	180	-
Intrafund transfers	(344)	(344)	-	(223)	(121)
Contingencies	1,367	1,367	-	-	1,367
Total Controller's Office	15,337	15,337	-	12,141	3,196
<b>Tax Collector/Treasurer</b>					
Salaries and benefits	9,558	9,558	-	6,894	2,664
Services and supplies	17,619	17,619	-	9,949	7,670
Other charges	1,378	1,378	-	936	442
Capital assets	40	40	-	-	40
Other financing uses	185	185	-	184	1
Intrafund transfers	(11,929)	(11,929)	-	(11,769)	(160)
Contingencies	301	301	-	-	301
Total Tax Collector/Treasurer	17,152	17,152	-	6,194	10,958
<b>County Counsel</b>					
Salaries and benefits	12,086	11,960	(126)	11,677	283
Services and supplies	1,237	1,435	198	1,350	85
Other charges	690	745	55	745	-
Capital assets	10	10	-	-	10
Other financing uses	33	33	-	33	-
Intrafund transfers	(2,016)	(2,144)	(128)	(2,782)	638
Contingencies	2,183	2,183	-	-	2,183
Total County Counsel	14,223	14,222	(1)	11,023	3,199

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(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	14,684	14,684	-	13,253	1,431
Services and supplies	3,042	3,192	150	2,810	382
Other charges	1,719	1,569	(150)	1,389	180
Other financing uses	935	935	-	143	792
Intrafund transfers	(2,663)	(2,663)	-	(1,386)	(1,277)
Contingencies	457	457	-	-	457
Total Human Resources	18,174	18,174	-	16,209	1,965
<b>Information Services</b>					
Salaries and benefits	28,842	27,910	(932)	26,093	1,817
Services and supplies	63,255	62,725	(530)	38,876	23,849
Other charges	2,320	3,070	750	3,035	35
Capital assets	1,555	2,437	882	1,854	583
Other financing uses	537	368	(169)	368	-
Intrafund transfers	(63,009)	(63,009)	-	(47,626)	(15,383)
Contingencies	7,684	7,684	-	-	7,684
Total Information Services	41,184	41,185	1	22,600	18,585
<b>Public Works</b>					
Salaries and benefits	30,134	30,134	-	24,581	5,553
Services and supplies	27,689	27,689	-	17,035	10,654
Other charges	5,516	5,635	119	3,854	1,781
Capital assets	100	100	-	20	80
Other financing uses	586	586	-	577	9
Intrafund transfers	(27,262)	(27,262)	-	(29,144)	1,882
Contingencies	3,127	3,127	-	-	3,127
Total Public Works	39,890	40,009	119	16,923	23,086
<b>Non-Departmental Services</b>					
Salaries and benefits	28,770	28,770	-	(878)	29,648
Services and supplies	84,279	86,199	1,920	58,561	27,638
Other charges	51,325	55,111	3,786	25,023	30,088
Capital assets	5,000	1,100	(3,900)	-	1,100
Other financing uses	77,589	77,589	-	29,195	48,394
Intrafund transfers	(578)	(578)	-	(1,245)	667
Contingencies	65,082	62,511	(2,571)	-	62,511
Total Non-Departmental Services	311,467	310,702	(765)	110,656	200,046
<b>Total General Government</b>	<b>519,854</b>	<b>520,957</b>	<b>1,103</b>	<b>240,976</b>	<b>279,981</b>
<b>Public Protection</b>					
<b>Public Safety Communication</b>					
Salaries and benefits	12,604	12,604	-	11,896	708
Services and supplies	2,051	2,051	-	539	1,512
Other charges	807	807	-	652	155
Capital assets	630	630	-	53	577
Other financing uses	49	49	-	49	-
Intrafund transfers	(713)	(713)	-	(300)	(413)
Contingencies	445	445	-	-	445
Total Public Safety Communication	15,873	15,873	-	12,889	2,984

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(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	4,722	4,572	(150)	4,240	332
Services and supplies	493	570	77	290	280
Other charges	684	851	167	780	71
Other financing uses	4	4	-	4	-
Contingencies	356	356	-	-	356
Total Agricultural Commission	6,259	6,353	94	5,314	1,039
<b>Grand Jury</b>					
Salaries and benefits	70	2	(68)	1	1
Services and supplies	54	122	68	113	9
Total Grand Jury	124	124	-	114	10
<b>Message Switch</b>					
Services and supplies	532	532	-	388	144
Other charges	211	211	-	199	12
Intrafund transfers	(183)	(183)	-	(186)	3
Contingencies	778	778	-	-	778
Total Message Switch	1,338	1,338	-	401	937
<b>Criminal Division</b>					
Salaries and benefits	29,814	29,814	-	28,082	1,732
Services and supplies	2,682	2,682	-	1,401	1,281
Other charges	2,860	2,860	-	2,352	508
Capital assets	-	-	-	25	(25)
Other financing uses	176	176	-	176	-
Intrafund transfers	(488)	(488)	-	(253)	(235)
Contingencies	4,658	4,658	-	-	4,658
Total Criminal Division	39,702	39,702	-	31,783	7,919
<b>Child Support Services</b>					
Salaries and benefits	10,903	10,603	(300)	9,445	1,158
Services and supplies	478	778	300	554	224
Other charges	699	699	-	682	17
Other financing uses	264	264	-	255	9
Intrafund transfers	(316)	(316)	-	-	(316)
Total Child Support Services	12,028	12,028	-	10,936	1,092
<b>County Support of Courts</b>					
Salaries and benefits	530	8	(522)	8	-
Services and supplies	1,094	1,616	522	1,369	247
Other charges	19,410	19,410	-	19,086	324
Other financing uses	8	8	-	8	-
Total County Support of Courts	21,042	21,042	-	20,471	571
<b>Private Defender Program</b>					
Services and supplies	18,873	18,873	-	11,209	7,664
Other charges	25	25	-	22	3
Other financing uses	37	37	-	37	-
Total Private Defender Program	18,935	18,935	-	11,268	7,667

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive Negative
	Original	Final	Increase (Decrease)		
<b>Sheriff</b>					
Salaries and benefits	178,928	178,928	-	176,044	2,884
Services and supplies	28,686	29,491	805	18,979	10,512
Other charges	23,789	22,989	(800)	23,124	(135)
Capital assets	2,177	2,177	-	811	1,366
Other financing uses	27,303	27,303	-	27,237	66
Intrafund transfers	(5,145)	(5,145)	-	(3,644)	(1,501)
Contingencies	15,925	15,925	-	-	15,925
Total Sheriff	271,663	271,668	5	242,551	29,117
<b>Probation</b>					
Salaries and benefits	66,385	66,385	-	61,341	5,044
Services and supplies	7,325	7,325	-	4,568	2,757
Other charges	11,193	11,193	-	10,286	907
Capital assets	3,899	3,899	-	583	3,316
Other financing uses	6,364	6,364	-	6,364	-
Intrafund transfers	(133)	(133)	-	(176)	43
Contingencies	3,345	3,345	-	-	3,345
Total Probation	98,378	98,378	-	82,966	15,412
<b>Coroner's Office</b>					
Salaries and benefits	2,300	2,425	125	2,169	256
Services and supplies	764	764	-	696	68
Other charges	372	412	40	419	(7)
Other financing uses	17	17	-	17	-
Contingencies	181	181	-	-	181
Total Coroner's Office	3,634	3,799	165	3,301	498
<b>Local Agency Formation Commission</b>					
Salaries and benefits	288	288	-	283	5
Services and supplies	33	47	14	36	11
Other charges	62	48	(14)	39	9
Intrafund transfers	(118)	(118)	-	(118)	-
Contingencies	111	111	-	-	111
Total Local Agency Formation Commission	376	376	-	240	136
<b>Fire Protection</b>					
Salaries and benefits	2	2	-	2	-
Services and supplies	9,687	9,687	-	8,501	1,186
Other charges	643	643	-	225	418
Capital assets	3,200	3,200	-	767	2,433
Other financing uses	403	403	-	313	90
Intrafund transfers	24	24	-	-	24
Total Fire Protection	13,959	13,959	-	9,808	4,151
<b>Planning</b>					
Salaries and benefits	9,585	9,585	-	8,528	1,057
Services and supplies	3,945	3,945	-	3,391	554
Other charges	1,112	1,312	200	1,137	175
Capital assets	9	9	-	-	9
Other financing uses	43	43	-	43	-
Intrafund transfers	(2,080)	(2,080)	-	(2,284)	204
Contingencies	1,099	1,099	-	-	1,099
Total Planning	13,713	13,913	200	10,815	3,098

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive Negative
	Original	Final	Increase (Decrease)		
<b>Office of Sustainability</b>					
Salaries and benefits	5,092	5,222	130	3,595	1,627
Services and supplies	7,108	7,209	101	4,288	2,921
Other charges	557	557	-	379	178
Other financing uses	17	17	-	17	-
Intrafund transfers	(1,300)	(1,300)	-	(490)	(810)
Contingencies	931	931	-	-	931
Total Office of Sustainability	12,405	12,636	231	7,789	4,847
<b>Total Public Protection</b>	529,429	530,124	695	450,646	79,478
<b>Health and Sanitation</b>					
<b>Health Services Administration</b>					
Salaries and benefits	6,516	6,516	-	5,503	1,013
Services and supplies	3,317	3,317	-	2,591	726
Other charges	12,997	12,997	-	10,807	2,190
Other financing uses	4	4	-	4	-
Intrafund transfers	(2,881)	(2,881)	-	(2,889)	8
Contingencies	399	399	-	-	399
Total Health Services Administration	20,352	20,352	-	16,016	4,336
<b>Health Coverage Unit</b>					
Salaries and benefits	4,060	4,060	-	3,355	705
Services and supplies	3,553	5,307	1,754	4,886	421
Other charges	182	182	-	183	(1)
Capital assets	144	144	-	-	144
Intrafund transfers	(396)	(396)	-	-	(396)
Contingencies	161	161	-	-	161
Total Health Coverage Unit	7,704	9,458	1,754	8,424	1,034
<b>Health Policy Plan Promotion</b>					
Salaries and benefits	22,618	22,618	-	18,703	3,915
Services and supplies	14,872	14,872	-	12,862	2,010
Other charges	2,160	2,160	-	2,252	(92)
Capital assets	217	217	-	53	164
Other financing uses	630	630	-	629	1
Intrafund transfers	(3,908)	(3,908)	-	(2,374)	(1,534)
Contingencies	768	768	-	-	768
Total Health Policy Plan Promotion	37,357	37,357	-	32,125	5,232
<b>Health IT</b>					
Salaries and benefits	5,619	5,619	-	4,705	914
Services and supplies	3,767	3,767	-	2,925	842
Other charges	434	433	(1)	395	38
Capital assets	-	-	-	24	(24)
Intrafund transfers	(3,850)	(3,850)	-	(3,850)	-
Contingencies	1,548	1,548	-	-	1,548
Total Health IT	7,518	7,517	(1)	4,199	3,318
<b>Emergency Medical Services</b>					
Salaries and benefits	2,436	2,436	-	2,054	382
Services and supplies	5,566	5,566	-	5,267	299
Other charges	364	364	-	298	66
Contingencies	326	326	-	-	326
Total Emergency Medical Services	8,692	8,692	-	7,619	1,073

(Continued)



**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive Negative
	Original	Final	Increase (Decrease)		
<b>Contributions to Medical Center</b>					
Other charges	-	-	-	17,990	(17,990)
Other financing uses	58,122	58,122	-	58,122	-
Total Contributions to Medical Center	58,122	58,122	-	76,112	(17,990)
<b>Environmental Health Services</b>					
Salaries and benefits	13,301	13,301	-	12,187	1,114
Services and supplies	2,532	2,532	-	2,152	380
Other charges	1,529	1,529	-	1,443	86
Other financing uses	5	5	-	5	-
Intrafund transfers	(560)	(560)	-	(63)	(497)
Contingencies	337	337	-	-	337
Total Environmental Health Services	17,144	17,144	-	15,724	1,420
<b>Behavioral Health Services</b>					
Salaries and benefits	80,064	76,545	(3,519)	75,974	571
Services and supplies	68,757	72,526	3,769	71,541	985
Other charges	50,824	50,824	-	48,762	2,062
Other financing uses	1,009	1,009	-	991	18
Intrafund transfers	(3,034)	(3,284)	(250)	(2,071)	(1,213)
Contingencies	3,824	3,824	-	-	3,824
Total Behavioral Health Services	201,444	201,444	-	195,197	6,247
<b>Family Health Services</b>					
Salaries and benefits	30,324	30,324	-	26,652	3,672
Services and supplies	3,426	3,426	-	2,451	975
Other charges	2,318	2,318	-	2,211	107
Capital assets	50	50	-	-	50
Other financing uses	3	3	-	3	-
Intrafund transfers	(2,337)	(2,337)	-	(1,357)	(980)
Contingencies	986	986	-	-	986
Total Family Health Services	34,770	34,770	-	29,960	4,810
<b>Correctional Health Services</b>					
Salaries and benefits	17,157	17,157	-	16,832	325
Services and supplies	4,939	4,942	3	3,665	1,277
Other charges	899	899	-	699	200
Capital assets	578	578	-	(339)	917
Intrafund transfers	(3,011)	(3,011)	-	(2,992)	(19)
Contingencies	402	402	-	-	402
Total Correctional Health Services	20,964	20,967	3	17,865	3,102
<b>Total Health and Sanitation</b>					
	414,067	415,823	1,756	403,241	12,582

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive Negative
	Original	Final	Increase (Decrease)		
<b>Public Assistance</b>					
<b>Aging &amp; Adult Services</b>					
Salaries and benefits	22,892	22,892	-	19,879	3,013
Services and supplies	8,480	8,480	-	5,606	2,874
Other charges	7,583	7,583	-	5,725	1,858
Other financing uses	16	16	-	13	3
Intrafund transfers	(1,722)	(1,722)	-	(1,495)	(227)
Contingencies	742	742	-	-	742
Total Aging & Adult Services	37,991	37,991	-	29,728	8,263
<b>In Home Support Services - Public Authority</b>					
Other charges	3,702	3,702	-	-	3,702
Other financing uses	-	-	-	3,702	(3,702)
Total In Home Support Services - Public Authority	3,702	3,702	-	3,702	-
<b>Human Services Agency</b>					
Salaries and benefits	111,239	111,239	-	99,082	12,157
Services and supplies	82,386	82,406	20	60,466	21,940
Other charges	71,700	71,700	-	53,209	18,491
Capital assets	-	-	-	725	(725)
Other financing uses	913	913	-	867	46
Intrafund transfers	(31,273)	(31,273)	-	(28,906)	(2,367)
Contingencies	19,532	19,532	-	-	19,532
Total Human Services Agency	254,497	254,517	20	185,443	69,074
<b>Department of Housing</b>					
Salaries and benefits	3,026	3,026	-	2,593	433
Services and supplies	736	736	-	420	316
Other charges	45,863	45,863	-	19,152	26,711
Intrafund transfers	(3,381)	(3,381)	-	(1,073)	(2,308)
Contingencies	79	79	-	-	79
Total Department of Housing	46,323	46,323	-	21,092	25,231
<b>Total Public Assistance</b>	<b>342,513</b>	<b>342,533</b>	<b>20</b>	<b>239,965</b>	<b>102,568</b>
<b>Recreation</b>					
<b>Parks &amp; Recreation</b>					
Salaries and benefits	10,835	10,957	122	9,809	1,148
Services and supplies	10,464	10,806	342	3,567	7,239
Other charges	2,298	2,325	27	2,126	199
Capital assets	2,041	2,126	85	16	2,110
Other financing uses	10	10	-	10	-
Intrafund transfers	(1,355)	(1,355)	-	(149)	(1,206)
Contingencies	1,430	1,430	-	-	1,430
Total Parks & Recreation	25,723	26,299	576	15,379	10,920
<b>Total Recreation</b>	<b>25,723</b>	<b>26,299</b>	<b>576</b>	<b>15,379</b>	<b>10,920</b>
<b>Contingencies</b>					
Contingencies	46,976	46,976	-	-	46,976
<b>Total Contingencies</b>	<b>46,976</b>	<b>46,976</b>	<b>-</b>	<b>-</b>	<b>46,976</b>
Total charges to appropriations	1,878,562	1,882,712	4,150	1,350,207	532,505
<b>Budgetary fund balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 340,643</b>	<b>\$ 340,643</b>

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (page 104)	\$ 1,332,002
Differences - budget to GAAP:	
Reimbursements are inflows of budgetary resources but are used to offset expenditures for financial reporting purposes.	1,779
Proceeds from the sale of capital assets	2
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(13,306)
Receipts from County Agency subfunds are not budgeted but are reported as General Fund revenues for financial reporting purposes.	<u>45,047</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 28)	<u><u>\$ 1,365,524</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 111)	\$ 1,350,207
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.	1,779
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.	(4,932)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(130,306)
Special item is an outflow of budgetary resources but is not an expenditure for financial reporting purposes.	(27,630)
Disbursements from sub-funds classified from County Agency Fund, not budgeted.	<u>(51,674)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 28)	<u><u>\$ 1,137,444</u></u>

See Note to the Budgetary Comparison Schedule.

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Note to the Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2018**  
**(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, 2018**  
**(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	\$ 130,156	\$ 28,446	\$ 106,829	\$ 265,431
Receivables (net):				
Accounts	34	-	23	57
Interest	602	94	439	1,135
Taxes	1,321	-	-	1,321
Due from other funds	4	-	97	101
Due from other governmental agencies	4,062	-	234	4,296
Other assets	91	-	5	96
Inventories	344	-	-	344
Total assets	<u>\$ 136,614</u>	<u>\$ 28,540</u>	<u>\$ 107,627</u>	<u>\$ 272,781</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,221	\$ -	\$ 8,333	\$ 13,554
Accrued salaries and benefits	511	-	-	511
Accrued liabilities	22	-	-	22
Due to other funds	321	-	61	382
Due to other governmental agencies	104	-	-	104
Unearned revenues	1,148	-	23	1,171
Deposits	13	-	-	13
Advances from other funds	6,206	-	-	6,206
Total liabilities	<u>13,546</u>	<u>-</u>	<u>8,417</u>	<u>21,963</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	3,572	-	157	3,729
Total deferred inflows of resources	<u>3,572</u>	<u>-</u>	<u>157</u>	<u>3,729</u>
<b>FUND BALANCES</b>				
Nonspendable	435	-	5	440
Restricted	119,496	28,540	2,402	150,438
Assigned	-	-	96,646	96,646
Unassigned	(435)	-	-	(435)
Total fund balances	<u>119,496</u>	<u>28,540</u>	<u>99,053</u>	<u>247,089</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 136,614</u>	<u>\$ 28,540</u>	<u>\$ 107,627</u>	<u>\$ 272,781</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, 2018**  
**(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	\$ 21,700	\$ -	\$ 14,425	\$ 36,125
Licenses and permits	3,582	-	-	3,582
Intergovernmental	39,947	-	179	40,126
Charges for services	22,200	-	2,161	24,361
Fines, forfeitures and penalties	1,925	-	-	1,925
Rents and concessions	120	-	-	120
Investment income	1,375	160	1,039	2,574
Other	381	6	61	448
Total revenues	<u>91,230</u>	<u>166</u>	<u>17,865</u>	<u>109,261</u>
<b>Expenditures:</b>				
Current:				
General government	1,192	-	-	1,192
Public protection	5,834	-	-	5,834
Public ways and facilities	23,562	-	-	23,562
Health and sanitation	18,644	-	-	18,644
Public assistance	21,984	-	-	21,984
Capital outlay	12,183	-	38,971	51,154
Debt service:				
Principal	775	-	-	775
Interest	929	-	-	929
Bond insurance	1	-	-	1
Total expenditures	<u>85,104</u>	<u>-</u>	<u>38,971</u>	<u>124,075</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,126</u>	<u>166</u>	<u>(21,106)</u>	<u>(14,814)</u>
<b>Other financing sources (uses):</b>				
Loan proceeds	1,974	-	-	1,974
Proceeds from sale of capital assets	1	-	-	1
Transfers in	7,808	54,661	25,086	87,555
Transfers out	<u>(13,022)</u>	<u>(53,715)</u>	<u>(6,754)</u>	<u>(73,491)</u>
Total other financing sources	<u>(3,239)</u>	<u>946</u>	<u>18,332</u>	<u>16,039</u>
<b>Net change in fund balances</b>	2,887	1,112	(2,774)	1,225
Fund balances - beginning	<u>116,609</u>	<u>27,428</u>	<u>101,827</u>	<u>245,864</u>
Fund balances - end	<u>\$ 119,496</u>	<u>\$ 28,540</u>	<u>\$ 99,053</u>	<u>\$ 247,089</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, revenue refunding bonds, 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, Los Trancos County Maintenance District, Highlands Landscape Maintenance District, Water District, Drainage Districts, and Alameda Tree Maintenance District.

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2018**  
**(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	\$ 16,060	\$ 9,287	\$ 11,830	\$ 27,268	\$ 25,941	\$ 14,008	\$ 2,355
Receivables (net):							
Accounts		-	24	-	-	-	10
Interest	67	69	49	124	111	61	13
Taxes	-	509	303	58	324	101	-
Due from other funds	-	-	-	-	-	-	4
Due from other governmental agencies	1,667	30	28	272	159	246	316
Other assets	56	-	-	6	15	-	-
Inventories	344	-	-	-	-	-	-
Total assets	<u>\$ 18,194</u>	<u>\$ 9,895</u>	<u>\$ 12,234</u>	<u>\$ 27,728</u>	<u>\$ 26,550</u>	<u>\$ 14,416</u>	<u>\$ 2,698</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 1,364	\$ -	\$ 1,051	\$ 1,653	\$ 649	\$ 18	\$ 202
Accrued salaries and benefits	349	-	3	47	-	-	-
Accrued liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Due to other governmental agencies	-	-	-	104	-	-	-
Unearned revenues	-	457	256	48	271	84	10
Deposits	9	-	4	-	-	-	-
Advances from other funds	-	-	55	6,151	-	-	-
Total liabilities	<u>1,722</u>	<u>457</u>	<u>1,369</u>	<u>8,003</u>	<u>920</u>	<u>102</u>	<u>212</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	1,400	42	37	173	186	254	147
Total deferred inflows of resources	<u>1,400</u>	<u>42</u>	<u>37</u>	<u>173</u>	<u>186</u>	<u>254</u>	<u>147</u>
<b>FUND BALANCES</b>							
Nonspendable	400	-	-	6	15	-	-
Restricted	14,672	9,396	10,828	19,546	25,429	14,060	2,339
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>15,072</u>	<u>9,396</u>	<u>10,828</u>	<u>19,552</u>	<u>25,444</u>	<u>14,060</u>	<u>2,339</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,194</u>	<u>\$ 9,895</u>	<u>\$ 12,234</u>	<u>\$ 27,728</u>	<u>\$ 26,550</u>	<u>\$ 14,416</u>	<u>\$ 2,698</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2018**  
**(In Thousands)**

<u>County Half-Cent Transportation</u>	<u>County-Wide Road Improvement</u>	<u>Solid Waste</u>	<u>IHSS Public Authority</u>	<u>Other Special Revenue</u>	<u>Total</u>	
\$ 4,347	\$ 4,666	\$ 13,082	\$ -	\$ 1,312	\$ 130,156	<b>ASSETS</b>
-	-	-	-	-	34	Cash and investments
24	20	58	-	6	602	Receivables (net):
-	-	-	-	26	1,321	Accounts
-	-	-	-	-	4	Interest
-	-	13	1,297	34	4,062	Taxes
10	-	4	-	-	91	Due from other funds
-	-	-	-	-	344	Due from other governmental agencies
<u>\$ 4,381</u>	<u>\$ 4,686</u>	<u>\$ 13,157</u>	<u>\$ 1,297</u>	<u>\$ 1,378</u>	<u>\$ 136,614</u>	Other assets
						Inventories
						Total assets
\$ 62	\$ -	\$ 175	\$ 36	\$ 11	\$ 5,221	<b>LIABILITIES</b>
-	-	56	56	-	511	Accounts payable
-	-	-	22	-	22	Accrued salaries and benefits
-	-	-	321	-	321	Accrued liabilities
-	-	-	-	-	104	Due to other funds
-	-	-	-	22	1,148	Due to other governmental agencies
-	-	-	-	-	13	Unearned revenues
-	-	-	-	-	6,206	Deposits
<u>62</u>	<u>-</u>	<u>231</u>	<u>435</u>	<u>33</u>	<u>13,546</u>	Advances from other funds
						Total liabilities
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,297</u>	<u>36</u>	<u>3,572</u>	<b>DEFERRED INFLOWS OF RESOURCES</b>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,297</u>	<u>36</u>	<u>3,572</u>	Unavailable revenue
						Total deferred inflows of resources
10	-	4	-	-	435	<b>FUND BALANCES</b>
4,309	4,686	12,922	-	1,309	119,496	Nonspendable
-	-	-	(435)	-	(435)	Restricted
<u>4,319</u>	<u>4,686</u>	<u>12,926</u>	<u>(435)</u>	<u>1,309</u>	<u>119,496</u>	Unassigned
						Total fund balances
<u>\$ 4,381</u>	<u>\$ 4,686</u>	<u>\$ 13,157</u>	<u>\$ 1,297</u>	<u>\$ 1,378</u>	<u>\$ 136,614</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, 2018**  
**(In Thousands)**

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
<b>Revenues</b>							
Taxes	\$ 82	\$ 7,179	\$ 4,263	\$ 1,144	\$ 4,737	\$ 1,413	\$ -
Licenses and permits	474	-	146	-	-	-	-
Intergovernmental	19,283	2,219	618	115	196	4	-
Charges for services	1,977	271	1,660	17,080	-	118	-
Fines, forfeitures and penalties	-	-	-	-	-	-	1,924
Rents and concessions	91	29	-	-	-	-	-
Investment income	198	137	103	262	246	142	31
Other	101	161	2	39	28	-	15
Total revenues	<u>22,206</u>	<u>9,996</u>	<u>6,792</u>	<u>18,640</u>	<u>5,207</u>	<u>1,677</u>	<u>1,970</u>
<b>Expenditures</b>							
Current:							
General government	-	-	282	-	-	909	-
Public protection	-	-	3,686	-	2,138	-	-
Public ways and facilities	22,752	-	-	-	-	-	-
Health and sanitation	-	-	1,495	13,898	-	-	944
Public assistance	-	-	-	-	-	-	-
Capital outlay	8,199	-	1,429	2,216	339	-	-
Debt service:							
Principal	-	-	-	145	630	-	-
Interest	-	-	-	53	876	-	-
Bond insurance	-	-	-	-	1	-	-
Total expenditures	<u>30,951</u>	<u>-</u>	<u>6,892</u>	<u>16,312</u>	<u>3,984</u>	<u>909</u>	<u>944</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,745)</u>	<u>9,996</u>	<u>(100)</u>	<u>2,328</u>	<u>1,223</u>	<u>768</u>	<u>1,026</u>
<b>Other financing sources (uses)</b>							
Loan proceeds	-	-	-	1,974	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Transfers in	984	-	870	600	1,509	-	-
Transfers out	(8)	(8,690)	-	-	(1,506)	-	(679)
Total other financing sources (uses)	<u>976</u>	<u>(8,690)</u>	<u>870</u>	<u>2,574</u>	<u>3</u>	<u>-</u>	<u>(679)</u>
<b>Net change in fund balances</b>	<u>(7,769)</u>	<u>1,306</u>	<u>770</u>	<u>4,902</u>	<u>1,226</u>	<u>768</u>	<u>347</u>
Fund balances - beginning	<u>22,841</u>	<u>8,090</u>	<u>10,058</u>	<u>14,650</u>	<u>24,218</u>	<u>13,292</u>	<u>1,992</u>
Fund balances - end	<u>\$ 15,072</u>	<u>\$ 9,396</u>	<u>\$ 10,828</u>	<u>\$ 19,552</u>	<u>\$ 25,444</u>	<u>\$ 14,060</u>	<u>\$ 2,339</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, 2018**  
**(In Thousands)**

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	IHSS Public Authority	Other Special Revenue	Total
\$ 2,562	\$ -	\$ -	\$ -	\$ 320	\$ 21,700
-	-	2,962	-	-	3,582
-	-	17	17,494	1	39,947
-	460	18	609	7	22,200
-	-	-	-	1	1,925
-	-	-	-	-	120
54	45	135	5	17	1,375
-	-	20	15	-	381
<u>2,616</u>	<u>505</u>	<u>3,152</u>	<u>18,123</u>	<u>346</u>	<u>91,230</u>
-	-	-	-	1	1,192
-	-	-	-	10	5,834
402	-	-	-	408	23,562
-	-	2,307	-	-	18,644
-	-	-	21,714	270	21,984
-	-	-	-	-	12,183
-	-	-	-	-	775
-	-	-	-	-	929
-	-	-	-	-	1
<u>402</u>	<u>-</u>	<u>2,307</u>	<u>21,714</u>	<u>689</u>	<u>85,104</u>
<u>2,214</u>	<u>505</u>	<u>845</u>	<u>(3,591)</u>	<u>(343)</u>	<u>6,126</u>
-	-	-	-	-	1,974
-	-	1	-	-	1
-	-	143	3,702	-	7,808
<u>(1,961)</u>	<u>-</u>	<u>(178)</u>	<u>-</u>	<u>-</u>	<u>(13,022)</u>
<u>(1,961)</u>	<u>-</u>	<u>(34)</u>	<u>3,702</u>	<u>-</u>	<u>(3,239)</u>
253	505	811	111	(343)	2,887
<u>4,066</u>	<u>4,181</u>	<u>12,115</u>	<u>(546)</u>	<u>1,652</u>	<u>116,609</u>
<u>\$ 4,319</u>	<u>\$ 4,686</u>	<u>\$ 12,926</u>	<u>\$ (435)</u>	<u>\$ 1,309</u>	<u>\$ 119,496</u>

**Revenues**

Taxes
Licenses and permits
Intergovernmental
Charges for services
Fines, forfeitures and penalties
Rents and concessions
Investment income
Other
Total revenues

**Expenditures**

Current:
General government
Public protection
Public ways and facilities
Health and sanitation
Public assistance
Capital outlay
Debt service:
Principal
Interest
Bond insurance
Total expenditures

Excess (deficiency) of revenues over  
(under) expenditures

**Other financing sources (uses)**

Loan proceeds
Proceeds from sale of capital assets
Transfers in
Transfers out
Total other financing sources (uses)

**Net change in fund balances**

Fund balances - beginning

Fund balances - end

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Road Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(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>	\$ 21,599	\$ 21,599	\$ -	\$ 20,694	\$ (905)
<b>Resources (inflows):</b>					
Taxes	137	141	4	82	(59)
Licenses, permits and franchises	200	200	-	474	274
Use of money and property	241	241	-	289	48
Intergovernmental revenues	21,540	21,540	-	19,283	(2,257)
Charges for services	9	9	-	1,977	1,968
Interfund revenue	1,645	1,645	-	-	(1,645)
Miscellaneous revenue	317	317	-	101	(216)
Other financing sources	1,635	1,635	-	984	(651)
Amounts available for appropriation	25,724	25,728	4	23,190	(2,538)
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Salaries and benefits	11,380	11,380	-	10,375	1,005
Services and supplies	16,178	16,182	4	12,592	3,590
Other charges	1,259	1,259	-	1,270	(11)
Capital assets	11,656	11,656	-	8,199	3,457
Other financing uses	8	8	-	8	-
Intrafund transfers	(1,295)	(1,295)	-	(1,485)	190
Contingencies	8,137	8,137	-	-	8,137
Total charges to appropriations	47,323	47,327	4	30,959	16,368
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 12,925	\$ 12,925

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 23,190
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	(984)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 22,206

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 30,959
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(8)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 30,951

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Fire Protection Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 8,176	\$ 8,176	\$ -	\$ 8,090	\$ (86)
<b>Resources (inflows):</b>					
Taxes	5,582	5,582	-	7,179	1,597
Use of money and property	77	77	-	166	89
Intergovernmental revenues	2,120	2,120	-	2,219	99
Charges for services	280	280	-	271	(9)
Miscellaneous revenue	19	19	-	161	142
Amounts available for appropriation	8,078	8,078	-	9,996	1,918
<b>Charges to appropriations (outflows):</b>					
Public protection					
Other Financing Uses	10,758	10,758	-	8,690	2,068
Non-general fund reserves	5,496	5,496	-	-	5,496
Total charges to appropriations	16,254	16,254	-	8,690	7,564
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 9,396	\$ 9,396

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 8,690
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(8,690)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ -

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Service Area Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(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>	\$ 10,248	\$ 10,269	\$ 21	\$ 9,968	\$ (301)
<b>Resources (inflows):</b>					
Taxes	3,622	3,777	155	4,263	486
Licenses, permits and franchises	128	128	-	146	18
Use of money and property	89	89	-	103	14
Intergovernmental revenues	632	632	-	618	(14)
Charges for services	1,645	1,645	-	1,660	15
Miscellaneous revenue	4	4	-	2	(2)
Other financing sources	1,007	1,007	-	870	(137)
Amounts available for appropriation	7,127	7,282	155	7,662	380
<b>Charges to appropriations (outflows):</b>					
General government, public protection, health and sanitation, and public assistance					
Salaries and benefits	130	130	-	66	64
Services and supplies	5,902	5,902	-	5,287	615
Other charges	57	78	21	20	58
Capital assets	1,701	1,856	155	1,429	427
Contingencies	1,132	1,132	-	-	1,132
Non-general fund reserves	8,453	8,453	-	-	8,453
Total charges to appropriations	17,375	17,551	176	6,802	10,749
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 10,828	\$ 10,828

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 7,662
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	(870)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 6,792

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,802
Differences - budget to GAAP:	
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.	90
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 6,892



**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Sewer and Sanitation Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(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>	<u>\$ 23,594</u>	<u>\$ 24,254</u>	<u>\$ 660</u>	<u>\$ 13,318</u>	<u>\$ (10,936)</u>
<b>Resources (inflows):</b>					
Taxes	720	720	-	1,144	424
Use of money and property	172	172	-	262	90
Intergovernmental revenues	3	3	-	115	112
Charges for services	14,895	14,895	-	17,080	2,185
Interfund revenue	3,819	3,819	-	-	(3,819)
Miscellaneous revenue	-	733	733	39	(694)
Other financing sources	972	972	-	2,574	1,602
Amounts available for appropriation	<u>20,581</u>	<u>21,314</u>	<u>733</u>	<u>21,214</u>	<u>(100)</u>
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	1,401	1,401	-	1,312	89
Services and supplies	16,549	16,549	-	12,402	4,147
Other charges	4,360	5,753	1,393	382	5,371
Capital assets	9,919	9,919	-	2,216	7,703
Other financing uses	72	72	-	-	72
Contingencies	11,874	11,874	-	-	11,874
Total charges to appropriations	<u>44,175</u>	<u>45,568</u>	<u>1,393</u>	<u>16,312</u>	<u>29,256</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,220</u>	<u>\$ 18,220</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 21,214
Differences - budget to GAAP:	
Proceeds from loan proceeds are budgetary resources but are not revenues for financing reporting purposes.	(1,974)
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	<u>(600)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 18,640</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Flood Control Zone Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 24,195	\$ 24,535	\$ 340	\$ 24,219	\$ (316)
<b>Resources (inflows):</b>					
Taxes	3,378	3,378	-	4,737	1,359
Use of money and property	180	180	-	246	66
Intergovernmental revenues	18	18	-	196	178
Miscellaneous revenue	-	-	-	28	28
Other financing sources	4,450	4,450	-	1,509	(2,941)
Amounts available for appropriation	8,026	8,026	-	6,716	(1,310)
<b>Charges to appropriations (outflows):</b>					
Public protection					
Services and supplies	2,550	2,550	-	556	1,994
Other charges	2,493	2,833	340	3,089	(256)
Capital assets	3,000	3,000	-	339	2,661
Other financing uses	5,966	5,966	-	1,506	4,460
Contingencies	18,212	18,212	-	-	18,212
Total charges to appropriations	32,221	32,561	340	5,490	27,071
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 25,445	\$ 25,445

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 6,716
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes	(1,509)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 5,207

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,490
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(1,506)
changes in fund balances - nonmajor special revenue funds	\$ 3,984

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Lighting Districts Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(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>	<u>\$ 13,301</u>	<u>\$ 13,358</u>	<u>\$ 57</u>	<u>\$ 13,292</u>	<u>\$ (66)</u>
<b>Resources (inflows):</b>					
Taxes	843	843	-	1,413	570
Use of money and property	106	106	-	142	36
Intergovernmental revenues	4	4	-	4	-
Interfund revenue	175	175	-	-	(175)
Charges for services	-	-	-	118	118
Amounts available for appropriation	<u>1,128</u>	<u>1,128</u>	<u>-</u>	<u>1,677</u>	<u>549</u>
<b>Charges to appropriations (outflows):</b>					
General government					
Services and supplies	2,215	2,215	-	889	1,326
Other charges	32	89	57	20	69
Contingencies	<u>12,182</u>	<u>12,182</u>	<u>-</u>	<u>-</u>	<u>12,182</u>
Total charges to appropriations	<u>14,429</u>	<u>14,486</u>	<u>57</u>	<u>909</u>	<u>13,577</u>
<b>Budgetary fund balance, June 30</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,060</u></u>	<u><u>\$ 14,060</u></u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Emergency Medical Services Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(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>	\$ 2,304	\$ 2,304	\$ -	\$ 1,992	\$ (312)
<b>Resources (inflows):</b>					
Fines, forfeitures and penalties	1,476	1,476	-	1,924	448
Use of money and property	20	20	-	31	11
Miscellaneous revenue	24	24	-	15	(9)
Amounts available for appropriation	<u>1,520</u>	<u>1,520</u>	<u>-</u>	<u>1,970</u>	<u>450</u>
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Services and supplies	2,111	2,111	-	944	1,167
Other financing uses	-	-	-	679	(679)
Non-general fund reserves	1,713	1,713	-	-	1,713
Total charges to appropriations	<u>3,824</u>	<u>3,824</u>	<u>-</u>	<u>1,623</u>	<u>2,201</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,339</u>	<u>\$ 2,339</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,623
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(679)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 944</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Half-Cent Transportation Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 4,071	\$ 4,071	\$ -	\$ 4,066	\$ (5)
<b>Resources (inflows):</b>					
Taxes	1,865	1,865	-	2,562	697
Use of money and property	20	20	-	54	34
Amounts available for appropriation	<u>1,885</u>	<u>1,885</u>	<u>-</u>	<u>2,616</u>	<u>731</u>
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Services and supplies	3,488	3,453	(35)	205	3,248
Other charges	168	203	35	197	6
Other financing uses	2,300	2,300	-	1,961	339
Total charges to appropriations	<u>5,956</u>	<u>5,956</u>	<u>-</u>	<u>2,363</u>	<u>3,593</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,319</u>	<u>\$ 4,319</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,363
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(1,961)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 402</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County-Wide Road Improvement Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 4,185	\$ 4,185	\$ -	\$ 4,181	\$ (4)
<b>Resources (inflows):</b>					
Use of money and property	25	25	-	45	20
Charges for services	350	350	-	460	110
Amounts available for appropriation	375	375	-	505	130
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Other financing uses	550	550	-	-	550
Non-general fund reserves	4,010	4,010	-	-	4,010
Total charges to appropriations	4,560	4,560	-	-	4,560
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 4,686	\$ 4,686

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Solid Waste Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 8,890	\$ 8,890	\$ -	\$ 12,115	\$ 3,225
<b>Resources (inflows):</b>					
Licenses, permits and franchises	2,584	2,584	-	2,962	378
Use of money and property	69	69	-	135	66
Intergovernmental revenues	20	20	-	17	(3)
Charges for services	903	903	-	18	(885)
Miscellaneous revenue	-	-	-	20	20
Other financing sources	256	256	-	143	(113)
Amounts available for appropriation	3,832	3,832	-	3,295	(537)
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	1,967	1,967	-	1,178	789
Services and supplies	1,826	1,826	-	831	995
Other charges	135	335	200	298	37
Other financing uses	290	290	-	178	112
Non-general fund reserves	8,504	8,304	(200)	-	8,304
Total charges to appropriations	12,722	12,722	-	2,485	10,237
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 12,925	\$ 12,925

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 3,295
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	(143)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 3,152

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,485
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(178)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 2,307

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**In-Home Supportive Services Public Authority Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(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>	\$ 861	\$ 861	\$ -	\$ (1,147)	\$ (2,008)
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	5	5
Intergovernmental revenues	20,556	20,556	-	17,494	(3,062)
Charges for services	-	-	-	609	609
Interfund Revenue	3,970	3,970	-	-	(3,970)
Miscellaneous revenue	350	350	-	15	(335)
Other financing sources	-	-	-	3,702	3,702
Amounts available for appropriation	24,876	24,876	-	21,825	(3,051)
<b>Charges to appropriations (outflows):</b>					
Public assistance					
Salaries and benefits	1,889	1,889	-	1,430	459
Services and supplies	4,144	4,944	800	4,369	575
Other charges	18,842	18,042	(800)	16,328	1,714
Intrafund Transfers	-	-	-	(413)	413
Non-general fund reserves	862	862	-	-	862
Total charges to appropriations	25,737	25,737	-	21,714	4,023
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ (1,036)	\$ (1,036)

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 21,825
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	\$ 18,123



**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2018**  
**(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>	\$ 821	\$ 821	\$ -	\$ 546	\$ (275)
Resources (inflows):					
Taxes	39	39	-	-	(39)
Use of money and property	6	6	-	17	11
Charges for services	7	7	-	7	-
Intergovernmental	-	-	-	1	1
Amounts available for appropriation	<u>52</u>	<u>52</u>	<u>-</u>	<u>25</u>	<u>(27)</u>
Charges to appropriations (outflows):					
General Government					
Services and supplies	85	85	-	1	84
Contingencies	653	653	-	-	653
Non-general fund reserves	135	135	-	-	135
Other	-	-	-	270	(270)
Total charges to appropriations	<u>873</u>	<u>873</u>	<u>-</u>	<u>271</u>	<u>602</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 300</u>
<b><u>Los Trancos County Maintenance Fund</u></b>					
<b>Budgetary fund balance, July 1</b>	\$ 498	\$ 498	\$ -	\$ 122	\$ (376)
Resources (inflows):					
Taxes	330	330	-	320	(10)
Amounts available for appropriation	<u>330</u>	<u>330</u>	<u>-</u>	<u>320</u>	<u>(10)</u>
Charges to appropriations (outflows):					
Public Ways and Facilities					
Services and supplies	300	300	-	408	(108)
Non-general fund reserves	519	519	-	-	519
Other	9	9	-	-	(9)
Total charges to appropriations	<u>828</u>	<u>828</u>	<u>-</u>	<u>408</u>	<u>402</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ 16</u>
<b><u>Fish and Game Fund</u></b>					
<b>Budgetary fund balance, July 1</b>	\$ 67	\$ 67	\$ -	\$ 66	\$ (1)
Resources (inflows):					
Miscellaneous Revenue	-	-	-	1	1
Charges to appropriations (outflows):					
Public Protection					
Services and supplies	10	10	-	10	-
Non-general fund reserves	57	57	-	-	57
Total charges to appropriations	<u>67</u>	<u>67</u>	<u>-</u>	<u>10</u>	<u>57</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57</u>	<u>\$ 57</u>
<b><u>Total - Other Special Revenue Funds</u></b>					
<b>Budgetary fund balance, July 1</b>	\$ 1,386	\$ 1,386	\$ -	\$ 734	\$ (652)
Resources (inflows)	382	382	-	346	(36)
Charges to appropriations (outflows)	<u>1,768</u>	<u>1,768</u>	<u>-</u>	<u>689</u>	<u>1,061</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 391</u>	<u>\$ 373</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, 2018**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 27,459	\$ 27,459	\$ -	\$ 27,428	\$ (31)
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	160	160
Miscellaneous revenue	-	-	-	6	6
Other financing sources	47,985	47,985	-	54,661	6,676
Amount available for appropriation	<u>47,985</u>	<u>47,985</u>	<u>-</u>	<u>54,827</u>	<u>6,842</u>
<b>Charges to appropriations (outflows):</b>					
Other charges	54,012	54,012	-	-	54,012
Other financing uses	-	-	-	53,715	(53,715)
Non-general fund reserves	21,432	21,432	-	-	21,432
Total charges to appropriations	<u>75,444</u>	<u>75,444</u>	<u>-</u>	<u>53,715</u>	<u>21,729</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,540</u>	<u>\$ 28,540</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 54,827
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(54,661)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ 166</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 53,715
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(53,715)</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, 2018**  
**(In Thousands)**

	Parks Acquisition	Accumulated Capital Outlay	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
<b>ASSETS</b>						
Cash and investments	\$ 2,295	\$ 84,042	\$ 1,496	\$ 32	\$ 18,964	\$ 106,829
Accounts receivable	-	-	11	12	-	23
Interest receivable	8	374	9	-	48	439
Due from other funds	-	-	-	-	97	97
Due from other governmental agencies	234	-	-	-	-	234
Other assets	-	-	-	-	5	5
Total assets	<u>\$ 2,537</u>	<u>\$ 84,416</u>	<u>\$ 1,516</u>	<u>\$ 44</u>	<u>\$ 19,114</u>	<u>\$ 107,627</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 10	\$ -	\$ -	\$ -	\$ 8,323	\$ 8,333
Due to other funds	-	12	-	-	49	61
Unearned revenues	-	-	11	12	-	23
Total liabilities	<u>10</u>	<u>12</u>	<u>11</u>	<u>12</u>	<u>8,372</u>	<u>8,417</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	157	-	-	-	-	157
Total deferred inflows of resources	<u>157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	5	5
Restricted	2,370	-	-	32	-	2,402
Assigned	-	84,404	1,505	-	10,737	96,646
Total fund balances	<u>2,370</u>	<u>84,404</u>	<u>1,505</u>	<u>32</u>	<u>10,742</u>	<u>99,053</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,537</u>	<u>\$ 84,416</u>	<u>\$ 1,516</u>	<u>\$ 44</u>	<u>\$ 19,114</u>	<u>\$ 107,627</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, 2018**  
**(In Thousands)**

	Parks Acquisition	Accumulated Capital Outlays	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
<b>Revenues:</b>						
Taxes	\$ 425	\$ -	\$ -	\$ -	\$ 14,000	\$ 14,425
Intergovernmental	179	-	-	-	-	179
Charges for services	-	-	1,081	1,080	-	2,161
Investment income	23	901	21	-	94	1,039
Other	55	-	-	-	6	61
Total revenues	<u>682</u>	<u>901</u>	<u>1,102</u>	<u>1,080</u>	<u>14,100</u>	<u>17,865</u>
<b>Expenditures:</b>						
Capital outlay	<u>671</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>38,298</u>	<u>38,971</u>
Total expenditures	<u>671</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>38,298</u>	<u>38,971</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11</u>	<u>901</u>	<u>1,102</u>	<u>1,078</u>	<u>(24,198)</u>	<u>(21,106)</u>
<b>Other financing sources (uses)</b>						
Transfers in	14	-	-	-	25,072	25,086
Transfers out	-	(1,701)	(1,100)	(1,219)	(2,734)	(6,754)
Total other financing sources (uses)	<u>14</u>	<u>(1,701)</u>	<u>(1,100)</u>	<u>(1,219)</u>	<u>22,338</u>	<u>18,332</u>
<b>Net change in fund balances</b>	25	(800)	2	(141)	(1,860)	(2,774)
Fund balances - beginning	<u>2,345</u>	<u>85,204</u>	<u>1,503</u>	<u>173</u>	<u>12,602</u>	<u>101,827</u>
Fund balances - end	<u>\$ 2,370</u>	<u>\$ 84,404</u>	<u>\$ 1,505</u>	<u>\$ 32</u>	<u>\$ 10,742</u>	<u>\$ 99,053</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Parks Acquisition Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(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>	\$ 2,364	\$ 2,364	\$ -	\$ 2,345	\$ (19)
<b>Resources (inflows):</b>					
Taxes	7,667	7,767	100	425	(7,342)
Use of money and property	20	20	-	23	3
Intergovernmental revenues	248	248	-	179	(69)
Miscellaneous revenue	-	155	155	55	(100)
Other financing sources	2,402	2,402	-	14	(2,388)
Amounts available for appropriation	10,337	10,592	255	696	(9,896)
<b>Charges to appropriations (outflows):</b>					
Services and supplies	4,214	4,269	55	516	3,753
Other charges	-	690	690	-	690
Capital assets	7,204	7,404	200	155	7,249
Other financing uses	151	151	-	-	151
Non-general fund reserves	1,132	442	(690)	-	442
Total charges to appropriations	12,701	12,956	255	671	12,285
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 2,370	\$ 2,370

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 696
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	(14)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	\$ 682

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Accumulated Capital Outlays Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(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>	\$ 85,299	\$ 85,299	\$ -	\$ 85,204	\$ (95)
<b>Resources (inflows):</b>					
Use of money and property	500	500	-	901	401
Amounts available for appropriation	500	500	-	901	401
<b>Charges to appropriations (outflows):</b>					
Other financing uses	10,900	10,900	-	1,701	9,199
Non-general fund reserves	74,899	74,899	-	-	74,899
Total charges to appropriations	85,799	85,799	-	1,701	84,098
<b>Budgetary fund balance, June 30</b>	\$ -	\$ -	\$ -	\$ 84,404	\$ 84,404

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,701
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(1,701)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	\$ -



**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Criminal Facility Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(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>	\$ 1,504	\$ 1,504	\$ -	\$ 1,503	\$ (1)
<b>Resources (inflows):</b>					
Use of money and property	18	18	-	21	3
Charges for services	<u>900</u>	<u>900</u>	<u>-</u>	<u>1,081</u>	<u>181</u>
Amounts available for appropriation	<u>918</u>	<u>918</u>	<u>-</u>	<u>1,102</u>	<u>184</u>
<b>Charges to appropriations (outflows):</b>					
Other financing uses	1,100	1,100	-	1,100	-
Non-general fund reserves	<u>1,322</u>	<u>1,322</u>	<u>-</u>	<u>-</u>	<u>1,322</u>
Total charges to appropriations	<u>2,422</u>	<u>2,422</u>	<u>-</u>	<u>1,100</u>	<u>1,322</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,505</u>	<u>\$ 1,505</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, 2018**  
**(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>	\$ 173	\$ 173	\$ -	\$ 173	\$ -
<b>Resources (inflows):</b>					
Charges for services	900	900	-	1,080	180
Interfund Revenue	464	464	-	-	(464)
Amounts available for appropriation	<u>1,364</u>	<u>1,364</u>	<u>-</u>	<u>1,080</u>	<u>(284)</u>
<b>Charges to appropriations (outflows):</b>					
Services and supplies	-	-	-	2	(2)
Other financing uses	1,364	1,364	-	1,219	145
Non-general fund reserves	173	173	-	-	173
Total charges to appropriations	<u>1,537</u>	<u>1,537</u>	<u>-</u>	<u>1,221</u>	<u>316</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 32</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,221
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(1,219)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 2</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balance, July 1</b>	\$ 13,381	\$ 13,383	\$ 2	\$ 12,602	\$ (781)
<b>Resources (inflows):</b>					
Taxes	42,742	43,087	345	14,000	(29,087)
Use of money and property	-	-	-	94	94
Charges for services	-	-	-	-	-
Miscellaneous revenue	-	-	-	6	6
Other financing sources	85,303	85,293	(10)	25,072	(60,221)
Amounts available for appropriation	<u>128,045</u>	<u>128,380</u>	<u>335</u>	<u>39,172</u>	<u>(89,208)</u>
<b>Charges to appropriations (outflows):</b>					
Services and supplies	-	7,175	7,175	7,952	(777)
Capital assets	131,392	124,711	(6,681)	30,346	94,365
Contingencies	5,506	5,349	(157)	-	5,349
Other financing uses	4,528	4,528	-	2,734	1,794
Non-General Fund Reserves	-	-	-	-	-
Total charges to appropriations	<u>141,426</u>	<u>141,763</u>	<u>337</u>	<u>41,032</u>	<u>100,731</u>
<b>Budgetary fund balance, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,742</u>	<u>\$ 10,742</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 39,172
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(25,072)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 14,100</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 41,032
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(2,734)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 38,298</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, 2018**  
**(In Thousands)**

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 3,527	\$ 817	\$ 4,344
Receivables (net):			
Accounts	32	30	62
Interest	13	3	16
Due from other governmental agencies	107	-	107
Other assets	<u>6</u>	<u>2</u>	<u>8</u>
Total current assets	<u>3,685</u>	<u>852</u>	<u>4,537</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	6,844	1,334	8,178
Construction in progress	616	-	616
Depreciable:			
Structures and improvements	33,584	15,685	49,269
Equipment	268	86	354
Less accumulated depreciation	<u>(11,464)</u>	<u>(7,561)</u>	<u>(19,025)</u>
Total capital assets	<u>29,848</u>	<u>9,544</u>	<u>39,392</u>
Total noncurrent assets	<u>29,848</u>	<u>9,544</u>	<u>39,392</u>
Total assets	<u>33,533</u>	<u>10,396</u>	<u>43,929</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension-related items	442	135	577
OPEB-related items	40	13	53
Total deferred outflows of resources	<u>482</u>	<u>148</u>	<u>630</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	265	6	271
Accrued interest payable	7	98	105
Accrued salaries and benefits	52	15	67
Due to other funds	1	-	1
Unearned revenues	14	-	14
Deposits	1	3	4
Notes payable - current	362	66	428
Compensated absences - current	<u>49</u>	<u>4</u>	<u>53</u>
Total current liabilities	<u>751</u>	<u>192</u>	<u>943</u>
Noncurrent liabilities:			
Net pension liability - noncurrent	693	224	917
Net OPEB liability - noncurrent	143	48	191
Notes payable - noncurrent	-	2,243	2,243
Compensated absences - noncurrent	<u>62</u>	<u>-</u>	<u>62</u>
Total noncurrent liabilities	<u>898</u>	<u>2,515</u>	<u>3,413</u>
Total liabilities	<u>1,649</u>	<u>2,707</u>	<u>4,356</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension-related items	7	2	9
OPEB-related items	<u>96</u>	<u>32</u>	<u>128</u>
Total deferred inflows of resources	<u>103</u>	<u>34</u>	<u>137</u>
<b>NET POSITION</b>			
Net investment in capital assets	29,486	7,235	36,721
Unrestricted	<u>2,777</u>	<u>568</u>	<u>3,345</u>
Total net position	<u>\$ 32,263</u>	<u>\$ 7,803</u>	<u>\$ 40,066</u>

**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, 2018**  
**(In Thousands)**

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services	\$ 71	\$ 1,396	\$ 1,467
Rent and concessions	3,961	24	3,985
Miscellaneous	<u>257</u>	<u>-</u>	<u>257</u>
Total operating revenues	<u>4,289</u>	<u>1,420</u>	<u>5,709</u>
<b>Operating expenses:</b>			
Salaries and benefits	1,171	343	1,514
Pension expense	153	37	190
OPEB expense	29	10	39
General and administrative	2,551	1,451	4,002
Depreciation and amortization	<u>591</u>	<u>314</u>	<u>905</u>
Total operating expenses	<u>4,495</u>	<u>2,155</u>	<u>6,650</u>
Operating loss	<u>(206)</u>	<u>(735)</u>	<u>(941)</u>
<b>Nonoperating revenues (expenses):</b>			
State and federal grants	1,095	-	1,095
Investment income	37	9	46
Interest expense	<u>(27)</u>	<u>(108)</u>	<u>(135)</u>
Total nonoperating revenues (expenses)	<u>1,105</u>	<u>(99)</u>	<u>1,006</u>
Income (loss) before transfers	899	(834)	65
Transfers in	2,985	-	2,985
Transfers out	<u>(15)</u>	<u>-</u>	<u>(15)</u>
<b>Change in net position</b>	3,869	(834)	3,035
Net position - beginning, as previously reported	28,787	8,825	37,612
Cumulative effect of accounting change	<u>(393)</u>	<u>(188)</u>	<u>(581)</u>
Net position - beginning, as restated	<u>28,394</u>	<u>8,637</u>	<u>37,031</u>
Net position - end	<u>\$ 32,263</u>	<u>\$ 7,803</u>	<u>\$ 40,066</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	Airports	Coyote Point Marina	Total
<b>Cash flows from operating activities</b>			
Cash receipts from customers	\$ 4,432	\$ 1,417	\$ 5,849
Cash paid to suppliers of goods and services	(2,374)	(1,459)	(3,833)
Cash paid to employees for services	(1,394)	(437)	(1,831)
Net cash provided by (used in) operating activities	<u>664</u>	<u>(479)</u>	<u>185</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers received from other funds	185	-	185
Transfers paid to other funds	(15)	-	(15)
State and federal grants receipts	1,095	-	1,095
Net cash provided by noncapital financing activities	<u>1,265</u>	<u>-</u>	<u>1,265</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	(1,512)	-	(1,512)
Principal paid on long-term liabilities	(346)	(63)	(409)
Interest paid on long-term liabilities	(33)	(111)	(144)
Net cash provided by (used in) capital and related financing activities	<u>(1,891)</u>	<u>(174)</u>	<u>(2,065)</u>
<b>Cash flows from investing activities</b>			
Investment income received	26	10	36
Net cash provided by investing activities	<u>26</u>	<u>10</u>	<u>36</u>
Net change in cash and cash equivalents	64	(643)	(579)
Cash and cash equivalents, beginning	3,463	1,460	4,923
Cash and cash equivalents, end	<u>\$ 3,527</u>	<u>\$ 817</u>	<u>\$ 4,344</u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>			
<b>Operating loss</b>	\$ (206)	\$ (735)	\$ (941)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	591	314	905
Decrease (increase) in:			
Accounts receivable	(6)	(3)	(9)
Due from other governmental agencies	151	-	151
Other assets	(6)	(2)	(8)
Increase (decrease) in:			
Accounts payable	183	(6)	177
Accrued salaries and benefits	2	(1)	1
Unearned revenues	(2)	-	(2)
Net pension liability	(70)	(19)	(89)
Net OPEB liability	(75)	(24)	(99)
Compensated absences	13	(33)	(20)
Deferred inflows of resources	89	30	119
Net cash provided by (used in) operating activities	<u>\$ 664</u>	<u>\$ (479)</u>	<u>\$ 185</u>
Supplemental disclosure of noncash noncapital financing activities:			
Capital contributions to Airports	\$ 2,800	\$ -	\$ 2,800





## 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, 2018**  
**(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	\$ 16,599	\$ 31	\$ 20,054	\$ 1,617	\$ 3,769	\$ 22,540	\$ 64,610
Receivables (net):							
Accounts	5	51	80	-	16	273	425
Interest	74	-	97	8	13	81	273
Due from other funds	-	21	-	-	-	-	21
Due from other governmental agencies	3	-	-	-	-	2,533	2,536
Inventories	74	-	-	-	-	-	74
Other assets	9	6	868	-	2,408	-	3,291
Total current assets	<u>16,764</u>	<u>109</u>	<u>21,099</u>	<u>1,625</u>	<u>6,206</u>	<u>25,427</u>	<u>71,230</u>
Noncurrent assets:							
Capital assets:							
Nondepreciable:							
Construction in progress	198	-	-	-	-	-	198
Depreciable:							
Structures and improvements	1,065	-	-	-	-	-	1,065
Equipment	26,745	24	-	-	-	-	26,769
Software	9	-	-	-	-	-	9
Less accumulated depreciation	(20,781)	(24)	-	-	-	-	(20,805)
Total capital assets	<u>7,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,236</u>
Total noncurrent assets	<u>7,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,236</u>
Total assets	<u>24,000</u>	<u>109</u>	<u>21,099</u>	<u>1,625</u>	<u>6,206</u>	<u>25,427</u>	<u>78,466</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Pension-related items	561	474	-	-	-	-	1,035
OPEB-related items	57	44	-	-	-	-	101
Total deferred outflows of resources	<u>618</u>	<u>518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,136</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	213	34	121	-	1,491	467	2,326
Accrued salaries and benefits	54	54	-	11	-	-	119
Due to other funds	-	1	7	8	14	275	305
Unearned revenues	-	8	129	-	68	-	205
Deposits	94	-	-	-	-	-	94
Compensated absences - current	66	72	-	-	-	-	138
Estimated claims - current	-	-	15,083	182	1,743	1,221	18,229
Total current liabilities	<u>427</u>	<u>169</u>	<u>15,340</u>	<u>201</u>	<u>3,316</u>	<u>1,963</u>	<u>21,416</u>
Noncurrent liabilities:							
Advances from other funds	-	804	-	-	-	-	804
Net pension liability - noncurrent	911	817	-	-	-	-	1,728
Net OPEB liability - noncurrent	206	159	-	-	-	-	365
Compensated absences - noncurrent	54	21	-	-	-	-	75
Estimated claims - noncurrent	-	-	34,394	521	3,054	-	37,969
Total noncurrent liabilities	<u>1,171</u>	<u>1,801</u>	<u>34,394</u>	<u>521</u>	<u>3,054</u>	<u>-</u>	<u>40,941</u>
Total liabilities	<u>1,598</u>	<u>1,970</u>	<u>49,734</u>	<u>722</u>	<u>6,370</u>	<u>1,963</u>	<u>62,357</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Pension-related items	19	9	-	-	-	-	28
OPEB-related items	138	106	-	-	-	-	244
Total deferred inflows of resources	<u>157</u>	<u>115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272</u>
<b>NET POSITION</b>							
Net investment in capital assets	7,236	-	-	-	-	-	7,236
Unrestricted	15,627	(1,458)	(28,635)	903	(164)	23,464	9,737
Total net position	<u>\$ 22,863</u>	<u>\$ (1,458)</u>	<u>\$ (28,635)</u>	<u>\$ 903</u>	<u>\$ (164)</u>	<u>\$ 23,464</u>	<u>\$ 16,973</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, 2018**  
**(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	\$ 7,699	\$ 1,645	\$ 16,509	\$ 960	\$ 7,398	\$ 117,468	\$ 151,679
Miscellaneous	140	13	263	14	3,960	57	4,447
Total operating revenues	<u>7,839</u>	<u>1,658</u>	<u>16,772</u>	<u>974</u>	<u>11,358</u>	<u>117,525</u>	<u>156,126</u>
<b>Operating expenses:</b>							
Salaries and benefits	1,227	1,228	-	-	-	-	2,455
Pension expense	196	159	-	-	-	-	355
OPEB expense	42	33	-	-	-	-	75
General and administrative	2,769	370	3,131	796	2,618	5,519	15,203
Benefits and claims	-	-	13,467	-	6,927	9,450	29,844
Insurance premiums	-	-	1,373	-	4,885	103,928	110,186
Depreciation	1,490	-	-	-	-	-	1,490
Total operating expenses	<u>5,724</u>	<u>1,790</u>	<u>17,971</u>	<u>796</u>	<u>14,430</u>	<u>118,897</u>	<u>159,608</u>
Operating income (loss)	<u>2,115</u>	<u>(132)</u>	<u>(1,199)</u>	<u>178</u>	<u>(3,072)</u>	<u>(1,372)</u>	<u>(3,482)</u>
<b>Nonoperating expenses</b>							
Investment income	180	-	237	21	27	204	669
Total nonoperating expenses	<u>180</u>	<u>-</u>	<u>237</u>	<u>21</u>	<u>27</u>	<u>204</u>	<u>669</u>
Income (loss) before transfers	2,295	(132)	(962)	199	(3,045)	(1,168)	(2,813)
Transfers in	66	-	-	-	-	-	66
Transfers out	(1)	(8)	-	-	(21)	-	(30)
<b>Change in net position</b>	2,360	(140)	(962)	199	(3,066)	(1,168)	(2,777)
Net position - beginning, as previously reported	<u>21,044</u>	<u>(642)</u>	<u>(27,673)</u>	<u>704</u>	<u>2,902</u>	<u>24,632</u>	<u>20,967</u>
Cumulative effect of accounting change	<u>(541)</u>	<u>(676)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,217)</u>
Net position - beginning, as restated	<u>20,503</u>	<u>(1,318)</u>	<u>(27,673)</u>	<u>704</u>	<u>2,902</u>	<u>24,632</u>	<u>19,750</u>
Net position - end	<u>\$ 22,863</u>	<u>\$ (1,458)</u>	<u>\$ (28,635)</u>	<u>\$ 903</u>	<u>\$ (164)</u>	<u>\$ 23,464</u>	<u>\$ 16,973</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	Fleet Maintenance	Tower Construction	Workers' Compensation Insurance	Long-Term Disability
<b>Cash flows from operating activities</b>				
Cash received from interfund services provided	\$ 7,826	\$ 1,601	\$ 16,659	\$ 974
Cash payment to suppliers of goods and services	(2,624)	(349)	(4,458)	(791)
Cash payment to employees for services	(1,532)	(1,478)	-	-
Cash payment for judgments and claims	-	-	(11,978)	(394)
Net cash provided by (used in) operating activities	<u>3,670</u>	<u>(226)</u>	<u>223</u>	<u>(211)</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers received from other funds	66	-	-	-
Transfers paid to other funds	(1)	(8)	-	-
Loan to other funds	-	(1)	-	-
Net cash provided by (used in) noncapital financing activities	<u>65</u>	<u>(9)</u>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition of capital assets	(4,227)	-	-	-
Net cash used in capital and related financing activities	<u>(4,227)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>				
Investment income received	149	1	198	19
Net cash provided by investing activities	<u>149</u>	<u>1</u>	<u>198</u>	<u>19</u>
Net increase (decrease) in cash and cash equivalents	(343)	(234)	421	(192)
Cash and cash equivalents, beginning	16,942	265	19,633	1,809
Cash and cash equivalents, end	<u>\$ 16,599</u>	<u>\$ 31</u>	<u>\$ 20,054</u>	<u>\$ 1,617</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
<b>Operating income (loss)</b>	\$ 2,115	\$ (132)	\$ (1,199)	\$ 178
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,490	-	-	-
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(1)	(31)	(80)	-
Due from other funds	-	(20)	-	-
Due from other government agencies	(3)	-	-	-
Inventories	2	-	-	-
Other assets	(9)	(6)	(33)	-
Deferred outflows of resources	94	107	-	-
Increase (decrease) in:				
Accounts payable	144	13	61	(3)
Accrued salaries and benefits	8	2	-	-
Due to other funds	(1)	-	7	8
Unearned revenues	-	8	(22)	-
Net pension liability	(142)	(139)	-	-
Net OPEB liability	(165)	(126)	-	-
Estimated claims	-	-	1,489	(394)
Deferred inflows of resources	138	98	-	-
Net cash provided by (used in) operating activities	<u>\$ 3,670</u>	<u>\$ (226)</u>	<u>\$ 223</u>	<u>\$ (211)</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	Personal Injury and Property Damage	Employee Benefits	Total	
	\$ 12,321	\$ 117,528	\$ 156,909	<b>Cash flows from operating activities</b>
	(6,150)	(109,275)	(123,647)	Cash received from interfund services provided
	-	-	(3,010)	Cash payment to suppliers of goods and services
	(5,964)	(9,005)	(27,341)	Cash payment to employees for services
	207	(752)	2,911	Cash payment for judgments and claims
				Net cash provided by (used in) operating activities
				<b>Cash flows from noncapital financing activities</b>
	-	-	66	Transfers received from other funds
	(21)	-	(30)	Transfers paid to other funds
	-	-	(1)	Loan to other funds
	(21)	-	35	Net cash provided by (used in) noncapital financing activities
				<b>Cash flows from capital and related financing activities</b>
	-	-	(4,227)	Acquisition of capital assets
	-	-	(4,227)	Net cash used in capital and related financing activities
				<b>Cash flows from investing activities</b>
	25	172	564	Investment income received
	25	172	564	Net cash provided by investing activities
	211	(580)	(717)	Net increase (decrease) in cash and cash equivalents
	3,558	23,120	65,327	Cash and cash equivalents, beginning
	<u>\$ 3,769</u>	<u>\$ 22,540</u>	<u>\$ 64,610</u>	Cash and cash equivalents, end
				<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>
	\$ (3,072)	\$ (1,372)	\$ (3,482)	<b>Operating income (loss)</b>
				Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:
	-	-	1,490	Depreciation
				Changes in operating assets and liabilities:
				Decrease (increase) in:
	(14)	308	182	Accounts receivable
	-	-	(20)	Due from other funds
	-	(305)	(308)	Due from other government agencies
	-	-	2	Inventories
	977	-	929	Other assets
	-	-	201	Deferred outflows of resources
				Increase (decrease) in:
	1,337	(103)	1,449	Accounts payable
	-	-	10	Accrued salaries and benefits
	14	275	303	Due to other funds
	2	-	(12)	Unearned revenues
	-	-	(281)	Net pension liability
	-	-	(291)	Net OPEB liability
	963	445	2,503	Estimated claims
	-	-	236	Deferred inflows of resources
	<u>\$ 207</u>	<u>\$ (752)</u>	<u>\$ 2,911</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, 2018**  
**(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	\$ 296,411	\$ 1,718,002	\$ 743,754	\$ 2,758,167
Interest receivable	1,294	7,728	3,693	12,715
Due from other governmental agencies	5,729	-	-	5,729
Other assets	108	3	-	111
Total assets	<u>303,542</u>	<u>1,725,733</u>	<u>747,447</u>	<u>2,776,722</u>
<b>LIABILITIES</b>				
Accounts payable	576	-	679	1,255
Due to other governmental agencies	-	1,201	-	1,201
Other liabilities	5,730	-	674	6,404
Total liabilities	<u>6,306</u>	<u>1,201</u>	<u>1,353</u>	<u>8,860</u>
<b>NET POSITION</b>				
Net position restricted for investment pool participants	<u>\$ 297,236</u>	<u>\$ 1,724,532</u>	<u>\$ 746,094</u>	<u>\$ 2,767,862</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Investment Trust Funds**  
**For the Fiscal Year Ended June 30, 2018**  
**(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	\$ 395,277	\$ 3,281,240	\$ 508,459	\$ 4,184,976
Net investment income:				
Net depreciation in fair value of investments	(1,058)	(5,705)	(2,486)	(9,249)
Investment income	3,769	22,493	77,277	103,539
Securities lending activities:				
Securities lending expenses	-	14	-	14
Total net investment income	2,711	16,802	74,791	94,304
Total additions	397,988	3,298,042	583,250	4,279,280
<b>DEDUCTIONS</b>				
Distribution from investment pool	348,838	3,351,923	646,542	4,347,303
<b>Change in net position</b>	49,150	(53,881)	(63,292)	(68,023)
Net position - beginning	248,086	1,778,413	809,386	2,835,885
Net position - end	\$ 297,236	\$ 1,724,532	\$ 746,094	\$ 2,767,862

**COUNTY OF SAN MATEO**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	Balance July 1, 2017	Addition	Deletion	Balance June 30, 2018
<b><u>COUNTY LIBRARY</u></b>				
Assets:				
Cash and investments	\$ 32,858	\$ 36,935	\$ 34,397	\$ 35,396
Interest receivable	84	157	84	157
Taxes receivable, net	1,668	1,743	1,668	1,743
Due from other governmental agencies	1,641	1,979	1,641	1,979
Other assets	4,136	2,222	2,300	4,058
Total assets	<u>\$ 40,387</u>	<u>\$ 43,036</u>	<u>\$ 40,090</u>	<u>\$ 43,333</u>
Liabilities:				
Fiduciary liabilities	<u>\$ 40,387</u>	<u>\$ 35,646</u>	<u>\$ 32,700</u>	<u>\$ 43,333</u>
Total liabilities	<u>\$ 40,387</u>	<u>\$ 35,646</u>	<u>\$ 32,700</u>	<u>\$ 43,333</u>
 <b><u>UNAPPORTIONED TAXES</u></b>				
Assets:				
Cash and investments	\$ 120,544	\$ 3,756,450	\$ 3,737,433	\$ 139,561
Interest receivable	265	523	265	523
Due from other governmental agencies	850	897	850	897
Total assets	<u>\$ 121,659</u>	<u>\$ 3,757,870</u>	<u>\$ 3,738,548</u>	<u>\$ 140,981</u>
Liabilities:				
Due to other governmental agencies	\$ 73,700	\$ 88,149	\$ 73,700	\$ 88,149
Fiduciary liabilities	47,959	3,119,097	3,114,224	52,832
Total liabilities	<u>\$ 121,659</u>	<u>\$ 3,207,246</u>	<u>\$ 3,187,924</u>	<u>\$ 140,981</u>
 <b><u>TRIAL COURTS OPERATION</u></b>				
Assets:				
Cash and investments	\$ 1,550	\$ 41,506	\$ 41,659	\$ 1,397
Interest receivable	2	6	3	5
Other assets	1,109	-	1	1,108
Total assets	<u>\$ 2,661</u>	<u>\$ 41,512</u>	<u>\$ 41,663</u>	<u>\$ 2,510</u>
Liabilities:				
Fiduciary liabilities	<u>\$ 2,661</u>	<u>\$ 27,309</u>	<u>\$ 27,460</u>	<u>\$ 2,510</u>
Total liabilities	<u>\$ 2,661</u>	<u>\$ 27,309</u>	<u>\$ 27,460</u>	<u>\$ 2,510</u>
 <b><u>PUBLIC ADMINISTRATOR</u></b>				
Assets:				
Cash and investments	\$ 13,350	\$ 18,998	\$ 19,736	\$ 12,612
Interest receivable	-	88	39	49
Other assets	2,986	16,109	6,078	13,017
Total assets	<u>\$ 16,336</u>	<u>\$ 35,195</u>	<u>\$ 25,853</u>	<u>\$ 25,678</u>
Liabilities:				
Due to other governmental agencies	\$ 33	\$ 44	\$ 33	\$ 44
Fiduciary liabilities	16,303	12,379	3,048	25,634
Total liabilities	<u>\$ 16,336</u>	<u>\$ 12,423</u>	<u>\$ 3,081</u>	<u>\$ 25,678</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2018**  
**(In Thousands)**

	Balance July 1, 2017	Addition	Deletion	Balance June 30, 2018
<b><u>PUBLIC GUARDIAN</u></b>				
Assets:				
Cash and investments	\$ 18,937	\$ 44,864	\$ 40,324	\$ 23,477
Interest receivable	56	119	73	102
Other assets	30,053	3,186	3,142	30,097
Total assets	<u>\$ 49,046</u>	<u>\$ 48,169</u>	<u>\$ 43,539</u>	<u>\$ 53,676</u>
Liabilities:				
Due to other governmental agencies	\$ 53	\$ 96	\$ 53	\$ 96
Fiduciary liabilities	48,993	28,967	24,380	53,580
Total liabilities	<u>\$ 49,046</u>	<u>\$ 29,063</u>	<u>\$ 24,433</u>	<u>\$ 53,676</u>
<b><u>OTHER AGENCY</u></b>				
Assets:				
Cash and investments	\$ 193,206	\$ 6,788,066	\$ 6,772,699	\$ 208,573
Interest receivable	611	1,214	766	1,059
Taxes receivable, net	153,254	167,873	157,751	163,376
Due from other governmental agencies	12,707	15,054	12,706	15,055
Other assets	1,883	2,057	2,041	1,899
Total assets	<u>\$ 361,661</u>	<u>\$ 6,974,264</u>	<u>\$ 6,945,963</u>	<u>\$ 389,962</u>
Liabilities:				
Due to other governmental agencies	\$ 90	\$ 33	\$ 91	\$ 32
Fiduciary liabilities	361,571	7,250,436	7,222,077	389,930
Total liabilities	<u>\$ 361,661</u>	<u>\$ 7,250,469</u>	<u>\$ 7,222,168</u>	<u>\$ 389,962</u>
<b><u>TOTALS</u></b>				
Assets:				
Cash and investments	\$ 380,445	\$ 10,686,819	\$ 10,646,248	\$ 421,016
Receivables:				
Interest	1,018	2,107	1,230	1,895
Taxes, net	154,922	169,616	159,419	165,119
Due from other governmental agencies	15,198	17,930	15,197	17,931
Other assets	40,167	23,574	13,562	50,179
Total assets	<u>\$ 591,750</u>	<u>\$ 10,900,046</u>	<u>\$ 10,835,656</u>	<u>\$ 656,140</u>
Liabilities:				
Due to other governmental agencies	\$ 73,876	\$ 88,322	\$ 73,877	\$ 88,321
Fiduciary liabilities	517,874	10,473,834	10,423,889	567,819
Total liabilities	<u>\$ 591,750</u>	<u>\$ 10,562,156</u>	<u>\$ 10,497,766</u>	<u>\$ 656,140</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.

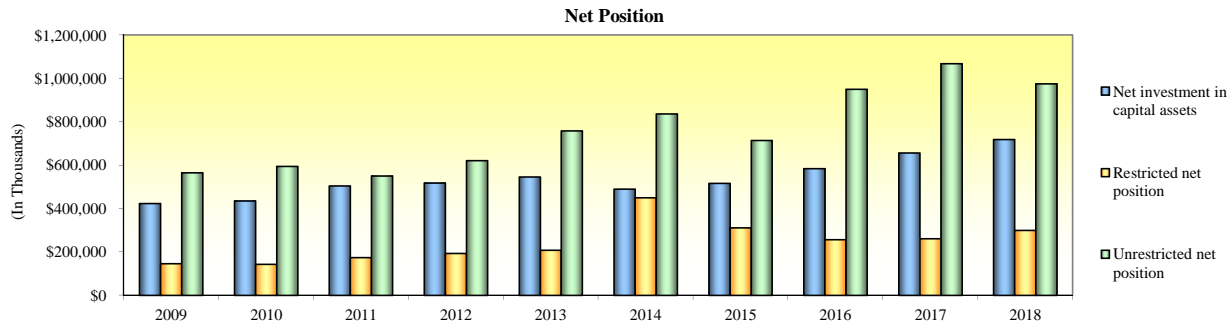
### **Operating Information**

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net investment in capital assets <sup>1</sup>	\$ 375,392	\$ 381,801	\$ 449,235	\$ 459,511	\$ 482,077	\$ 418,671	\$ 441,955	\$ 508,490	\$ 579,485	\$ 640,425
Restricted for:										
Government programs <sup>3</sup>	82,421	99,319	108,657	126,227	143,399	247,541	201,262	201,059	210,266	247,869
Capital projects	6,315	3,231	3,718	3,675	3,595	5,977	3,179	2,714	2,518	1,493
Debt service	46,504	40,605	61,056	60,863	60,726	195,628	105,907	52,451	47,752	49,130
Unrestricted	511,196	538,887	481,004	550,999	679,125	756,305	701,449	917,413	1,032,917	969,478
Subtotal governmental activities net position	1,021,828 <sup>4</sup>	1,063,843	1,103,670	1,201,275	1,368,922	1,624,122	1,453,752	1,682,127	1,872,938	1,908,395
<b>Business-type Activities</b>										
Net investment in capital assets	47,946	53,559	54,851	58,904	63,516	70,560	73,924	75,231	76,676	78,508
Restricted for:										
Housing assistance programs	10,263	444	1,095	1,886	-	-	84	-	-	1,383
Airport management by FAA	-	-	-	-	524	843	709	362	362	-
Fuel Dock 10 project	-	-	-	-	-	137	137	-	-	-
Unrestricted (Deficit)	53,741	55,625	69,588	69,816	78,690	79,936	12,685	32,816	34,911	6,229
Subtotal business-type activities net position	111,950	109,628	125,534	130,606	142,730	151,476	87,539	108,409	111,949	86,120
<b>Primary Government</b>										
Net investment in capital assets	423,338	435,360	504,086	518,415	545,593	489,231	515,879	583,721	656,161	718,933
Restricted for:										
Governmental programs	82,421	99,319	108,657	126,227	143,399	247,541	201,262	201,059	210,266	247,869
Capital projects	6,315	3,231	3,718	3,675	3,595	5,977	3,179	2,714	2,518	1,493
Debt service	46,504	40,605	61,056	60,863	60,726	195,628	105,907	52,451	47,752	49,130
Housing assistance programs	10,263	444	1,095	1,886	-	-	84	-	-	1,383
Airport management by FAA	-	-	-	-	524	843	709	362	362	-
Fuel Dock 10 project	-	-	-	-	-	137	137	-	-	-
Total restricted	145,503	143,599	174,526	192,651	208,244	450,126	311,278	256,586	260,898	299,875
Unrestricted	564,937	594,512	550,592	620,815	757,815	836,241	714,134	950,229	1,067,828	975,707
Total primary government net position <sup>2</sup>	\$ 1,133,778	\$ 1,173,471	\$ 1,229,204	\$ 1,331,881	\$ 1,511,652	\$ 1,775,598	\$ 1,541,291 <sup>5</sup>	\$ 1,790,536	\$ 1,984,887	\$ 1,994,515
Percent of increase (decrease) in primary government net position	15.49%	3.50%	4.75%	8.35%	13.50%	17.46%	-13.20%	16.17%	10.85%	0.49%



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> The FY2008-09's total primary government net position was restated to conform to the "retroactive adjustment" requirements under GASB Statement No. 53.
- <sup>5</sup> Decrease in total primary government net position is due to reporting net pension liability under GASB Statement Nos. 68 and 71.

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<u>Governmental activities:</u>										
General government	\$ 84,171	\$ 71,316	\$ 68,325	\$ 78,215	\$ 78,988	\$ 108,980	\$ 120,104	\$ 111,332	\$ 130,331	\$ 156,598
Public protection	297,357	308,208	329,087	330,062	337,059	353,458	321,375	357,729	403,393	409,330
Public ways and facilities	27,453	18,771	19,089	19,358	20,248	19,419	16,369	20,058	23,460	24,375
Health and sanitation	241,519	229,477	214,952	221,129	228,050	246,652	243,919	275,293	304,204	350,672
Public assistance	195,507	201,823	207,316	199,789	201,087	221,761	211,921	222,255	243,469	250,393
Recreation	8,704	9,316	9,608	8,538	8,621	10,420	11,537	13,171	15,483	16,252
Interest on long-term debt	19,677	15,829	18,185	16,841	16,292	16,351	22,980	22,187	19,068	17,691
Total governmental activities expenses	874,388	854,740	866,562	873,932	890,345	977,041	948,205	1,022,025	1,139,408	1,225,311
<u>Business-type activities:</u>										
San Mateo Medical Center	225,876	232,530	241,028	251,626	234,736	244,015	233,186	264,854	290,389	314,258
Airports	2,427	2,879	2,598	2,763	2,841	2,877	3,312	3,318	3,808	4,533
Coyote Point Marina	1,271	1,143	1,067	1,066	826	790	921	1,090	1,234	2,261
Housing Authority	63,029	65,919	68,728	70,553	70,578	71,052	68,016	72,783	82,567	89,191
Total business-type activities expenses	292,603	302,471	313,421	326,008	308,981	318,734	305,435	342,045	377,998	410,243
Total primary government expenses	\$ 1,166,991	\$ 1,157,211	\$ 1,179,983	\$ 1,199,940	\$ 1,199,326	\$ 1,295,775	\$ 1,253,640	\$ 1,364,070	\$ 1,517,406	\$ 1,635,554
<b>Program Revenues</b>										
<u>Governmental activities:</u>										
Charges for services										
General government	\$ 41,007	\$ 28,104	\$ 29,180	\$ 29,011	\$ 33,015	\$ 33,588	\$ 30,261	\$ 34,613	\$ 34,764	\$ 34,071
Public protection	29,314	32,776	36,881	35,478	35,822	34,680	35,191	36,755	35,998	37,529
Public ways and facilities	6,149	3,318	3,808	2,123	2,432	2,246	2,527	2,387	2,979	3,002
Health and sanitation	71,051	71,795	62,483	74,523	72,773	73,499	104,099	91,215	92,286	91,551
Public assistance	4,254	4,374	4,922	4,605	4,273	5,085	5,898	5,880	5,416	6,147
Recreation	1,791	2,054	1,641	2,253	2,028	1,983	1,649	2,238	2,531	2,906
Operating grants and contributions **	385,104	379,714	408,092	446,884	483,718	481,941	516,195	479,695	501,166	566,848
Capital grants and contributions	-	-	-	-	907	-	-	-	-	-
Total governmental activities program revenues	538,670	522,135	547,007	594,877	634,968	633,022	695,820	652,783	675,140	742,054
<u>Business-type activities:</u>										
Charges for services										
San Mateo Medical Center	126,039	131,370	121,074	124,285	173,494	183,861	195,904	227,104	239,908	270,519
Airports	2,503	2,609	2,771	2,589	2,505	2,712	2,674	3,833	3,812	4,032
Coyote Point Marina	1,108	1,064	1,132	1,198	1,000	977	1,089	1,103	1,196	1,420
Housing Authority	1,979	2,002	2,196	3,586	3,647	3,402	67,625	71,351	78,238	97,623
Operating grants and contributions	107,735	96,936	138,510	138,170	66,128	70,400	5,369	3,316	1,488	1,095
Capital grants and contributions	4,805	4,579	4,514	5,939	5,607	6,623	2,279	5,226	6,431	4,919
Total business-type activities program revenues	244,169	238,560	270,197	275,767	252,381	267,975	274,940	311,933	331,073	379,608
Total primary government program revenues	\$ 782,839	\$ 760,695	\$ 817,204	\$ 870,644	\$ 887,349	\$ 900,997	\$ 970,760	\$ 964,716	\$ 1,006,213	\$ 1,121,662
<b>Net Expense <sup>1</sup></b>										
Governmental activities	\$ (335,718)	\$ (332,605)	\$ (319,555)	\$ (279,055)	\$ (255,377)	\$ (344,019)	\$ (252,385)	\$ (369,242)	\$ (464,268)	\$ (483,257)
Business-type activities	(48,434)	(63,911)	(43,224)	(50,241)	(56,600)	(50,759)	(30,495)	(30,112)	(46,925)	(30,635)
Total primary government net expenses	\$ (384,152)	\$ (396,516)	\$ (362,779)	\$ (329,296)	\$ (311,977)	\$ (394,778)	\$ (282,880)	\$ (399,354)	\$ (511,193)	\$ (513,892)

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

Notes:

\*\* In prior years pass-through payments from redevelopment agencies were reported as part of the property tax revenues. Starting FY 2011-12 these payments were reported under "intergovernmental revenues" as operating grants.

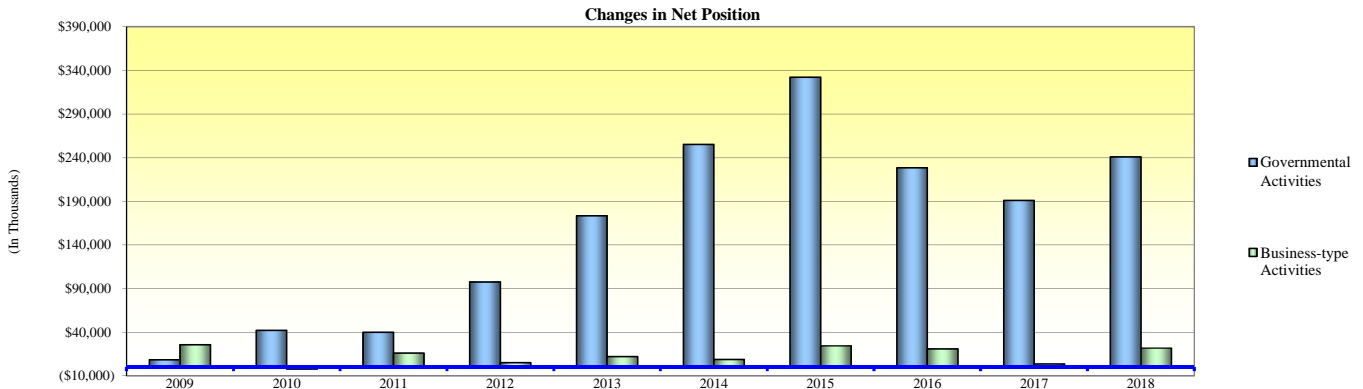
<sup>1</sup> Net expense is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses 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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Position</b>										
<u>Governmental activities:</u>										
Taxes:										
Property taxes	\$ 370,695	\$ 372,312	\$ 356,011	\$ 360,310	\$ 403,021	\$ 430,981	\$ 455,001	\$ 471,985	\$ 514,936	\$ 565,264
Property transfer taxes	3,842	4,829	5,018	5,651	6,725	8,747	10,333	9,978	10,088	11,008
Sales and use taxes	16,479	14,579	16,395	18,869	35,687	95,357	102,724	98,437	107,398	114,743
Property tax in-lieu of sales taxes	4,880	4,372	4,772	5,560	6,247	5,726	6,793	4,808	-	-
Transient occupancy taxes	1,016	966	928	1,221	1,172	1,519	1,527	1,490	1,749	2,160
Aircraft taxes	1,517	1,631	857	1,091	1,576	1,399	1,125	1,086	1,487	1,418
Vehicle rental business license tax	-	-	-	-	7,907	12,254	12,181	12,145	12,581	10,946
Other taxes	13	75	43	2	-	-	-	-	-	-
Unrestricted interest and investment earnings	(641) <sup>2</sup>	11,916	10,008	10,602	3,863	11,861	13,742	21,026	14,859	24,828
Securities lending activities:										
Securities lending income	375	47	34	-	-	-	-	-	-	-
Securities lending expenses	(291)	(38)	(29)	-	-	-	-	-	-	-
Miscellaneous	25,564	22,599	20,873	24,483	31,100	39,880	35,070	27,188	42,246	44,792
Special items	(8,139)	-	-	-	-	45,283	-	(603)	-	-
Transfers	(71,397)	(58,668)	(55,528)	(51,129)	(68,570)	(53,788)	(53,939)	(49,923)	(50,265)	(50,915)
Total governmental activities	343,913	374,620	359,382	376,660	428,728	599,219	584,557	597,617	655,079	724,244
<u>Business-type activities:</u>										
Unrestricted interest and investment earnings	(524)	235	279	372	173	170	333	776	(222)	156
Securities lending activities:										
Securities lending income	26	3	2	-	-	-	-	-	-	-
Securities lending expenses	(21)	(2)	(2)	-	-	-	-	-	-	-
Miscellaneous	3,149	2,685	3,323	3,812	2,787	5,547	502	283	422	1,271
Special item	-	-	-	-	(2,806)	-	-	-	-	-
Transfers	71,397	58,668	55,528	51,129	68,570	53,788	53,939	49,923	50,265	50,915
Total business-type activities	74,027	61,589	59,130	55,313	68,724	59,505	54,774	50,982	50,465	52,342
Total primary government	\$ 417,940	\$ 436,209	\$ 418,512	\$ 431,973	\$ 497,452	\$ 658,724	\$ 639,331	\$ 648,599	\$ 705,544	\$ 776,586
<b>Change in Net Position</b>										
Governmental activities	\$ 8,195	\$ 42,015	\$ 39,827	\$ 97,605	\$ 173,351	\$ 255,200	\$ 332,172	\$ 228,375	\$ 190,811	\$ 240,987
Business-type activities	25,593	(2,322)	15,906	5,072	12,124	8,746	24,279	20,870	3,540	21,707
Total primary government	\$ 33,788	\$ 39,693	\$ 55,733	\$ 102,677	\$ 185,475	\$ 263,946	\$ 356,451	\$ 249,245	\$ 194,351	\$ 262,694

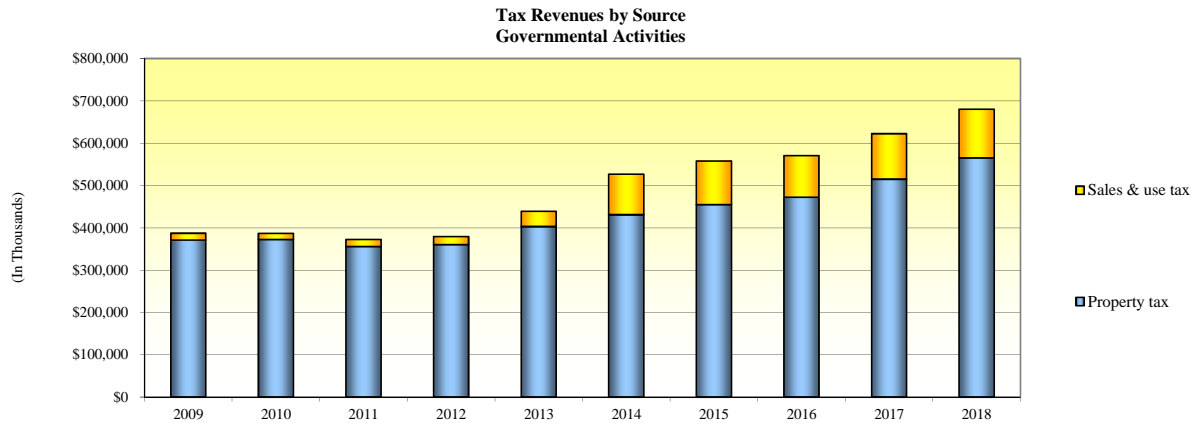


Notes:

<sup>2</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				Total
	Property *	Property Transfer	Sales and Use Taxes	in-lieu of Sales Tax	Business License Tax	Transient Occupancy	Aircraft	Other	
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	403,021	6,725	35,687 <sup>1</sup>	6,247	7,907 <sup>2</sup>	1,172	1,576	-	462,335
2014	430,981	8,747	95,357 <sup>3</sup>	5,726	12,254	1,519	1,399	-	555,983
2015	455,001	10,333	102,724	6,793	12,181	1,527	1,125	-	589,684
2016	471,985	9,978	98,437	4,808	12,145	1,490	1,086	-	599,929
2017	514,936	10,088	107,398	- <sup>4</sup>	12,581	1,749	1,487	-	648,239
2018	565,264	11,008	114,743	-	10,946	2,160	1,418	-	705,539
<b>Change</b>									
<b>2009 - 2018</b>	52.5%	186.5%	596.3%	-100.0%	n/a	112.6%	-6.5%	-100.0%	77.1%



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> 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>2</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>3</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>4</sup> In-lieu sales and use taxes (triple flip) was fully distributed from the State, thus ended the triple flip revenue.

n/a - not applicable

**COUNTY OF SAN MATEO**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*  
**(In Thousands)**

General Fund	As of June 30,									
	<u>2009</u> <sup>2</sup>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Nonspendable	\$ 7,154	\$ 10,666	\$ 12,099	\$ 27,124	\$ 28,517	\$ 31,031	\$ 35,269	\$ 33,905	\$ 40,106	\$ 46,198
Restricted	31,668	33,466	35,653	46,149	60,119	146,966	85,816	89,025	94,418	127,495
Committed	789	1,834	1,572	-	-	13,481	-	-	-	-
Assigned	38,583	92,881	1,763	4,590	6,190	4,410	1,623	6,584	10,235	9,860
Unassigned	179,281	146,759	194,868	231,286	342,146	380,110	641,961	744,315	791,121	835,779
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>	<u>764,669</u>	<u>873,829</u>	<u>935,880</u>	<u>1,019,332</u>
<b>All Other Governmental Funds</b>										
Nonspendable	588	352	410	354	343	362	347	464	709	718
Restricted	103,572	109,689	137,778	144,616	147,601	302,180	231,898	173,410	172,118	176,633
Committed	25,310	25,283	-	-	-	-	-	-	-	-
Assigned	15,926	15,281	14,567	12,725	15,730	95,372	95,239	107,192	100,162	96,646
Unassigned	-	-	-	-	(728)	-	(479)	(561)	(546)	(435)
Total all other governmental funds	<u>145,396</u>	<u>150,605</u>	<u>152,755</u>	<u>157,695</u>	<u>162,946</u>	<u>397,914</u>	<u>327,005</u>	<u>280,505</u>	<u>272,443</u>	<u>273,562</u>
<b>Total Governmental Funds<sup>1</sup></b>										
Nonspendable	7,742	11,018	12,509	27,478	28,860	31,393	35,616	34,369	40,815	46,916
Restricted	135,240	143,155	173,431	190,765	207,720	449,146	317,714	262,435	266,536	304,128
Committed	26,099	27,117	1,572	-	-	13,481	-	-	-	-
Assigned	54,509	108,162	16,330	17,315	21,920	99,782	96,862	113,776	110,397	106,506
Unassigned	179,281	146,759	194,868	231,286	341,418	380,110	641,482	743,754	790,575	835,344
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>	<u>\$ 1,091,674</u>	<u>\$ 1,154,334</u>	<u>\$ 1,208,323</u>	<u>\$ 1,292,894</u>

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

Notes:

<sup>1</sup> Governmental funds include general fund, special revenue funds, debt service funds, and capital projects funds.

<sup>2</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
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
<b>Revenues</b>											
Taxes *	\$ 391,006	\$ 401,382	\$ 389,130	\$ 381,743	\$ 453,666	\$ 554,773	\$ 587,811	\$ 605,521	\$ 641,998	\$ 695,359	77.84%
Licenses and permits	10,168	9,578	8,498	8,692	9,082	9,678	10,023	7,963	10,982	11,283	10.97%
Intergovernmental *	392,320	392,303	403,907	463,959	493,731	470,364	508,386	494,214	501,439	542,832	38.36%
Charges for services	115,807	107,466	112,039	118,445	114,940	140,023	176,654	161,243	153,387	163,242	40.96%
Fines, forfeitures and penalties	11,108	13,052	14,904	12,967	12,409	11,476	11,098	11,679	9,486	9,994	-10.03%
Rents and concessions	1,347	1,181	1,960	1,599	1,708	3,538	1,178	1,769	1,655	1,664	23.53%
Investment income (loss)	(860)	9,707	8,328	10,127	3,731	10,352	12,187	18,371	12,705	22,489	-2715.00%
Securities lending activities:											
Securities lending income	333	40	29	-	-	-	-	-	-	-	-100.00%
Securities lending expenditures	(257)	(32)	(25)	-	-	-	-	-	-	-	-100.00%
Other revenues	27,806	28,385	25,266	24,340	29,606	31,682	28,529	24,800	29,557	28,522	2.57%
Total revenues	<u>948,778</u>	<u>963,062</u>	<u>964,036</u>	<u>1,021,872</u>	<u>1,118,873</u>	<u>1,231,886</u>	<u>1,335,866</u>	<u>1,325,560</u>	<u>1,361,209</u>	<u>1,475,385</u>	55.50%
<b>Expenditures</b>											
Current:											
General government**	75,222	73,680	60,788	62,548	72,902	100,404	119,377	109,491	115,071	146,140	94.28%
Public protection**	288,697	290,931	323,469	335,123	328,862	342,040	358,412	387,217	399,087	409,443	41.82%
Public ways and facilities	26,672	18,171	18,512	18,906	19,599	18,910	16,790	20,284	22,225	23,575	-11.61%
Health and sanitation	237,758	238,572	211,873	221,383	222,494	243,850	258,824	287,217	305,386	354,334	49.03%
Public assistance	206,098	190,352	208,747	202,959	200,458	220,554	225,296	232,283	245,416	254,197	23.34%
Recreation	8,638	8,727	9,110	8,222	8,005	9,633	11,553	12,992	14,629	15,314	77.29%
Capital outlay	16,079	15,761	83,093	23,238	34,384	76,041	125,473	97,594	67,477	57,103	255.14%
Debt service:											
Principal	11,713	12,003	11,874	12,990	13,645	14,340	14,130	15,054	33,680	34,008	190.34%
Interest	16,991	16,145	18,562	17,542	16,914	16,278	24,377	22,926	20,622	20,080	18.18%
Payment to bond refunding escrow	778	4,454	-	-	-	1,085	-	9,758	-	-	100.00%
Bond issuance costs	1,328	1,094	-	-	-	1,042	-	1,506	-	-	100.00%
Bond insurance costs	-	-	-	-	-	-	-	7	16	16	100.00%
Total expenditures	<u>889,974</u>	<u>869,890</u>	<u>946,028</u>	<u>902,911</u>	<u>917,263</u>	<u>1,044,177</u>	<u>1,154,232</u>	<u>1,196,322</u>	<u>1,223,600</u>	<u>1,314,210</u>	47.67%
Excess of revenues over expenditures	<u>58,804</u>	<u>93,172</u>	<u>18,008</u>	<u>118,961</u>	<u>201,610</u>	<u>187,709</u>	<u>181,634</u>	<u>129,238</u>	<u>137,609</u>	<u>161,175</u>	174.09%
<b>Other financing sources (uses)</b>											
Loan proceeds	-	-	-	-	-	-	1,332	619	222	1,974	100.00%
Proceeds from sale of capital assets	2	2	5	23	3	3	-	9	33	3	50.00%
Issuance of refunding bonds	141,080	115,505	-	-	-	215,130	-	126,325	-	-	100.00%
Premium on lease revenue and revenue refunding bonds	1,703	8,438	-	-	-	27,308	-	18,690	-	-	100.00%
Payment to bond refunding escrow/agent	(148,972)	(124,860)	-	-	-	(39,155)	-	(143,364)	-	-	100.00%
Transfers in	85,614	72,613	131,685	75,426	85,919	168,487	89,486	133,978	135,225	153,067	78.79%
Transfers out	(157,011)	(131,530)	(187,199)	(126,276)	(154,458)	(222,542)	(144,690)	(183,297)	(185,500)	(204,018)	29.94%
Total other financing sources (uses)	<u>(77,584)</u>	<u>(59,832)</u>	<u>(55,509)</u>	<u>(50,827)</u>	<u>(68,536)</u>	<u>149,231</u>	<u>(53,872)</u>	<u>(47,040)</u>	<u>(50,020)</u>	<u>(48,974)</u>	-36.88%
<b>Change in fund balances before special item</b>	<u>(18,780)</u>	<u>33,340</u>	<u>(37,501)</u>	<u>68,134</u>	<u>133,074</u>	<u>336,940</u>	<u>127,762</u>	<u>82,198</u>	<u>87,589</u>	<u>112,201</u>	-697.45%
Special item	<u>(8,139)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,054</u>	<u>(10,000)</u>	<u>(19,538)</u>	<u>(33,600)</u>	<u>(27,630)</u> <sup>1</sup>	239.48%
<b>Net change in fund balances</b>	<u>\$ (26,919)</u>	<u>\$ 33,340</u>	<u>\$ (37,501)</u>	<u>\$ 68,134</u>	<u>\$ 133,074</u>	<u>\$ 373,994</u>	<u>\$ 117,762</u>	<u>\$ 62,660</u>	<u>\$ 53,989</u>	<u>\$ 84,571</u>	-414.17%
<b>Debt service as a percentage of noncapital expenditures</b>	3.28%	3.30%	3.53%	3.47%	3.46%	3.16%	3.74%	3.46%	4.70%	4.30%	

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.

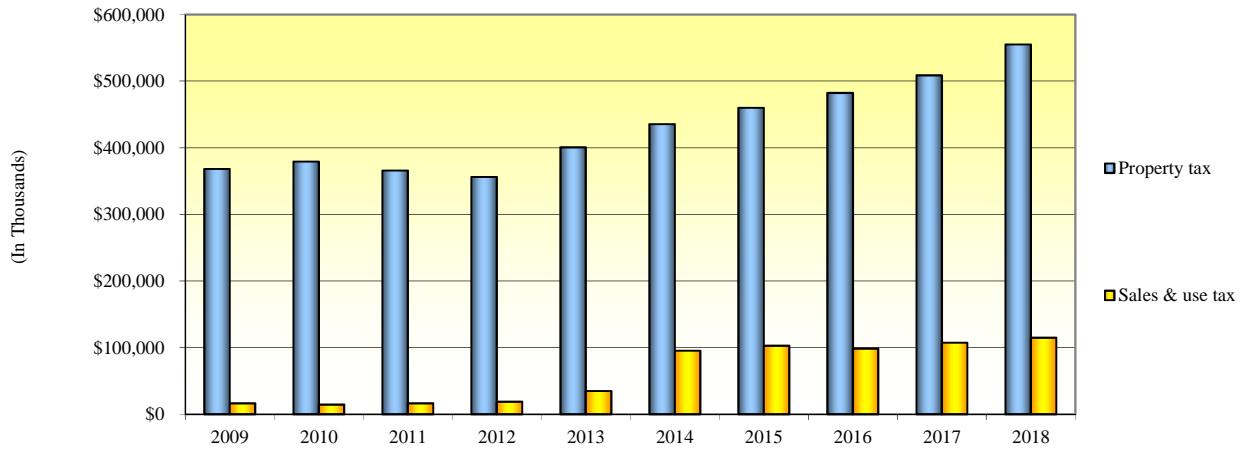
\*\* Historically, General Fund departments in various programs/functions moved their shares of debt service payments and 10% surcharges (as "program expenses") to a "general government" program (as "intrafund revenues"). This program then transferred the departments' contributions to the County's Debt 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 expenditures were recorded and reported in FY 2012-13.

<sup>1</sup> See discussions under Note 17 to the basic financial statements.

**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>
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	400,683	34,779 <sup>1</sup>	6,725	7,907 <sup>3</sup>	3,572 <sup>2</sup>	453,669
2014	435,497	95,357	8,747	12,254	2,918	554,773
2015	459,921	102,724	10,333	12,181	2,652	587,811
2016	482,385	98,437	9,978	12,145	2,576	605,521
2017	508,695	107,398	10,088	12,581	3,236	641,998
2018	555,084	114,743	11,008	10,946	3,578	695,359
<b>10 year % of change</b>	50.8%	596.3%	186.5%	100.0%	41.3%	77.8%

**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.

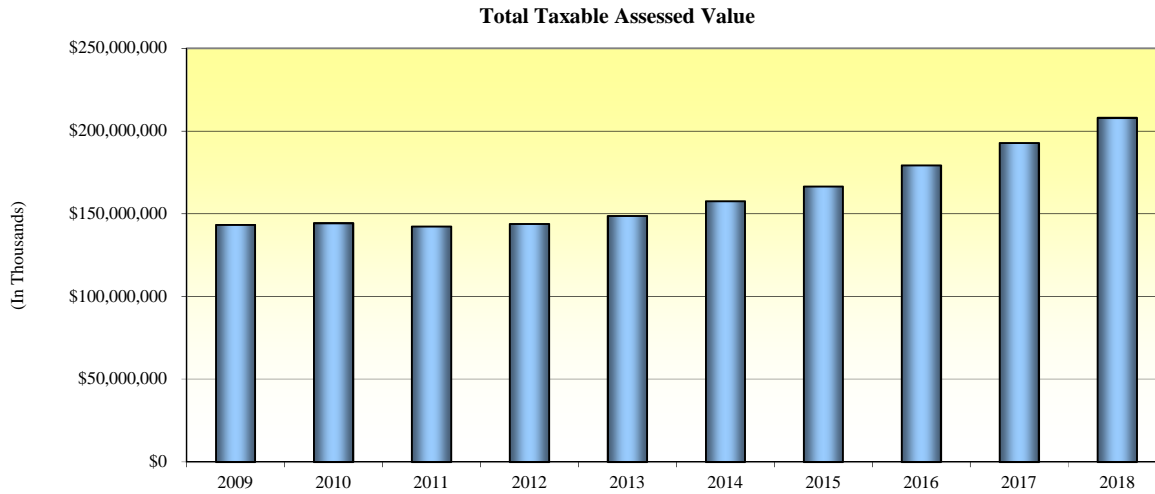
<sup>1</sup> The sharp increase in sales and use tax revenue is predominantly from the passage of Measure A, which increased the County's sales tax by half a cent for the next 10 years since its inception on April 1, 2013.

<sup>2</sup> The sizeable increase in other taxes is due primarily to the significant increases in Property Transfer Tax, and other taxes.

<sup>3</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.

**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>
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	8%	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	1%	1%
2014	156,221,561	6,389,447	5,036,955	157,574,053	6%	1%
2015	165,062,426	6,573,444	5,235,533	166,400,337	6%	1%
2016	177,738,379	6,972,721	5,501,611	179,209,489	8%	1%
2017	190,856,437	7,313,377	5,376,465	192,793,349	8%	1%
2018	205,112,738	8,339,059	5,492,569	207,959,228	8%	1%
<b>10 year % of Change</b>	46.98%	2.67%	26.52%	45.09%		



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<sup>3</sup></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>	
2009	1.0000	0.0010	0.0896	0.0047	1.0953
2010	1.0000	0.0010	0.0950	0.0043	1.1003
2011	1.0000	0.0010	0.1037	0.0042	1.1089
2012	1.0000	0.0009	0.1057	0.0042	1.1108
2013	1.0000	0.0009	0.1057	0.0042	1.1108
2014	1.0000	0.0009	0.1100	0.0039	1.1148
2015	1.0000	0.0008	0.1234	0.0037	1.1279
2016	1.0000	0.0011	0.1284	0.0032	1.1327
2017	1.0000	0.0010	0.1333	0.0029	1.1372
2018	1.0000	0.0010	0.1315	0.0027	1.1352

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.

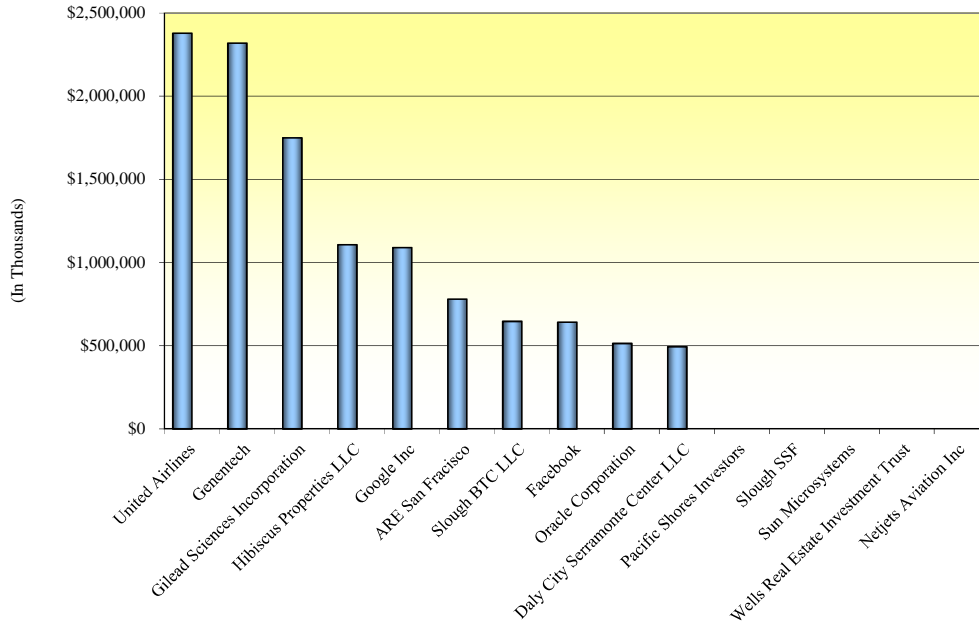
<sup>2</sup> These overlapping rates are in addition to the County rate, but only apply to taxpayers within the borders of the local special districts, schools, and cities that lie within the County.

<sup>3</sup> Data includes retroactive revisions based on corrections to the categorization and inclusion of certain property tax rates.

**COUNTY OF SAN MATEO**  
**Principal Property Assesseees**  
**As of January 1, 2018 and January 1, 2009**  
**(In Thousands)**

Assessee	Nature of Business	As of January 1, 2018			As of January 1, 2009		
		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
United Airlines	Air Carrier	\$ 2,378,080	1	1.14%	\$ 1,590,638	2	1.11%
Genentech	Biotechnology	2,318,860	2	1.12%	2,043,019	1	1.43%
Gilead Sciences Incorporation	Biopharmaceutical	1,749,805	3	0.84%	354,428	8	0.25%
Hibiscus Properties LLC	Technology	1,107,164	4	0.53%			
Google Inc	Technology	1,089,837	5	0.52%			
ARE San Francisco	Life Science	779,821	6	0.37%			
Slough BTC LLC	Lease	646,570	7	0.31%	546,250	3	0.38%
Facebook	Technology	641,305	8	0.31%			
Oracle Corporation	Software	513,385	9	0.25%	413,845	6	0.29%
Daly City Serramonte Center LLC	Retail	494,080	10	0.24%			
Pacific Shores Investors	Investment				506,399	4	0.35%
Slough SSF	Lease				465,349	5	0.32%
Sun Microsystems	Computer products				393,009	7	0.27%
Wells Real Estate Investment Trust	Real estate				310,934	9	0.22%
Netjets Aviation Inc	Aircraf				281,899	10	0.20%
<b>Total</b>		<b>\$ 11,718,907</b>		<b>5.64%</b>	<b>\$ 6,905,770</b>		<b>4.82%</b>

**Principal Property Assesseees**  
**As of January 1, 2018**



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

Notes:

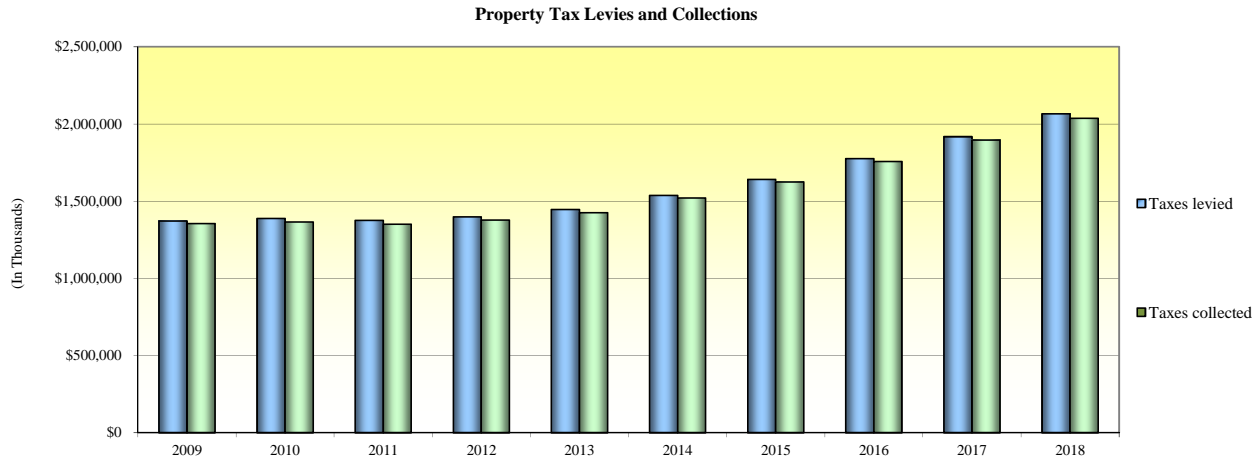
<sup>1</sup> Taxable assessed value includes both real and personal properties.

<sup>2</sup> Total taxable assessed value as of January 1, 2018, was about \$208 billion.



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

Fiscal Year	Total Tax Levy for the Fiscal Year					Collected within the Fiscal Year of the Levy		Total Collections to Date		
	General Levy <sup>1</sup>	Debt Service Levy <sup>2</sup>				Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
	Countywide	Local Special Districts	Schools	Cities	Total <sup>3</sup>					
2009	\$ 1,258,414	\$ 1,260	\$ 105,219	\$ 6,245	\$ 1,371,138	\$ 1,330,700	97.05%	\$ 23,940	\$ 1,354,640	98.80%
2010	1,266,790	1,241	113,505	5,899	1,387,435	1,356,844	97.80%	7,467	1,364,311	98.33%
2011	1,249,489	1,240	118,720	5,341	1,374,790	1,356,790	98.69%	(5,951)	1,350,839	98.26%
2012	1,260,617	1,233	130,692	5,349	1,397,891	1,377,958	98.57%	(768)	1,377,190	98.52%
2013	1,302,110	1,235	137,591	5,442	1,446,378	1,422,976	98.38%	2,506	1,425,482	98.56%
2014	1,378,449	1,233	151,643	5,362	1,536,687	1,518,582	98.82%	1,700	1,520,282	98.93%
2015	1,455,157	1,237	179,632	5,347	1,641,373	1,621,814	98.81%	2,431	1,624,245	98.96%
2016	1,566,828	1,716	201,131	5,051	1,774,726	1,752,829	98.77%	3,819	1,756,648	98.98%
2017	1,685,948	1,636	224,731	4,865	1,917,180	1,892,826	98.73%	2,920	1,895,746	98.88%
2018	1,819,432	1,897	239,323	4,880	2,065,532	2,035,654	98.55%	n/a	2,035,654	98.55%



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

Notes:

Data includes retroactive revisions based on corrections to the categorization and inclusion of certain property tax and debt service revenues.

<sup>1</sup> Figures show general tax dollars from secured, unsecured, homeowners, unitary and utility assessment rolls after tax shifts to schools.

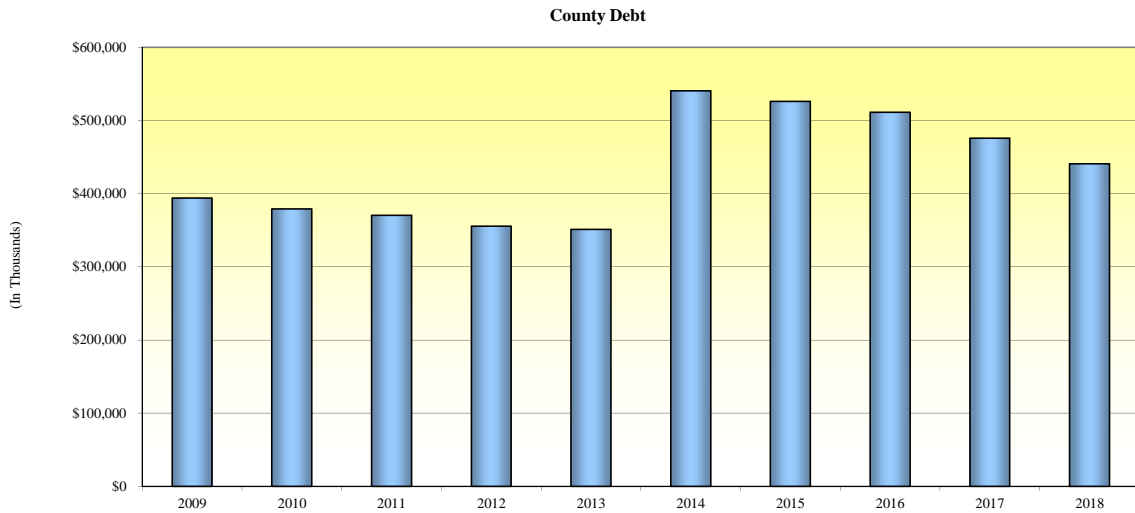
<sup>2</sup> Figures represent debt service levy for the local taxing agencies.

<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>	Revenue Refunding Bonds <sup>3</sup>	Notes Payable	Other Long-term Obligation	Subtotal	Notes Payable	Other Long-term Obligation	Subtotal			
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	0.59%	477
2014	513,149	21,914	-	124	1,486	536,673	3,865	-	3,865	540,538	0.78%	725
2015	498,063	21,488	-	-	2,293	521,844	4,000	-	4,000	525,844	0.70%	698
2016	483,331	-	21,409	-	2,947	507,687	3,511	-	3,511	511,198	0.63%	667
2017	448,318	-	20,638	-	2,613	471,569	3,116	1,158	4,274	475,843	n/a	618
2018	412,360	-	19,867	-	4,441	436,668	2,706	1,409	4,115	440,783	n/a	569



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 Master Facility Leases.
- <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.
- <sup>3</sup> In FY 2015-16, the San Mateo County Flood Control District issued \$21.5 million Revenue Refunding Bonds to refund the certificates of participation.

**COUNTY OF SAN MATEO**  
**Direct and Overlapping Debt**  
**As of June 30, 2018**  
**(In Thousands)**

Assessed valuation (including unitary utility valuation)	\$ 208,809,435		
Redevelopment Incremental Assessed Valuation	\$ 19,337,139		
<b>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</b>			
	<b>Debt</b>	<b>Estimated</b>	<b>Estimated</b>
	<b>Outstanding</b>	<b>Percentage</b>	<b>Share of</b>
		<b>Applicable<sup>1</sup></b>	<b>Overlapping</b>
			<b>Debt<sup>4</sup></b>
<b>Direct General Fund Obligation Debt</b>			
San Mateo County General Fund Obligations	\$ 412,360	100.00%	\$ 412,360
San Mateo County Flood Control District Revenue Refunding Bonds	19,867	100.00%	19,867
Other long-term obligations	4,441	100.00%	4,441
<b>Total direct debt</b>	<b>436,668</b>		<b>436,668</b>
<b>Overlapping General Fund Obligation Debt</b>			
<i>Cities</i>			
City of Brisbane General Fund and Pension Obligations	9,529	100.00%	9,529
City of Burlingame General Fund and Pension Obligations	21,075	100.00%	21,075
City of Daly City Pension Obligations	20,520	100.00%	20,520
City of Pacifica General Fund Obligations and Pension Obligations	24,715	100.00%	24,715
City of San Mateo General Fund Obligations	31,335	100.00%	31,335
Other City General Fund and Pension Obligations	31,912	100.00%	31,912
<i>Special Districts</i>			
Midpeninsula Regional Open Space Park General Fund Obligations	123,041	30.70%	37,772
Menlo Park Fire Protection District Certificates of Participation	10,485	100.00%	10,485
Highland Recreation District General Fund Obligations	2,671	100.00%	2,671
<i>School Districts</i>			
San Mateo County Board of Education Certificates of Participation	8,745	100.00%	8,745
South San Francisco Unified School District Certificates of Participation	3,833	100.00%	3,833
Jefferson Union High School District Certificates of Participation	971	100.00%	971
Burlingame School District General Fund Obligations	3,444	100.00%	3,444
Portola Valley School District Certificates of Participation	1,761	100.00%	1,761
San Bruno School District General Fund Obligations	3,475	100.00%	3,475
<b>Total overlapping general fund obligation debt</b>	<b>297,512</b>		<b>212,243</b>
<b>Overlapping Tax and Assessment Debt</b>			
<i>Cities</i>			
	51,565	100.00%	51,565
<i>Special Districts</i>			
Midpeninsula Open Space Park District	93,350	30.70%	28,658
Montara Sanitary District	10,015	100.00%	10,015
Community Facilities Districts	103,590	100.00%	103,590
1915 Act Bonds	12,365	100.00%	12,365
<i>School Districts</i>			
San Mateo Community College District	576,424	100.00%	576,424
Cabrillo Unified School District	57,816	100.00%	57,816
La Honda-Pescadero Unified School District	9,517	100.00%	9,517
South San Francisco School District	173,125	100.00%	173,125
Jefferson Union High School District	242,119	100.00%	242,119
San Mateo Union High School District	525,550	100.00%	525,550
Sequoia Union High School District	504,560	100.00%	504,560
Belmont-Redwood Shores School and School Facilities Improvement Districts	123,669	100.00%	123,669
Burlingame School District	124,377	100.00%	124,377
Hillsborough School District	69,062	100.00%	69,062
Jefferson School District	97,675	100.00%	97,675
Menlo Park City School District	115,934	100.00%	115,934
Millbrae School District	55,095	100.00%	55,095
Redwood City School District	145,251	100.00%	145,251
San Carlos School District	118,266	100.00%	118,266
San Mateo - Foster City School District	280,986	100.00%	280,986
Other School District	171,158	100.00%	171,158
<b>Total overlapping tax and assessment debt</b>	<b>3,661,469</b>		<b>3,596,777</b>
<b>Overlapping Tax Increment Debt</b>			
	182,132	100.00%	182,132
<b>Total overlapping debt</b>	<b>4,141,113</b>		<b>3,991,152</b>
<b>Total direct and overlapping debt</b>	<b>\$ 4,577,781<sup>2</sup></b>		<b>\$ 4,427,820</b>
Ratio of total direct and overlapping debt to adjusted assessed value:			
	2.19%		
Ratio of total overlapping tax increment debt to redevelopment incremental assessed value <sup>3</sup> of \$19,337,139			
	0.94%		

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.

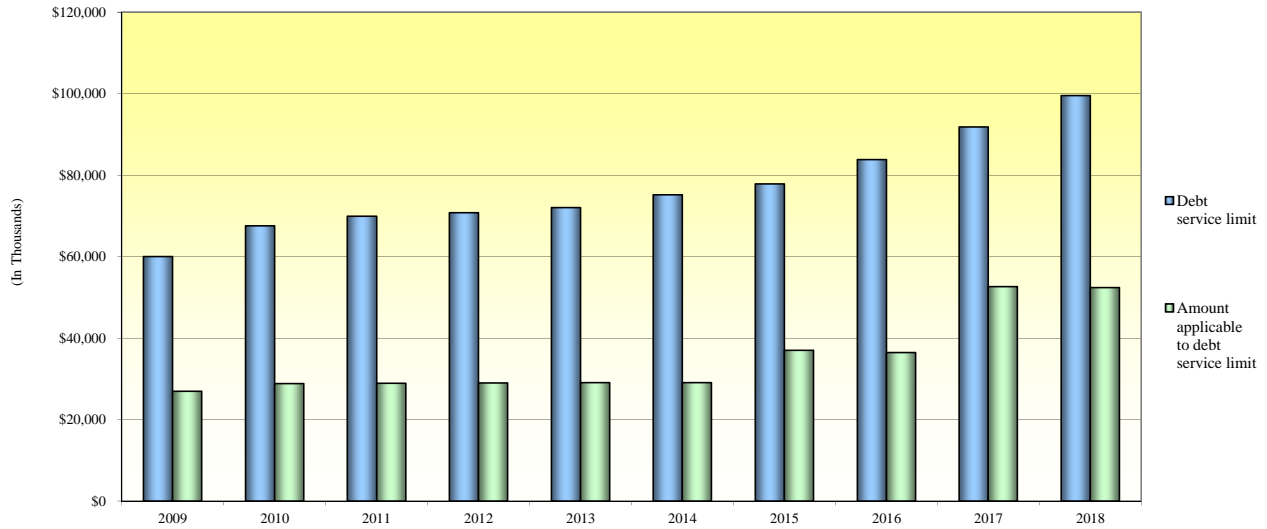
<sup>3</sup> Redevelopment incremental valuation refers to the difference between base year assessed value and current year assessed value of properties in areas designated for redevelopment.

<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)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Average Annual County budget <sup>1</sup> for the current and preceding four fiscal years</b>	\$ 1,501,054	\$ 1,689,809	\$ 1,747,657	\$ 1,768,913	\$ 1,800,809	\$ 1,878,770	\$ 1,946,229	\$ 2,095,976	\$ 2,295,408	\$ 2,487,914
<b>Legal debt service limit <sup>2</sup></b> 4% of average county annual budget for the current and preceding four fiscal years	60,042	67,592	69,906	70,757	72,032	75,151	77,849	83,839	91,816	99,517
Less: Amount applicable to debt service limit <sup>3</sup>	(26,940)	(28,847)	(28,904)	(28,996)	(29,065)	(29,086)	(36,996)	(36,436)	(52,661)	(52,384)
<b>Legal debt service margin</b>	<u>\$ 33,102</u>	<u>\$ 38,745</u>	<u>\$ 41,002</u>	<u>\$ 41,761</u>	<u>\$ 42,967</u>	<u>\$ 46,065</u>	<u>\$ 40,853</u>	<u>\$ 47,403</u>	<u>\$ 39,155</u>	<u>\$ 47,133</u>
<b>Legal debt service margin as a percentage of debt service limit</b>	55.13%	57.32%	58.65%	59.02%	59.65%	61.30%	52.48%	56.54%	42.65%	47.36%

**Legal Debt Service Limit**



Source: County's Adopted Budget Books

Notes:

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

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

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

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

**Purpose:** 1993 Lease Revenue Bonds  
 Defeased 1991 Certificates of Participation and financed the costs of a parking garage and jail.

**Funding Source:** General Fund and Criminal Justice Facilities Fund.

Fiscal Year	Available	Debt Service		Coverage ratio <sup>1</sup>
	Revenue	Principal	Interest	
2009	\$ 2,620	\$ -	\$ 2,909	0.90
2010	5,097	2,560	2,825	0.95
2011	5,085	2,720	2,654	0.95
2012	5,087	2,905	2,472	0.95
2013	5,073	3,085	2,276	0.95
2014	5,070	3,290	2,069	0.95
2015	5,064	3,505	1,848	0.95
2016	4,889	3,730	1,613	0.92
2017	4,886	3,975	1,234	0.94
2018	4,889	4,230	1,125	0.91

**Purpose:** 2009 Lease Revenue Bonds  
 Provided funds to refund a portion of outstanding 1997 Bonds and the outstanding 1999 Bonds, to pay for costs of issuance of the 2009 Bonds, and to pay for other costs relation to the refunding.

General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.

Fiscal Year	Available	Debt Service		Coverage ratio
	Revenue	Principal	Interest	
2009	\$ -	\$ -	\$ -	-
2010	-	-	-	-
2011	10,434	4,440	5,993	1.00
2012	10,486	5,200	5,286	1.00
2013	10,530	5,475	5,055	1.00
2014	10,569	5,765	4,804	1.00
2015	10,630	6,080	4,550	1.00
2016	10,644	6,350	4,294	1.00
2017	10,685	6,675	4,010	1.00
2018	9,844	6,145	3,699	1.00

**Purpose:** 2013 Lease Revenue Bonds

**Funding Source:** County departments occupying the facilities.

Fiscal Year	Available	Debt Service		Coverage ratio <sup>1</sup>
	Revenue	Principal	Interest	
2014	\$ 861	\$ -	\$ 861	1.00
2015	2,941	990	1,951	1.00
2016	3,073	1,155	1,918	1.00
2017	3,071	1,200	1,871	1.00
2018	3,066	1,250	1,816	1.00

**Purpose:** 2014 Lease Revenue 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.

County departments occupying the facilities.

Fiscal Year	Available	Debt Service		Coverage ratio
	Revenue	Principal	Interest	
2014	\$ -	\$ -	\$ -	n/a
2015	-	-	8,775	-
2016	8,079	-	8,079	1.00
2017	25,824	17,745	8,079	1.00
2018	25,453	18,085	7,368	1.00

**Purpose:** 2015 Revenue Refunding Bonds  
 To provide funds, together with other available moneys, (i) to refund its Certificates of Participation in the Colma Creek Flood Control Zone, and (ii) to pay issuance costs of the 2015 Bonds.

**Funding Source:** Colma Creek Flood Control District.

Fiscal Year	Available	Debt Service		Coverage ratio <sup>1</sup>
	Revenue	Principal	Interest	
2016	\$ -	\$ -	\$ 442	n/a
2017	-	-	-	n/a
2018	-	-	-	n/a

**Purpose:** 2016 Lease Revenue Bonds  
 To provide funds, together with other available moneys, (i) to refund outstanding 2008 Bonds to pay costs of issuance of the 2016 Bonds, and to pay costs relating to the refunding of the 2008 Bonds.

County departments occupying the facilities.

Fiscal Year	Available	Debt Service		Coverage ratio
	Revenue	Principal	Interest	
2016	\$ -	\$ -	\$ -	n/a
2017	7,744	3,375	4,369	n/a
2018	7,741	3,290	4,451	n/a

Sources:

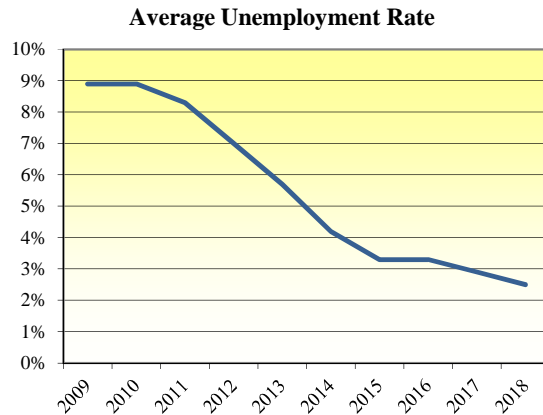
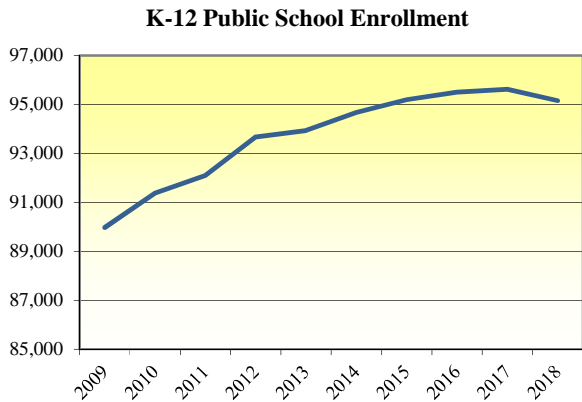
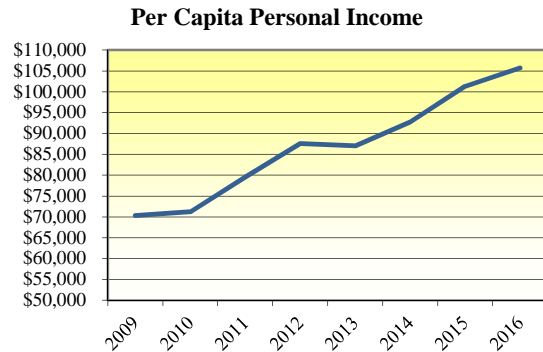
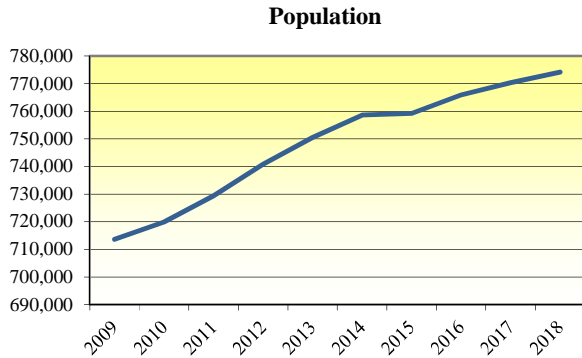
Available revenue - per contributions from responsible departments.  
 Principal and interest - per debt service schedules.

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>
2009	713,617	\$ 50,175	\$ 70,311	38.9	89,971	8.9% <sup>6</sup>
2010	719,951	51,264	71,204	39.3	91,371	8.9%
2011	729,425	57,965	79,465	39.4	92,097	8.3%
2012	740,738	64,765	87,523	39.6	93,674	7.0%
2013	750,489	65,193	87,045	39.3	93,931	5.7%
2014	758,581	70,202	92,759	39.4	94,667	4.2%
2015	759,155	77,284	101,264	39.8	95,187	3.3%
2016	765,895	80,855	105,721	39.5	95,502	3.3%
2017	770,256	n/a	n/a	39.9	95,620	2.9%
2018	774,155	n/a	n/a	n/a	95,155	2.5%



**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.

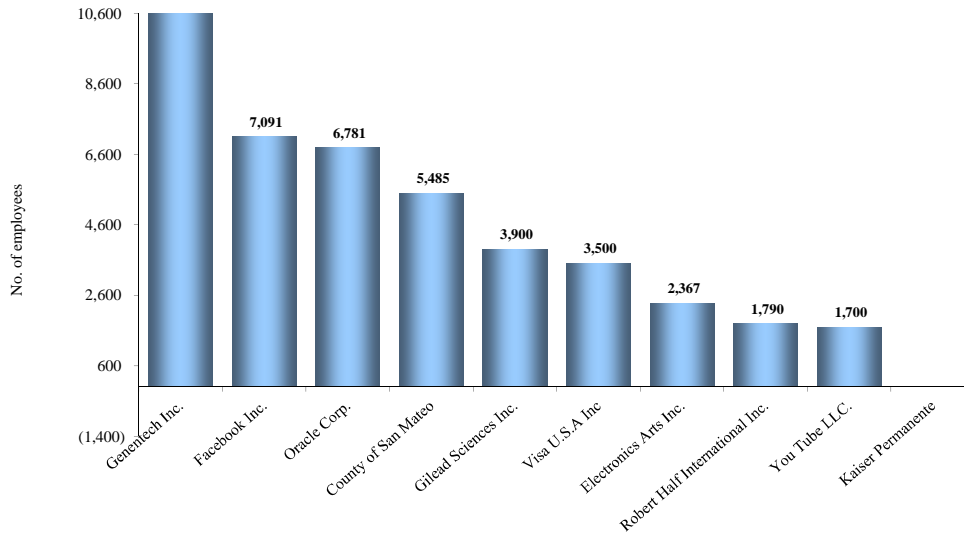
**Note:**

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 2017 and Year 2009**

Employer	Business Type	2017 <sup>1</sup>			2009		
		Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
United Airlines	Airline	12,000	1	2.74%			
Genentech Inc.	Biotechnology	11,000	2	2.51%	8,800	1	2.60%
Facebook Inc.	Social Network	7,091	3	1.62%			
Oracle Corp.	Hardware and Software	6,781	4	1.55%	5,642	2	1.66%
County of San Mateo	Government	5,485	5	1.25%	5,179	3	1.53%
Gilead Sciences Inc.	Biotechnology	3,900	6	0.89%	1,480	10	0.44%
Visa U.S.A Inc	Global Payment Technology	3,500	7	0.80%			
Electronics Arts Inc.	Interactive Entertainment	2,367	8	0.54%	2,000	6	0.59%
Robert Half International Inc.	Professional Staffing Services	1,790	9	0.41%			
You Tube LLC.	Online Video Streaming Platform	1,700	10	0.39%			
Kaiser Permanente	Health Care				3,790	4	1.12%
Mills-Peninsula Health Services	Health Care				2,500	5	0.74%
United States Postal Service	Postal Service				1,964	7	0.58%
San Mateo Community College District	Public Education				1,800	8	0.53%
SLAC National Accelerator Laboratory	Scientific Research				1,650	9	0.49%
<b>Total</b>		<b>55,614</b>		<b>9.97%</b>	<b>34,805</b>		<b>10.28%</b>

**Principal Employers  
Year 2017**



Source: San Francisco Business Times - 2018 Book of Lists.  
California Employment Development Department

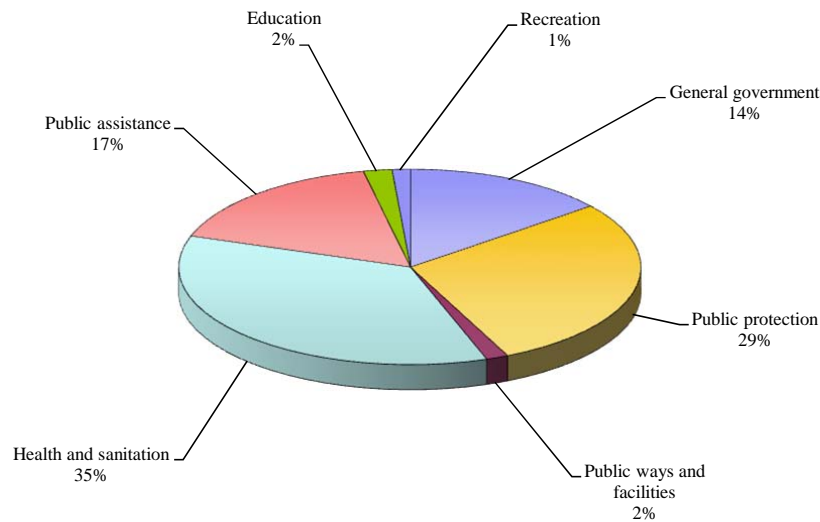
Notes:

<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**

<b>Function</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
General government	801	774	740	736	700	704	706	746	762	796
Public protection	1,452	1,432	1,423	1,389	1,422	1,454	1,531	1,545	1,581	1,606
Public ways and facilities	96	96	90	85	86	86	85	92	86	86
Health and sanitation	2,142	2,022	1,995	1,932	1,802	1,851	1,906	1,961	1,955	1,976
Public assistance	1,041	960	887	890	931	979	915	921	924	924
Education	113	114	-	112	108	108	109	110	109	111
Recreation	57	52	52	51	49	59	57	64	68	71
Total full-time equivalent employees <sup>1</sup>	5,702	5,450	5,187	5,195	5,098	5,241	5,309	5,439	5,485	5,570

**Full-time Equivalent County Employees by Function**  
**As of June 30, 2018**



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 2016-2017**

<b>Function</b> <sup>1</sup>	<b>Fiscal Year</b> <sup>2</sup>	
	<b>2016</b>	<b>2017</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 post-litigation survey respondents rating services	100%	95%
<i>Treasurer Tax Collector</i>		
Dollar earnings in County pool due to investments	\$41M	\$51M
<b><u>Public Protection</u></b>		
<i>District Attorney</i>		
Percent of clients rating victim services as good or better	92%	81%
<i>Private Defender Program</i>		
Number of criminal arraignments, both limited and general jurisdiction	18,852	22,892
<i>Sheriff's Office</i>		
<i>Forensic Laboratory</i>		
Percent of customers rating forensic laboratory services as good or better	98%	95%
<i>Patrol Bureau</i>		
Average response time for urban / rural areas	5:04	5:17
Number of life endangering interventions on railway system	42	36
<i>Investigations Bureau</i>		
Annual clearance rates of violent crimes	52%	55%
<i>Maguire Correctional Facility</i>		
Number of persons booked into custody	15,194	14,614
<i>Court Security and Transportation Services</i>		
Number of inmates transported annually per deputy	2,123	2,575
<i>Probation Department</i>		
<i>Adult Services</i>		
Percent of adult probationers completing probation without a new sustained law violation	78%	78%
<i>Juvenile Services</i>		
Percent of juvenile probationers completing probation without new sustained law violations	86%	81%
<i>Institutions Services</i>		
Percent of Youth successfully completing the Community Care Program	90%	93%
<i>Coroner's Office</i>		
Percent of survey respondents rating services good or better	90%	90%
<b><u>Public Ways and Facilities</u></b>		
<i>Department of Public Works</i>		
<i>Facilities Services</i>		
Percent of facilities with Facilities Condition	49%	n/a
<i>Facilities Condition Measure</i>		
<sup>3</sup> Office/Other Building	6.5	6.4
<sup>3</sup> Detention	3.3	4.0
<sup>3</sup> Health/Hospitals	4.9	5.1
<i>Construction Services</i>		
Percent of jobs completed within budget/schedule	100%	100%
<i>Utilities</i>		
Number of resolved sewer/sanitation district customer requests related to sewer lateral back-ups	573	594

Source: County's Adopted Budget for FY 2017-18

n/a - not applicable

<sup>1</sup> Functions/programs operate by the County.

<sup>2</sup> The County continuously develops and updates new set of performance measures every year.

<sup>3</sup> The latest information available for operating indicators by function in the County.

(Continued)

**COUNTY OF SAN MATEO**  
**Operating Indicators by Function**  
**Fiscal Years 2016-2017**

<b>Function</b> <sup>1</sup>	<b>Fiscal Year</b> <sup>2</sup>	
	<b>2016</b>	<b>2017</b>
<b><u>Health and Sanitation</u></b>		
<i>Health System</i>		
Health Administration		
Percent of stakeholders respondents rating services good or better	89%	90%
Health Coverage Unit		
Number of health coverage applications completed per FTE	1,034	n/a
<sup>3</sup> Number of San Mateo County residents in covered California	25,270	24,730
Emergency Medical Services		
Percent of ambulance emergency medical service calls responded to on time per contract standards	94%	93%
Community-Based Programs		
Percent of Adult Protective Services cases that are resolved and stabilized for at least twelve months	87%	86%
Environmental Health Services		
Percent of suspected food-borne illness complaints responded to within one business day	94%	99%
Mental Health Adult Services		
Percent of adults who attend a follow up visit with a clinical provider within 7 days of being discharged from a psychiatric hospital	63%	64%
Correctional Health Services		
Percent of juvenile offenders receiving timely histories and physicals within 96 hours of incarceration	100%	100%
San Mateo Medical Center		
Percent of publicly reported quality measures scoring in the 90th percentile	53%	n/a
<sup>3</sup> Likelihood to recommend SMMC to family and friends as a great place to receive care	83%	86%
<b><u>Public Assistance</u></b>		
<i>IHSS Public Authority</i>		
Average number of days it takes to provide a registry caregiver	6	6
<i>Human Services Agency</i>		
Key Performance Measures		
Percent of applications for public assistance programs such as Medi-Cal that are processed within State standards for timeliness	71%	84%
Percent of applications for public assistance programs such as CalFresh that are processed within State standards for timeliness	88%	91%
Percent of applications for public assistance programs such as CalWORKS that are processed within State standards for timeliness	94%	95%
<sup>3</sup> Percent of children who exited to a permanent home within 12 months of entering foster care	53%	50%
Eligibility Determination		
Percent of residents receiving nutritional assistance through CalFresh benefits from total estimated population below the poverty limit	58%	50%
Vocational Rehabilitation Services (VRS)		
Overall satisfaction rated good or better for all VRS services	93%	92%
Homeless and Safety Net Services		
Percent of clients residing in homeless transitional shelters (HUD funded) that are connected to mainstream services and benefits	87%	93%
<sup>3</sup> Percent of clients receiving food assistance by Core Service Agencies	86%	90%
<i>Department of Housing</i>		
Housing & Community Development		
<sup>3</sup> Number of households benefitting directly from County administered loans and grants for home purchase, repair, or rehabilitation	182	141
Housing Authority		
<sup>3</sup> Number of individuals and families through Provider Based Assistance Program	45	50
<b><u>Recreation</u></b>		
<i>Parks &amp; Recreation</i>		
Percent of customers rating services and experiences 'good' or 'excellent'	99%	93%
<i>Coyote Point Marina</i>		
Percent of customers rating marina services and experiences 'good' or 'excellent'	95%	93%

Source: County's Adopted Budget for FY 2017-18

n/a - not applicable

<sup>1</sup> Functions/programs operate by the County.

<sup>2</sup> The County continuously develops and updates new set of performance measures every year.

<sup>3</sup> The latest information available for operating indicators by function in the County.

**COUNTY OF SAN MATEO**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</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	2	2	2	2	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	3	3
Youth services center	1	1	1	1	1	1	1	1	1	1
<b>Public ways and facilities</b>										
Road										
Pavement (miles)	314.80	315.39	315.39	315.50	315.50	315.50	315.80	316.10	316.20	316.23
Bridges	31	31	31	32	33	33	33	33	33	33
Traffic signals	19	19	19	19	19	19	19	19	19	19
Flashing Beacons	3	3	4	4	4	4	4	4	4	2
Lighted Crosswalks	4	4	4	4	4	4	6	6	8	6
Radar Feedback signs	4	10	11	11	11	11	11	11	14	11
Sewer and water										
Sewer:										
Sanitary sewers (miles)	147.47	144.18 <sup>1</sup>	144.18	144.18	144.18	144.18	144.18	144.18	144.18	144.18
Water:										
Water mains (miles)	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Fire hydrants	20	20	20	20	20	20	20	20	20	20
Storage capacity (thousands of gallons)	710	710	710	710	710	710	710	710	710	850
Lighting										
Street lights	2166	2166	2167	2167	2179	2193	2194	2194	2197	2197
Flood control										
Channels (miles)	7.7	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	3
<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	20	20	20
<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:

<sup>1</sup> Less sanitary sewer miles are maintained in the Emerald Lake Heights Sewer Maintenance District.



**This page is intentionally left blank.**