

COUNTY OF SAN MATEO, CALIFORNIA  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2011



Tom Huening, Controller



**Cover Photo: Bench View – San Mateo Coast II**  
**Photographer: Robert G. Adler**

# County of San Mateo, California

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2011



**Tom Huening**  
**Controller**

**COUNTY OF SAN MATEO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Fiscal Year Ended June 30, 2011**

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## **INTRODUCTORY SECTION**

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**Office of Controller**



**TOM HUENING  
CONTROLLER**

**ROBERT G. ADLER  
ASSISTANT CONTROLLER**

**KANCHAN K. CHARAN  
DEPUTY CONTROLLER**

**COUNTY OF SAN MATEO**

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November 16, 2011

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

California Government Code sections 25250 and 25253 require that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. The Comprehensive Annual Financial Report (CAFR) of the County of San Mateo (County) for the fiscal year ended June 30, 2011, is hereby published to fulfill this requirement.

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

The County’s independent auditor, Macias Gini & O’Connell LLP, has issued an unqualified (“clean”) opinion on the County of San Mateo’s financial statements for the fiscal year ended June 30, 2011. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A), which appears on pages 3-21 of this report, provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

**Profile of the Government**

The County, one of the nine counties in the San Francisco Bay Area, was established by an Act of the State Law in 1856. The County occupies 455 square miles and contains 20 cities on a peninsula bounded by 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 724,702 residents live in the suburban corridor east of the Santa Cruz Mountains, which bisects the County. The western part of the County remains primarily rural and has some of California’s most beautiful coastline.

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

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

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

The County has one "discretely presented" component unit, First 5 San Mateo County (First 5). The primary role of First 5 is to ensure that resources from California Children and Families Trust Fund are allocated in a fiscally responsible manner. First 5 does not meet the requirements for blending, and therefore its financial activities are presented discretely from the County.

### **Economic and Financial Outlook**

During the 2010-2011 fiscal year global economies have struggled. Europe continues to grapple with the economic chaos caused by overwhelming financial institutions' debt defaults. The United States, despite a brief stabilization of the growth of unemployment, continues to battle a stagnant job market. Unemployment for the United States hovers around 9%. This recession has depressed consumer spending, new home construction and other consumer dependent industries from returning to pre-2008 levels. California ranks second highest in the country for unemployment. Federal revenues to the state and ultimately the County have also declined since the end of the American Recovery and Reinvestment Act Grants and continued reductions in federal spending for safety net programs.

The County fares better than the overall state in its employment rate. California employs 87.9% of its eligible workforce (12.1% unemployment) while the County employs 91.4% of its eligible workforce (8.6% unemployment). The County, however, obtains roughly 43% of its revenues from the State and Federal funding for FY 2010-11. These revenues are directly dependent on the economic well being of those entities, which remain suppressed. Approximately 38% of the County's funding is obtained primarily from its share of property taxes collected. Revenues from property taxes for the County decreased from the prior fiscal year; \$361 million for FY 2010-11 versus \$377 million for FY 2009-2010.

The County continues to face a large budget deficit despite the best efforts of the Board of Supervisors and departments. Though there have been reductions in spending, including position reductions of 126 positions, the County's structural budget deficit still stands at \$50 million for FY 2011-12. This deficit has not factored in operational costs for a new jail, additional costs for projects identified in the County's Facilities Master Plan, increases in retirement contribution costs, health plan premium increases, negotiated increases with Nurses and Probation Officers and Group Supervisors, and increased County costs triggered by funding reductions at the State and Federal levels. The County has been fortunate in obtaining one-time funds to delay the draconian budget cuts that would be necessary to remove this structural deficit before reserves completely drained. Unfortunately more expenses are on the horizon and future one-time revenue sources are uncertain.

Continued reductions in discretionary spending by the County occur as the State shifts responsibility for funding service delivery programs to its counties. Though providing revenues for these shifts, it is uncertain whether these revenues will be sufficient to cover the total needs in the initial and future years. An example is the shift of prison populations formerly managed by the State to the County. Funds to build jails are being offered, yet funding for ongoing operations is uncertain at best. These ongoing additional costs of operating shifted programs will cause long-

term drains on the County's limited financial resources. Adding these demands to the current structural deficit will allow the County to, at best, tread water with one-time funds and at worse face major program delivery reductions within a very short time frame as reserves dwindle.

The County appears to be headed, without a major upswing in the economy, toward an entity that provides services mandated by the State and Federal governments and funds its pension obligations. Though annual, actuarially determined pension costs increased significantly from the severe market declines of 2008, the actual future pension obligation is much higher than "accounted" for. This is caused by actuarial valuations using estimated rates of returns on pension investments that are significantly higher than average market returns used by the private industry to calculate their future pension liabilities. The Governmental Accounting Standards Board is in the final stage of issuing new accounting rules that will show this difference as a liability on balance sheet. It has been estimated that for every ¼% decline in the discount rate used to compute the County's future pension liability, the County would incur a 3% increase in its employer contributions (as a percent of the County's payroll) using a 15-year amortization period. If the County were to meet its obligation of this new calculation, it would represent a staggering reduction of discretionary resources. This will leave scant resources to provide discretionary services thought best for the local community by local community leaders.

What can be done? The County's leadership, starting with the Board of Supervisors, continues to be innovative and future focused. Pensions offered to new employees will reduce the per employee obligation in future years. One-time monies are also being used to prepay pension obligations, purchase capital assets, invest in technologies allowing greater efficiencies, and maintain existing infrastructure to reduce future repair costs. However, a larger and larger portion of these one-time monies are being directed to fund current operations (and avoid program reductions) rather than reduce long-term obligations and their future costs.

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

The County has also explored new budgeting processes to tackle budget challenges from a new perspective. Rather than focus on spending cuts, the emphasis switched to exploration of ways to maximize the value of dollars expended. The County also collaborated with external service providers and nonprofit partners to identify methods that will improve the efficiency and effectiveness of service delivery.

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

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

However, difficult decisions will continue to arise. Though the state is offering funds to build a new County jail, funds for future operating costs of this jail (estimated to be approximately \$40 million annually) are not assured. This would add significantly to the drain on discretionary resources and reduce the County's ability to fund discretionary programs aimed at prevention and rehabilitation. This one decision could double the structural deficit from unfunded operating expenses and debt service costs.

Other similar decisions are on the horizon; selling debt secured by owned buildings to fund on-going operations, ceasing prepayment of future pension obligations with one-time funds while they last, loss of a knowledgeable workforce from retirements and movement into a better paying private sector as the economy recovers. These challenges will continue to face the County and must continue to be met by innovation and long-term fiscal prudence.

## Relevant Financial Policies

### Investment

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

### Reserves

The Board approved the original County Reserves Policy in April 1999. The creation of this policy was initiated by the County's Fiscal Officers to help reduce the negative impact on the County during times of economic uncertainty and potential losses of funding from other governmental agencies. In February 2010, the Board adopted the revised policy to align the policy with the current fiscal environment.

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

### Budget

Under State law, the County is required to adopt a balanced budget by October 2 of each year. Except for the Joint Powers Financing Authority and certain other special revenue funds, the County Manager's Office prepares a budget for all governmental funds on the modified accrual basis of accounting in accordance with California Government Code Sections 29000 and 29143. For the fiscal year 2011-12, the Board adopted a final budget of \$1.75 billion that is \$0.7 billion, or 4%, less than the prior fiscal year.

The annual budget serves as the foundation for the County's financial planning and control of expenditures. The legal level of budgetary control, where expenditures may not exceed appropriations, is at the object level (e.g., salaries and benefits) within a budget unit in a fund. Budget expenditures are enacted into law through the passage of an Appropriation Ordinance.

The ordinance sets limits on expenditures, which cannot be changed except by subsequent amendments to the budget. The Board must approve amendments or transfers of appropriations for an amount above \$50,000 or between budget units. The County Manager's Office is authorized to approve transfers and revisions of appropriations up to \$50,000 within a single budget unit. Regardless of the amount, the Board's approval is required for supplemental appropriations normally financed by unanticipated revenues or reserves.

### Debt Service Limit

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

**Factors Affecting Economic Condition**

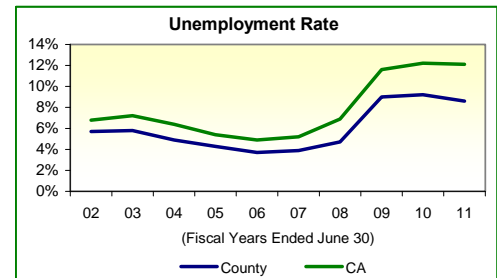
**Employment**

The County had an estimated 31,900 unemployed residents as of June 2011.

- The unemployment rate in the County was 8.6% for June 2011, below the prior year’s average of 9.0%.
- This compares with an unadjusted unemployment rate of 12.1% for California and 9.3% for the U.S. for June 2011.
- Among California’s 58 counties, the County recorded the second lowest unemployment rate as of June 2011.

*“The economy is moving forward, but certainly not at a pace that would make people feel like we are making a lot of progress.”*

- Mark Zandi, chief economist at Moody’s Analytics

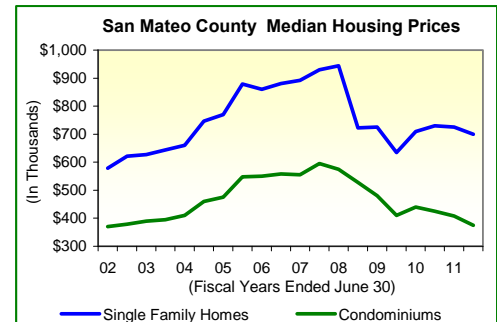


Source: Employment Development Dept., California U.S. Department of Labor

**Real Estate**

*Residential Property.* Overall housing prices and sales volumes have deteriorated in San Mateo County.

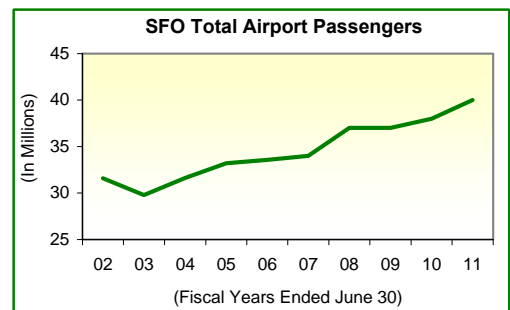
- The County’s median single-family home price fell 4% to \$700,000 as of June 2011, from \$730,000 as of June 2010.
- The County’s median condominium price fell 12% to \$375,000 as of June 2011, from \$425,000 as of June 2010.
- The California median single-family home price was down 6% to \$295,300 in June 2011, from \$314,000 in June 2010.



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

*Commercial Property.* The vacancy rate for office space in the County continues to drop.

- The vacancy rate as of June 2011 was at 13.5%, down from 17.1% as of June 2010. The June 2009 vacancy rate was 18.5%.
- The average asking rate for space rose 11.3% to \$2.95 per square foot per month as of June 2011, up from \$2.65 per square foot per month as of June 2010. The rate at June 2009 was \$2.79 per square foot per month.



Source: SFO Comparative Traffic Reports

**Tourism**

San Francisco International Airport remains a significant economic engine in the region by providing tens of thousands of jobs.

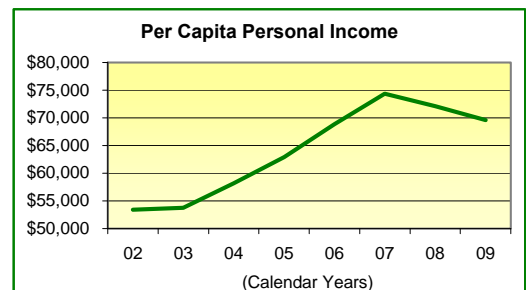
- The Airport’s total passenger volume rose 4% to 40.0 million for June 2011 from 38.4 million for June 2010.

**Taxable Sales**

County’s total taxable transactions rose 6.5% to \$2.96 billion for the quarter ended June 2010 (latest available date) from \$2.78 billion for the same period ended June 2009.

**Income**

- San Mateo County’s median family income in 2010 (latest available data) dropped to \$98,757 from \$102,620 in 2009.
- The County’s per capita personal income decreased to \$69,562 in 2009 (latest available data), a decline of 3.5% from \$72,112 in 2008.



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

**Major Initiatives**



**Healthy Community**

*Board of Supervisors*

- Expanded the popular Take A Hike series by inviting residents to enjoy County parks and learn about nature with the help of guides.
- Sponsored the second Women’s Criminal Justice Summit to explore ways to help women overcome substance abuse and other obstacles.

*Health System*

- Partnered with public and private agencies to improve diversion of people with mental illnesses and addictions out of jails and other institutions into rehabilitative services to lower recidivism.
- Partnered with the Health Plan of San Mateo to integrate programs that serve older adults for a seamless, coordinated Long Term Support Services Program.

*Human Services Agency*

- Explored “The Impact of Incarceration on Families” that examined ways to strengthen families with a parent in custody and to foster ideas to reunify families.



**Safe Community**

*Board of Supervisors*

- Organized Disaster Preparedness Day to connect individuals and families with life-saving information and training.

*Coroner’s Office*

- Expanded the Save-A-Life Program to educate at-risk youth about the perils of reckless and violent behavior.

*County Manager Office*

- Facilitated crisis communications training with the California Emergency Management Agency for 25 County and city staff members.

*Sheriff’s Office*

- Explored innovative ways to save money and protect public safety by providing patrol services to cities.
- Improved the practice firing range to meet new safety standards and improve weapons training.



**Environmentally Conscious Community**

*Department of Public Works*

- Developed and placed standardized interpretative signage and exhibits in County parks explaining the natural features, historic sites, habitats, and points of interest.
- Completed a facilities master plan to provide framework for space planning for the next decade.



**Prosperous Community**

*Board of Supervisors*

- Invited key representatives from the County’s biotechnology industry, political leadership and planning community to discuss ways to help the biotechnology industry to continue to thrive and contribute to the local economy.

*Board of Supervisors*

- Teamed with the Sheriff’s Office to “Stuff the Bus,” an event that encouraged the community to donate toys to needy families.
- Organized numerous workshops and community fairs to provide resources and information to help homeowners facing foreclosure.

*Human Services Agency*

- Improved critical safety net services to individuals and families who are struggling in the economic downturn.



**Livable Community**

*Board of Supervisors*

- Planned and promoted Streets Alive, a Countywide event that encourages fun outdoor activities and healthy exercise in urban areas.

*Department of Housing*

- Repositioned Housing Authority assets (land and rental assistance vouchers) to increase the number of affordable homes and to help members of vulnerable populations transition to greater self-sufficiency.



**Collaborative Community**

*Board of Supervisors*

- Teamed with the California Highway Patrol to provide Older Driver Safety seminars around the County.

*Information Services Department*

- Established a new Countywide Information Technology Strategic Plan to identify and prioritize technology initiatives that will provide cost savings, improve efficiency, improve data management, provide employee and/or resident self service, and other shared services opportunities.

*Department of Public Works*

- Explored teaming with cities and other public agencies to share services such as maintenance of street lights, signals, and roads to reduce costs and improve efficiencies.

## 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 for the prior fiscal year ended June 30, 2010. This was the eleventh 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 comprehensive annual financial report. 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 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2010 and the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2010.

### Acknowledgements

My goal is to publish financial information that is helpful to policy leaders and County managers. I wish to extend special thanks to all the fiscal officers and staff of the County's departments and agencies whose efforts ensure the financial stability and integrity of the County. I would particularly like to acknowledge the extra efforts extended for the preparation of this report by the Controller's Office's personnel. I also wish to thank the Grand Jury Auditors, Macias Gini & O'Connell LLP.

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

Respectfully submitted,



Tom Huening, CPA, Certified Public Finance Officer  
Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of San Mateo  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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



President

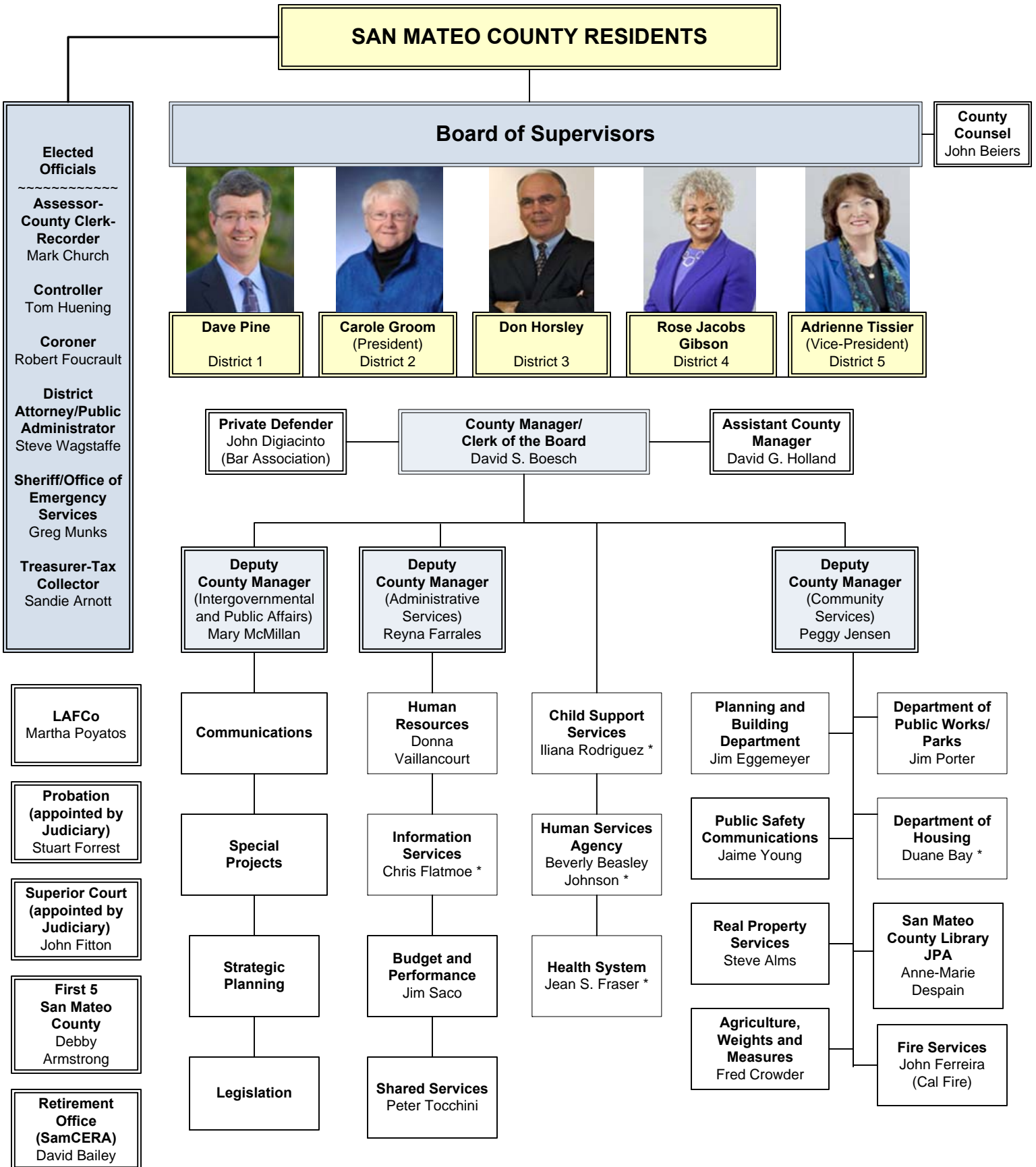
Executive Director



# COUNTY OF SAN MATEO

## Organization Chart

June 30, 2011



\* Direct report to the County Manager

**COUNTY OF SAN MATEO**  
**Public Officials**  
June 30, 2011

**ELECTED OFFICIALS**

---

Board of Supervisors:

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

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

**APPOINTED OFFICIALS**

---

County Manager/Clerk of the Board ( <i>appointed by the Board of Supervisors</i> )	David Boesch
Court Executive Officer/Jury Commissioner ( <i>appointed by Judiciary</i> )	John Fitton
Probation Officer ( <i>appointed by Judiciary</i> )	Stuart Forrest

**DEPARTMENT DIRECTORS**

---

County Counsel	John Beiers
Child Support Services	Iliana Rodriguez
Department of Housing	Duane Bay
Department of Public Works/Parks	Jim Porter
Health System	Jean Fraser
Human Resources	Donna Vaillancourt
Human Services Agency	Beverly Beasley Johnson
Information Services Department	Chris Flatmoe
Planning and Building Department	Jim Eggemeyer

**AFFILIATED ORGANIZATIONS**

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



## **FINANCIAL SECTION**

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

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Mateo, California (County) as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the County of San Mateo (Housing Authority) and the San Mateo County Employees' Retirement Association (SamCERA). The Housing Authority is both a major fund and represents 19%, 23%, and 26% of the assets, net assets, and revenues, respectively, of the business-type activities. SamCERA represents 53%, 55%, and 15% of the assets, net assets, and revenues, respectively, of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts for the Housing Authority and SamCERA, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on

internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the infrastructure assets reported using the modified approach, the schedules of funding progress, and the budgetary comparison information – general fund as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the 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.

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

*Macias Gini & Cannelo LLP*

Walnut Creek, California  
November 16, 2011



**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, 2011

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, 2011. The information presented herein should be read in conjunction with the transmittal letter in the preceding section and the County's basic financial statements in the succeeding section. **All dollar amounts are expressed in thousands unless otherwise indicated.**

**FINANCIAL HIGHLIGHTS**

**Government-wide financial analysis**

The assets of the County exceeded its liabilities at the close of the fiscal year 2010-11 by \$1.2 billion (*net assets*). Of this amount, \$550 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors, \$175 million is restricted for specific purpose (*restricted net assets*), and \$504 million is invested in capital assets, net of related debt.

**Fund financial analysis**

Total fund balances for the County's governmental funds amounted to \$399 million as of June 30, 2011, a decline of \$38 million from the prior fiscal year. Approximately \$186 million of this total, or 47%, is either nonspendable or restricted for specific uses; and \$213 million, or 53%, is unrestricted to meet the County's current and future uses.

The total fund balance in the County's primary operating fund, the General Fund, at year-end was \$246 million. Approximately \$48 million is either nonspendable or restricted for specific uses. The remaining \$198 million, which approximates to 25% of the General fund's total expenditures for the year, is unrestricted.

**Capital asset and debt administration**

The County's investment in capital assets increased by \$62 million, or 8%, from \$779 million to \$841 million. This balance consisted of \$782 million for governmental activities and \$59 million for business-type activities.

The County's total long-term debt decreased by \$9 million, or 2%, from \$379 million to \$370 million. The decrease is primarily due to the scheduled retirement of outstanding debts.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements** provide readers with a broad overview of the County's finances, in a manner similar to private-sector businesses. The *statement of net assets* presents information on all of the County's assets and liabilities with the difference between the two reported as net assets. Over time increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The *statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include General Government, Public Protection, Public Ways and Facilities, Health and Sanitation, Public Assistance, and Recreation. The business-type activities of the County include the funds for the San Mateo Medical Center (Medical Center), two Airports, Coyote Point Marina, and the Housing Authority.

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

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2011

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

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

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

The County maintains 20 individual governmental funds. Information for the General Fund and San Mateo County Joint Powers Financing Authority (JPFA) is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the *combining statements* elsewhere in this report.

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

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

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

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

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

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

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

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



**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2011

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

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

*The notes can be found on pages 35-73 of this report.*

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

*Required supplementary information can be found on pages 74-85 of this report.*

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

*Combining and individual fund statements and schedules can be found on pages 86-129 of this report.*

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets can serve over time as a useful indicator of whether the County's financial position is improving or deteriorating. Other factors, such as market conditions, should be considered in measuring the County's overall financial position. The County's assets exceeded its liabilities by \$1.2 billion at June 30, 2011. The County's total net assets increased by \$56 million, or 5%, in FY 2010-11, primarily from increases in non-liquid capital assets and restricted assets and decreased debt liabilities.

**Net Assets  
(In Thousands)**

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2011	2010	2011	2010	2011	2010	Amount	Percentage
<b>Assets:</b>								
Current and other assets	\$ 918,943	\$ 1,016,045	\$ 104,775	\$ 111,017	\$ 1,023,718	\$ 1,127,062	\$ (103,344)	-9%
Capital assets	782,484	720,950	58,895	58,499	841,379	779,449	61,930	8%
Total assets	1,701,427	1,736,995	163,670	169,516	1,865,097	1,906,511	(41,414)	-2%
<b>Liabilities:</b>								
Long-term liabilities	450,985	460,012	13,741	14,430	464,726	474,442	(9,716)	-2%
Other liabilities	146,772	213,140	24,395	45,458	171,167	258,598	(87,431)	-34%
Total liabilities	597,757	673,152	38,136	59,888	635,893	733,040	(97,147)	-13%
<b>Net assets:</b>								
Invested in capital assets, net of related debt	449,235	381,801	54,851	53,559	504,086	435,360	68,726	16%
Restricted	173,431	143,155	1,095	444	174,526	143,599	30,927	22%
Unrestricted	481,004	538,887	69,588	55,625	550,592	594,512	(43,920)	-7%
Total net assets	\$ 1,103,670	\$ 1,063,843	\$ 125,534	\$ 109,628	\$ 1,229,204	\$ 1,173,471	\$ 55,733	5%

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2011

**Assets.** The County's total assets decreased by \$41 million, or 2%. Significant changes are as follows:

*Governmental activities.* Total assets for the governmental activities decreased by \$36 million, or 2%. The decrease is primarily caused by:

- \$18 million decrease in cash and investments, primarily due to the following:
  - \$57 million decrease in cash resulted from the purchase of real properties. The County purchased four real properties on Chemical Way located within Redwood City's downtown area for \$15 million. These sites were designated for constructing or expanding additional jail facilities. The County also purchased two four-story office buildings on Circle Star Way in San Carlos for \$40 million. These costs are for the future benefit of the citizens of the County. About \$2 million was used for activities associated with these purchases.
  - \$79 million increase in cash from excess Educational Revenue Augmentation Fund (ERAF). Under the California law, local taxing agencies are required to shift a portion of their property tax revenues to ERAF for public education. Amount in excess of the mandated level are refunded to the local taxing agencies. The County General Fund received \$79 million from excess ERAF in FY 2010-11. The monies from excess ERAF were used to pay for the costs of the real properties discussed above.
  - \$45 million decrease in cash due to increased retirement contribution to SamCERA. The average employer rate the County contributed for each employee soared to 34% of covered payroll for FY 2010-11 from 24% for FY 2009-10. The 10% increase was due to the significant negative investment returns experienced during the global financial meltdown in FY 2007-08 and FY 2008-09.
- \$75 million decrease in securities lending collateral assets. Prior to October 2010, the County Treasurer's Office utilized securities lending transactions as an investment vehicle to optimize its investment pool earnings. In exchange for the securities loaned to the counterparty, the County received collateral equal to at least 102% of the transferred securities plus accrued interest for investment. Starting October 2011, the Treasurer's Office no longer participated in securities lending activities.
- \$6 million decrease in net receivables, primarily due to the following:
  - \$11 million decrease in net accounts receivable, primarily due to increased allowance for uncollectible accounts of \$10 million by the County's collection agency.
  - \$3 million increase in interest receivable. Interest from the County's investment pool is apportioned based on the participant's average daily cash balance in each quarter. Accrued interest for the 4<sup>th</sup> quarter was \$3 million higher than that of last year as the annual yield moved up to 1.22% from 1.06%.
  - \$2 million increase in net mortgages receivable due to increased demand for low-income housing assistance.
- \$62 million increase in capital assets, primarily due to the following:
  - \$55 million increase in land and structures. As discussed earlier, the County purchased four real properties on Chemical Way in Redwood City for jail facilities and two buildings in San Carlos for office use.
  - \$4.4 million increase in structures and improvements. On April 27, 2010, the Sheriff's Office entered into a multi-phase contract with Motorola Incorporation to construct a digital radio public safety system for \$4.5 million. This digital radio system not only enhances regional inter-operability with surrounding public safety agencies, but also enables the County to replace the existing, outdated radio system. About 98% of the project cost, or \$4.4 million, was incurred in FY2010-11.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2011

*Business-type activities.* Total assets for the business-type activities decreased by \$6 million, or 3%. Significant changes are as follows:

- The Medical Center's total assets decreased by \$6.5 million, primarily due to the following:
  - \$8.0 million increase in cash and cash equivalents. The Medical Center received approximately \$70 million from three financing sources, including \$65 million in County subsidy, \$2 million in State and federal grants, and \$3 million in capital contributions. These funds enable the Medical Center to meet its operating needs of \$58 million, capital purchases of \$2 million, and settlement charges of \$2 million.
  - \$2.3 million decrease in securities lending collateral as the investment pool no longer engaged in securities lending activities.
  - \$4.1 million decrease in receivables including \$2.0 million in net patient accounts receivable due to increased collection efforts and \$2.3 million in other receivables.
  - \$3.8 million decrease in prepayments in connection with the "Access and Care for Everyone" program sponsored by the County. This program provides health care coverage to low-income adult residents of the County who meet the eligibility requirements.
  - \$3.7 million decrease in other governmental agencies related to collections on the "State Medi-Cal Construction and Renovation Reimbursement Program" receivables.
  - \$1.2 million increase in inventory due to additional inventory counts performed in the Surgery and Recovery area of the hospital.
  - \$1.1 million decrease in capital assets net of accumulated depreciation.
- The Housing Authority's total assets increased by \$1 million. Cash increased by \$4 million primarily due to adding \$1 million startup reserve to the Veterans Affairs Supportive Housing and Family Unification Program, and receiving \$3 million deferred payment from the U.S. Department of Housing and Urban Development. Securities lending collateral also decreased by \$3 million after the County Treasurer discontinued securities lending transactions.

**Liabilities.** The County's total liabilities decreased by \$97 million, or 13%. Significant changes are as follows:

*Governmental activities.* Total liabilities for the governmental activities decreased by \$75 million, or 11%, primarily due to the following:

- \$3 million decrease in accounts payable, primarily resulted from the timing difference between when transactions were executed and when payments were made.
- \$3 million increase in salaries and benefits payable as the number of days subject to payroll accrual was one day more than last year-end.
- \$75 million decrease in securities lending collateral liabilities. As discussed earlier, the investment pool no longer participated in securities lending activities.
- \$9 million increase in unearned revenues. Unearned revenues, which represent payments that have been received for goods or services not yet provided, increased to \$60 million at year-end from \$51 million last year. The State released approximately \$13 million of "advance" payments for the Mental Health Services Act (MHSA) to the County after Assembly Bill (AB) 100 became law on March 24, 2011. The law amends the MHSA statute, redirecting MHSA funds and making some significant administrative changes.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2011

- \$12 million decrease in long-term debt resulted from scheduled retirement of outstanding lease revenue bonds and certificates of participation.
- \$4 million increase in long-term liabilities. In April 2011, the County settled property tax claims filed by Genentech Inc. The County agreed to credit Genentech with \$26.5 million in property taxes plus interest over the next six years. The settlement resolved all claims spanning 10 years and brought to an end years of litigation. Property tax paid in the County is distributed to schools, cities, and redevelopment agencies, the County, and special districts. Refunds of property tax overpayments are collected from these entities. The total tax refund due from the County to Genentech is approximately \$4 million and recorded as other long-term liabilities in the Statement of Net Assets.

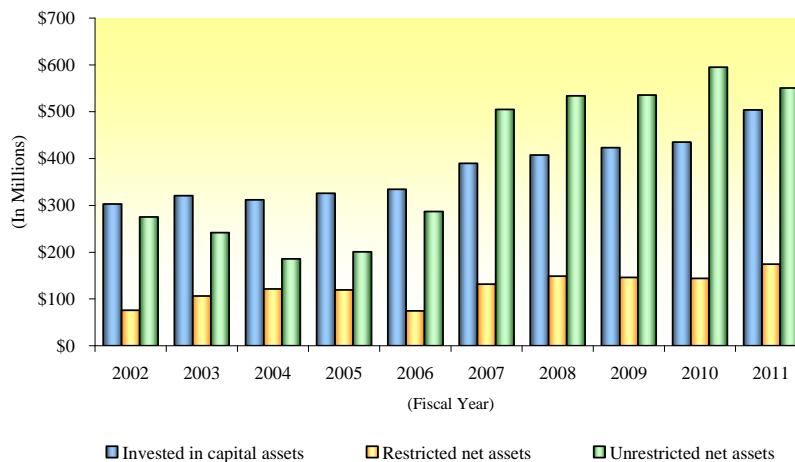
*Business-type Activities.* Total liabilities for the business-type activities decreased by \$22 million, or 36%, primarily due to the followings:

- The Medical Center's total liabilities decreased by \$17 million. The decrease essentially included a \$2 million decrease in securities lending liability as the investment pool no longer engaged in securities lending activity, and a \$15 million decrease in due to other governmental agencies after returning the overpayment to Medicare.
- The Housing Authority's total liabilities decreased by \$3 million, predominantly due to the decrease in securities lending liability for the same reason mentioned earlier.

**Net Assets.** The County's total net assets are divided into three portions: investment in capital assets less any related debt, restricted net assets, and unrestricted net assets.

- 41%, or \$504 million, of the County's net assets represent its *investment in capital assets* (e.g., land, buildings and equipment); net of any related debts used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; these assets are *not* available for future spending. Although the County's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.
- 14%, or \$175 million, of the County's net assets is *restricted net assets* that are subject to external restrictions on how they may be used.
- 45%, or \$550 million, of total the County's net assets is *unrestricted net assets* that may be used to meet the County's ongoing obligations to citizens and creditors.

**Net Assets**



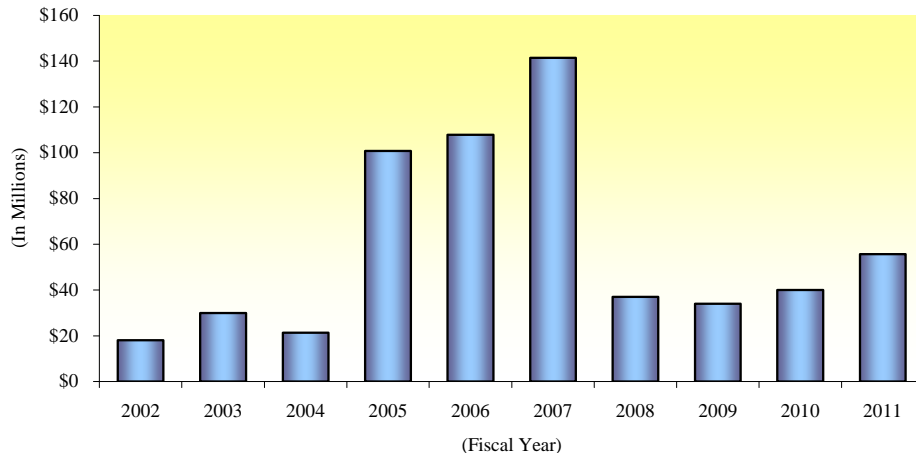
**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2011

As indicated earlier, the County's total net assets increased in FY 2010-11 by \$56 million, or 5%, with \$40 million increase from governmental activities and \$16 million increase from business-type activities. Reclassifications were made to the FY2009-10's revenues and expenses to conform to the current year's presentation.

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

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2011	2010	2011	2010	2011	2010	Amount	Percentage
<b>Revenues:</b>								
Program revenues:								
Charges for services	\$ 138,915	\$ 142,421	\$ 127,173	\$ 137,045	\$ 266,088	\$ 279,466	\$ (13,378)	-5%
Operating grants and contributions	408,092	379,714	138,510	96,936	546,602	476,650	69,952	15%
Capital grants and contributions	-	-	4,514	4,579	4,514	4,579	(65)	-1%
General revenues:								
Property taxes	361,029	377,141	-	-	361,029	377,141	(16,112)	-4%
Other taxes	22,995	21,623	-	-	22,995	21,623	1,372	6%
Unrestricted interest and investment earnings	10,008	11,916	279	235	10,287	12,151	(1,864)	-15%
Security lending activities:								
Securities lending income	34	47	2	3	36	50	(14)	-28%
Securities lending expenses	(29)	(38)	(2)	(2)	(31)	(40)	9	23%
Miscellaneous	20,873	18,848	3,323	2,685	24,196	21,533	2,663	12%
Total revenues	961,917	951,672	273,799	241,481	1,235,716	1,193,153	42,563	4%
<b>Expenses:</b>								
Program expenses:								
General government	68,325	71,316	-	-	68,325	71,316	(2,991)	-4%
Public protection	329,087	308,208	-	-	329,087	308,208	20,879	7%
Public ways and facilities	19,089	18,771	-	-	19,089	18,771	318	2%
Health and sanitation	214,952	225,726	-	-	214,952	225,726	(10,774)	-5%
Public assistance	207,316	201,823	-	-	207,316	201,823	5,493	3%
Recreation	9,608	9,316	-	-	9,608	9,316	292	3%
Interest on long-term liabilities	18,185	15,829	-	-	18,185	15,829	2,356	15%
San Mateo Medical Center	-	-	241,028	232,530	241,028	232,530	8,498	4%
Airports	-	-	2,598	2,879	2,598	2,879	(281)	-10%
Coyote Point Marina	-	-	1,067	1,143	1,067	1,143	(76)	-7%
Housing Authority	-	-	68,728	65,919	68,728	65,919	2,809	4%
Total expenses	866,562	850,989	313,421	302,471	1,179,983	1,153,460	26,523	2%
Excess (deficiency) before transfers	95,355	100,683	(39,622)	(60,990)	55,733	39,693	16,040	40%
Transfers	(55,528)	(58,668)	55,528	58,668	-	-	-	---
<b>Change in net assets</b>	39,827	42,015	15,906	(2,322)	55,733	39,693	16,040	40%
Net assets - beginning	1,063,843	1,021,828	109,628	111,950	1,173,471	1,133,778	39,693	4%
Net assets - ending	\$ 1,103,670	\$ 1,063,843	\$ 125,534	\$ 109,628	\$ 1,229,204	\$ 1,173,471	\$ 55,733	5%

**Change in Net Assets**



**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2011

**Governmental activities.** Net assets for the governmental activities increased by \$40 million, or 4%, in FY2010-11.

***Revenues for governmental activities.***

*Operating grants and contributions* increased by \$28 million, or 7%, primarily due to the following:

- \$8.7 million increased funding from the Public Safety Augmentation Fund (PSAF). The sales activity in the County improved as the consumer confidence edged up slowly since the severe recession beginning in 2008. The PSAF is the Proposition 172 fund specified for the receipt of half-cent State sales tax for local public safety services. The State Controller distributes the revenue to the County based on the County's share of statewide taxable sales.
- \$2.2 million net increase in State and federal grant receipts due to increased participation in public safety activities. The Sheriff's Office received a total of \$5.3 million increased funding, which includes \$1.5 million for the public safety interoperable communications; \$1.4 million for the terrorism prevention; \$1.3 million for the urban areas securities; \$1.1 million for other homeland securities. The increase was partially offset by numerous insignificant decreases in funding for other programs.
- \$4.5 million of intergovernmental revenues from San Carlos City and Half Moon Bay City. In September 2010, the County Sheriff's Office and San Carlos City entered into a Law Enforcement Services Agreement. Under this agreement, 28 personnel from the San Carlos Police Department were transferred to the County, and the County Sheriff's Office started providing law enforcement services to the citizens and properties within the City of San Carlos starting October 31, 2010. The County Sheriff's Office subsequently entered into a similar contract with Half Moon Bay City. Seven positions, including six Deputy Sheriffs and one Sheriff's Criminal Records Supervisor, were transferred to the County effective June 12, 2011. In exchange for the services provided since inception through June 30, the County received \$4.4 million from San Carlos City and \$0.1 million from Half Moon Bay City.
- \$4.4 million net increase in State funding for behavioral health services programs. Although Behavioral Health Services Division received increased funding of \$8.8 million for the child and youth programs and other services, the net gain was reduced to \$4.3 million by diminished funding for other programs.
- \$3.0 million increase in State and federal funding for human services programs. The increase was due to increased demand for child welfare services and assistance payments for families with dependent children in the tough economic climate.
- \$2.5 million increased funding from grants in the Social Welfare category, primarily due to increased caseload for social welfare services.

*Property taxes* decreased by \$16 million, or 4%, primarily due to the following:

- \$9 million decrease in excess ERAF. Excess ERAF represents the difference between ERAF revenue and the total amounts schools are entitled to receive. The County General Fund received approximately \$79 million from the excess ERAF, which was \$9 million less than the prior year. The decline was primarily due to less property taxes being shifted to ERAF because schools were entitled to receive more ERAF.
- \$4 million decrease in property tax revenues. In April 2011, the County settled property tax claims filed by Genentech. The settlement resolved all claims spanning from the years 1990 through 1999. Under this settlement, the County agreed to credit Genentech with \$26.5 million in property taxes plus interest over the next six years. Refunds of property tax overpayments are collected from local taxing entities, including approximately \$4 million from the County.

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- \$2 million decrease in supplemental property taxes. The stagnant real estate market caused by the recession has triggered negative supplemental taxes when the purchase price of a property was lower than the base year value. Supplemental taxes are additional taxes that become due when a property undergoes a change in ownership or new construction.

*Other taxes increased* by \$1 million, or 6%. Sales and use taxes went up by \$1.8 million as the consumer confidence moved up slightly. Tax revenues from aircraft taxes; however, decreased by \$0.8 million due to reduced aircraft sales.

*Unrestricted interest and investment earnings* decreased by \$2 million, or 16%. The performance of the County's investment portfolio improved slightly throughout the year. The average annual return rose to 1.15% from 0.95% last year, bringing in additional \$0.6 million in interest earnings. The fair value of the County investment portfolio at year-end is; however, negatively affected by the recent market swings and global economic uncertainty. The amount of unrealized gain allocated to the funds engaging in governmental activities has declined by \$3 million when compared to the last year. Marginal increases in interest earnings from mortgage loans absorbed part of the decline.

*Miscellaneous revenues* increased by \$2 million, or 11%, primarily from an \$0.8 million reimbursement from the California Public Employees' Retirement System for the San Mateo Local Agency Formation Commission's retirement proceeds, 0.4 million of unclaimed monies, and \$0.3 million from a legal settlement in the County's favor.

***Expenses for governmental activities.***

*Public protection costs* increased by \$21 million, or 7%, primarily due to the following:

- \$15.4 million increase in salary, benefit, and operational costs in the County Sheriff's Office, primarily due to the following:
  - \$7.1 million increase in salaries and benefits. The Sheriff's Office successfully filled numerous vacant positions in Headquarters Patrol unit and Maguire Main Jail facilities to meet increased demand.
  - \$4.5 million increase in salary, benefit, and operational costs from absorbing the personnel from San Carlos City and Half Moon Bay City under the Law Enforcement Services Contract as discussed earlier.
- \$1.1 million increase in salaries and benefits from filling vacant positions and providing early retirement incentives to minimize layoffs at the Probation Department.
- \$0.8 million increase in depreciation expenses due to an \$18.8 million increase in depreciable assets. This includes \$17.6 million of structures and improvements completed from work-in-progress and \$1.2 million of new equipment.

*Health and sanitation costs* decreased by \$11 million, or 5%, primarily due to the following:

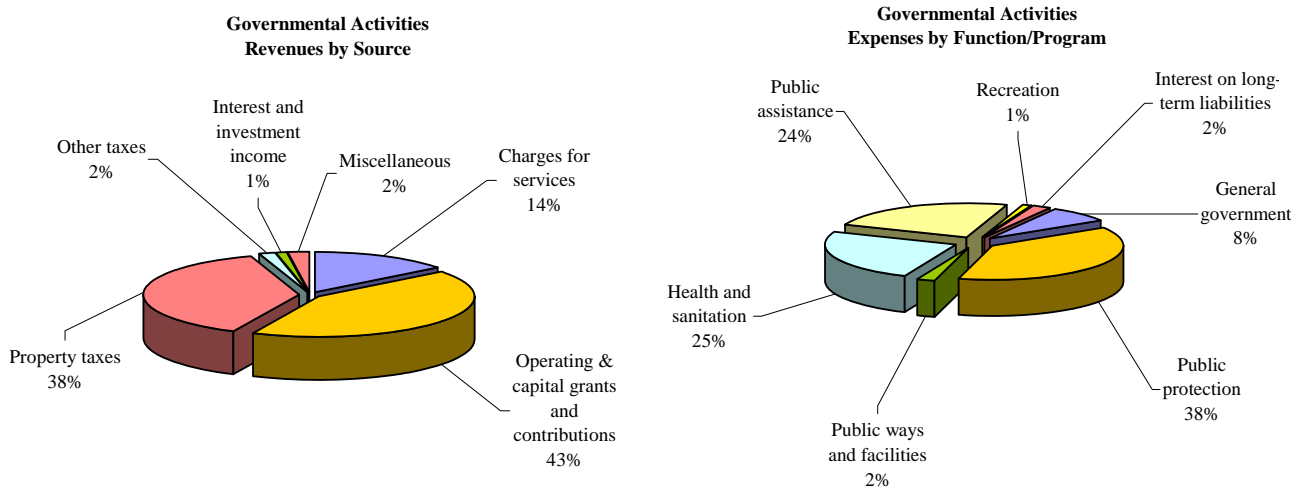
- \$6.1 million decrease in operational costs of the General Fund Health Department, primarily due to the move of pharmacy services for non-indigent clients to the Health Plan of San Mateo.
- \$2.8 million decrease in operational costs for waste management. The Solid Waste special revenue fund significantly reduced its outlay in professional services, contracts, and programs due to uncertainty of new Integrated Waste Management Act (AB 939) revenue stream. The AB 939 establishes a new mandate for local jurisdictions to meet diversion goals in order of priority: (1) source reduction, (2) recycling and composting, and (3) environmentally safe transformation and land disposal. In addition other operating charges (including telephone, general liability insurance, and bond insurance) were lower than anticipated.

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*Public assistance costs* increased by \$5 million, or 3%. The Human Services Agency experienced a \$1.4 million increase in salaries and benefits due to the reinstatement of training units and overtime in its eligibility determination division; and a \$1.6 million increase in services and supplies primarily due to decreases in the American Recovery and Reinvestment Act related expenses; and a \$3.6 million increase in rental and other miscellaneous charges. The increase was partially offset by minor decreases in other areas.

*Transfers out* decreased by \$3 million, or 5%. The General Fund contribution to the Medical Center for indigent health care decreased by \$2.1 million to \$64.5 million from \$66.6 million last year. Under section 17000 of the California Welfare and Institutions Code, the County is required to provide medical care and public health services to the uninsured and the poor. To comply with this requirement, the County General Fund provides monetary subsidy as approved by the County Board of Supervisors to the Medical Center each year. The remaining decrease was caused by several insignificant transactions.

For the fiscal year ended June 30, 2011, revenues and expenses for governmental activities are as follows:



**Business-type activities.** Net assets for business-type activities increased by \$16 million, or 15%. Significant changes are as follows:

**Medical Center.** The Medical Center's net assets increased by \$11 million. The Medical Center realized a \$50 million operational loss because the cost of providing healthcare services was substantially higher than the revenues for services provided. The loss was subsidized by the County's General Fund in an amount of approximately \$65 million for FY 2010-11.

- Total operating revenues reported were \$191 million, about \$28 million higher than last fiscal year. The increase is mainly caused by the following:
  - \$9.2 million increase in net patient revenue, which was directly related to the payor mix, patient volume, and related write offs. The overall percentage of write-off, which included contractual, bad debts, and administrative write-off, decreased to 69% from 71% in the prior year.
  - \$22.8 million increase in other program revenues, primarily due to \$12.0 million increase in State funding for the Delivery System Reform Incentive Payments and Hospital Quality Assurance Fee payments and a \$1.8 million increase in the Health Plan of San Mateo revenue due to an increase in the population served.
  - \$4.3 million decrease in other operating revenues primarily from a \$3.1 million decrease in grant funding.



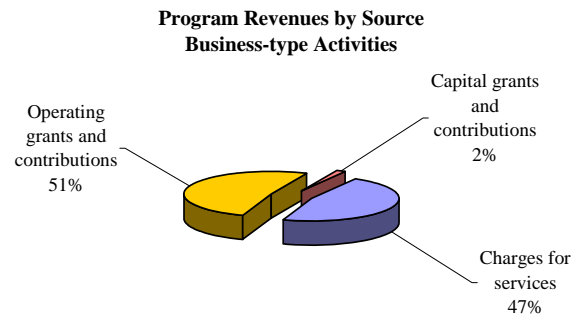
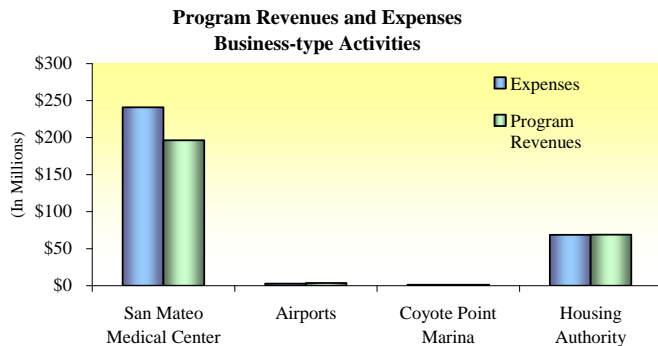
**COUNTY OF SAN MATEO**  
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- Total operating expenses reported were \$241 million, \$9 million higher than the prior year. The increase is mainly caused by the following:
  - \$4.9 million increase in employee salaries and benefits primarily attributable to negotiated increases in employee benefit and pension expense.
  - \$1.1 million increase in contract provider services primarily due to a \$0.7 million increase in out-of-network providers and a \$0.4 million increase in contract nursing services.
  - \$1.8 million increase in other fees and purchased services primarily due to increases in facility maintenance expenses, management consulting services, and expenses allocated based on the County's cost allocation plan.
- Total net nonoperating revenues were \$1.5 million less than the prior year, mainly due to a \$1.7 million decrease in State and federal grants.

**Housing Authority.** The Housing Authority's net assets increased by \$4 million. The increase was mainly caused by the following:

- \$6 million increase in subsidies and grants from the U.S. Department of Housing and Urban Development, primarily due to receipt of short payments for 2010 and on-going increases in funding.
- \$2 million increase in housing assistance payments. Such increase includes \$1.2 million for increased utilization of the Housing Choice Voucher program, \$0.6 million for housing assistance payments, and \$0.2 million for new project based vouchers. Vouchers are issued to assist very low-income families, the elderly, and the disabled to obtain housing in the private market. The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing project. A housing subsidy is paid to the landlord directly by the Housing Authority on behalf of the participant.

For the fiscal year ended June 30, 2011, revenues and expenses for business-type activities are distributed as follows:



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

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

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As of June 30, 2011, the County's governmental funds reported combined ending fund balances of \$399 million at year-end, a decrease of \$38 million, or 9%, compared to the prior fiscal year. Approximately 53% of this total amount, or \$213 million, constitutes fund balance that is available for appropriation in the upcoming year. The remainder of the fund balance totaling \$186 million is restricted, including \$13 million "not in spendable form" for items that are not expected to be converted into cash such as inventories and long-term loans, and \$173 million restricted for programs at various levels.

The *General Fund* is the primary operating fund of the County. As of June 30, 2011, unrestricted fund balance was \$198 million while total fund balance reached \$246 million. As a measure of liquidity, both unrestricted fund balance and total fund balance can be compared to total fund expenditures. Unrestricted fund balance represents 25% of total fund expenditures, while total fund balance represents 31% of the same amount. The fund balance of the County's General Fund has declined by \$40 million, or 14%, during FY2010-11.

For the fiscal years ended June 30, 2011 and 2010, revenues for the General Fund are distributed as follows (reclassifications were made to the prior year's revenues to conform to the current year's presentation):

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

Revenues by Source	FY 2011		FY 2010		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 375,088	41.96%	\$ 386,649	43.76%	\$ (11,561)	-3%
Licenses and permits	5,415	0.61%	5,251	0.59%	164	3%
Intergovernmental	376,708	42.14%	359,024	40.63%	17,684	5%
Charges for services	91,380	10.22%	90,395	10.23%	985	1%
Fines, forfeitures, and penalties	12,232	1.37%	10,712	1.21%	1,520	14%
Rents and concessions	1,859	0.21%	1,090	0.12%	769	71%
Investment income	6,602	0.74%	7,657	0.87%	(1,055)	-14%
Securities lending income, net	4	0.00%	7	0.00%	(3)	-43%
Other	24,690	2.76%	22,779	2.58%	1,911	8%
<b>Total</b>	<b>\$ 893,978</b>	<b>100.00%</b>	<b>\$ 883,564</b>	<b>100.00%</b>	<b>\$ 10,414</b>	<b>1%</b>

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

*Taxes* decreased by \$12 million, or 3%. See explanations on pages 10 and 11.

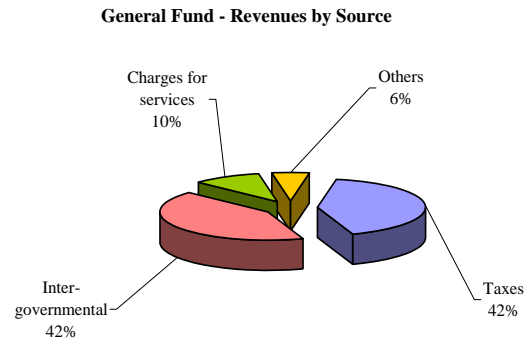
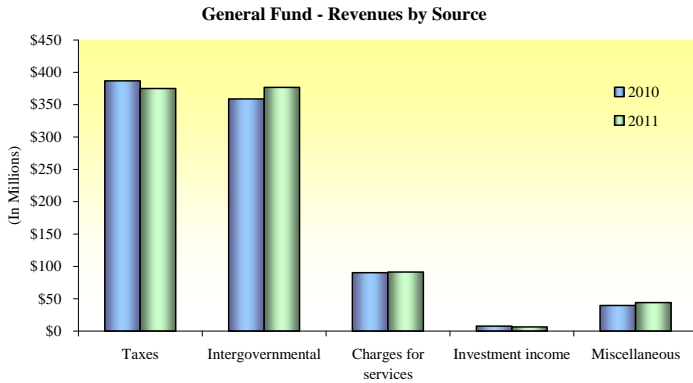
*Intergovernmental revenue* increased by \$18 million, or 5%. The explanations on page 10 under the operating grants and contributions section also applies here. The difference is mainly due to the timing in revenue recognition. Revenues in the governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available within sixty days after year-end. Revenues not available within this period are deferred. On the contrary, revenues in the statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when they are earned, regardless when the related cash flows take place.

*Fines, forfeitures, and penalties* increased by \$2 million, or 14%, primarily due to a \$0.7 million increase in court fines since the Courts used a new consolidated collection process beginning in July 2010; \$0.2 million drawdown from the alcohol fines trust fund to pay for alcohol prevention and treatment services; and a \$0.1 million increase in civil penalties from the conclusion of various long standing cases.

*Investment income* decreased by \$1 million, or 14%. See explanations on page 11.

*Other revenues* increased by \$2 million, or 8%. See explanations on page 11.

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For the fiscal years ended June 30, 2011 and 2010, expenditures for the General Fund are distributed as follows (reclassifications were made to conform to the current year's presentation):

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

Expenditures by Function	FY 2011		FY 2010		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 59,005	7.53%	\$ 60,398	7.94%	\$ (1,393)	-2%
Public protection	314,501	40.13%	292,909	38.53%	21,592	7%
Health and sanitation	197,778	25.23%	206,195	27.12%	(8,417)	-4%
Public assistance	195,904	24.99%	190,352	25.04%	5,552	3%
Recreation	9,110	1.16%	8,727	1.15%	383	4%
Capital outlay	7,503	0.96%	1,643	0.22%	5,860	357%
<b>Total</b>	<b>\$ 783,801</b>	<b>100.00%</b>	<b>\$ 760,224</b>	<b>100.00%</b>	<b>\$ 23,577</b>	<b>3%</b>

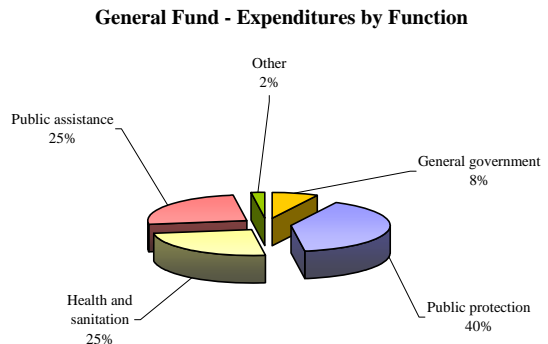
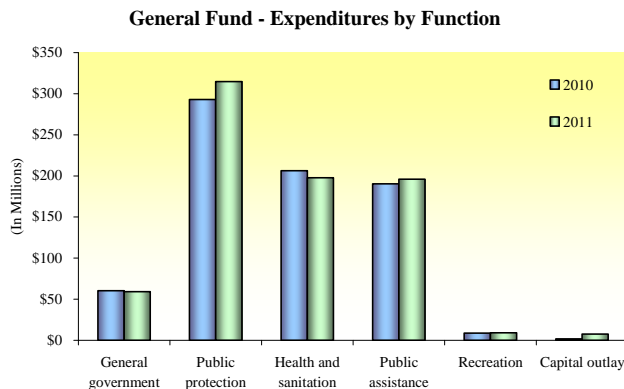
**General Fund Expenditures.** Significant changes in expenditures are as follows:

*Public protection* increased by \$22 million, or 7%. See explanations on page 11.

*Health and sanitation* decreased by \$8 million, or 4%. See explanations on page 11.

*Public assistance* increased by \$6 million, or 3%. See explanations on page 12.

*Capital outlay* increased by \$6 million, or 357%. Key factors include \$4.4 million for a new digital radio system. See future details for this digital radio system on page 6; and \$2.5 million for new equipments in various departments to replace obsolete items and enhance operational efficiencies.



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**Joint Powers Financing Authority** is a major governmental fund. Overall, the JPFA realized a \$3 million decrease in fund balance predominantly due to capital outlays on unfinished projects at the County's Youth Services Center. This Center houses a juvenile hall, a girls' camp, a community school, a receiving home, group homes, juvenile courts, and probation administration offices. The main facility was completed in September 2006.

**Nonmajor governmental funds** include all special revenue funds, the debt service fund, and all capital projects funds. These funds reported a combined net increase in fund balance of \$4.8 million, mainly from the following:

*Special revenue funds.* Total fund balances in the special revenue funds increased by \$7 million, primarily caused by the following:

- The fund balance in the Sewer and Sanitation Fund increased by \$2.6 million, primarily due to increased special charges levied to compensate for the services provided.
- The fund balance in the Solid Waste Fund increased by \$1.0 million, primarily caused by a sizable reduction in expenditures due to the uncertainty of the new AB 939 revenue stream.
- The fund balance of the In-Home Supportive Services Public Authority Fund increased by \$1.0 million, primarily due to increased State and federal funding in response to an 11% increase in caseload.
- The remaining increase was resulted from other insignificant increases and decreases in the remaining special revenue funds.

*Debt service fund.* The fund balance in this fund increased by \$0.3 million. This fund centralizes debt service payments from appropriated funds and subsequently transfers monies to the JPFA for the required debt service payments. The increase was primarily due to the amounts collected exceeding the amounts disbursed.

*Capital projects funds.* Fund balances in the Capital Projects Funds decreased by \$2.7 million. These funds accumulate resources from departments to be used for major capital projects. The total incoming resources are insufficient to cover the overall capital outlays of \$68.8 million and resulted in a shortfall of \$2.7 million.

**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* include two major funds (Medical Center and Housing Authority) and two nonmajor funds (Airports and Coyote Point Marina). Discussion on major fund activities can be found in the business-type activities section. Nonmajor enterprise funds show a \$1 million increase in net assets, mainly caused by the following:

- *Airports.* Total net assets of the Airports increased by \$1 million primarily due to a minor surplus from operations and a \$0.8 capital contribution from the Federal Aviation Administration.
  - \$0.2 million increase in rent and concession income due to a "one-time" retroactive adjustment on rents and increases in driver training and special events at the Half Moon Bay Airport.
  - \$0.8 million additional funding from the Federal Aviation Administration office for capital projects at the Airports.
- *Coyote Point Marina.* Total net assets of the Coyote Point Marina decreased by \$0.1 million. Similar to last year, Coyote Point Marina was able to operate at nearly break-even.

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*Internal service funds.* Total net assets of internal service funds increased by \$2.2 million. The increase is essentially a combination of the following increases and decreases.

- *Workers' Compensation Insurance.* Total net assets in the Workers' Compensation Insurance Fund increased by \$4.4 million primarily attributed to an overall decrease of \$4.0 million in case reserves for workers' compensation as a result of an aggressive approach to the review and closure of claims.
- *Long-Term Disability.* Total net assets in the Long-Term Disability Fund decreased by \$1.8 million. The County provides long-term disability benefits for permanent employees who have worked for the County for three years and at least 20 hours per week. Benefit payments and administrative expenses went up as the number of new participants outweighed the number removed and resulted in net operating decreases of \$1.8 million.
- *Personal Injury and Property Damage.* Total net assets in the Personal Injury and Property Damage increased by \$1.9 million. This fund collects premiums from participating departments based on projected expenses for personal injury and property damage. The overall premium collected exceeded the actual expenses incurred and resulted in a net operating income of \$1.9 million.
- *Employee Benefits.* Total net assets in the Employee Benefits Fund decreased by \$1.7 million. This fund collects premiums from participating departments based on projected expenses for employee benefits. The overall premium collected was insufficient to cover the actual expenses incurred and resulted in a net operating loss of \$1.7 million.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund's final budget exceeded its original budget by \$6 million, or 0.5%, for the fiscal year ended June 30, 2011. Supplemental appropriations were sponsored through unanticipated revenues. In most cases, unanticipated revenues were appropriated within the receiving budget units to balance operating outlays.

*Unanticipated revenues* – The County received a total of \$9.9 million of unanticipated revenues in fiscal year 2010-11. The total was mainly comprised of intergovernmental revenues, including:

- \$4.6 million from San Carlos City and Half Moon Bay City under the Law Enforcement Service Agreement;
- \$1.3 million from two separate federal grants for homeland and urban area security activities;
- \$1.0 million in federal grants from the Mental Health Services Act to start the Total Wellness program for persons with serious mental illness;
- \$0.7 million in federal grants to establish the Domestic Violence Against Women Program; and
- \$0.4 million of one-time funding for providers of Aging and Adult programs.

The remaining \$1.9 million was furnished by miscellaneous sources. The overall unanticipated revenues were partially offset by a one-time adjustment of \$3.7 million to the working budget, which reduced increases of budgeted revenues to \$6.2 million.

Actual General Fund revenues was \$26 million, or 2.7%, less than expected. The General Fund realized \$42 million of unanticipated tax revenues primarily from excess ERAF; \$1 million from fines, forfeitures and penalties; \$1 million from use of money and property; and \$0.2 million from licenses and permits. The excess; however, was entirely offset by unanticipated budget deficits in other revenue sources. The major budgeted revenue shortfalls occurred in intergovernmental revenues, which were \$46 million below target due to payment deferrals and diminished State and federal allocations. Diminished demand for services and associated claimable activities reduced charges for services by \$15 million and interfund revenue by \$5 million. Revenues from miscellaneous areas also fell short by \$4 million.

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Actual General Fund expenditures fell below the total budget estimates by \$283 million, or 22%. The savings were achieved by an array of continuous efforts to address the County’s structural budget deficit.

- \$158 million reduction in appropriations for contingencies due to cognizant long-term financial planning.
- \$87 million reduction in services, supplies and other charges primarily due to the termination of the American Recovery and Reinvestment Act programs, decreases in interagency costs, reductions in contract and miscellaneous expenditures, and savings from prudent spending.
- \$38 million reduction in salaries and benefits primarily due to increased in benefit costs paid by management employees, elimination of vacant positions, hiring freezes across all functions, voluntary early retirement, and involuntary terminations of employment.
- \$14 million reduction in other financing uses resulted in lower than anticipated expenditures on County-wide capital projects.
- \$4 million reduction in capital outlays primarily due to scaling back and cancellation of certain capital projects.

The total savings of \$301 million discussed earlier were reduced by an \$18 million decline in unrealized intrafund transfers.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** The County’s capital assets include land and easements, infrastructure, construction in progress, structures and improvements, equipment, and software. As of June 30, 2011, the County’s investment in capital assets increased by \$62 million, or 8%, to \$841 million from \$779 million. Approximately \$55 million, or 89%, of the increase was from the acquisition of four real properties in Redwood City for \$15 million and two office buildings in San Carlos for \$40 million. The properties in Redwood City were designated for the expansion of jail facilities. The office buildings allow the County to achieve savings through ownership rather than leasing of facilities.

The County’s capital assets as of June 30, 2011 and 2010, are comprised of the following:

	<b>Capital Assets (In Thousands)</b>							
	Governmental Activities		Business-type Activities		Total Net of Accumulated Depreciation		Increase/(Decrease)	
	2011	2010	2011	2010	2011	2010	Amount	Percentage
Land and easements	\$ 81,511	\$ 64,664	\$ 10,147	\$ 10,147	\$ 91,658	\$ 74,811	\$ 16,847	23%
Infrastructure	130,531	131,806	-	-	130,531	131,806	(1,275)	-1%
Construction in progress	40,920	37,100	5,206	6,911	46,126	44,011	2,115	5%
Structures & improvements	514,762	468,292	35,651	31,273	550,413	499,565	50,848	10%
Equipment	14,616	18,692	4,717	5,411	19,333	24,103	(4,770)	-20%
Software	144	396	3,174	4,757	3,318	5,153	(1,835)	-36%
<b>Total</b>	<b>\$ 782,484</b>	<b>\$ 720,950</b>	<b>\$ 58,895</b>	<b>\$ 58,499</b>	<b>\$ 841,379</b>	<b>\$ 779,449</b>	<b>\$ 61,930</b>	<b>8%</b>

The County records its infrastructure assets at their historical cost, and uses the modified approach to report its maintained road subsystem of the road network of \$77 million. Infrastructure assets reported under the modified approach are not subject to depreciation per GASB Statement No. 34. The County manages its maintained pavement subsystem of the road network using the Metropolitan Transportation Commission’s Pavement Management Program (Program). 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.

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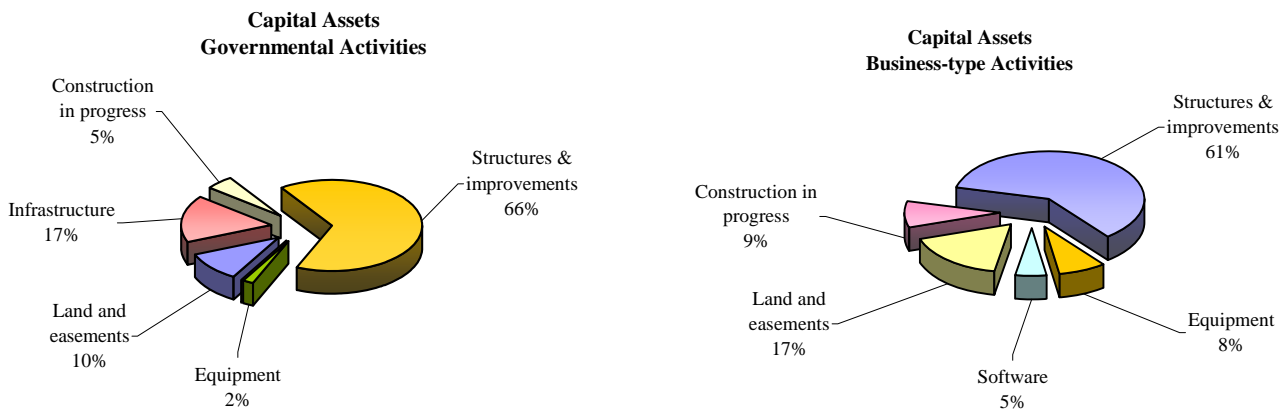
A complete condition assessment is performed every three years. The latest complete condition assessment was completed in FY 2009-10 where the County's maintained pavement subsystem was rated at a PCI of 75 based on a weighted average by area for the primary roads and 56 for the secondary roads. For the fiscal year ended June 30, 2011, the actual maintenance and preservation costs exceeded the estimated amount by \$0.5 million due to the completion of transportation projects funded by Proposition 1B. This proposition was enacted in 2006 authorizing the State of California to sell \$19.9 billion of general obligation bonds to fund state and local transportation projects.

**Road Condition Assessment**

PCI Condition Rating	Primary		Primary		Secondary		Secondary	
	2010	2010	2007	2007	2010	2010	2007	2007
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
<b>Primary:</b>								
Good to excellent (55-100)	138.22	89%	137.62	88%				
Substandard to fair (0-54)	17.35	11%	19.22	12%				
<b>Secondary:</b>								
Fair to excellent (40-100)					117.05	73.0%	118.16	75%
Substandard to fair (0-39)					42.77	27.0%	39.41	25%
<b>Total</b>	<b>155.57</b>	<b>100%</b>	<b>156.84</b>	<b>100%</b>	<b>159.82</b>	<b>100.0%</b>	<b>157.57</b>	<b>100%</b>

The JPFA issued lease revenue bonds in November 2003 to construct a new County Youth Services Center. The construction included a juvenile hall, a girls' camp, a community school, a receiving home, group homes, juvenile courts, and probation administration offices for the County. The main facility of the Youth Services Center was completed in September 2006 and the Receiving Home in January 2010. The remaining capital construction includes: the removal and grading of the Berm and construction of one Group Home. The re-sculpting of the Berm is scheduled to commence in July 2011, and the estimated date of completion is October 2011. The design and construction of the Group Home is currently on hold. The remaining budget to complete unfinished projects is approximately \$3.8 million. The outstanding commitment, excluding the Group Home that is on hold, is about \$0.8 million as of June 30, 2011.

The County's capital assets are distributed as follows:



Additional information on the County's capital assets can be found in Note 8 on pages 54-55 of this report.

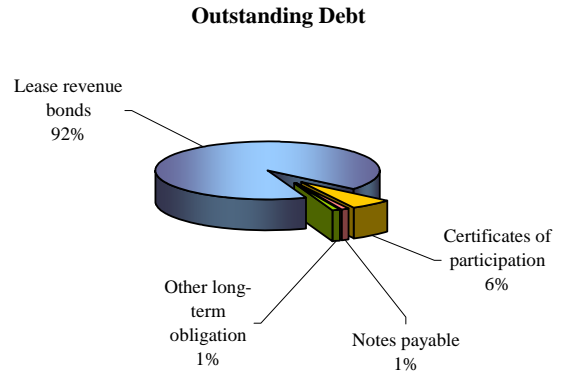
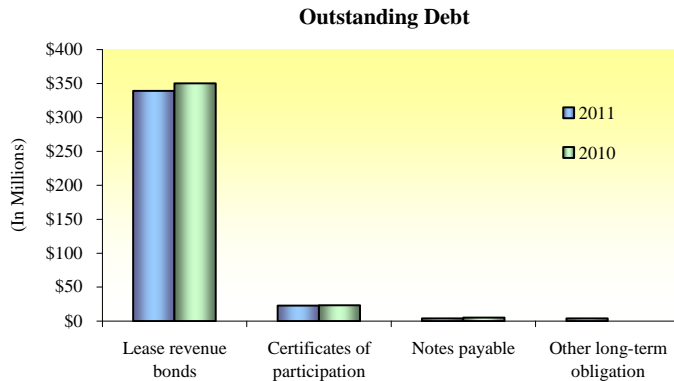
**Long-term debt.** The County's total debt has decreased by \$9 million, or 2%, primarily due to the scheduled retirement of outstanding debts of \$12 million. The decrease was partially offset by a \$4 million increase in long-term obligation brought by the settlement with Genentech Inc.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2011

The County's total outstanding debt was \$370 million as of June 30, 2011. This total is comprised of \$339 million in lease revenue bonds, \$23 million in certificates of participation, \$4 million in notes payable, and \$4 million in other long-term obligation. 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 2010-11 was \$70 million. The amount applicable to the debt service limit was \$29 million, which was \$41 million, or 59%, less than authorized.

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2011	2010	2011	2010	2011	2010	Amount	Percentage
	Lease revenue bonds (including accreted interest)	\$ 339,076	\$ 350,322	\$ -	\$ -	\$ 339,076	\$ 350,322	\$ (11,246)
Certificates of participation	23,076	23,428	-	-	23,076	23,428	(352)	-2%
Notes payable	154	173	3,863	4,595	4,017	4,768	(751)	-16%
Other long-term obligation	4,047	89	181	345	4,228	434	3,794	874%
<b>Total</b>	<b>\$ 366,353</b>	<b>\$ 374,012</b>	<b>\$ 4,044</b>	<b>\$ 4,940</b>	<b>\$ 370,397</b>	<b>\$ 378,952</b>	<b>\$ (8,555)</b>	<b>-2%</b>

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



Additional information on the County's long-term debt can be found in Note 10 on pages 56-59 of this report.

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

In preparing the County's budget for FY 2011-12, the following factors were considered:

- Four years ago, the County's expenditures started to outgrow its revenues. Management has been striving to achieve a sustainable budget through use of reserves, new revenues, ongoing spending cuts, and other innovative approaches to reduce costs. For example, negotiations with labor organizations to freeze salaries; institution of new retirement tiers to reduce future pension costs, and consolidations of departments to achieve operational efficiencies.
- On September 27, 2011, the County Board signed off a \$1.75 billion budget with the structural deficit staying at \$50 million for FY 2011-12. That figure however does not include costs such as a new jail, other facility debt, and state realignment. The Board agreed to use \$50 million in reserves to balance the budget.
- The unemployment rate in San Mateo County is at 8.6%, down from June 2010 when unemployment was at 9.0%. About two-thirds of the U.S. economy is supported by consumers. Although consumer confidence is slowly edging up, the economic outlook is highly uncertain in the current economic environment. Job growth remains sluggish and the housing market continued to be weak.



**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2011

- The County is facing significant challenges in the coming year to address numerous issues, which include health care reform, realignment, jail capacity, pension obligation, facilities and technology infrastructure, business process redesign, and exploring potential new revenue sources.

As of June 30, 2011, unrestricted fund balance in the General Fund was \$198 million. The County has appropriated the full amount of unrestricted fund balance for spending in the FY 2011-12's budget.

**REQUEST FOR INFORMATION**

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

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

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



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

**COUNTY OF SAN MATEO**  
**Statement of Net Assets**  
**June 30, 2011**  
**(In Thousands)**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 San Mateo County
<b>ASSETS</b>				
Cash and investments	\$ 496,146	\$ 46,282	\$ 542,428	\$ 28,563
Restricted cash and investments	8,949	1,443	10,392	-
Receivables (net)	119,978	16,568	136,546	190
Due from other governmental agencies	182,813	16,167	198,980	1,199
Inventories	612	2,504	3,116	-
Other assets	4,599	4,420	9,019	-
Internal balances	6,118	(6,118)	-	-
Net OPEB asset	99,728	23,509	123,237	161
Capital assets:				
Nondepreciable	199,684	15,353	215,037	-
Depreciable, net	582,800	43,542	626,342	-
Total assets	<u>\$ 1,701,427</u>	<u>\$ 163,670</u>	<u>\$ 1,865,097</u>	<u>\$ 30,113</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 27,933	\$ 7,707	\$ 35,640	\$ 3,181
Payable from restricted cash and investments	-	351	351	-
Accrued interest payable	8,485	31	8,516	-
Accrued salaries and benefits	28,201	7,925	36,126	65
Accrued liabilities	-	29	29	-
Due to other governmental agencies	21,214	7,866	29,080	15,340
Unearned revenues	60,799	483	61,282	-
Deposits	140	3	143	-
Long-term liabilities:				
Net OPEB obligation - due beyond one year	-	293	293	-
Lease revenue bonds				
Due within one year	12,671	-	12,671	-
Due beyond one year	326,405	-	326,405	-
Certificates of participation				
Due within one year	367	-	367	-
Due beyond one year	22,709	-	22,709	-
Notes payable				
Due within one year	19	294	313	-
Due beyond one year	135	3,569	3,704	-
Other long-term obligation				
Due within one year	1,129	-	1,129	-
Due beyond one year	2,918	181	3,099	-
Estimated claims				
Due within one year	10,117	138	10,255	-
Due beyond one year	40,720	681	41,401	-
Compensated absences				
Due within one year	26,173	7,469	33,642	77
Due beyond one year	7,622	1,116	8,738	-
Total liabilities	<u>597,757</u>	<u>38,136</u>	<u>635,893</u>	<u>18,663</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	449,235	54,851	504,086	-
Restricted for:				
General government	14,455	-	14,455	-
Public protection	16,836	-	16,836	-
Public ways and facilities	27,467	-	27,467	-
Health and sanitation	20,357	-	20,357	-
Public assistance	29,542	-	29,542	-
Capital projects	3,718	-	3,718	-
Debt service	61,056	-	61,056	-
Housing assistance programs	-	1,095	1,095	-
New parent kit program	-	-	-	92
Unrestricted	481,004	69,588	550,592	11,358
Total net assets	<u>1,103,670</u>	<u>125,534</u>	<u>1,229,204</u>	<u>11,450</u>
Total liabilities and net assets	<u>\$ 1,701,427</u>	<u>\$ 163,670</u>	<u>\$ 1,865,097</u>	<u>\$ 30,113</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, 2011**  
**(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	\$ 68,325	\$ 29,180	\$ 6,452	\$ -
Public protection	329,087	36,881	107,491	-
Public ways and facilities	19,089	3,808	15,871	-
Health and sanitation	214,952	62,483	114,593	-
Public assistance	207,316	4,922	163,680	-
Recreation	9,608	1,641	5	-
Interest on long-term liabilities	18,185	-	-	-
Total governmental activities	866,562	138,915	408,092	-
Business-type activities:				
San Mateo Medical Center	241,028	121,074	72,201	3,198
Airports	2,598	2,771	-	837
Coyote Point Marina	1,067	1,132	9	-
Housing Authority	68,728	2,196	66,300	479
Total business-type activities	313,421	127,173	138,510	4,514
Total primary government	\$ 1,179,983	\$ 266,088	\$ 546,602	\$ 4,514
<b>Component unit:</b>				
First 5 San Mateo County	\$ 11,402	\$ -	\$ 6,641	\$ -

General revenues:

- Taxes:
  - Property taxes
  - Property transfer taxes
  - Sales and use taxes
  - Property tax in-lieu of sales taxes
  - Transient occupancy taxes
  - Aircraft taxes
  - Other taxes
- Unrestricted interest and investment earnings
- Securities lending activities:
  - Securities lending income
  - Securities lending expenses
- Miscellaneous
- Extraordinary item - Payment to State of California per AB99
- Transfers
- Total general revenues, extraordinary item, and transfers
- Change in net assets
- Net assets, beginning of year
- Net assets, end of year

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

(Continued)

**COUNTY OF SAN MATEO**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business- type Activities	Total	First 5 San Mateo County
			<b>Functions/Programs:</b>
			<b>Primary government</b>
			Governmental activities:
			General government
			Public protection
			Public ways and facilities
			Health and sanitation
			Public assistance
			Recreation
			Interest on long-term liabilities
			Total governmental activities
			Business-type activities:
			San Mateo Medical Center
			Airports
			Coyote Point Marina
			Housing Authority
			Total business-type activities
			Total primary government
			<b>Component unit:</b>
			First 5 San Mateo County
			General revenues:
			Taxes:
			Property taxes
			Property transfer taxes
			Sales and use taxes
			Property tax in-lieu of sales taxes
			Transient occupancy taxes
			Aircraft taxes
			Other taxes
			Unrestricted interest and investment earnings
			Securities lending activities:
			Securities lending income
			Securities lending expenses
			Miscellaneous
			Extraordinary item - Payment to State of California per AB99
			Transfers
			Total general revenues, extraordinary item, and transfers
			Change in net assets
			Net assets, beginning of year
			Net assets, end of year
\$ (32,693)	\$ -	\$ (32,693)	
(184,715)	-	(184,715)	
590	-	590	
(37,876)	-	(37,876)	
(38,714)	-	(38,714)	
(7,962)	-	(7,962)	
(18,185)	-	(18,185)	
<u>(319,555)</u>	<u>-</u>	<u>(319,555)</u>	
	(44,555)	(44,555)	
	1,010	1,010	
	74	74	
	247	247	
	<u>(43,224)</u>	<u>(43,224)</u>	
<u>(319,555)</u>	<u>(43,224)</u>	<u>(362,779)</u>	
			\$ (4,761)
356,011	-	356,011	-
5,018	-	5,018	-
16,395	-	16,395	-
4,772	-	4,772	-
928	-	928	-
857	-	857	-
43	-	43	-
10,008	279	10,287	304
34	2	36	-
(29)	(2)	(31)	-
20,873	3,323	24,196	36
-	-	-	(15,340)
<u>(55,528)</u>	<u>55,528</u>	<u>-</u>	<u>-</u>
<u>359,382</u>	<u>59,130</u>	<u>418,512</u>	<u>(15,000)</u>
39,827	15,906	55,733	(19,761)
<u>1,063,843</u>	<u>109,628</u>	<u>1,173,471</u>	<u>31,211</u>
<u>\$ 1,103,670</u>	<u>\$ 125,534</u>	<u>\$ 1,229,204</u>	<u>\$ 11,450</u>



## **Basic Financial Statements -**

**Fund Financial Statements**

**COUNTY OF SAN MATEO**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**  
**(In Thousands)**

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and investments	\$ 295,692	\$ 28,740	\$ 118,001	\$ 442,433
Restricted cash and investments	-	8,949	-	8,949
Receivables (net):				
Accounts	7,474	-	59	7,533
Interest	12,306	282	337	12,925
Taxes	13,423	-	819	14,242
Mortgages	63,657	-	-	63,657
Other	21,442	-	23	21,465
Due from other funds	717	-	569	1,286
Due from other governmental agencies	178,369	-	1,932	180,301
Other assets	186	-	-	186
Inventories	89	-	410	499
Advances to other funds	7,731	-	-	7,731
Total assets	<u>\$ 601,086</u>	<u>\$ 37,971</u>	<u>\$ 122,150</u>	<u>\$ 761,207</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 24,016	\$ 50	\$ 3,176	\$ 27,242
Accrued salaries and benefits	27,437	-	607	28,044
Due to other funds	385	-	456	841
Due to other governmental agencies	21,214	-	-	21,214
Advances from other funds	-	-	400	400
Deferred revenues	282,079	-	2,631	284,710
Deposits	-	-	46	46
Total liabilities	<u>355,131</u>	<u>50</u>	<u>7,316</u>	<u>362,497</u>
<b>Fund Balances:</b>				
Nonspendable	12,099	-	410	12,509
Restricted	35,653	37,921	99,857	173,431
Committed	1,572	-	-	1,572
Assigned	1,763	-	14,567	16,330
Unassigned	194,868	-	-	194,868
Total fund balances	<u>245,955</u>	<u>37,921</u>	<u>114,834</u>	<u>398,710</u>
Total liabilities and fund balances	<u>\$ 601,086</u>	<u>\$ 37,971</u>	<u>\$ 122,150</u>	<u>\$ 761,207</u>

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

**COUNTY OF SAN MATEO**  
**Reconciliation of the Governmental Funds Balance Sheet to**  
**the Government-wide Statement of Net Assets**  
**June 30, 2011**  
**(In Thousands)**

**Fund balances - total governmental funds (page 25)** \$ 398,710

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

Deferred charges in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 3,049

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 777,950

Net OPEB asset is not financial resource and, therefore, is not reported in the governmental funds. 99,057

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. 224,059

Internal service funds are used by management to charge the costs of management of fleet maintenance, Tower Road construction, workers' compensation, long-term disability, employee benefits, and personal injury and property damage to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets. 9,267

Interest payable on long-term liabilities does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds. (8,483)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Lease revenue bonds	\$ (339,076)	
Certificates of participation	(23,076)	
Notes payable	(154)	
Other long-term obligation	(4,047)	
Compensated absences	(33,586)	
	(399,939)	(399,939)

**Net assets of governmental activities (page 22)** \$ 1,103,670

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, 2011**  
**(In Thousands)**

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>				
Taxes	\$ 375,088	\$ -	\$ 14,042	\$ 389,130
Licenses and permits	5,415	-	3,083	8,498
Intergovernmental	376,708	-	27,199	403,907
Charges for services	91,380	-	20,659	112,039
Fines, forfeitures and penalties	12,232	-	2,672	14,904
Rents and concessions	1,859	-	101	1,960
Investment income	6,602	639	1,087	8,328
Securities lending activities:				
Securities lending income	21	1	7	29
Securities lending expenditures	(17)	(1)	(7)	(25)
Other revenues	24,690	-	576	25,266
<b>Total revenues</b>	<u>893,978</u>	<u>639</u>	<u>69,419</u>	<u>964,036</u>
<b>Expenditures:</b>				
Current:				
General government	59,005	125	1,658	60,788
Public protection	314,501	-	8,968	323,469
Public ways and facilities	-	-	18,512	18,512
Health and sanitation	197,778	-	14,095	211,873
Public assistance	195,904	-	12,843	208,747
Recreation	9,110	-	-	9,110
Capital outlay	7,503	2,949	72,641	83,093
Debt service:				
Principal	-	11,855	19	11,874
Interest	-	18,561	1	18,562
<b>Total expenditures</b>	<u>783,801</u>	<u>33,490</u>	<u>128,737</u>	<u>946,028</u>
Excess (deficiency) of revenues over (under) expenditures	<u>110,177</u>	<u>(32,851)</u>	<u>(59,318)</u>	<u>18,008</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	5	-	-	5
Transfers in	288	30,167	101,230	131,685
Transfers out	(150,121)	-	(37,078)	(187,199)
<b>Total other financing sources (uses)</b>	<u>(149,828)</u>	<u>30,167</u>	<u>64,152</u>	<u>(55,509)</u>
<b>Net change in fund balances</b>	<u>(39,651)</u>	<u>(2,684)</u>	<u>4,834</u>	<u>(37,501)</u>
Fund balances - beginning	<u>285,606</u>	<u>40,605</u>	<u>110,000</u>	<u>436,211</u>
Fund balances - end	<u>\$ 245,955</u>	<u>\$ 37,921</u>	<u>\$ 114,834</u>	<u>\$ 398,710</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, 2011**  
**(In Thousands)**

**Net change in fund balances - total governmental funds (page 27)** \$ (37,501)

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

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

Expenditures for general capital assets and infrastructure	\$ 83,093	
Expenditures not subject to capitalization	(2,662)	
The net effect of various miscellaneous transactions involving capital assets such as sales, retirements, trade-ins, and donations	439	
Less current year depreciation	<u>(17,992)</u>	62,878

Unavailable revenues are reported as deferred revenues in the governmental funds, but are recognized as revenues in the statement of activities. 3,387

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

Payments towards :

Lease revenue bonds	11,505	
Certificates of participation	350	
Notes payable	19	
Other long-term obligation - capital lease	<u>55</u>	11,929

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

Amortization of deferred charges	(148)	
Amortization of bond discount	(5)	
Amortization of bond premium	544	
Amortization of deferred loss on refunding	(471)	
Change in accrued interest payable	168	
Accretion of capital appreciation bonds	(325)	
Change in net OPEB asset	1,312	
Change in long-term liabilities	(4,013)	
Change in compensated absences	<u>131</u>	(2,807)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues of certain activities of the internal service funds are reported with governmental activities. 1,941

**Change in net assets of governmental activities (page 24)** \$ 39,827

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

**COUNTY OF SAN MATEO**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**June 30, 2011**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental Activities
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 23,204	\$ 21,560	\$ 1,518	\$ 46,282	\$ 53,713
Restricted cash and investments	-	1,443	-	1,443	-
Receivables (net):					
Accounts	15,496	144	36	15,676	5
Grant	764	-	-	764	-
Interest	-	72	4	76	151
Other	52	-	-	52	-
Due from other funds	-	-	-	-	1
Due from other governmental agencies	14,433	1,486	248	16,167	2,512
Inventories	2,504	-	-	2,504	113
Other assets	3,054	7	-	3,061	1,364
Total current assets	<u>59,507</u>	<u>24,712</u>	<u>1,806</u>	<u>86,025</u>	<u>57,859</u>
Noncurrent assets:					
Notes receivable	200	328	-	528	-
Deposits	831	-	-	831	-
Net OPEB asset	23,211	-	298	23,509	671
Capital assets:					
Nondepreciable:					
Land	841	1,128	8,178	10,147	7
Construction in progress	3,043	950	1,213	5,206	-
Depreciable:					
Structures and improvements	5,336	20,911	40,039	66,286	1,078
Equipment	11,832	1,033	189	13,054	20,762
Software	8,725	-	-	8,725	9
Less accumulated depreciation	(14,082)	(17,403)	(13,038)	(44,523)	(17,322)
Total noncurrent assets	<u>39,937</u>	<u>6,947</u>	<u>36,879</u>	<u>83,763</u>	<u>5,205</u>
Total assets	<u>99,444</u>	<u>31,659</u>	<u>38,685</u>	<u>169,788</u>	<u>63,064</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	7,344	255	108	7,707	691
Payable from restricted cash and investments	-	351	-	351	-
Accrued interest payable	-	-	31	31	2
Accrued salaries and benefits	7,637	207	81	7,925	157
Accrued liabilities	-	29	-	29	-
Due to other funds	253	-	185	438	8
Due to other governmental agencies	7,866	-	-	7,866	-
Unearned revenues	420	55	8	483	148
Notes payable - current	-	-	294	294	-
Compensated absences - current	7,110	256	103	7,469	149
Estimated claims - current	-	138	-	138	10,117
Total current liabilities	<u>30,630</u>	<u>1,291</u>	<u>810</u>	<u>32,731</u>	<u>11,272</u>
Noncurrent liabilities:					
Advances from other funds	5,179	791	-	5,970	1,361
Deposits	-	-	3	3	94
Net OPEB obligation - noncurrent	-	293	-	293	-
Notes payable - noncurrent	-	189	3,380	3,569	-
Compensated absences - noncurrent	937	134	45	1,116	60
Estimated claims - noncurrent	-	681	-	681	40,720
Other long-term liabilities - noncurrent	181	-	-	181	-
Total noncurrent liabilities	<u>6,297</u>	<u>2,088</u>	<u>3,428</u>	<u>11,813</u>	<u>42,235</u>
Total liabilities	<u>36,927</u>	<u>3,379</u>	<u>4,238</u>	<u>44,544</u>	<u>53,507</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	15,514	6,430	32,907	54,851	4,534
Restricted for housing assistance programs	-	1,095	-	1,095	-
Unrestricted	47,003	20,755	1,540	69,298	5,023
Total net assets	<u>\$ 62,517</u>	<u>\$ 28,280</u>	<u>\$ 34,447</u>	<u>125,534</u>	<u>\$ 9,557</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				290	
Net assets of business-type activities (page 22)				<u>\$ 125,534</u>	

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

**COUNTY OF SAN MATEO**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2011**  
**(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	352,631	\$ 2,196	\$ 1,136	\$ 355,963	\$ 112,329
Less:					
Contractual allowances	(229,591)	-	-	(229,591)	-
Provision for doubtful accounts	(16,452)	-	-	(16,452)	-
Net charges for services	106,588	2,196	1,136	109,920	112,329
Other program revenues:					
Supplemental programs	50,004	-	-	50,004	-
Medical managed care	20,249	-	-	20,249	-
Sales tax	3,892	-	-	3,892	-
Other operating revenues:					
Rent and concessions	-	-	2,770	2,770	-
Revenue from other County agencies	1,264	-	-	1,264	-
Foundation contribution	3,081	-	-	3,081	-
Sales of drugs and medical supplies, fees, and others	6,304	-	-	6,304	-
Miscellaneous	-	3,232	91	3,323	866
Total operating revenues	191,382	5,428	3,997	200,807	113,195
<b>Operating expenses:</b>					
Salaries and benefits	147,573	4,193	1,553	153,319	3,130
Pharmaceutical drugs	7,144	-	-	7,144	-
Supplies	10,570	-	-	10,570	-
Contract provider services	28,826	-	-	28,826	-
Other fees and purchased services	36,829	-	-	36,829	-
General and administrative	7,881	3,796	1,203	12,880	12,364
Benefits and claims	-	-	-	-	12,796
Insurance premiums	-	-	-	-	81,299
Depreciation and amortization	2,345	282	772	3,399	1,914
Housing assistance payments	-	60,442	-	60,442	-
Total operating expenses	241,168	68,713	3,528	313,409	111,503
Operating income (loss)	(49,786)	(63,285)	469	(112,602)	1,692
<b>Nonoperating revenues (expenses):</b>					
State and federal grants	1,948	66,300	9	68,257	-
Loss from disposal of capital assets	(73)	-	-	(73)	-
Investment income	6	254	19	279	494
Interest expense	(75)	(15)	(139)	(229)	-
Securities lending activities:					
Securities lending income	1	1	-	2	4
Securities lending expenses	(1)	(1)	-	(2)	(3)
Total nonoperating revenues (expenses), net	1,806	66,539	(111)	68,234	495
Income (loss) before capital contributions and transfers	(47,980)	3,254	358	(44,368)	2,187
Capital contributions	3,198	479	837	4,514	-
Transfers in	64,802	-	4	64,806	10
Transfers out	(9,107)	-	(171)	(9,278)	(24)
<b>Change in net assets</b>	10,913	3,733	1,028	15,674	2,173
Net assets - beginning	51,604	24,547	33,419		7,384
Net assets - end	\$ 62,517	\$ 28,280	\$ 34,447		\$ 9,557
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				232	
Change in net assets of business-type activities (page 24)				\$ 15,906	

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, 2011**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo	Housing Authority	Other	Total	Internal
	Medical Center		Enterprise Funds		Service Funds
<b>Cash flows from operating activities</b>					
Cash receipts from customers	\$ 188,477	\$ 5,676	\$ 4,465	\$ 198,618	\$ -
Cash receipts from interfund services provided	-	-	-	-	112,724
Cash paid to suppliers of goods and services	(90,063)	(3,436)	(1,529)	(95,028)	(93,592)
Cash paid to employees for services	(147,614)	(4,312)	(1,505)	(153,431)	(3,130)
Cash paid for housing assistance	-	(60,568)	-	(60,568)	-
Cash paid for settlement accounts	(2,344)	-	-	(2,344)	-
Cash paid for judgments and claims	-	-	-	-	(14,038)
Net cash provided by (used in) operating activities	(51,544)	(62,640)	1,431	(112,753)	1,964
<b>Cash flows from noncapital financing activities</b>					
County subsidy transfers	64,802	-	-	64,802	-
Transfers received from other funds	-	-	4	4	10
Transfers paid to other funds	(9,107)	-	(171)	(9,278)	(24)
Loan repayments from other funds	300	-	-	300	-
Loan from other funds	195	-	185	380	-
Loan repayments to other funds	-	(6)	(1)	(7)	-
Advances from other funds	36	-	-	36	577
Interest payment	(75)	-	-	(75)	-
State and federal grant receipts	1,948	66,300	9	68,257	-
Net cash provided by noncapital financing activities	58,099	66,294	26	124,419	563
<b>Cash flows from capital and related financing activities</b>					
Acquisition of capital assets	(1,577)	(645)	(1,646)	(3,868)	(569)
Capital contribution	3,198	479	837	4,514	-
Payment on long-term liabilities	(164)	-	(730)	(894)	-
Interest paid on long-term liabilities	-	(24)	(210)	(234)	-
Net cash provided by (used in) capital and related financing activities	1,457	(190)	(1,749)	(482)	(569)
<b>Cash flows from investing activities</b>					
Principal received from loans and investments	-	3	-	3	-
Cash disbursed for loans	-	(200)	-	(200)	-
Interest received from loans	-	4	-	4	-
Investment income received	8	248	19	275	933
Investment expense paid	-	-	-	-	(456)
Net cash provided by investing activities	8	55	19	82	477
Net increase (decrease) in cash and cash equivalents	8,020	3,519	(273)	11,266	2,435
Cash and cash equivalents, beginning	15,184	19,484	1,791	36,459	51,278
Cash and cash equivalents, end	\$ 23,204	\$ 23,003	\$ 1,518	\$ 47,725	\$ 53,713

(Continued)

**COUNTY OF SAN MATEO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2011**  
**(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>	\$ (49,786)	\$ (63,285)	\$ 469	\$ (112,602)	\$ 1,692
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	2,345	282	772	3,399	1,914
Decrease (increase) in:					
Accounts receivable	2,710	(5)	(7)	2,698	395
Grant receivable	368	-	-	368	-
Other receivable	2,125	-	-	2,125	-
Due from other funds	-	-	1	1	19
Due from other governmental agencies	3,730	-	498	4,228	(746)
Deposits	(121)	-	-	(121)	-
Inventories	(1,201)	-	-	(1,201)	15
Net OPEB assets	(352)	-	(4)	(356)	(10)
Other assets	3,803	64	-	3,867	(139)
Increase (decrease) in:					
Accounts payable	165	195	(326)	34	22
Accrued salaries and benefits	379	21	18	418	6
Accrued liabilities	-	(103)	-	(103)	-
Due to other funds	-	-	-	-	(110)
Due to other governmental agencies	(15,041)	49	-	(14,992)	-
Unearned revenues	(600)	21	(23)	(602)	144
Net OPEB obligations	-	77	-	77	-
Compensated absences	(68)	44	34	10	4
Refundable deposits	-	-	(1)	(1)	-
Estimated claims	-	-	-	-	(1,242)
Net cash provided by (used in) operating activities	<u>\$ (51,544)</u>	<u>\$ (62,640)</u>	<u>\$ 1,431</u>	<u>\$ (112,753)</u>	<u>\$ 1,964</u>

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

**COUNTY OF SAN MATEO**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**  
**(In Thousands)**

	SamCERA Pension Trust	Investment Trust	Agency
	<u>Trust</u>	<u>Trust</u>	<u>Agency</u>
<b>ASSETS</b>			
Cash and investments (in County investment pool)	\$ 2,487	\$ 1,772,233	\$ 235,519
Cash and investments (outside County investment pool)	60,208	-	-
Securities lending collateral (outside County investment pool)	199,439	-	-
Receivables (net):			
Due from broker for investments sold	148,075	-	-
Contributions	10,470	-	-
Interest	5,801	5,896	663
Taxes	-	-	115,200
Other	181	-	-
Due from other governmental agencies	-	3,220	14,551
Prepaid expense	7	-	-
Net OPEB asset	448	-	-
Investments:			
Fixed income securities - domestic and global	585,293	-	-
Equities:			
Domestic	932,277	-	-
International	398,753	-	-
Real estate	135,475	-	-
Private equities	3,741	-	-
Risk parity	145,621	-	-
Hedge funds	69,986	-	-
Other assets	-	112	61,111
Total assets	<u>2,698,262</u>	<u>1,781,461</u>	<u>\$ 427,044</u>
<b>LIABILITIES</b>			
Accounts payable	1,869	363	\$ -
Due to broker for investment purchased	175,192	-	-
Securities lending collateral (outside County investment pool) - due to borrowers	199,439	-	-
Due to other governmental agencies	-	905	52,943
Other liabilities	3,986	4,579	-
Fiduciary liabilities	-	-	374,101
Total liabilities	<u>380,486</u>	<u>5,847</u>	<u>\$ 427,044</u>
<b>NET ASSETS</b>			
Net assets held in trust for pension benefits/investment pool participants	<u>\$ 2,317,776</u>	<u>\$ 1,775,614</u>	

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

**COUNTY OF SAN MATEO**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	SamCERA Pension Trust	Investment Trust
	<u>          </u>	<u>          </u>
<b>ADDITIONS</b>		
Contributions:		
Employer contributions	\$ 150,475	\$ -
Plan member contributions	49,013	-
Contributions to investment pool	-	3,350,654
Total contributions	<u>199,488</u>	<u>3,350,654</u>
Net investment income:		
Net appreciation (depreciation) in fair value of investments	403,501	(2,479)
Investment income	50,758	50,469
Investment expense	(16,601)	-
Securities lending activities:		
Securities lending income	558	125
Securities lending expenses	(29)	(103)
Total net investment income	<u>438,187</u>	<u>48,012</u>
Other additions	<u>73</u>	<u>-</u>
Total additions	<u>637,748</u>	<u>3,398,666</u>
<b>DEDUCTIONS</b>		
Benefits and refunds paid to plan members and beneficiaries:		
Service retirement benefits	114,423	-
Disability retirement benefits	14,553	-
Death and other benefits	859	-
Withdrawals of members' contributions	2,475	-
Total benefits and refunds paid to plan members and beneficiaries	<u>132,310</u>	<u>-</u>
Distributions from investment pool	-	3,410,736
Administrative expenses	3,548	-
Other expenses	10	-
Total deductions	<u>135,868</u>	<u>3,410,736</u>
<b>Change in net assets</b>	501,880	(12,070)
Net assets - beginning	<u>1,815,896</u>	<u>1,787,684</u>
Net assets - end	<u>\$ 2,317,776</u>	<u>\$ 1,775,614</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, 2011**  
**(In Thousands)**

**NOTE 1 – THE FINANCIAL REPORTING ENTITY**

**(a) Reporting Entity**

The County of San Mateo, California (County), a Charter County established by an Act of the State Legislature in 1856, is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a Board of Supervisors (County Board) that serves as a governing body and is responsible for the legislative and executive control of the County. The County provides various services on a County-wide basis including law enforcement and legal justice, detention, social, health, hospital, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the County Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

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

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

**(b) Blended Component Units**

*San Mateo County Joint Powers Financing Authority*

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

*San Mateo County Employees' Retirement Association*

The San Mateo County Employees' Retirement Association (SamCERA) exists to serve as the administrator of the County's pension plan. Management of the SamCERA is vested in the Board of Retirement consisting of nine members. Pursuant to the County Employees Retirement Law of 1937, board members include the County Treasurer, two general members of SamCERA elected by their peers, four members appointed by the County Board, one member from SamCERA's safety members, and one member from the retirees. The Board of Retirement undertakes the administrative and fiduciary responsibility over the pension plan. Because of its prominent financial relationship with the County, SamCERA is reported as a pension trust fund in the County's 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.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

*Housing Authority of the County of San Mateo*

The Housing Authority of the County of San Mateo (Housing Authority), established pursuant to the State Health and Safety Code by the County Board, provides housing assistance to low and moderate-income families at rents they can afford. Eligibility is determined by family composition and income in areas served by the Housing Authority. Most of the housing programs administered by the Housing Authority are funded by contributions from the U.S. Department of Housing and Urban Development (HUD) pursuant to the United States Housing Act of 1937 and the HUD Act.

The Housing Authority's Board of Commissioners is composed of the same members as the County Board. Decisions affecting the Housing Authority are addressed as part of the Board's overall meeting. As such, the Housing Authority is reported as a major enterprise fund in the County's financial statements. The Housing Authority issues a separate financial report that can be obtained by writing to Housing Authority of the County of San Mateo at 264 Harbor Boulevard, Building A, Belmont, California 94002.

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

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

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

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

**(c) Discretely Presented Component Unit**

*First 5 San Mateo County*

The First 5 San Mateo County (First 5) was created in 1998 with the passage of Proposition 10, the California Children and Families First Act. This Act levied tobacco tax to support an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development to ensure that children are ready to enter school. First 5 is an independent body comprised of nine members, including County public officials and community leaders from the fields of early childhood education, healthcare, and family support. The primary role of First 5 is to ensure that resources from the California Children and Families Trust Fund are allocated in a fiscally responsible manner. Because its relationship with the County is prominent, First 5 is reported as a discretely presented component unit in the County's financial statements. First 5 issues a separate financial report that can be obtained by writing to First 5 San Mateo County at 1700 South El Camino Real, Suite 405, San Mateo, California 94402.

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

**(a) Basis of Presentation**

***Government-wide Financial Statements***

The *statement of net assets* and *statement of activities* display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component unit. Governmental activities, which are normally supported by taxes and inter-

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

governmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees charged to external parties. When both restricted and unrestricted net assets are available, restricted resources are generally depleted first before the unrestricted resources are used.

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

***Fund Financial Statements***

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

The County reports the following major governmental funds:

- *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for by other funds. These activities include general government, public protection, health and sanitation, public assistance, and recreation services.
- *Joint Powers Financing Authority (JPFA)* accounts for debts issued to finance County-sponsored capital projects and debt service payments to creditors. The JPFA's revenues primarily come from lease payments from the County under a master facility lease.

The County reports the following major enterprise funds:

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

The County also reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet maintenance and road construction services provided to departments or other governmental agencies; employee benefits including medical, vision, and dental; and self-insurance programs including workers' compensation, long-term disability, and personal injury and property damage on a cost-reimbursement basis.
- *SamCERA Pension Trust Fund* accumulates contributions from the County, the San Mateo County Mosquito and Vector Control District, and their employees. Earnings from investments are credited to and disbursements are made from this fund for retirement, disability, death benefits (based on a defined benefit formula), and administrative expenses. This fund accounts for all assets of the SamCERA.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

- *Investment Trust Fund* consists of two components:
  - *External Investment Pool* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities, and pass through funds for tax collections for cities. The County Treasurer is obligated to disburse monies from these funds on demand.
  - *Individual Investment Account* accounts for specific investments acquired on behalf of the Brisbane School District. The income from and changes in the value of these investments are separate from the County's investment pool. The Brisbane School District closed this account during FY 2010-11.
- *Agency Funds* are custodial in nature and do not report operating results. These funds are used to account for assets held by the County as an agent for various local governments and individuals, such as the County Library Fund governed by the Board of San Mateo Joint Powers Authority; unapportioned taxes for other local governmental agencies; funds administered by the San Mateo County Superior Court; and funds held for the Public Administrator, Public Guardian, and other governmental agencies.

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

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

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

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

*Proprietary funds* distinguish operating revenues and expenses from nonoperating items. *Operating revenues*, such as charges for services, generally result from exchange transactions associated with the principal activity of each fund. The Medical Center particularly defines its operating revenues as deemed by management to be ongoing, major, or central to the provision of healthcare services. Its operating revenues encompass revenues from foundation contributions, sales of drugs and medical supplies, State supplemental programs, and other fees. *Nonoperating revenues*, such as interest income, state and federal grants, and subsidies, result from nonexchange transactions or ancillary activities. *Operating expenses* include costs for providing services and delivering goods such as administrative expenses and depreciation on capital assets. All other expenses not meeting this definition are reported as *nonoperating expenses*.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

*Fiduciary funds* include trust funds and agency funds. Trust funds (including pension trust, investment trust, and individual investment account) are reported using the economic measurement focus and the accrual basis of accounting. Agency funds are reported using the accrual basis of accounting to recognize receivables and payables.

**(c) Cash and Cash Equivalents**

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

**(d) Restricted Cash and Investments**

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

**(e) Investments**

The County sponsors an investment pool to invest funds from the County and external public entities. The County's pool activity is governed by California Government Code statutes and the County Investment Policy. Those statutes and policy authorize the County Treasurer to invest in securities issued by the U.S. Department of the Treasury and its agencies, certain corporate bonds and notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, the State of California Local Agency Investment Fund, and securities lending transactions. SamCERA has its own investment policy, and significant accounting policies for its investments are separately discussed in Note 13.

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

Participants' equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses; net of banking costs and administrative fees; are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains or losses are not apportioned to pool participants. During the fiscal year ended June 30, 2011, the County Treasurer has not entered into any legally binding guarantees to support the participant equity in the investment pool.

Income from pooled investments is allocated to individual funds or external participants based on each fund's or participant's average daily cash balance at quarter end in relation to the total pool investments. Investment income earned in agency funds with no interest earning requirements is assigned to the General Fund per County Policy. Income from non-pooled investments is deposited into funds that provided the resources.

**(f) Mortgages Receivable**

For the purpose of the fund financial statements, the governmental fund expenditures arising from long-term loan subsidy programs are charged to operations upon funding and the loans are recorded, net of an estimated allowance for potentially uncollectible loans, as mortgages receivable with an offset to a deferred credit account. The balance of the mortgages receivable includes loans that may be forgiven if certain terms and conditions of the loans are being met. As of June 30, 2011, the County reported a net mortgages receivable of \$63.7 million, net of allowance of \$4.1 million, on the governmental fund balance sheet.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

**(g) Inventories**

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

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

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

The County is responsible for assessing, collecting, and distributing property taxes in accordance with State law. Property taxes are levied on both secured (real property) and unsecured (personal property other than land and buildings) property. Supplemental property taxes are assessed upon transfer of ownership in property or completion of new construction. The State legislature determines the method of distribution of receipts from a 1% tax levy among the County, cities, school districts, and other districts. The total fiscal year 2010-11 net assessed valuation of the County was \$127 billion, after deducting \$14 billion for the redevelopment tax allocation increment.

The County levies, bills, and collects taxes as follows:

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

On the government-wide financial statements, property tax revenues are recognized in the fiscal year for which they are levied. On the fund financial statements, property tax revenues are deferred if not received within sixty days after fiscal year-end.

Effective July 1, 1993, the County began apportioning secured property tax revenue in accordance with the alternate method of distribution, the Teeter Plan, as prescribed by Section 4717 of the California Revenue and Taxation Code. Under the Teeter Plan, the County allocates to local taxing agencies 100% of the secured property taxes billed. In return, the County retains penalties and interest on delinquent secured taxes in the Tax Loss Reserve Fund (TLRF). The primary purpose of TLRF is to cover losses that may occur as a result of special sales of tax-defaulted property. The County is legally required to maintain a minimum of 1% of the total tax levies on secured properties within the tax areas of participating entities, which was approximately \$16.5 million at June 30, 2011.

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 \$99.7 million at June 30, 2011.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
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In accordance with Section 97.2 (D)(4)(i) of the California Revenue and Taxation Code (Code), the County established an agency fund, the Educational Revenue Augmentation Fund (ERAF), in 1992 to redirect property tax from the County, cities, and special districts to public education programs. Each of these local agencies is required to shift an amount of property tax revenues prescribed by the Code to ERAF. Once school districts and programs are paid the maximum allowable, the Code requires the excess ERAF be refunded to these local agencies. The County General Fund received a total of \$79.3 million from the excess ERAF for the fiscal year ended June 30, 2011.

**(i) Capital Assets**

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

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

The County has six networks of infrastructure assets: road, bridge, water and sewer, lighting, drainage, and flood control. The maintained pavement subsystem of the road network is reported using the modified approach. The County commissioned a complete, physical assessment of the maintained pavement subsystem condition in FY2009-10. The condition assessment is completed triennially. The County’s maintained pavement subsystem has been classified as roads with or without formal structural sections. Each road segment is rated and given a Pavement Condition Index (PCI) value from zero to one hundred (0 – 100). Roads with a PCI of 40 or higher are considered in a “Fair” or better condition and roads with a PCI of 55 or higher in a “Good” or better condition. The County’s policy is to maintain a minimum PCI of 40 for at least 65 percent of roads with no defined structural section (secondary roads) and a minimum PCI of 55 for at least 75 percent of roads with a defined structural section (primary roads). Under the modified approach, depreciation is not reported for this subsystem and all expenditures, except for betterments and major improvements, made to the subsystem are expensed.

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

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

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

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

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



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
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**(l) Interfund Transactions**

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

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

**(m) Estimates**

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

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

**Deficit Fund Equity**

As of June 30, 2011, the Tower Road Construction, the Workers’ Compensation Insurance, and the Long-Term Disability internal service funds reported net deficits of \$1,022, \$14,734, and \$8,084, respectively.

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

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

**NOTE 4 – CASH AND INVESTMENTS**

The County investment pool includes both voluntary and involuntary participation from external public entities. Certain special districts and entities are required under State statutes to maintain their cash surplus in the pool. Part of the JPFA’s and SamCERA’s cash and investments are deposited in and managed by outside financial institutions. As of June 30, 2011, the net asset value of involuntary participation in the investment pool was \$1.9 billion.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
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In accordance with California Government Code Section 53600, the County Treasurer manages funds deposited by the County, all County school districts, various districts, and some cities within the County. The investment pool is not registered with the Securities and Exchange Commission as an investment company. California Government Code and the County Investment Policy govern the investment pool activity. The objectives of the policy, in order of priority, are: safety, liquidity, and yield. The pool attempts to match maturities with planned outlays and maximize the return on investment over various market cycles. Yield is considered only after safety and credit quality have been met, consistent with limiting risk and prudent investment principles. The County Board annually reviews the County Investment Policy, and all amendments to the policy require the County Board's approval.

In accordance with Article 6 Section 27131 of the California Government Code, the County Board established an eight- member County Treasury Oversight Committee (Oversight Committee) to oversee the management of public funds in the investment pool. The Oversight Committee meets at least three times annually to evaluate general strategies, monitor results, and evaluate the economic outlook, portfolio diversification, maturity structure and potential risks to the funds. The County Treasurer prepares and submits a comprehensive investment report to the members of the County Board, the members of the Oversight Committee, and the investment pool participants each month. The report covers the type of investments in the pool, name of the issuer, maturity date, par value, actual cost, and fair value. Significant accounting policies for investments can be found in Note 2(e).

The maximum allowable maturity of instruments in the County pool at the time of investment is seven years and the maximum dollar weighted average maturity of the fund is three years. Under the County Investment Policy and subject to California law, funds deposited in the County pool may only be reclaimed at the rate of 20% of the principal balance per month, exclusive of apportionment, payrolls and day-to-day operations, unless specifically authorized by the Treasurer. The County's cash and investments as of June 30, 2011, consist of the following:

<i>Cash and cash equivalents:</i>	
Cash on hand - County	\$ 3,016
Money market deposit accounts - JPFA	17,621
Money market mutual fund - JPFA	4,503
Cash and deposits - SamCERA	60,208
U.S. Treasury Bills - County	30,000
Deposits - County*	8,482
Total cash and cash equivalents	123,830
<i>Investments:</i>	
In Treasurer's pool	2,519,051
With fiscal agents of the JPFA	8,949
In SamCERA's portfolio	2,470,585
Total investments	4,998,585
Total cash and investments	\$ 5,122,415

\* At year-end, the carrying amount of the County's cash deposits was \$8,482 and the bank balance was \$59,216. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

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

Primary government	\$ 552,820
Discretely Presented Component unit	28,563
Pension trust	2,533,280
Investment trust fund	1,772,233
Agency funds	235,519
Total cash and investments	\$ 5,122,415

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

**Investments**

The County's investments as of June 30, 2011, consist of the following:

	Interest Rates	Maturities	Par Value	Fair Value	Weighted Average Maturity (Years)
<b>Investments in Investment Pool</b>					
U.S. government securities	0.045% - 2.125%	7/14/11 - 6/30/16	\$ 928,000	\$ 929,078	1.98
U.S. government agency securities	0.020% - 2.815%	7/5/11 - 11/23/15	825,000	827,922	1.11
U.S. government agency securities: floating rate	0.096% - 0.202%	8/1/11 - 5/1/12	50,000	50,004	0.39
Corporate bonds	0.875% - 5.900%	8/1/12 - 5/19/16	155,750	159,557	3.00
Floating rate securities	0.301% - 1.875%	1/24/12 - 5/30/14	212,000	212,450	1.99
Commerical paper	0.090% - 0.180%	7/14/11 - 8/26/11	90,000	89,989	0.08
Certificate of deposit	0.476% - 0.926%	1/19/12 - 1/18/13	40,000	40,051	1.05
Repurchase agreements	0.000%	7/1/11	210,000	210,000	*
<b>Total investments in investment pool</b>			<u>2,510,750</u>	<u>2,519,051</u>	1.48
<b>Investments outside of Investment Pool</b>					
<b>San Mateo Joint Powers Financing Authority</b>					
Federal Home Loan Mortgage Corporation - discount note			2,557	2,540	*
Republic National Bank - repurchase agreements			938	938	1.61
Investment contract			5,471	5,471	6.11
Subtotal			<u>8,966</u>	<u>8,949</u>	3.90
<b>San Mateo County Employees' Retirement Association</b>					
Fixed income securities:					
Agency				7,649	12.10
Asset backed securities				18,117	5.68
Commerical mortgage-backed securities				22,499	3.86
Collateralized mortgage obligations				30,752	4.94
Commingled funds				8,802	**
Corporate bonds				165,334	8.01
Foreign				73,659	3.72
Mortgage pass through				92,753	5.81
Taxable municipal bonds				5,575	17.88
U. S. Treasuries				100,170	11.25
Yankee				21,118	19.09
Fixed income securities <sup>1</sup>				38,865	28.57
Alternative investments <sup>2</sup>				219,348	**
Equities:					
Domestic				932,277	**
International				398,753	**
Real estate				135,475	**
Securities lending collateral in short-term investment portfolio				199,439	**
Subtotal				<u>2,470,585</u>	2.15
<b>Total investments outside of investment pool</b>				<u>2,479,534</u>	
<b>Total investments</b>				<u>\$ 4,998,585</u>	

<sup>1</sup> Active fixed income securities in portfolio managed by Angelo Gordon investment management firm.

<sup>2</sup> Investments made up of private equities, risk parity, and hedge funds.

\* Weighted average maturity is less than 0.01 year.

\*\* Not applicable or not available

*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 \$250 must be collateralized at 110% to 150% of the value of the deposit to guarantee the safety of the public funds. The first \$250 of the County's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than the \$250 insured amount are fully collateralized by Union Bank by pledging identifiable U.S. Government securities at 110% or more.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
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**County Investment Pool.** California Government Code and the County Investment Policy govern the investment pool activity. The composition and value of investments in the County pool vary from time to time depending on cash flow needs of the County and public agencies invested in the County pool, and sale and purchase of new securities.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years or less in accordance with its investment policy. As of June 30, 2011, the investment pool had a weighted average maturity of 1.5 years and its investment in floating rate securities was \$212 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 rated "AAAf/S1" by Standard & Poor's.

Investment as of June 30, 2011	Standard & Poor's Rating	% of Portfolio
U.S. Government Securities		
United States Treasuries	AAA	36.88%
U.S. Government Agency Securities		
Federal Home Loan Bank	AAA	12.54%
Federal Home Loan Mortgage Corporation	AAA	10.07%
Federal National Mortgage Association	AAA	10.25%
Federal Home Loan Bank - Floating Rate	AAA	0.40%
Federal Home Loan Mortgage Corporation - Floating Rate	AAA	1.59%
Corporate Bonds		
Corporate Bonds	AAA	0.94%
Corporate Bonds	AA+	1.85%
Corporate Bonds	AA	2.06%
Corporate Bonds	AA-	1.48%
Floating Rate Securities	AA+	0.40%
Floating Rate Securities	AA-	1.39%
Floating Rate Securities	A+	2.39%
Floating Rate Securities	A	3.78%
Floating Rate Securities	A-	0.48%
Commerical Paper	AA+	0.60%
Commerical Paper	AA-	2.98%
Certificate of Deposit	AA-	0.80%
Certificate of Deposit	A+	0.79%
Repurchase Agreements	AAA	8.33%
Total		100.00%

On August 5, 2011, Standard & Poor's lowered its long-term credit rating on debt of the U.S. government from "AAA" to "AA+." This action affected Standard & Poor's view of U.S. public finance debt instruments that are directly or indirectly backed by the U.S. As a result, on August 8, 2011, Standard & Poor's lowered its long-term credit ratings of U.S. government-sponsored enterprises and public debt issues that have credit enhancement guaranteed by those government-sponsored enterprises to "AA+." The credit downgrades relate to the credit risk associated with the County's investments in U.S. Treasuries and U.S. Agency Securities.

*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);

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
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collateralized time deposits within the State, 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) or obligations of U.S. agencies to 100% (40% per issuer); 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, 2011, the investment pool is in compliance with the above mentioned guidelines. The investment pool has more than 5% of its total investments with the following issuers as of June 30, 2011: 13% in Federal Home Loan Bank, 12% in Federal Home Loan Mortgage Corporation, 10% in Federal National Mortgage Association.

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

**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, 2011, the JPFA's investment portfolio had a weighted average maturity of four years.

*Credit Risk.* The JPFA's bond trust agreements include provisions which restrict the JPFA's investment in (a) money market mutual funds rated "AAm" or "AAm-G" by Standard & Poor's, or better; (b) repurchase agreements with any domestic bank the long-term debt of which is rated "AA" or better by Standard & Poor's; (c) specific obligations of government sponsored agencies which are not backed by the full faith and credit of the United State of America, including Federal Home Loan Mortgage Corporation, and (d) investment agreements. As of June 30, 2011, the JPFA's money market mutual fund was rated "AAAm" by Standard & Poor's and "Aaa-mf" by Moody's Investors Service. The repurchase agreement with Republic National Bank was rated "AA+" by Standard & Poor's and "Aaa" by Moody's Investors Service. The discount note with the Federal Home Loan Mortgage Corporation was rated "AAA" by Standard & Poor's and "Aaa" by Moody's Investors Service. The investment contract with Financial Guaranty Insurance Company Capital Market Services Group was unrated.

*Concentration of Credit Risk.* The JPFA places no limit on the amount invested in any one issuer. At June 30, 2011, the JPFA has \$0.9 million, or 11%, of its total investments in repurchase agreements with Republic National Bank; \$2.5 million, or 28%, in a discount note with the Federal Home Loan Mortgage Corporation; and \$5.5 million, or 61%, in an investment contract with Financial Guaranty Insurance Company Capital Market Services Group.

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

*Derivatives.* SamCERA records all of its investments at fair market value and has no hedging derivatives. Further disclosure on the derivative positions held at fiscal year-end are contained in the table below. In comparison to SamCERA's total investments at fair value, the fair value of SamCERA's derivative positions as of June 30, 2011, is not material.

<u>Investment Derivatives as of June 30, 2011</u>	Notional Value	Fair Value
Credit default swaps bought	\$ 1,681	\$ 166
Credit default swaps written	778	(42)
FX forwards	114,382	(786)
Pay fixed interest rate swaps	4,840	(373)
Receive fixed interest rate swaps	7,000	184
Rights	8	19
Return swaps bond - total	425	1
Warrants	1	1
Total	<u>\$ 129,115</u>	<u>\$ (830)</u>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
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SamCERA's investments contain various derivative positions as of and for the fiscal year ended June 30, 2011, primarily in swaps and foreign currency forward positions. As of June 30, 2011, SamCERA held derivatives with a notional amount of \$129 million and a negative fair value of \$0.8 million. Changes in fair value during FY2010-11 are reported in the statement of changes in fiduciary net assets as a component of investment income. The fair values of the derivatives are determined using a pricing service and validated by SamCERA's custodians. Management of SamCERA accepts these valuations. No derivatives were held that would be classified as hedging derivatives – all are classified as investment derivatives.

For foreign currency forwards, published foreign exchange rates are the primary source of information. The fair values of credit default swaps, interest rate swaps and warrants are determined using the custodian pricing vehicles. The fair values of "to-be-announced" transactions are also determined by the custodian pricing vehicles. As of June 30, 2011, SamCERA's derivatives were not subject to custodial credit risk. However, they are subject to other risks.

*Interest Rate Risk.* SamCERA has investments in seven fixed income portfolios containing individual debt securities as well as investments in external investment pools containing debt securities. SamCERA's investment policy does not have a formal policy that limits investment duration as a means of managing its exposure to fair value losses arising from increasing interest rates. SamCERA's active bond portfolios are managed duration neutral to their respective benchmark. Its enhanced index portfolio does not rely on active duration management, but instead maintains duration within a very narrow band around that of the benchmark (for the Barclays Capital Aggregate Bond Index, approximately +/- 0.2 year of the index). To facilitate this, Pyramis Global Advisors models the option-adjusted durations of the securities that comprise the index on a daily basis, and uses the output to align the portfolio duration to that of the benchmark.

*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. SamCERA's investment policy has three requirements addressing fixed income quality. First, the minimum average rating of the total portfolio of fixed income assets under a manager's supervision must be "A" or better as rated by Standard & Poor's or Moody's equivalent, dollar weighted at market value. Second, the minimum quality rating eligible for the portfolio must be "B" or better as rated by Standard & Poor's or Moody's equivalent. The third requirement is that no more than 10% of SamCERA's fixed income assets under a manager's supervision shall be invested in securities with a rating below "Baa3", "BBB-", "P-1" or "A-1". SamCERA's core plus fixed income investment manager was given an exemption and may hold more than 10% in assets rated below "BBB". On June 30, 2011, the credit breakdown of SamCERA's investments in bonds was as follows:

<u>Credit Rating</u>	<u>Active Management</u>	<u>Commingled Management</u>
AAA	36.0%	2.4%
AA	1.4%	1.6%
A	7.6%	5.1%
BBB	47.6%	20.7%
Less than BBB	5.7%	70.2%
Not rated	1.7%	N/A
	<u>100.0%</u>	<u>100.0%</u>

*Credit Risk-Derivatives.* SamCERA is exposed to credit risk on investment derivatives that are traded over the counter and are reported in asset positions. Derivatives exposed to credit risk include credit default and interest rate swaps, currency forward contracts, rights, warrants and "to-be-announced" transactions. To minimize credit risk exposure, SamCERA's investment managers continuously monitor credit rating of counter parties. Should there be a counterparty failure, SamCERA would be exposed to the loss of fair value of derivatives that are in asset positions and any collateral provided to the counterparty, net of the effect of applicable netting arrangements. SamCERA has no general investment policy with respect to netting arrangements or collateral requirements. Netting arrangements legally provide SamCERA with a right of offset in the event of bankruptcy or default by the counterparty. SamCERA has no exposure to loss in case of default of a counterparty as of June 30, 2011. In addition, SamCERA has no collateral reducing exposure or liabilities subject to netting arrangements.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
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*Concentration of Credit Risk.* SamCERA's investment policy states no investment shall constitute more than 5% of a company's outstanding equity. When measuring this aspect of compliance, SamCERA considers its ownership in relation to the "free float" of a particular security. As of June 30, 2011, SamCERA did not hold any investments in any one issuer that would represent 5% or more of total investments.

*Custodial Credit Risk - Deposits.* SamCERA has no general policy on custodial credit risk for deposits. SamCERA maintains operation cash deposits to support day-to-day cash management requirements. As of June 30, 2011, cash and deposits held in the financial institution totaled \$60.2 million and in the County's investment pool was \$2.5 million. These deposits are uninsured and uncollateralized, and subject to custodial credit risk.

*Custodial Credit Risk - Derivatives.* As of June 30, 2011, SamCERA's investments did not include collateral associated with derivatives activity.

*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, 2011, SamCERA had no investments that were exposed to custodial credit risk. SamCERA does not have a general policy addressing custodial credit risk, but generally required that all investments are insured, registered, or held by the plan or its agent in the SamCERA's name. Deposits are to be insured, registered or collateralized with securities held at fiscal agents in SamCERA's name.

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

Currency	Common Stock	Corporate Bonds	Foreign Currency	Government Issues	Preferred Stock	Depository Receipts	Total
Australian Dollar	\$ 16,301	\$ -	\$ -	\$ 1,405	\$ -	\$ -	\$ 17,706
Brazilian Real	1,819	-	152	3,286	-	-	5,257
Canadian Dollar	15,655	-	985	-	-	-	16,640
Czech Koruna	1,448	-	-	-	-	-	1,448
Danish Krone	2,837	-	1,991	-	-	-	4,828
Egyptian Pound	-	-	-	4,874	-	-	4,874
Euro Currency	106,135	137	2,240	2,292	2,735	573	114,112
Ghana Cedi	-	-	2	2,089	-	-	2,091
Hong Kong Dollar	20,950	-	2,632	-	-	-	23,582
Hungarian Forint	-	-	-	5,769	-	-	5,769
Indonesian Rupiah	-	-	-	6,017	-	-	6,017
Israeli Shekel	-	-	-	5,037	-	-	5,037
Japanese Yen	49,227	-	573	-	-	-	49,800
Malaysian Ringgit	-	-	-	10,015	-	-	10,015
Mexican Peso	747	-	-	5,206	-	-	5,953
New Bulgaria Lev	466	-	-	-	-	-	466
New Taiwan Dollar	4,643	-	-	-	-	-	4,643
New Zealand Dollar	454	-	-	-	-	-	454
Norwegian Krone	570	-	66	-	-	-	636
Philippine Peso	-	493	6	4,616	-	-	5,115
Polish Zloty	55	-	-	4,911	-	-	4,966
Pound Sterling	64,392	-	50	1,407	-	-	65,849
Singapore Dollar	5,510	-	-	-	-	-	5,510
South African Rand	1,055	-	122	-	-	-	1,177
South Korean Won	3,980	-	224	15,997	-	-	20,201
Swedish Krona	3,272	-	17	-	-	-	3,289
Swiss Franc	16,023	-	102	-	-	-	16,125
Ukraine Hryvna	-	2,525	-	-	-	-	2,525
Total	\$ 315,539	\$ 3,155	\$ 9,162	\$ 72,921	\$ 2,735	\$ 573	\$ 404,085

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
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*Foreign Currency Risk – Foreign Exchange Contracts.* Foreign currency contracts are subject to foreign currency risk. Foreign exchange contracts include forward contracts and spot contracts. Currency forward contracts are derivatives and generally serve to hedge or offset the impact of foreign currency exchange rate fluctuations on the reported U.S. dollar fair value of investments denominated in foreign currencies. Spot contracts are generally used when SamCERA is required to make or receive payments in a foreign currency. Spot contracts are agreements to buy or sell a certain amount of foreign currency at the current market rate, for settlement in two business days. There was no dollar impact from foreign exchange contracts on foreign exchange currency risk as of June 30, 2011.

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

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

### **Securities Lending Activity**

*County Investment Pool.* State statutes and the County's investment policy permit the use of a securities lending program with its principal custodian bank. The investment policy allows the custodial bank (Custodian) to lend up to 20% of the portfolio within the established guidelines. The custodial agreement with the County's Custodian authorizes the Custodian to loan securities in the County investment portfolio under such terms and conditions as the County's Custodian deems advisable and to permit the loaned securities to be transferred into the name of the borrowers. The loaned securities represent securities on loan to brokers or dealers or other borrowers by the County's investment pool.

The County receives interest from the borrower for the use of the loaned securities. If the loaned securities are not returned by the borrower, the County's Custodian is responsible for replacement of the loaned securities with other securities of the same issuer, class and denomination, or if such securities are not available on the open market, the County's Custodian is required to credit the County's account with the market value of such unreturned loaned securities. All securities loan agreements can be terminated on demand within a period specified in each agreement by either the County or the borrowers. The County stopped participating in securities lending activity in October 2010 and had no securities out on loan as of June 30, 2011.

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

For the year ended June 30, 2011, SamCERA's securities lending agent lent SamCERA securities to borrowers under the securities lending agreement. In return, SamCERA received cash, securities issued or guaranteed by the United States government, and sovereign debt or irrevocable bank letters-of credit as collateral. As SamCERA did not have the ability to pledge or sell collateral securities delivered absent a borrower default, such non-cash collateral is not reported on the statement of fiduciary net assets.

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



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

SamCERA did not impose any restrictions for the fiscal year ended June 30, 2011, on the amount of loans that the securities lending agent made on its behalf. The securities lending agent indemnified SamCERA by agreeing to purchase replacement securities or supplement the amount of cash collateral in the event the borrower failed to return the loaned securities and the collateral was inadequate to replace the securities lent or the borrower failed to pay SamCERA for any income distributions on loaned securities. There were no losses during the fiscal year ended June 30, 2011, resulting from a default of the borrowers or the securities lending agent.

SamCERA and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders had in a short-term investment pool managed by the securities lending agent. As of June 30, 2011, this investment pool had an average duration of 71 days, and an average weighted maturity of 31 days. As the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral.

For the fiscal year ended June 30, 2011, SamCERA had no credit risk exposure to borrowers because, for each borrower, the value of borrower collateral held exceeded the value of the securities on loan to the borrower. As of June 30, 2011, SamCERA had securities on loan with a total value of \$195.3 million, and the cash and other collateral held against the loaned securities of \$199.4 million.

**County Investment Pool Condensed Financial Information**

Below is a condensed statement of net assets and changes in net assets for the investment pool as of and for the fiscal year ended June 30, 2011:

<b>Assets:</b>	
U.S. government securities	\$ 929,078
U.S. government agency securities	827,922
U.S. government agency securities - floating rate	50,004
Corporate bonds	159,557
Floating rate securities	212,450
Commerical papers	89,989
Certificate of deposit	40,051
Repurchase agreements	210,000
Total investments	<u>2,519,051</u>
Other assets	9,228
Pool deposits	59,216
Total assets	<u>2,587,495</u>
<b>Liabilities:</b>	
Unfunded checks and warrants	50,734
Other liabilities	5,847
Total liabilities	<u>56,581</u>
<b>Net Assets:</b>	
Equity of internal pool participants	755,300
Equity of external pool participants	1,775,614
Total net assets	<u>\$ 2,530,914</u>
<b>Statement of Changes in Net Assets</b>	
Net assets at July 1, 2010	\$ 2,566,644
Net change in investments by pool participants	(35,730)
Net assets at June 30, 2011	<u>\$ 2,530,914</u>
The net asset composition of the equity of external pool participants is as follows:	
Participant units outstanding (one dollar par value)	\$ 2,533,393
Undistributed and unrealized gain	(2,479)
Net assets at June 30, 2011	<u>\$ 2,530,914</u>
Participant net asset value at fair value price per share (\$2,530,914 divided by 2,533,393 units)	<u>\$ 0.9990</u>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

**NOTE 5 – RECEIVABLES**

As of June 30, 2011, receivables of the County’s major individual funds, nonmajor funds in aggregate, and internal service funds in aggregate, including applicable allowances for uncollectible accounts, are listed below. The General Fund has a net receivable of \$118 million, of which \$104 million is not expected to be collected within the next twelve months.

<u>Governmental Activities</u>	General Fund	JPFA	Nonmajor Governmental Funds	Internal Service Funds	Total
Accounts	\$ 221,485	\$ -	\$ 208	\$ 5	\$ 221,698
Interest	12,702	282	337	151	13,472
Taxes	24,680	-	1,507	-	26,187
Mortgages	67,824	-	-	-	67,824
Other	21,442	-	23	-	21,465
Gross receivables	348,133	282	2,075	156	350,646
Less: allowances for uncollectibles	(229,831)	-	(837)	-	(230,668)
Total receivables, net	<u>\$ 118,302</u>	<u>\$ 282</u>	<u>\$ 1,238</u>	<u>\$ 156</u>	<u>\$ 119,978</u>

<u>Business-type Activities</u>	Medical Center	Housing Authority	Nonmajor Enterprise Funds	Total
Accounts	\$ 74,165	\$ 144	\$ 452	\$ 74,761
Grant	764	-	-	764
Interest	-	72	4	76
Other	52	-	-	52
Gross receivables	74,981	216	456	75,653
Less: allowances for uncollectibles	(58,669)	-	(416)	(59,085)
Total receivables, net	<u>\$ 16,312</u>	<u>\$ 216</u>	<u>\$ 40</u>	<u>\$ 16,568</u>

**NOTE 6 – DEFERRED REVENUES**

Under both the accrual and modified accrual basis of accounting, revenues are recognized only when earned. Thus, the government-wide statement of net assets, governmental funds, and enterprise funds defer revenue recognition for resources that have been received at year-end, but not yet earned. Assets recognized before the earning process is complete are offset by a corresponding liability as unearned revenues. Under the modified accrual basis of accounting, revenues are recognized when earned and susceptible to accrual. Revenues are considered susceptible to accrual if they are measurable and available to finance expenditures of the current period. Thus, governmental funds defer revenue recognition for revenues not considered available to liquidate liabilities of the current period. As of June 30, 2011, components of unavailable and unearned revenues reported are as follows:

	Unavailable	Unearned	Total
<b>Governmental activities</b>			
General fund:			
Property taxes receivable	\$ 664	\$ 12,478	\$ 13,142
Mortgages receivable	63,657	-	63,657
Mortgages interest receivable	8,170	-	8,170
Grant drawdowns prior to meeting all eligibility requirements	-	41,234	41,234
Due from other governmental agencies	144,512	-	144,512
Other receivables and advances	5,496	5,868	11,364
Subtotal - General fund	<u>222,499</u>	<u>59,580</u>	<u>282,079</u>
Nonmajor governmental funds:			
Property taxes receivable	41	762	803
Due from other governmental agencies	385	-	385
Other receivables and advances	1,134	309	1,443
Subtotal - Nonmajor governmental funds	<u>1,560</u>	<u>1,071</u>	<u>2,631</u>
Internal service funds:			
Other receivables and advances	-	148	148
Total governmental activities	<u>\$ 224,059</u>	<u>\$ 60,799</u>	<u>\$ 284,858</u>
<b>Business-type activities</b>			
Revenues received but not earned			
Medical Center		\$ 420	
Housing Authority		55	
Nonmajor enterprise funds		8	
Total business-type activities		<u>\$ 483</u>	

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

**NOTE 7 – INTERFUND TRANSACTIONS**

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

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 456
	Medical Center	253
	Internal Service Funds	8
		<u>717</u>
Nonmajor Governmental Funds	General Fund	384
	Nonmajor Enterprise Funds	185
		<u>569</u>
Internal Service Funds	General Fund	1
	Total	<u>\$ 1,287</u>

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

Advances from the General Fund are comprised of the following as of June 30, 2011:

- \$1 million to the Crystal Springs County Sanitation District in January 2006. Loan proceeds were used to reimburse the Town of Hillsborough for the District’s cost of a sewer capital improvement project. This loan had an outstanding balance of \$0.4 million.
- \$4 million to the Medical Center for the purchase of diagnostic equipment in January 2000. Interest is calculated annually at the County’s investment pool rate through the end of the term on December 31, 2014. Total amount due from the Medical Center aggregated to \$5.2 million, including accrued interest of \$1.2 million since inception.
- \$0.1 million in January 1995 and \$0.7 million in July 2003 to the Housing Authority for the development of affordable rental housing for low-income households.
- \$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.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 400
	Medical Center	5,179
	Housing Authority	791
	Internal Service Fund	1,361
	Total	<u>\$ 7,731</u>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

**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	\$ 64,454	Provide budgeted subsidy to Medical Center for indigent healthcare.
	Medical Center	348	Provide subsidy to finance retiree health benefits.
		<u>64,802</u>	
	Nonmajor Enterprise Funds	4	Provide subsidy to finance retiree health benefits.
	Subtotal	<u>64,806</u>	
Medical Center	Nonmajor Governmental Funds	9,107	Transfer funds to cover lease payments.
Nonmajor Enterprise Funds	General Fund	164	Provide subsidy to support operation at Parks.
	Nonmajor Governmental Funds	7	Transfer funds to finance capital projects.
	Subtotal	<u>171</u>	
	Total	<u>\$ 74,084</u>	

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

Transfer from	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 62,579	Transfer funds to finance capital projects.
	Nonmajor Governmental Funds	18,207	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	4,488	Provide subsidy to finance in-home support services.
	Nonmajor Governmental Funds	31	Provide subsidy to finance retiree health benefits.
		<u>85,305</u>	
	Internal Service Funds	10	Provide subsidy to finance retiree health benefits.
	Subtotal	<u>85,315</u>	
Nonmajor Governmental Funds	General Fund	96	Provide funds to pay for maintenance at Fair Oak Community Center.
	General Fund	4	Transfer residual balance in Green Team Fund to General Fund.
		<u>100</u>	
	Nonmajor Governmental Funds	3,074	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	3,730	Transfer funds to finance capital projects.
	Nonmajor Governmental Funds	7	Transfer residual resources to a capital project fund.
		<u>6,811</u>	
	JPPA	30,167	Transfer funds to cover debt service payments.
	Subtotal	<u>37,078</u>	
Internal Service Funds	General Fund	24	Provide funds to support Sheriff's driver's training program.
	Total	<u>\$122,417</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, 2011**  
**(In Thousands)**

**NOTE 8 – CAPITAL ASSETS**

Capital asset activities for the fiscal year ended June 30, 2011, are as follows:

	Balance July 1, 2010	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2011
<b>Governmental activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land and easements	\$ 64,664	\$ 16,847	\$ -	\$ -	\$ 81,511
Infrastructure - maintained road subsystem	77,253	-	-	-	77,253
Construction in progress	37,100	22,315	(11)	(18,484)	40,920
Total capital assets, not being depreciated	179,017	39,162	(11)	(18,484)	199,684
<i>Capital assets, being depreciated:</i>					
Infrastructure	77,403	-	-	267	77,670
Structures and improvements	583,945	38,709	-	18,645	641,299
Equipment	85,763	3,058	(5,469)	(19)	83,333
Software	3,000	72	-	34	3,106
Total capital assets, being depreciated	750,111	41,839	(5,469)	18,927	805,408
<i>Less accumulated depreciation for:</i>					
Infrastructure	(22,850)	(1,542)	-	-	(24,392)
Structures and improvements	(115,653)	(10,884)	-	-	(126,537)
Equipment	(67,071)	(7,122)	5,469	7	(68,717)
Software	(2,604)	(358)	-	-	(2,962)
Total accumulated depreciation	(208,178)	(19,906)	5,469	7	(222,608)
Total capital assets, being depreciated, net	541,933	21,933	-	18,934	582,800
<b>Governmental activities capital assets, net</b>	<b>\$ 720,950</b>	<b>\$ 61,095</b>	<b>\$ (11)</b>	<b>\$ 450</b>	<b>\$ 782,484</b>
<b>Business-type activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 10,147	\$ -	\$ -	\$ -	\$ 10,147
Construction in progress	6,911	3,625	-	(5,330)	5,206
Total capital assets, not being depreciated	17,058	3,625	-	(5,330)	15,353
<i>Capital assets, being depreciated:</i>					
Structures and improvements	60,839	89	-	5,358	66,286
Equipment	12,987	153	(225)	139	13,054
Software	8,911	-	(19)	(167)	8,725
Total capital assets, being depreciated	82,737	242	(244)	5,330	88,065
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(29,566)	(1,069)	-	-	(30,635)
Equipment	(7,576)	(921)	160	-	(8,337)
Software	(4,154)	(1,409)	12	-	(5,551)
Total accumulated depreciation	(41,296)	(3,399)	172	-	(44,523)
Total capital assets, being depreciated, net	41,441	(3,157)	(72)	5,330	43,542
<b>Business-type activities capital assets, net</b>	<b>\$ 58,499</b>	<b>\$ 468</b>	<b>\$ (72)</b>	<b>\$ -</b>	<b>\$ 58,895</b>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
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**Depreciation**

Depreciation expense was charged to various functions as follows:

<u>Governmental Activities</u>		<u>Business-type Activities</u>	
General government	\$ 4,511	Medical Center	\$ 2,345
Public protection	7,887	Housing Authority	282
Public ways and facilities	688	Airports	508
Health and sanitation	3,337	Coyote Point Marina	264
Public assistance	923	Total depreciation - business-type activities	<u>\$ 3,399</u>
Recreation	646		
Depreciation on capital assets held by the County's internal service funds are charged to various functions based on their usage of the assets.	<u>1,914</u>		
Total depreciation - governmental activities	<u>\$ 19,906</u>		

**Capital Project Commitments**

The JPFA issued lease revenue bonds in November 2003 to construct a new County Youth Services Center. The construction included a juvenile hall, a girls' camp, a community school, a receiving home, group homes, juvenile courts, and probation administration offices for the County. The main facility of the Youth Services Center was completed in September 2006 and the Receiving Home in January 2010. The remaining capital construction includes the removal and grading of the Berm and one Group Home. The re-sculpting of the Berm is scheduled to commence in July 2011, and the estimated date of completion is October 2011. The design and construction of the Group Home is currently on hold. The remaining budget to complete unfinished projects is approximately \$3.8 million. The outstanding commitment, excluding the Group Home that is on hold, is about \$0.8 million as of June 30, 2011.

**NOTE 9 – LEASES**

**Operating Leases**

The County occupies a number of non-County owned office buildings and facilities to conduct its business under non-cancelable operating leases. Total rental paid for these leases was \$9.5 million for the fiscal year ended June 30, 2011, and the future minimum lease payments are as follows:

<u>Governmental Activities</u>				<u>Business-type Activities</u>	
Fiscal year ending June 30,				Fiscal year ending June 30,	
2012	\$ 6,778			2012	\$ 2,759
2013	6,024			2013	2,871
2014	5,836			2014	2,987
2015	5,789			2015	3,110
2016	5,381			2016	686
2017-2021	14,940			2017-2021	894
2022-2026	3,591			Total	<u>\$ 13,307</u>
2027-2031	3,415				
2032-2036	3,415				
2037-2040	3,415				
Total	<u>\$ 58,584</u>				

The County has leased various properties under non-cancelable operating leases to other entities. Income from these rental activities was \$1.1 million for the fiscal year ended June 30, 2011.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

**NOTE 10 - LONG-TERM LIABILITIES**

The County's long-term liabilities as of June 30, 2011, are as follows:

<u>Type of indebtedness (purpose)</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2011</u>
<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	7/1/11 - 7/1/16	6.50%	\$2,905 - \$3,975	\$ 36,170	\$ 20,490
Term Current Interest Bonds	7/1/17 - 7/1/21	5% - 6%	\$4,230 - \$5,205	23,520	23,520
1993 Issue				<u>59,690</u>	<u>44,010</u>
<b><u>1993 Issue - Satellite Clinic</u></b>					
Purpose: To finance a portion of the costs of constructing and equipping the North County Satellite Clinic and an adjacent parking structure.					
Serial Capital Appreciation Bonds	9/1/17 - 9/1/26	5.9% - 6%	\$188 - \$233	2,085	2,085
Accreted interest on capital appreciation bonds				8,941	3,603
1993 Issue - Satellite Clinic				<u>11,026</u>	<u>5,688</u>
<b><u>1997 Issue</u></b>					
Purpose: To finance the costs of constructing, furnishing and equipping an office building, and partial defeasance of the 1994 Issue.					
Term Current Interest Bonds	7/15/27 - 7/15/28	5.125%	\$1540 - \$1,640	3,180	3,180
Term Current Interest Bonds	7/15/29 - 7/15/32	5.125%	\$1,745 - \$2,095	7,670	7,670
1997 Issue				<u>10,850</u>	<u>10,850</u>
<b><u>1999 Issue</u></b>					
Purpose: To finance a portion of the costs of completing the Health Center and partial defeasance of the 1993, 1994, and 1995 Issues.					
Term Current Interest Bonds	7/15/27 - 7/15/29	5%	\$2,405 - \$7,985	12,815	12,815
1999 Issue				<u>12,815</u>	<u>12,815</u>
<b><u>2001 Issue</u></b>					
Purpose: To finance a portion of acquisition costs of a microwave and law enforcement mutual aid communications system, a sheriff's radio system, and the costs of acquisition and construction of a forensics laboratory and a coroner's office.					
Series A Current Interest Bonds	7/15/11 - 7/15/21	4% - 4.75%	\$220 - \$1,665	21,470	10,940
Series A Term Interest Bonds	7/15/22 - 7/15/31	4.75%	\$230 - \$355	2,900	2,900
Series B Current Interest Bonds	7/15/11 - 7/15/21	3.875% - 4.75%	\$205 - \$320	4,270	2,845
Series B Term Interest Bonds	7/15/22 - 7/15/26	4.875%	\$340 - \$410	1,865	1,865
Series B Term Interest Bonds	7/15/27 - 7/15/31	5%	\$430 - \$525	2,385	2,385
2001 Issue				<u>32,890</u>	<u>20,935</u>
<b><u>2008 Issue</u></b>					
Purpose: To provide funds, together with other available moneys, to redeem the 2003 Bonds.					
Series A Current Interest Bonds	7/15/11 - 7/15/25	4% - 5%	\$2,760 - \$5,205	62,480	57,225
Term Interest Bonds	7/15/26 - 7/15/28	5.25%	\$5,465 - \$6,070	17,295	17,295
Term Interest Bonds	7/15/29 - 7/15/33	5%	\$6,390 - \$7,805	35,405	35,405
Term Interest Bonds	7/15/34 - 7/15/36	5%	\$8,205 - \$9,070	25,900	25,900
2008 Issue				<u>141,080</u>	<u>135,825</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

<u>Type of indebtedness (purpose)</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2011</u>
<b>2009 Issue</b>					
Purpose: To provide funds, together with other available moneys, to refund a portion of the outstanding 1997 Bonds and the outstanding 1999 Bonds (collectively, the "Prior Bonds"), to pay for the costs of issuance of the 2009 Bonds, and to pay for other costs relating to the refunding of the Prior Bonds.					
Serial Current Interest Bonds	7/15/11 - 7/15/17	4% - 5%	\$5,200 - \$6,145	46,130	41,690
Serial Current Interest Bonds	7/15/18 - 7/15/26	5% - 5.25%	\$6,475 - \$8,990	69,375	69,375
2009 Issue				<u>115,505</u>	<u>111,065</u>
<b>Total lease revenue bonds and accreted interest on capital appreciation bonds</b>				<u>383,856</u>	<u>341,188</u>
<b>Certificates of Participation:</b>					
<b>1997 Issue</b>					
Purpose: To finance the design, construction and installation of storm water, and flood control improvements located in the Colma Creek Flood Control Zone.					
Serial Certificates	8/1/11 - 8/1/12	5%	\$325 - \$345	3,635	670
Term Certificates	8/1/13 - 8/1/17	5.25%	\$360 - \$440	2,000	2,000
Term Certificates	8/1/18 - 8/1/32	5.125%	\$465 - \$935	10,145	10,145
1997 certificates of participation				<u>15,780</u>	<u>12,815</u>
<b>2004 Issue</b>					
Purpose: To finance the acquisition, design, construction, improvement, and installation of certain improvements to the flood control system.					
Serial Certificates	8/1/11 - 8/1/25	4% - 4.5%	\$40 - \$70	975	795
Term Certificates	8/1/26 - 8/1/29	4.75%	\$70 - \$85	310	310
Term Certificates	8/1/30 - 8/1/34	4.75%	\$85 - \$1,140	2,500	2,500
Term Certificates	8/1/35 - 8/1/39	5%	\$1,195 - \$1,450	6,595	6,595
2004 certificates of participation				<u>10,380</u>	<u>10,200</u>
<b>Total certificates of participation</b>				<u>26,160</u>	<u>23,015</u>
<b>Notes Payable:</b>					
<b>Department of Housing</b>					
Housing Development Loan	8/1/14	-	-	124	124
<b>County Service Area 11</b>					
State of California	4/1 and 10/1				
Department of Water Resources	through 2012	3.3712%	\$10 - \$20	296	30
<b>Total notes payable</b>				<u>420</u>	<u>154</u>
<b>Total governmental activities</b>				<u>\$ 410,436</u>	<u>\$ 364,357</u>
<b>Business-type Activities</b>					
<b>Notes Payable:</b>					
<b>Coyote Point Marina</b>					
Department of Boating and Waterways	8/1/11 - 8/1/29	4.5%	\$14 - \$77	\$ 3,090	\$ 709
<b>Housing Authority</b>					
California Housing Finance Agency	5/20/57	-	-	49	43
Downey Savings and Loan Bank <sup>a</sup>	2/28/16	-	-	148	148
<b>Airports</b>					
Department of Transportation	2/7/12 - 2/7/23	4.78%	\$207 - \$362	4,000	2,963
<b>Total business-type activities</b>				<u>\$ 7,287</u>	<u>\$ 3,863</u>

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



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

The table below summarizes changes in the County's long-term liabilities for the fiscal year ended June 30, 2011:

	Balance July 1, 2010	Additions/ Accretions	Retirements	Balance June 30, 2011	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Accreted interest on capital appreciation bonds	\$ 3,278	\$ 325	\$ -	\$ 3,603	\$ -
Lease revenue bonds	349,090	-	(11,505)	337,585	12,605
Add: unamortized premium	9,762	-	(542)	9,220	542
Less: unamortized deferred loss on refunding	(11,705)	-	471	(11,234)	(471)
Less: unamortized discount	(103)	-	5	(98)	(5)
Lease revenue bonds, net	<u>350,322</u>	<u>325</u>	<u>(11,571)</u>	<u>339,076</u>	<u>12,671</u>
Certificates of participation	23,365	-	(350)	23,015	365
Add: unamortized premium	<u>63</u>	<u>-</u>	<u>(2)</u>	<u>61</u>	<u>2</u>
Certificates of participation, net	<u>23,428</u>	<u>-</u>	<u>(352)</u>	<u>23,076</u>	<u>367</u>
Notes payable	173	-	(19)	154	19
Other long-term obligation	89	4,013	(55)	4,047	1,129
Estimated claims	52,079	12,796	(14,038)	50,837	10,117
Compensated absences	33,921	24,724	(24,850)	33,795	26,173
<b>Total Governmental Activities</b>	<u>\$ 460,012</u>	<u>\$ 41,858</u>	<u>\$ (50,885)</u>	<u>\$ 450,985</u>	<u>\$ 50,476</u>
<b>Business-type Activities:</b>					
Notes payable	\$ 4,595	\$ -	\$ (732)	\$ 3,863	\$ 294
Other long-term obligation	345	-	(164)	181	-
Net OPEB Obligation	216	77	-	293	-
Estimated claims	700	119	-	819	138
Compensated absences	<u>8,574</u>	<u>7,050</u>	<u>(7,039)</u>	<u>8,585</u>	<u>7,469</u>
<b>Total Business-type Activities</b>	<u>\$ 14,430</u>	<u>\$ 7,246</u>	<u>\$ (7,935)</u>	<u>\$ 13,741</u>	<u>\$ 7,901</u>

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

- The *lease revenue bonds* are payable by a pledge of revenues from the base rental payments payable by the County, pursuant to the Master Facility Lease Agreements between the JPFA and the County for the use of equipment and facilities acquired or constructed by the JPFA. Under California law, the County cannot make lease payments until the County has constructive use or occupancy of the property being financed. Once construction is completed, the leases act like direct financing leases with lease payments equal to debt service payments. Total debt service requirements remaining on the lease revenue bonds is \$541 million payable through July 15, 2036. For the current year, principal and interest paid by the JPFA totaled \$11.5 million and \$17.4 million, respectively.
- The *certificates of participation* are payable by a pledge of revenues from the installment payments payable by the County Flood Control District, pursuant to Installment Payment Agreements between the JPFA and the County. Total debt service requirements remaining on the certificates of participation is \$43.5 million payable through August 1, 2039. For the current year principal and interest paid by the JPFA totaled \$0.4 million and \$1.2 million, respectively.
- *Notes payable* to the Department of Water Resources are funded by County Service Area special revenue fund; other notes payable under business-type activities are funded separately by respective enterprise funds.
- *Other long-term obligation, net OPEB obligation, and compensated absences* are financed by individual funds that are responsible for the charges.
- *Estimated claims* are liquidated by charges for services collected through individual internal service funds and reserves of the Housing Authority.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

Annual debt service requirements for governmental activities as of June 30, 2011, are summarized as follows:

Year Ended June 30,	<b>Government Activities</b>						
	Lease Revenue Bonds			Certificates of Participation		Notes Payable	
	Principal	Interest		Principal	Interest	Principal	Interest
2012	\$ 12,605	\$ -	\$ 16,394	\$ 365	\$ 1,145	\$ 19	\$ 1
2013	13,250	-	15,784	385	1,127	11	-
2014	13,935	-	15,135	405	1,107	-	-
2015	13,800	-	14,461	425	1,086	124	-
2016	14,490	-	13,779	445	1,064	-	-
2017-2021	80,600	3,015	57,685	2,590	4,948	-	-
2022-2026	73,686	4,809	38,135	3,320	4,207	-	-
2027-2031	62,074	1,117	20,421	4,245	3,252	-	-
2032-2036	44,075	-	7,586	5,435	2,041	-	-
2037-2040	9,070	-	227	5,400	556	-	-
Total requirements	<u>337,585</u>	<u>8,941</u>	<u>199,607</u>	<u>\$ 23,015</u>	<u>\$ 20,533</u>	<u>\$ 154</u>	<u>\$ 1</u>
Less: unaccrued interest	-	(5,338)	-				
Total	<u>\$ 337,585</u>	<u>\$ 3,603</u>	<u>\$ 199,607</u>				

Annual debt service requirements for business-type activities as of June 30, 2011, are summarized as follows:

Fiscal Year Ending June 30,	<b>Business-type Activities</b>	
	Notes Payable	
	Principal	Interest
2012	\$ 294	\$ 175
2013	306	162
2014	287	147
2015	301	133
2016	315	119
2017-2021	1,962	355
2022-2026	199	71
2027-2031	156	23
2032-2036	-	-
2037-2041	-	-
2042-2046	-	-
2047-2051	-	-
2052-2056	-	-
2057	43	-
Total	<u>\$ 3,863</u>	<u>\$ 1,185</u>

**Legal Debt Service Limit**

The County's annual legal debt service limit shall not exceed 4% of the average annual County budget for the current and the preceding four fiscal years, and shall be for non-voter approved debt that is the obligation of the County. The County's legal debt service limit was \$70 million for the fiscal year ended June 30, 2011.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

**NOTE 11 – NET ASSETS**

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

- *Invested in Capital Assets, Net of Related Debt* groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* reflects net assets that are subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources and includes a *legally enforceable* requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor. As of June 30, 2011, restricted net assets for the governmental activities were \$173 million as reported on the government-wide statement of net assets, and \$46 million of which was restricted by enabling legislation.
- *Unrestricted Net Assets* represents net assets of the County that are not restricted for any project or purpose.

**NOTE 12 – FUND BALANCES**

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2011, fund balances for government funds are comprised of the following:

- *Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the County’s highest level of decision-making authority, the County’s Board. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally.
- *Assigned Fund Balance* – comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. *Intent* is expressed by (1) the County’s Board or (b) a body (for example: a budget or finance committee) or official to which the County’s Board has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

Fund balances for all the major and nonmajor governmental funds as of June 30, 2011, are distributed as follows:

	General Fund	JPFA	Nonmajor Funds	Total
<b>Nonspendable:</b>				
Inventory	\$ 89	\$ -	\$ 410	\$ 499
Long-term receivable	4,279	-	-	4,279
Advances	7,731	-	-	7,731
Subtotal	<u>12,099</u>	<u>-</u>	<u>410</u>	<u>12,509</u>
<b>Restricted for:</b>				
General government	383	-	14,072	14,455
Public protection	2,395	-	14,441	16,836
Public ways and facilities	-	-	27,467	27,467
Health and sanitation	3,333	-	17,024	20,357
Public assistance	29,542	-	-	29,542
Capital projects	-	-	3,718	3,718
Debt service	-	37,921	23,135	61,056
Subtotal	<u>35,653</u>	<u>37,921</u>	<u>99,857</u>	<u>173,431</u>
<b>Committed to:</b>				
Health and sanitation	42	-	-	42
Public assistance	1,530	-	-	1,530
Subtotal	<u>1,572</u>	<u>-</u>	<u>-</u>	<u>1,572</u>
<b>Assigned to:</b>				
General government	23	-	40	63
Public protection	1,219	-	1,861	3,080
Public ways and facilities	-	-	939	939
Health and sanitation	41	-	4,799	4,840
Public assistance	480	-	2,796	3,276
Capital projects	-	-	4,132	4,132
Subtotal	<u>1,763</u>	<u>-</u>	<u>14,567</u>	<u>16,330</u>
<b>Unassigned</b>	<u>194,868</u>	<u>-</u>	<u>-</u>	<u>194,868</u>
Total	<u>\$ 245,955</u>	<u>\$ 37,921</u>	<u>\$ 114,834</u>	<u>\$ 398,710</u>

The County Board adopted the County Reserves Policy in April 1999. The policy was created to help reduce the negative impact on the County in times of economic uncertainty and potential losses of funding from other governmental agencies. On February 9, 2010, the County Board approved a revised policy to keep pace with the current fiscal environment. County reserves are restricted for one-time purposes or as part of multi-year financial plan to balance the budget and avoid operating deficits. The policy establishes minimum requirements for General Fund departmental reserves, General Fund non-departmental reserves, Service department reserves and Non-General Fund department reserves, including guidelines for the use of these funds.

**General Fund Departmental Reserve Requirements**

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

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

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

**General Fund Non-departmental Reserve Requirements**

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

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

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(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.* 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 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). SamCERA is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

Management of SamCERA is vested in the Board of Retirement consisting of nine members; and its operation is governed by the 1937 Act and the by-laws, procedures, and policies adopted by the Board of Retirement. As of June 30, 2011, the total number of plan participants was 10,582, of which 10,553 were County employees and 29 were Mosquito and Vector Control District employees. SamCERA issues a publicly available financial report that can be obtained by writing to the San Mateo County Employees’ Retirement Association, 100 Marine Parkway, Suite 125, Redwood Shores, California 94065.

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

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

*(b) Summary of Significant Accounting Policies*

*Basis of Accounting.* SamCERA uses the accrual basis of accounting to account for its financial activities. Investment income is recognized when it is earned, and expenses are recognized when they are incurred. Contributions are recognized when they are due, and benefits and refunds are recognized when payable under the terms of each plan.

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

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*Investments.* The Board of Retirement has exclusive control of SamCERA's investments. The 1937 Act authorizes the Board of Retirement to invest, or delegate the authority to invest, the assets of SamCERA in any investment allowed by statutes and deemed prudent in the informed opinion of the Board of Retirement.

SamCERA records investment transactions on the trade date. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. An independent appraisal is obtained once a year to determine the fair market value of the real estate assets.

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

*Security Lending Activity.* Security lending transactions are short-term collateralized loans of SamCERA securities for the purpose of generating additional investment income. For each lending transaction, SamCERA receives either cash collateral or non-cash collateral. The underlying securities out on loan are reported on SamCERA's statements of plan net assets as if the lending transaction had not occurred. In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transaction*, cash collateral held (or any security that can be sold or pledged without a default by the borrower) is separately reported on the statements of fiduciary net assets among the current assets. A corresponding liability of an equal amount, which represents the obligation to return the cash collateral, is reported as a liability. Non-cash collateral held and the corresponding liability are not reported on the statement of fiduciary net assets.

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

**(c) Funding Policy**

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

**(d) Annual Pension Cost**

For the fiscal year ended June 30, 2011, the County's annual pension cost was equal to the County's annual required contributions of \$150 million determined by the actuarial valuation as of June 30, 2010, using the entry age normal actuarial cost method. The actuarial assumptions included 3.5% annual inflation rate, 7.75% annual investment rate of return, and 5.2% average annual projected salary increase attributed to inflation of 4% and adjustment for merit and longevity of 1.2%.

Beginning with the June 30, 2008 actuarial valuation, SamCERA converted to the 15-year layered amortization methodology. Under this method, the original UAAL is amortized over 15 years as of the valuation date. Future actuarial gains and losses are amortized over the new 15-year periods. The Mosquito and Vector Control District

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contributes a lower percentage of covered payroll than the County does, due to lower benefits provided to the Mosquito and Vector Control District employees. The average employer contribution rate was 34% of the covered payroll, and the average member contribution rate was 9.71%. The UAAL is being amortized as a level percentage of projected payroll over the new 15-year periods.

The table below presents three-year trend information:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2009	\$106,123	100.0%
6/30/2010	106,265	100.0%
6/30/2011	150,475	100.0%

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

As of June 30, 2011, the most recent actuarial valuation date, the plan was 74.1% funded. The actuarial accrued liability for benefits was \$3.2 billion, and the actuarial value of assets was \$2.4 billion, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.8 billion. The actuarial assets are valued using a five-year smoothed method based on the difference between the expected market value and the actual market value of the assets as of the valuation date. The annual covered payroll (annual payroll of active employees covered by the plan) was \$0.4 billion, and the ratio of the UAAL to the annual covered payroll was 198%.

The 2011 valuation deferred a portion of the market loss on assets that occurred in the fiscal year ended June 30, 2009 and earlier. The funded ratio is expected to be lower once the market loss is reflected in the 2012 and later valuations unless earnings continue to exceed the assumed rate of 7.75%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

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

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

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

As of June 30, 2011, the plan has 46 active participants. For the fiscal year ended June 30, 2011, the Housing Authority contributed \$351 to its retirement plan.



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**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS**

**County of San Mateo**

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

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

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

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

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

**Funding Policy.** Contribution requirements for the members and the County are established and may be amended through negotiations between the County and the bargaining units. For the fiscal year ended June 30, 2011, the County contributed \$17.4 million, or 100%, of the actuarially required contributions to the Retiree Health Plan.

**Annual OPEB Cost and Net OPEB Obligation.** The County’s annual OPEB cost consists of: (a) the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, (b) one year’s interest on the beginning balance of the net OPEB asset, and (c) an adjustment to the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over a closed 30-year period from July 1, 2005. The remaining amortization period as of July 1, 2011 is 24 years.

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The following table shows the components of the County's annual OPEB cost for the year, the amount contributed to the plan, and changes in the County's net OPEB asset to the Retiree Health Plan:

Annual required contribution	\$ 17,409
Interest on prior year net OPEB asset	(9,467)
Adjustment to annual required contribution	7,780
Annual OPEB cost	15,722
Contribution made	(17,409)
Increase in net OPEB asset	(1,687)
Net OPEB asset - beginning of year	(122,159)
Net OPEB asset - end of year	\$ (123,846)

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2009	\$ 8,858	122.0%	\$ (120,332)
6/30/2010	15,504	111.8%	(122,159)
6/30/2011	15,722	110.7%	(123,846)

The table below shows how the total net OPEB asset as of June 30, 2011, is distributed. Although SamCERA and First 5 are component units of the County, their employees are County employees and thereby eligible for postemployment health benefits.

	Net OPEB Obligation (Asset)
Governmental Activities	\$ (99,728)
Business-type Activities	(23,509)
SamCERA	(448)
First 5 San Mateo County	(161)
	\$ (123,846)

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

Actuarial accrued liability (AAL)	\$ 243,149
Actuarial value of plan assets	153,171
Unfunded actuarial accrued liability (UAAL)	\$ 89,978
Funded ratio (actuarial value of plan assets/AAL)	63.0%
Annual covered payroll (active plan members)	\$ 451,307
UAAL as a percentage of annual covered payroll	19.9%

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

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations. The actuarial value of plan assets is based on the actual market value of assets as of January 1, 2011.

The Entry Age Normal Cost Method was used for the valuation as of January 1, 2011. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percent of expected salary for each year of employment between entry age (age at hire) and assumed exit (maximum retirement age). The actuarial assumptions included a 7.75% investment rate of return on investment; an annual healthcare cost trend rate of 8% for 2011, reduced gradually each year with an ultimate rate of 6% for 2021 and beyond; annual dental and vision cost trend rate of 5%; negotiated annual increase in County-paid benefits; and a 3.25% annual increase in projected payroll. The salary and demographic assumptions (including termination, disability, retirement, mortality, and possibility of marriage) were updated to reflect those used in the June 30, 2010 pension valuation. The January 2011's valuation does not reflect potential changes in future health costs due to the passage of the Patient Protection and Affordable Care Act enacted on March 23, 2010, as amended by the Health Care and Education Reconciliation Act on March 30, 2010. The impact on future health costs due to this legislation will depend on a number of factors, including future regulations that are not yet known.

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

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

**Funding Policy.** Contribution requirements for the members and the Housing Authority are established through a Memorandum of Understanding between the Housing Authority and its employees. For each eight hours of unused sick leave, the Housing Authority will contribute \$0.17 towards the monthly health premiums for non-management retirees and their eligible dependents until the unused sick leave is fully depleted. The contribution increases to \$0.20 per month if 45% or more of the sick leave earned over the employee's employment remains unused at retirement. The retiree may choose to convert more sick leave hours each month for higher payments. For each eight hours of unused sick leave, the Housing Authority will pay for the entire cost of monthly health premiums for management retirees and their eligible dependents until the unused sick leave is fully exhausted.

**Annual OPEB Cost and Net OPEB Obligation.** The Housing Authority uses the entry age normal cost method to determine its OPEB obligations. Under this method, the actuarial present value of projected benefits of each individual included in the valuation is allocated as a level of percentage of expected salary for each year of employment between entry age and assumed exit. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date is called the unfunded actuarial accrued liability (UAAL). In determining the annual required contribution, the UAAL is amortized as a level dollar over an "open" 30 years. The table below summarizes the position of the Housing Authority's OPEB plan for the fiscal year ended June 30, 2011.

Annual required contribution	\$	93
Interest on prior year net OPEB obligation		10
Adjustment to annual required contribution		(13)
Annual OPEB cost		90
Contribution made		(13)
Increase in net OPEB obligation		77
Net OPEB obligation - beginning of year		216
Net OPEB obligation - end of year	\$	293

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 67	16.7%	\$ 150
6/30/2010	78	15.4%	216
6/30/2011 *	90	14.4%	293

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

**Funded Status and Funding Progress.** The unfunded actuarial accrued liability is amortized as a level dollar over an "open" 30 years. The table below indicates the funded status as of June 30, 2011.

Actuarial accrued liability (AAL)	\$ 1,158
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,158</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Annual covered payroll (active plan members)	\$ 2,997
UAAL as a percentage of annual covered payroll	38.6%

**Actuarial Methods and Assumptions.** The entry age cost method was used for the valuation as of July 1, 2011. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees assuming the return on investment is 4%; the sick leave accrual rate 35% for management employees and 25% for non-management employees; and the sick leave usage rate of 65% for management employees and 75% for non-management employees. The demographic assumptions (including termination, retirement, and mortality), the sick leave accrual rate, and the sick leave usage rate are updated in each new valuation to determine the actuarial present value of projected benefits. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**NOTE 15 – RISK MANAGEMENT**

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

- Real and personal property in excess of \$100 per incident, but limited to a maximum of \$500,000.
- Earthquake in excess of \$250 or 5% of the replacement value, whichever is more per incident, but limited to a maximum of \$25,000 in aggregate.
- Flood damage in excess of 5% of the replacement value per location, but limited to a maximum of \$25,000 in aggregate.
- General liability in excess of \$750 per incident, but limited to a maximum of \$55,000.
- Workers' compensation in excess of \$1,000 per incident with statutory limits.
- Auto liability in excess of \$750 per incident, but limited to a maximum of \$55,000.
- Malpractice in excess of \$10 per incident, but limited to a maximum of \$25,000 per claim and aggregate.

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 2010-11.

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The County currently reports its risk management activities in the internal service funds, which include Workers' Compensation Insurance, Long-term Disability, and Personal Injury and Property Damage Funds. All of the County funds participate in the County self-insured programs and make payments to the corresponding internal service fund based on estimated costs to pay prior and current years' claims. The estimated claims liability of \$50,837 as reported in the internal service funds at June 30, 2011, 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.

Of the \$50,837 estimated claims liability at June 30, 2011, approximately \$42,040 was actuarially determined at a discount rate of 2%. The actuarially determined liability covers workers' compensation losses, general liability, and automobile liability, and includes allocated expenses and a provision for incurred but not reported claims.

Changes to the claims liability for FY2009-10 and FY2010-11 are as follows:

Liability at June 30, 2009	\$	49,808
Current year claims and changes in estimates		16,360
Payments on claims		<u>(14,089)</u>
Liability at June 30, 2010		52,079
Current year claims and changes in estimates		12,796
Payments on claims		<u>(14,038)</u>
Liability at June 30, 2011	\$	<u><u>50,837</u></u>

**NOTE 16 – COMMITMENTS AND CONTINGENCIES**

**Grants**

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

**Encumbrances**

The County uses "encumbrances" to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve portion of applicable appropriations. Encumbrances still open at year end are not accounted for as expenditures and liabilities but, rather, as assigned fund balance. As of June 30, 2011, the County's General Fund had a total of \$1.8 million in encumbrances, which were reported as assigned fund balance on the government fund balance sheet.

**Medical Center Third-Party Reimbursement Agreement**

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

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

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

Under the Demonstration, payments for public hospitals were comprised of: (1) fee-for-service (FFS) cost-based reimbursement for inpatient hospital services (exclusive of physician component); (2) Medicare Disproportionate Share Hospital (DSH) payments; (3) distribution from a newly created pool of federal funding for uninsured care known as the Safety Net Care Pool (SNCP); (4) unreimbursed cost of physician and non-physician practitioner cost; and (5) cost applicable to the Coverage Initiative. The nonfederal share of these five types of is provided by the public hospitals, primarily through certified public expenditures (CPE) whereby the hospital expends its local funding for services to draw down the federal financial participation (FFP). The match was initially at 50%. Starting October 1, 2009 through June 30, 2010, there was a temporary enhancement of the Federal Medical Assistance Percentage (FMAP) of 11.59% for a total of 61.59% which reverted back to 50% as of July 1, 2011. For the inpatient hospital cost-based reimbursement, each hospital provides its own CPE and receives the resulting federal match. For the DSH and SNCP distributions, the CPEs of all the public hospitals are used in the aggregate to draw down the federal match.

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

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

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

*Health Plan of San Mateo.* The HPSM, a managed care plan under contract by the State, reimburses the Medical Center directly for services rendered to Medi-Cal patients. The Medical Center receives a fixed monthly premium payment for each patient enrolled. The Medical Center received a total of \$20.2 million in fiscal year 2011 which includes \$16.6 million in intergovernmental transfers, \$3.1 million in capitation revenue, and \$0.5 million for pay-for-performance revenue.

Effective January 1, 2006, the HPSM contracted with the Federal government to provide services to Medicare HMO patients, a program called Care Advantage. The Medical Center contracted with the HPSM to be reimbursed the same amount as traditional Medicare reimburses the Medical Center.

*Medicare.* The Medical Center meets the requirements of a Federally Qualified Health Center (FQHC) provider, and a large percentage of its outpatient clinic patients are covered by this reimbursement. Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Medical Center is reimbursed for Graduate Medical Education and Disproportionate Share Hospital amounts at a tentative rate with final

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settlement determined after submission of annual cost reports by the Medical Center and audit thereof by the Medicare fiscal intermediary. At June 30, 2011, the last Medical Center Medicare cost report audited by the fiscal intermediary was for June 30, 2002.

**Medical Center Net Patient Service Revenue**

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

**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 \$187.7 million at June 30, 2011. The total cost estimate is based on a ratio of cost to charge basis, where costs are allocated as a percentage of payer mix. The net cost of charity-discount care is determined by the total charity care cost less payer revenue, patient-related revenue due to sliding-scale payments, and other patient-specific sources, which were \$58.4 million at June 30, 2011.

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

The Housing Authority is a party, among other responsible parties, to a claim by the State of California, Department of Toxic Substances Control (DTSC), for clean-up costs for the Midway Village and Bayshore Park in Daly City, California. Other parties named included City of Daly City, California and Pacific Gas and Electric Company (collectively referred to as the Parties including the Housing Authority). In November 2008, the Parties entered into a Release and Settlement Agreement (the Agreement) under which the Parties agreed that the payments made pursuant to the Agreement represent a good faith compromise of disputed claims and that the compromise represents a fair, reasonable, and equitable discharge of the claim in the Agreement. Pursuant to the Agreement, on or before 15 years from the effective date (November 2008) of the Agreement, the Authority and The City of Daly City, California shall jointly and severally pay DTSC's Response Costs in an amount of \$1 million, except that the Response Costs shall be reduced based on the time period of payments as defined in the Agreement.

Since fiscal year 2008, the Housing Authority accrued a liability of \$0.7 million to address the potential liability out of the above settlement. As the obligation is jointly and severally, and the time period of payment cannot be reasonably determined, the Housing Authority's management concluded that the original accrual is still considered reasonable as of June 30, 2011. The \$0.7 million is presented as non-current estimated claims in the Statement of Net Assets.

**Genentech Tax Settlement**

In April 2011, the County settled property tax claims brought by Genentech that the company paid excess taxes for the years 1990 through 1999. The original dispute arose when Genentech challenged the methodology used to determine the taxable value of its land, buildings, fixtures, and equipment. The settlement not only includes a resolution of the valuation of the property at issue, but also encompasses a refund due pursuant to a 2008 Court-issued Writ ordering the enrollment of the property values on certain Genentech assessment appeal applications for tax years 1994 to 1999.

The settlement resolved all claims spanning 10 years and brought to an end years of litigation. The County agreed to credit Genentech with \$26.5 million in property taxes plus interest over the next six years. The \$26.5 million tax credits will be spread over six years, approximately \$7 million for the 2011 and 2012 tax years and approximately \$3 million a year over the next four years.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

Property tax paid in San Mateo County is distributed to schools, cities and redevelopment agencies, the County, and special districts such as for flood control and mosquito abatement. Refunds of property tax overpayments are collected from these entities as determined by the County's Property Tax Division. Total tax refund due from the County to Genentech is approximately \$4 million as of June 30, 2011, and is recorded as other long-term obligation in the Statement of Net Assets.

**Pending Litigation**

The County is also a defendant in several lawsuits arising in the normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the County, the loss has been accrued in the accompanying financial statements. Litigation where loss to the County is reasonably possible has not been accrued. County management and Counsel estimate that such loss was about \$1.7 million as of June 30, 2011.

**NOTE 17 – EXTRAORDINARY ITEM**

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





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

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

**1. INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH**

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by the Governmental Accounting Standards Board (GASB) Statement No. 34. The maintained road subsystem of the road network, with a total value of \$77 million at June 30, 2011, is reported under the modified approach and is not subject to depreciation per GASB Statement No. 34.

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

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

PCI Condition Rating	Primary		Primary		Primary		Secondary		Secondary		Secondary	
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
<b>Primary:</b>												
Good to excellent (55-100)	138.22	88.8%	137.62	87.7%	122.45	78.9%						
Substandard to fair (0-54)	17.35	11.2%	19.22	12.3%	32.66	21.1%						
<b>Secondary:</b>												
Fair to excellent (40-100)							117.05	73.2%	118.16	75.0%	117.03	72.5%
Substandard to fair (0-39)							42.77	26.8%	39.41	25.0%	44.49	27.5%
Total	<u>155.57</u>	<u>100.0%</u>	<u>156.84</u>	<u>100.0%</u>	<u>155.11</u>	<u>100.0%</u>	<u>159.82</u>	<u>100.0%</u>	<u>157.57</u>	<u>100.0%</u>	<u>161.52</u>	<u>100.0%</u>

For the fiscal year ended June 30, 2011, the actual maintenance and preservation costs were more than the estimated by \$506. The variance was mainly due to the completion of transportation projects funded by Proposition 1B. This proposition was enacted in 2006 authorizing the State of California to sell \$19.9 billion of general obligation bonds to fund state and local transportation projects.

Fiscal Year Ended June 30,	Maintenance and Perservation Cost		Variance
	Estimated	Actual	
2007	\$ 2,900	\$ 3,725	\$ (825)
2008	3,595	3,424	171
2009	4,320	4,509	(189)
2010	3,900	3,850	50
2011	3,425	3,931	(506)

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

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

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

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited) – (Continued)**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
6/30/2009	\$ 1,909,679	\$ 2,987,712	\$ 1,078,033	63.9%	\$ 436,424	247.02%
6/30/2010	2,179,076	3,098,453	919,377	70.3%	428,559	214.53%
6/30/2011	2,405,140	3,246,727	841,587	74.1%	424,061	198.46%

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

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
1/1/2007 <sup>a</sup>	\$ -	\$ 169,683	\$ 169,683	0.0%	\$ 372,648	45.5%
1/1/2007 <sup>b</sup>	-	156,843	156,843	0.0%	397,314	39.5%
1/1/2009 <sup>c</sup>	101,362	207,742	106,380	48.8%	479,981	22.2%
1/1/2011	153,171	243,149	89,978	63.0%	451,307	19.9%

<sup>a</sup> Based on 6.9% discount rate used for FY 2006-07 annual required contribution (ARC).

<sup>b</sup> Based on 7.75% discount rate used for FY 2007-08 ARC.

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
7/1/2009	\$ -	\$ 702	\$ 702	0.0%	n/a	n/a
7/1/2010	-	821	821	0.0%	n/a	n/a
7/1/2011 <sup>*</sup>	-	1,158	1,158	0.0%	\$ 2,997	38.6%

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



General Fund

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 316,917	\$ 316,501	\$ (416)	\$ 211,363	\$ (105,138)
<b>Resources (inflows):</b>					
Taxes	331,609	331,609	-	373,414	41,805
Licenses and permits	5,246	5,246	-	5,400	154
Fines, forfeitures and penalties	8,333	9,000	667	10,298	1,298
Use of money and property	6,767	6,767	-	7,913	1,146
Intergovernmental revenues	400,563	405,663	5,100	359,605	(46,058)
Charges for services	103,924	104,333	409	89,068	(15,265)
Interfund revenue	66,652	66,702	50	61,763	(4,939)
Miscellaneous revenue	28,028	28,041	13	24,222	(3,819)
Other financing sources	785	785	-	305	(480)
Amounts available for appropriation	951,907	958,146	6,239	931,988	(26,158)
<b>Charges to appropriations (outflows):</b>					
<b><u>General Government</u></b>					
<b>Board of Supervisors - District 1</b>					
Salaries and benefits	638	638	-	474	164
Services and supplies	72	72	-	32	40
Other charges	44	44	-	37	7
Total Board of Supervisors - District 1	754	754	-	543	211
<b>Board of Supervisors - District 2</b>					
Salaries and benefits	638	638	-	638	-
Services and supplies	47	47	-	41	6
Other charges	44	44	-	38	6
Total Board of Supervisors - District 2	729	729	-	717	12
<b>Board of Supervisors - District 3</b>					
Salaries and benefits	638	637	(1)	491	146
Services and supplies	47	48	1	45	3
Other charges	44	44	-	37	7
Total Board of Supervisors - District 3	729	729	-	573	156
<b>Board of Supervisors - District 4</b>					
Salaries and benefits	638	638	-	482	156
Services and supplies	47	47	-	36	11
Other charges	44	44	-	36	8
Total Board of Supervisors - District 4	729	729	-	554	175
<b>Board of Supervisors - District 5</b>					
Salaries and benefits	638	638	-	636	2
Services and supplies	47	47	-	36	11
Other charges	44	44	-	37	7
Total Board of Supervisors - District 5	729	729	-	709	20

(continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(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	5,897	5,786	(111)	5,410	376
Services and supplies	3,334	3,322	(12)	1,500	1,822
Other charges	900	1,010	110	996	14
Fixed assets	10	23	13	10	13
Intrafund transfers	(556)	(556)	-	(422)	(134)
Contingencies	1,667	1,667	-	-	1,667
Total County Manager/Clerk of the Board	11,252	11,252	-	7,494	3,758
<b>Special Services</b>					
Salaries and benefits	619	619	-	599	20
Services and supplies	56	56	-	55	1
Other charges	14,569	14,569	-	14,159	410
Intrafund transfers	(11,860)	(11,860)	-	(11,948)	88
Contingencies	68	68	-	-	68
Total Special Services	3,452	3,452	-	2,865	587
<b>Assessor-Clerk-Recorder</b>					
Salaries and benefits	14,833	15,304	471	13,962	1,342
Services and supplies	3,316	4,162	846	3,571	591
Other charges	2,100	2,193	93	2,186	7
Fixed assets	142	142	-	56	86
Intrafund transfers	(953)	(2,068)	(1,115)	(1,348)	(720)
Contingencies	689	689	-	-	689
Total Assessor-Clerk-Recorder	20,127	20,422	295	18,427	1,995
<b>Controller's Office</b>					
Salaries and benefits	5,575	5,575	-	5,429	146
Services and supplies	311	311	-	210	101
Other charges	2,161	2,161	-	1,832	329
Fixed assets	24	24	-	-	24
Intrafund transfers	(18)	(18)	-	-	(18)
Contingencies	1,042	1,042	-	-	1,042
Total Controller's Office	9,095	9,095	-	7,471	1,624
<b>Tax Collector/Treasurer</b>					
Salaries and benefits	7,710	7,710	-	6,329	1,381
Services and supplies	2,808	2,808	-	1,084	1,724
Other charges	1,096	1,096	-	1,017	79
Fixed assets	80	80	-	60	20
Intrafund transfers	(2,980)	(2,980)	-	(2,793)	(187)
Contingencies	1,588	1,588	-	-	1,588
Total Tax Collector/Treasurer	10,302	10,302	-	5,697	4,605
<b>County Counsel</b>					
Salaries and benefits	8,053	8,053	-	7,595	458
Services and supplies	725	725	-	681	44
Other charges	432	432	-	367	65
Intrafund transfers	(1,139)	(1,139)	-	(997)	(142)
Contingencies	2,164	2,164	-	-	2,164
Total County Counsel	10,235	10,235	-	7,646	2,589

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Human Resources</b>					
Salaries and benefits	7,680	7,680	-	7,271	409
Services and supplies	1,962	1,967	5	1,754	213
Other charges	560	560	-	546	14
Intrafund transfers	(1,251)	(1,251)	-	(1,031)	(220)
Contingencies	591	591	-	-	591
Total Human Resources	9,542	9,547	5	8,540	1,007
<b>Information Services</b>					
Salaries and benefits	23,197	23,197	-	22,227	970
Services and supplies	28,859	28,859	-	24,834	4,025
Other charges	1,695	1,695	-	1,447	248
Fixed assets	2,976	2,976	-	940	2,036
Other financing uses	704	704	-	288	416
Intrafund transfers	(41,293)	(41,293)	-	(35,862)	(5,431)
Contingencies	1,806	1,806	-	-	1,806
Total Information Services	17,944	17,944	-	13,874	4,070
<b>Public Works</b>					
Salaries and benefits	20,453	20,275	(178)	18,627	1,648
Services and supplies	14,601	14,749	148	14,133	616
Other charges	6,042	6,042	-	5,295	747
Fixed assets	33	63	30	12	51
Other financing uses	13,108	13,108	-	12,979	129
Intrafund transfers	(29,984)	(29,984)	-	(30,337)	353
Contingencies	751	751	-	-	751
Total Public Works	25,004	25,004	-	20,709	4,295
<b>Non-Departmental Services</b>					
Salaries and benefits	2,100	2,100	-	364	1,736
Services and supplies	18,530	23,918	5,388	15,524	8,394
Other charges	2,603	2,603	-	1,676	927
Other financing uses	21,382	79,911	58,529	66,713	13,198
Intrafund transfers	(794)	(794)	-	(638)	(156)
Contingencies	153,002	89,058	(63,944)	-	89,058
Total Non-Departmental Services	196,823	196,796	(27)	83,639	113,157
<b>Total General Government</b>	317,446	317,719	273	179,458	138,261
<b><u>Public Protection</u></b>					
<b>Public Safety Communication</b>					
Salaries and benefits	8,125	8,394	269	8,394	-
Services and supplies	568	512	(56)	480	32
Other charges	507	483	(24)	480	3
Fixed assets	614	528	(86)	(47)	575
Intrafund transfers	(136)	(136)	-	(134)	(2)
Contingencies	651	651	-	-	651
Total Public Safety Communication	10,329	10,432	103	9,173	1,259

(continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Agricultural Commissioner</b>					
Salaries and benefits	3,728	3,728	-	3,628	100
Services and supplies	240	264	24	238	26
Other charges	687	687	-	668	19
Fixed Assets	-	7	7	6	1
Contingencies	261	261	-	-	261
Total Agricultural Commission	4,916	4,947	31	4,540	407
<b>Grand Jury</b>					
Salaries and benefits	56	56	-	50	6
Services and supplies	535	550	15	509	41
Other charges	9	9	-	8	1
Contingencies	129	113	(16)	-	113
Total Grand Jury	729	728	(1)	567	161
<b>Message Switch</b>					
Services and supplies	467	467	-	402	65
Other charges	288	288	-	267	21
Intrafund transfers	(138)	(138)	-	(146)	8
Contingencies	642	642	-	-	642
Total Message Switch	1,259	1,259	-	523	736
<b>Criminal Division</b>					
Salaries and benefits	23,009	23,009	-	21,689	1,320
Services and supplies	1,084	1,084	-	912	172
Other charges	1,805	1,805	-	1,720	85
Total Criminal Division	25,898	25,898	-	24,321	1,577
<b>Child Support Services</b>					
Salaries and benefits	10,121	10,121	-	9,884	237
Services and supplies	465	465	-	388	77
Other charges	1,286	1,286	-	971	315
Intrafund transfers	(111)	(111)	-	-	(111)
Total Child Support Services	11,761	11,761	-	11,243	518
<b>County Support of Courts</b>					
Salaries and benefits	460	460	-	455	5
Services and supplies	1,086	1,086	-	1,046	40
Other charges	18,869	19,120	251	19,120	-
Total County Support of Courts	20,415	20,666	251	20,621	45
<b>Private Defender Program</b>					
Services and supplies	16,449	16,449	-	16,449	-
Other charges	61	61	-	61	-
Total Private Defender Program	16,510	16,510	-	16,510	-

(Continued)



**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Sheriff</b>					
Salaries and benefits	129,831	134,653	4,822	125,362	9,291
Services and supplies	20,254	20,528	274	14,070	6,458
Other charges	19,352	19,656	304	18,578	1,078
Fixed assets	4,612	6,624	2,012	6,221	403
Other financing uses	908	908	-	908	-
Intrafund transfers	(2,795)	(2,795)	-	(1,876)	(919)
Contingencies	6,297	6,297	-	-	6,297
Total Sheriff	178,459	185,871	7,412	163,263	22,608
<b>Probation</b>					
Salaries and benefits	52,049	52,728	679	52,728	-
Services and supplies	24,774	24,325	(449)	22,001	2,324
Other charges	16,404	16,174	(230)	16,089	85
Other financing uses	170	170	-	-	170
Intrafund transfers	(19,601)	(19,601)	-	(18,278)	(1,323)
Contingencies	137	137	-	-	137
Total Probation	73,933	73,933	-	72,540	1,393
<b>Coroner's Office</b>					
Salaries and benefits	1,958	1,958	-	1,817	141
Services and supplies	715	715	-	604	111
Other charges	289	289	-	289	-
Contingencies	384	384	-	-	384
Total Coroner's Office	3,346	3,346	-	2,710	636
<b>Local Agency Formation Commission</b>					
Salaries and benefits	220	220	-	209	11
Services and supplies	71	71	-	34	37
Other charges	57	57	-	37	20
Intrafund transfers	(83)	(83)	-	(82)	(1)
Contingencies	34	34	-	-	34
Total Local Agency Formation Commission	299	299	-	198	101
<b>Fire Protection</b>					
Services and supplies	6,082	6,082	-	5,898	184
Other charges	217	217	-	152	65
Fixed assets	120	170	50	27	143
Total Fire Protection	6,419	6,469	50	6,077	392
<b>Planning</b>					
Salaries and benefits	6,679	6,679	-	6,197	482
Services and supplies	5,377	5,377	-	4,948	429
Other charges	615	615	-	552	63
Intrafund transfers	(4,402)	(4,402)	-	(4,405)	3
Contingencies	1,032	1,032	-	-	1,032
Total Planning	9,301	9,301	-	7,292	2,009
<b>Total Public Protection</b>	363,574	371,420	7,846	339,578	31,842

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b><u>Health and Sanitation</u></b>					
<b>Health Services Administration</b>					
Salaries and benefits	2,092	2,092	-	1,663	429
Services and supplies	2,357	2,357	-	1,364	993
Other charges	1,678	1,678	-	1,305	373
Intrafund transfers	(3,743)	(3,743)	-	(3,815)	72
Contingencies	65	65	-	-	65
Total Health Services Administration	2,449	2,449	-	517	1,932
<b>Health Policy Plan Promotion</b>					
Salaries and benefits	6,043	6,043	-	5,726	317
Services and supplies	7,497	7,497	-	7,361	136
Other charges	268	268	-	267	1
Intrafund transfers	(3,697)	(3,697)	-	(3,675)	(22)
Contingencies	260	260	-	-	260
Total Health Policy Plan Promotion	10,371	10,371	-	9,679	692
<b>Contributions to Medical Center</b>					
Services and supplies	41,455	-	(41,455)	-	-
Other financing uses	22,999	64,454	41,455	64,454	-
Total Contributions to Medical Center	64,454	64,454	-	64,454	-
<b>Behavioral Health Services</b>					
Salaries and benefits	48,517	49,059	542	46,821	2,238
Services and supplies	52,383	52,833	450	47,739	5,094
Other charges	32,478	32,478	-	28,750	3,728
Intrafund transfers	(4,133)	(4,133)	-	(4,032)	(101)
Contingencies	5,546	5,546	-	-	5,546
Total Behavioral Health Services	134,791	135,783	992	119,278	16,505
<b>Public Health Services</b>					
Salaries and benefits	25,700	25,700	-	23,491	2,209
Services and supplies	16,986	16,970	(16)	11,508	5,462
Other charges	3,053	3,053	-	2,982	71
Fixed assets	719	719	-	-	719
Other financing uses	43	43	-	-	43
Intrafund transfers	(3,607)	(3,607)	-	(1,875)	(1,732)
Contingencies	3,928	3,928	-	-	3,928
Total Public Health Services	46,822	46,806	(16)	36,106	10,700
<b>Family Health Services</b>					
Salaries and benefits	21,410	20,910	(500)	19,549	1,361
Services and supplies	2,961	3,461	500	3,157	304
Other charges	2,442	2,292	(150)	1,941	351
Fixed assets	-	150	150	107	43
Intrafund transfers	(1,269)	(1,269)	-	(902)	(367)
Contingencies	1,189	1,189	-	-	1,189
Total Family Health Services	26,733	26,733	-	23,852	2,881

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Correctional Health Services</b>					
Salaries and benefits	12,221	12,221	-	11,559	662
Services and supplies	5,698	5,698	-	4,843	855
Other charges	582	582	-	461	121
Intrafund transfers	(8,695)	(8,695)	-	(7,646)	(1,049)
Contingencies	423	423	-	-	423
Total Correctional Health Services	10,229	10,229	-	9,217	1,012
<b>Total Health and Sanitation</b>	295,849	296,825	976	263,103	33,722
<b>Public Assistance</b>					
<b>Aging &amp; Adult Services</b>					
Salaries and benefits	14,180	14,180	-	13,455	725
Services and supplies	3,832	3,832	-	3,626	206
Other charges	5,508	5,920	412	4,490	1,430
Intrafund transfers	(1,325)	(1,325)	-	(1,319)	(6)
Contingencies	1,426	1,426	-	-	1,426
Total Aging & Adult Services	23,621	24,033	412	20,252	3,781
<b>In Home Support Services - Public Authority</b>					
Other charges	4,488	-	(4,488)	-	-
Other financing uses	-	4,488	4,488	4,488	-
Total In Home Support Services - Public Authority	4,488	4,488	-	4,488	-
<b>Human Services Agency</b>					
Salaries and benefits	90,529	90,529	-	81,014	9,515
Services and supplies	69,479	69,484	5	42,218	27,266
Other charges	76,865	76,865	-	70,711	6,154
Fixed assets	124	124	-	(23)	147
Other financing uses	301	301	-	293	8
Intrafund transfers	(26,937)	(30,637)	(3,700)	(24,860)	(5,777)
Contingencies	5,625	5,625	-	-	5,625
Total Human Services Agency	215,986	212,291	(3,695)	169,353	42,938
<b>Department of Housing</b>					
Salaries and benefits	1,891	2,082	191	1,919	163
Services and supplies	590	595	5	368	227
Other charges	6,003	5,812	(191)	4,553	1,259
Intrafund Transfers	(200)	(200)	-	-	(200)
Contingencies	46	46	-	-	46
Total Department of Housing	8,330	8,335	5	6,840	1,495
<b>Total Public Assistance</b>	252,425	249,147	(3,278)	200,933	48,214

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b><u>Recreation</u></b>					
<b>Parks &amp; Recreation</b>					
Salaries and benefits	6,722	6,542	(180)	6,538	4
Services and supplies	952	1,069	117	956	113
Other charges	1,073	1,142	69	1,142	-
Intrafund transfers	(55)	(55)	-	(55)	-
Contingencies	133	133	-	-	133
Total Parks & Recreation	8,825	8,831	6	8,581	250
<b>Total Recreation</b>	8,825	8,831	6	8,581	250
<b><u>Contingencies</u></b>					
Contingencies	30,705	30,705	-	-	30,705
<b>Total Contingencies</b>	30,705	30,705	-	-	30,705
Total charges to appropriations	1,268,824	1,274,647	5,823	991,653	282,994
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 151,698	\$ 151,698

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (page 76)	\$ 931,988
Differences - budget to GAAP:	
Reimbursements are inflows of budgetary resources but are used to offset expenditures for financial reporting purposes.	(61,763)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(288)
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	(5)
Receipts from sub-funds reclassified from County Agency Fund, not budgeted.	<u>24,046</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 27)	<u><u>\$ 893,978</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 83)	\$ 991,653
Differences - budget to GAAP:	
Expenditures offset by reimbursements for financial reporting purposes are outflows of budgetary appropriations.	(61,763)
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.	(724)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(150,121)
Disbursements from sub-funds reclassified from County Agency Fund, not budgeted.	<u>4,756</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 27)	<u><u>\$ 783,801</u></u>

See Notes to the Budgetary Comparison Schedule.

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Note to the Budgetary Comparison Schedule – General Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

**BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

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

The budgets for governmental funds may include an object level known as "intrafund transfers" in the charges to appropriations. This object level is an accounting mechanism used by the County to show reimbursements between operations within the same fund (an example would be the General Fund).

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



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



## Nonmajor Governmental Funds



**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2011**  
**(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	\$ 86,361	\$ 23,079	\$ 8,561	\$ 118,001
Receivables (net):				
Accounts	29	-	30	59
Interest	254	56	27	337
Taxes	819	-	-	819
Other	23	-	-	23
Due from other funds	235	-	334	569
Due from other governmental agencies	1,877	-	55	1,932
Inventories	410	-	-	410
Total assets	<u>\$ 90,008</u>	<u>\$ 23,135</u>	<u>\$ 9,007</u>	<u>\$ 122,150</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,063	\$ -	\$ 1,113	\$ 3,176
Accrued salaries and benefits	607	-	-	607
Due to other funds	442	-	14	456
Advances from other funds	400	-	-	400
Deferred revenues	2,601	-	30	2,631
Deposits	46	-	-	46
Total liabilities	<u>6,159</u>	<u>-</u>	<u>1,157</u>	<u>7,316</u>
<b>Fund balances:</b>				
Nonspendable	410	-	-	410
Restricted	73,004	23,135	3,718	99,857
Assigned	10,435	-	4,132	14,567
Total fund balances	<u>83,849</u>	<u>23,135</u>	<u>7,850</u>	<u>114,834</u>
Total liabilities and fund balances	<u>\$ 90,008</u>	<u>\$ 23,135</u>	<u>\$ 9,007</u>	<u>\$ 122,150</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, 2011**  
**(In Thousands)**

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>				
Taxes	\$ 14,042	\$ -	\$ -	\$ 14,042
Licenses and permits	3,083	-	-	3,083
Intergovernmental	25,377	-	1,822	27,199
Charges for services	17,656	-	3,003	20,659
Fines, forfeitures and penalties	2,672	-	-	2,672
Rents and concessions	101	-	-	101
Investment income	838	166	83	1,087
Securities lending activities:				
Securities lending income	5	2	-	7
Securities lending expenditures	(5)	(2)	-	(7)
Other	442	-	134	576
Total revenues	<u>64,211</u>	<u>166</u>	<u>5,042</u>	<u>69,419</u>
<b>Expenditures:</b>				
Current:				
General government	1,581	77	-	1,658
Public protection	8,968	-	-	8,968
Public ways and facilities	18,512	-	-	18,512
Health and sanitation	14,095	-	-	14,095
Public assistance	12,843	-	-	12,843
Capital outlay	3,872	-	68,769	72,641
Debt service:				
Principal	19	-	-	19
Interest	1	-	-	1
Total expenditures	<u>59,891</u>	<u>77</u>	<u>68,769</u>	<u>128,737</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,320</u>	<u>89</u>	<u>(63,727)</u>	<u>(59,318)</u>
<b>Other financing sources (uses):</b>				
Transfers in	4,519	30,388	66,323	101,230
Transfers out	(1,617)	(30,167)	(5,294)	(37,078)
Total other financing sources	<u>2,902</u>	<u>221</u>	<u>61,029</u>	<u>64,152</u>
<b>Net change in fund balances</b>	7,222	310	(2,698)	4,834
Fund balances - beginning	<u>76,627</u>	<u>22,825</u>	<u>10,548</u>	<u>110,000</u>
Fund balances - end	<u>\$ 83,849</u>	<u>\$ 23,135</u>	<u>\$ 7,850</u>	<u>\$ 114,834</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* - provides for planning, design, construction, maintenance, and administration of the County's transportation activities. Revenues primarily come from the County's share of state highway user taxes and federal grants.

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

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

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

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

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

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

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

*County-Wide Road Improvement Fund* - accounts for mitigation fees imposed on building permits to finance road improvements in the County.

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

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

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

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2011**  
**(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	\$ 25,868	\$ 394	\$ 6,649	\$ 14,589	\$ 14,453	\$ 8,829	\$ 2,761
Receivables (net):							
Accounts	6	-	10	-	-	-	13
Interest	70	1	21	44	43	28	9
Taxes	-	297	192	36	222	66	-
Other	23	-	-	-	-	-	-
Due from other funds	12	-	9	4	2	-	-
Due from other governmental agencies	-	139	2	95	97	187	218
Inventories	410	-	-	-	-	-	-
Total assets	<u>\$ 26,389</u>	<u>\$ 831</u>	<u>\$ 6,883</u>	<u>\$ 14,768</u>	<u>\$ 14,817</u>	<u>\$ 9,110</u>	<u>\$ 3,001</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 392	\$ -	\$ 5	\$ 551	\$ 1	\$ 10	\$ -
Accrued salaries and benefits	420	-	-	48	-	-	-
Due to other funds	18	201	15	-	-	-	-
Advances from other funds	-	-	-	400	-	-	-
Deferred revenues	127	430	191	130	315	252	13
Deposits	43	-	3	-	-	-	-
Total liabilities	<u>1,000</u>	<u>631</u>	<u>214</u>	<u>1,129</u>	<u>316</u>	<u>262</u>	<u>13</u>
<b>Fund Balances:</b>							
Nonspendable	410	-	-	-	-	-	-
Restricted	24,046	-	5,049	13,639	14,441	8,827	2,982
Assigned	933	200	1,620	-	60	21	6
Total fund balances	<u>25,389</u>	<u>200</u>	<u>6,669</u>	<u>13,639</u>	<u>14,501</u>	<u>8,848</u>	<u>2,988</u>
Total liabilities and fund balances	<u>\$ 26,389</u>	<u>\$ 831</u>	<u>\$ 6,883</u>	<u>\$ 14,768</u>	<u>\$ 14,817</u>	<u>\$ 9,110</u>	<u>\$ 3,001</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2011**  
**(In Thousands)**

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	IHSS Public Authority	Other Special Revenue	Total	
\$ 943	\$ 2,755	\$ 4,869	\$ 2,936	\$ 1,315	\$ 86,361	<b>ASSETS</b>
-	-	-	-	-	29	Cash and investments
2	8	20	4	4	254	Receivables (net):
-	-	-	-	6	819	Accounts
-	-	-	-	-	23	Interest
-	-	4	204	-	235	Taxes
180	-	-	955	4	1,877	Other
-	-	-	-	-	410	Due from other funds
-	-	-	-	-	-	Due from other governmental agencies
-	-	-	-	-	-	Inventories
\$ 1,125	\$ 2,763	\$ 4,893	\$ 4,099	\$ 1,329	\$ 90,008	Total assets
						<b>LIABILITIES AND FUND BALANCES</b>
\$ 14	\$ -	\$ 50	\$ 1,040	\$ -	\$ 2,063	<b>Liabilities:</b>
60	-	52	27	-	607	Accounts payable
208	-	-	-	-	442	Accrued salaries and benefits
-	-	-	-	-	400	Due to other funds
179	-	-	954	10	2,601	Advances from other funds
-	-	-	-	-	46	Deferred revenues
461	-	102	2,021	10	6,159	Deposits
						Total liabilities
-	-	-	-	-	410	<b>Fund Balances:</b>
664	2,757	-	-	599	73,004	Nonspendable
-	6	4,791	2,078	720	10,435	Restricted
664	2,763	4,791	2,078	1,319	83,849	Assigned
						Total fund balances
\$ 1,125	\$ 2,763	\$ 4,893	\$ 4,099	\$ 1,329	\$ 90,008	Total liabilities and fund balances

**COUNTY OF SAN MATEO**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
<b>Revenues</b>							
Taxes	\$ -	\$ 4,556	\$ 2,941	\$ 737	\$ 2,960	\$ 981	\$ -
Licenses and permits	183	-	99	-	-	-	-
Intergovernmental	15,871	33	20	4	23	5	-
Charges for services	2,043	1,330	1,257	9,969	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	2,670
Rents and concessions	62	34	-	-	5	-	-
Investment income	255	19	61	131	133	87	29
Securities lending activities:							
Securities lending income	2	-	-	1	1	1	-
Securities lending expenditures	(2)	-	-	(1)	(1)	(1)	-
Other	59	25	16	5	3	-	11
Total revenues	<u>18,473</u>	<u>5,997</u>	<u>4,394</u>	<u>10,846</u>	<u>3,124</u>	<u>1,073</u>	<u>2,710</u>
<b>Expenditures</b>							
Current:							
General government	-	-	1,257	-	-	323	-
Public protection	-	6,073	2,110	-	785	-	-
Public ways and facilities	15,478	-	-	-	-	-	-
Health and sanitation	-	-	-	7,996	-	-	2,397
Public assistance	-	-	-	-	-	-	-
Capital outlay	3,392	-	-	212	268	-	-
Debt service:							
Principal	-	-	19	-	-	-	-
Interest	-	-	1	-	-	-	-
Total expenditures	<u>18,870</u>	<u>6,073</u>	<u>3,387</u>	<u>8,208</u>	<u>1,053</u>	<u>323</u>	<u>2,397</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(397)</u>	<u>(76)</u>	<u>1,007</u>	<u>2,638</u>	<u>2,071</u>	<u>750</u>	<u>313</u>
<b>Other financing sources (uses)</b>							
Transfers in	24	-	-	2	-	-	-
Transfers out	-	-	(97)	-	(1,509)	-	-
Total other financing sources (uses)	<u>24</u>	<u>-</u>	<u>(97)</u>	<u>2</u>	<u>(1,509)</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<b>(373)</b>	<b>(76)</b>	<b>910</b>	<b>2,640</b>	<b>562</b>	<b>750</b>	<b>313</b>
Fund balances - beginning	<u>25,762</u>	<u>276</u>	<u>5,759</u>	<u>10,999</u>	<u>13,939</u>	<u>8,098</u>	<u>2,675</u>
Fund balances - end	<u>\$ 25,389</u>	<u>\$ 200</u>	<u>\$ 6,669</u>	<u>\$ 13,639</u>	<u>\$ 14,501</u>	<u>\$ 8,848</u>	<u>\$ 2,988</u>

(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, 2011**  
**(In Thousands)**

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	IHSS Public Authority	Other Special Revenue	Total	
\$ 1,835	\$ -	\$ -	\$ -	\$ 32	\$ 14,042	<b>Revenues</b>
-	-	2,801	-	-	3,083	Taxes
-	-	263	9,158	-	25,377	Licenses and permits
1,089	252	1,447	262	7	17,656	Intergovernmental
-	-	-	-	2	2,672	Charges for services
-	-	-	-	-	101	Fines, forfeitures and penalties
6	27	66	12	12	838	Rents and concessions
-	-	-	-	-	5	Investment income
-	-	-	-	-	(5)	Securities lending activities:
-	-	-	-	-	-	Securities lending income
-	-	-	-	-	-	Securities lending expenditures
-	-	174	8	141	442	Other
<u>2,930</u>	<u>279</u>	<u>4,751</u>	<u>9,440</u>	<u>194</u>	<u>64,211</u>	Total revenues
-	-	-	-	1	1,581	<b>Expenditures</b>
-	-	-	-	-	8,968	Current:
2,888	73	-	-	73	18,512	General government
-	-	3,701	-	1	14,095	Public protection
-	-	-	12,843	-	12,843	Public ways and facilities
-	-	-	-	-	3,872	Health and sanitation
-	-	-	-	-	-	Public assistance
-	-	-	-	-	19	Capital outlay
-	-	-	-	-	1	Debt service:
<u>2,888</u>	<u>73</u>	<u>3,701</u>	<u>12,843</u>	<u>75</u>	<u>59,891</u>	Principal
-	-	-	-	-	-	Interest
<u>42</u>	<u>206</u>	<u>1,050</u>	<u>(3,403)</u>	<u>119</u>	<u>4,320</u>	Total expenditures
2	-	3	4,488	-	4,519	Excess (deficiency) of revenues over (under) expenditures
-	-	(4)	-	(7)	(1,617)	<b>Other financing sources (uses)</b>
<u>2</u>	<u>-</u>	<u>(1)</u>	<u>4,488</u>	<u>(7)</u>	<u>2,902</u>	Transfers in
44	206	1,049	1,085	112	7,222	Transfers out
620	2,557	3,742	993	1,207	76,627	Total other financing sources (uses)
<u>\$ 664</u>	<u>\$ 2,763</u>	<u>\$ 4,791</u>	<u>\$ 2,078</u>	<u>\$ 1,319</u>	<u>\$ 83,849</u>	<b>Net change in fund balances</b>
						Fund balances - beginning
						Fund balances - end

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Road Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 24,557	\$ 24,557	\$ -	\$ 23,615	\$ (942)
<b>Resources (inflows):</b>					
Licenses and permits	120	120	-	183	63
Use of money and property	78	78	-	317	239
Intergovernmental revenues	21,116	21,116	-	15,871	(5,245)
Charges for services	6	6	-	2,043	2,037
Interfund revenue	621	621	-	-	(621)
Miscellaneous revenue	1,653	1,653	-	59	(1,594)
Other financing source	-	-	-	24	24
Amounts available for appropriation	23,594	23,594	-	18,497	(5,097)
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Salaries and benefits	9,064	9,064	-	8,395	669
Services and supplies	19,745	19,745	-	7,990	11,755
Other charges	1,118	1,118	-	823	295
Fixed assets	6,287	6,287	-	3,392	2,895
Intrafund transfers	(2,854)	(2,854)	-	(1,730)	(1,124)
Contingencies	14,791	14,791	-	-	14,791
Total charges to appropriations	48,151	48,151	-	18,870	29,281
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 23,242	\$ 23,242

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 18,497
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes	(24)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 18,473



**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Fire Protection Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 318	\$ 318	\$ -	\$ 276	\$ (42)
<b>Resources (inflows):</b>					
Taxes	4,963	4,963	-	4,556	(407)
Use of money and property	42	42	-	53	11
Intergovernmental revenues	33	33	-	33	-
Charges for services	285	285	-	1,330	1,045
Interfund revenue	1,051	1,051	-	-	(1,051)
Miscellaneous revenue	46	96	50	25	(71)
Amounts available for appropriation	<u>6,420</u>	<u>6,470</u>	<u>50</u>	<u>5,997</u>	<u>(473)</u>
<b>Charges to appropriations (outflows):</b>					
Public protection					
Services and supplies	6,544	6,594	50	6,073	521
Non-general fund reserves	194	194	-	-	194
Total charges to appropriations	<u>6,738</u>	<u>6,788</u>	<u>50</u>	<u>6,073</u>	<u>715</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 200</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Service Area Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 6,015	\$ 6,036	\$ 21	\$ 5,759	\$ (277)
<b>Resources (inflows):</b>					
Taxes	2,823	2,823	-	2,941	118
Licenses and permits	68	68	-	99	31
Use of money and property	50	50	-	61	11
Intergovernmental revenues	19	19	-	20	1
Charges for services	1,260	1,260	-	1,257	(3)
Miscellaneous revenue	-	-	-	16	16
Amounts available for appropriation	4,220	4,220	-	4,394	174
<b>Charges to appropriations (outflows):</b>					
General government and public protection					
Services and supplies	4,171	4,171	-	3,182	989
Other charges	264	285	21	205	80
Other financing uses	97	97	-	97	-
Contingencies	4,375	4,375	-	-	4,375
Non-general fund reserves	1,328	1,328	-	-	1,328
Total charges to appropriations	10,235	10,256	21	3,484	6,772
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 6,669	\$ 6,669

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,484
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(97)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 3,387

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Sewer and Sanitation Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 11,559	\$ 11,559	\$ -	\$ 10,999	\$ (560)
<b>Resources (inflows):</b>					
Taxes	521	521	-	737	216
Use of money and property	63	63	-	131	68
Intergovernmental revenues	3	3	-	4	1
Charges for services	8,842	8,842	-	9,969	1,127
Interfund revenue	1,050	1,050	-	-	(1,050)
Miscellaneous revenue	-	-	-	5	5
Other financing sources	529	529	-	2	(527)
Amounts available for appropriation	<u>11,008</u>	<u>11,008</u>	<u>-</u>	<u>10,848</u>	<u>(160)</u>
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	861	861	-	906	(45)
Services and supplies	11,532	11,532	-	7,986	3,546
Other charges	813	813	-	284	529
Fixed assets	4,209	4,209	-	212	3,997
Other financing uses	529	529	-	-	529
Intrafund transfers	(954)	(954)	-	(1,180)	226
Contingencies	5,577	5,577	-	-	5,577
Total charges to appropriations	<u>22,567</u>	<u>22,567</u>	<u>-</u>	<u>8,208</u>	<u>14,359</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,639</u>	<u>\$ 13,639</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 10,848
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes	<u>(2)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 10,846</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Flood Control Zone Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 13,918	\$ 14,200	\$ 282	\$ 13,939	\$ (261)
<b>Resources (inflows):</b>					
Taxes	2,661	2,661	-	2,960	299
Use of money and property	84	84	-	138	54
Intergovernmental revenues	21	21	-	23	2
Miscellaneous revenue			-	3	3
Other financing sources	2,730	2,730	-	-	(2,730)
Amounts available for appropriation	5,496	5,496	-	3,124	(2,372)
<b>Charges to appropriations (outflows):</b>					
Public protection					
Services and supplies	1,880	1,880	-	308	1,572
Other charges	1,524	1,806	282	477	1,329
Fixed assets	5,500	5,500	-	268	5,232
Other financing uses	3,942	3,942	-	1,509	2,433
Contingencies	6,568	6,568	-	-	6,568
Total charges to appropriations	19,414	19,696	282	2,562	17,134
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 14,501	\$ 14,501

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,562
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(1,509)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 1,053

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Lighting Districts Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 8,074	\$ 8,109	\$ 35	\$ 8,098	\$ (11)
<b>Resources (inflows):</b>					
Taxes	652	652	-	981	329
Use of money and property	51	51	-	87	36
Intergovernmental revenues	4	4	-	5	1
Amounts available for appropriation	707	707	-	1,073	366
<b>Charges to appropriations (outflows):</b>					
General government					
Services and supplies	851	851	-	375	476
Other charges	-	35	35	-	35
Fixed assets	100	100	-	-	100
Intrafund transfers	(95)	(95)	-	(52)	(43)
Contingencies	7,925	7,925	-	-	7,925
Total charges to appropriations	8,781	8,816	35	323	8,493
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 8,848	\$ 8,848

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Emergency Medical Services Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 2,712	\$ 2,712	\$ -	\$ 2,675	\$ (37)
<b>Resources (inflows):</b>					
Fines, forfeitures and penalties	2,175	2,175	-	2,670	495
Use of money and property	24	24	-	29	5
Miscellaneous revenue	-	-	-	11	11
Amounts available for appropriation	2,199	2,199	-	2,710	511
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Services and supplies	2,261	2,396	135	2,397	(1)
Non-general fund reserves	2,650	2,515	(135)	-	2,515
Total charges to appropriations	4,911	4,911	-	2,397	2,514
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 2,988	\$ 2,988

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Half-Cent Transportation Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 618	\$ 618	\$ -	\$ 620	\$ 2
<b>Resources (inflows):</b>					
Taxes	\$ 1,682	\$ 1,682	-	1,835	153
Use of money and property	-	-	-	6	6
Charges for services	1,195	1,195	-	1,089	(106)
Other financing source	-	-	-	2	2
Amounts available for appropriation	2,877	2,877	-	2,932	55
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Salaries and benefits	1,151	1,151	-	1,148	3
Services and supplies	2,188	2,188	-	1,614	574
Other charges	156	156	-	126	30
Total charges to appropriations	3,495	3,495	-	2,888	607
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 664	\$ 664
<b>Explanation of Differences between Budgetary Inflows and GAAP Revenues:</b>					
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule					\$ 2,932
Differences - budget to GAAP:					
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes					(2)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds					\$ 2,930

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County-Wide Road Improvement Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 2,547	\$ 2,547	\$ -	\$ 2,557	\$ 10
<b>Resources (inflows):</b>					
Use of money and property	13	13	-	27	14
Charges for services	262	262	-	252	(10)
Amounts available for appropriation	275	275	-	279	4
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Services and supplies	-	-	-	73	(73)
Non-general fund reserves	2,822	2,822	-	-	2,822
Total charges to appropriations	2,822	2,822	-	73	2,749
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 2,763	\$ 2,763



**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Solid Waste Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 3,730	\$ 3,730	\$ -	\$ 3,742	\$ 12
<b>Resources (inflows):</b>					
Licenses and permits	30	30	-	2,801	2,771
Use of money and property	12	12	-	66	54
Intergovernmental revenues	185	185	-	263	78
Charges for services	3,219	3,219	-	1,447	(1,772)
Interfund revenue	2,659	2,659	-	-	(2,659)
Miscellaneous revenue	-	-	-	174	174
Other financing source	-	-	-	3	3
Amounts available for appropriation	6,105	6,105	-	4,754	(1,351)
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	1,300	1,300	-	1,159	141
Services and supplies	5,422	5,418	(4)	2,499	2,919
Other charges	61	61	-	55	6
Other financing uses	-	4	4	4	-
Intrafund transfers	-	-	-	(12)	12
Contingencies	1,773	1,773	-	-	1,773
Non-general fund reserves	1,279	1,279	-	-	1,279
Total charges to appropriations	9,835	9,835	-	3,705	6,130
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 4,791	\$ 4,791

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,754
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes	(3)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 4,751

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,705
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(4)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 3,701

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**In-Home Supportive Services Public Authority Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 3,373	\$ 3,373	\$ -	\$ 993	\$ (2,380)
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	12	12
Intergovernmental revenues	9,850	9,850	-	9,158	(692)
Charges for services	4,809	4,809	-	262	(4,547)
Miscellaneous revenue	-	-	-	8	8
Other financing sources	-	-	-	4,488	4,488
Amounts available for appropriation	14,659	14,659	-	13,928	(731)
<b>Charges to appropriations (outflows):</b>					
Public assistance					
Salaries and benefits	577	577	-	496	81
Services and supplies	3,097	3,097	-	3,000	97
Other charges	10,985	10,985	-	9,347	1,638
Non-general fund reserves	3,373	3,373	-	-	3,373
Total charges to appropriations	18,032	18,032	-	12,843	5,189
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 2,078	\$ 2,078

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 13,928
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	(4,488)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 9,440

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b><u>Fish and Game Fund</u></b>					
<b>Budgetary fund balances, July 1</b>	\$ 74	\$ 74	\$ -	\$ 82	\$ 8
Resources (inflows):					
Fines, forfeitures and penalties	2	2	-	2	-
Use of money and property	-	-	-	7	7
Miscellaneous revenue	1	1	-	141	140
Amounts available for appropriation	<u>3</u>	<u>3</u>	<u>-</u>	<u>150</u>	<u>147</u>
Charges to appropriations (outflows):					
General government					
Services and supplies	15	15	-	1	14
Non-general fund reserves	62	62	-	-	62
Total charges to appropriations	<u>77</u>	<u>77</u>	<u>-</u>	<u>1</u>	<u>76</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231</u>	<u>\$ 231</u>
<b><u>Off-Highway Vehicle License Fees Fund *</u></b>					
<b>Budgetary fund balances, July 1</b>	\$ 80	\$ 80	\$ -	\$ 96	\$ 16
Charges to appropriations (outflows):					
Public ways and facilities					
Services and supplies	73	73	-	73	-
Other financing uses	7	7	-	7	-
Total charges to appropriations	<u>80</u>	<u>80</u>	<u>-</u>	<u>80</u>	<u>-</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 16</u>
<b><u>Highlands Landscape Maintenance District</u></b>					
<b>Budgetary fund balances, July 1</b>	\$ 479	\$ 479	\$ -	\$ 234	\$ (245)
Resources (inflows):					
Taxes	27	27	-	32	5
Use of money and property	3	3	-	5	2
Charges for services	12	12	-	7	(5)
Amounts available for appropriation	<u>42</u>	<u>42</u>	<u>-</u>	<u>44</u>	<u>2</u>
Charges to appropriations (outflows):					
Public protection					
Services and supplies	101	101	-	1	100
Contingencies	353	353	-	-	353
Non-general fund reserves	67	67	-	-	67
Total charges to appropriations	<u>521</u>	<u>521</u>	<u>-</u>	<u>1</u>	<u>520</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277</u>	<u>\$ 277</u>

\* No resources were budgeted.

(Continued)

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b><u>Total - Other Special Revenue Funds</u></b>					
<b>Budgetary fund balances, July 1</b>	\$ 633	\$ 633	\$ -	\$ 412	\$ (221)
Resources (inflows)	45	45	-	194	149
Charges to appropriations (outflows)	<u>(678)</u>	<u>(678)</u>	<u>-</u>	<u>(82)</u>	<u>596</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 524</u>	<u>\$ 524</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 82
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(7)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 75</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, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 16,457	\$ 16,457	\$ -	\$ 22,825	\$ 6,368
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	166	166
Other financing sources	29,636	29,636	-	30,388	752
Amount available for appropriation	29,636	29,636	-	30,554	918
<b>Charges to appropriations (outflows):</b>					
Other charges	30,561	30,561	-	77	30,484
Other financing uses	-	-	-	30,167	(30,167)
Non-general fund reserves	15,532	15,532	-	-	15,532
Total charges to appropriations	46,093	46,093	-	30,244	15,849
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 23,135	\$ 23,135

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 30,554
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(30,388)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	\$ 166

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 30,244
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(30,167)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	\$ 77

## COUNTY OF SAN MATEO

### Nonmajor Governmental Funds

#### Capital Projects Funds

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

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

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

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

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

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

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2011**  
**(In Thousands)**

	Parks Acquisition	Accumulated Capital Outlay	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
<b>ASSETS</b>						
Cash and investments	\$ 2,613	\$ 6	\$ 1,510	\$ 1,184	\$ 3,248	\$ 8,561
Accounts receivable	-	-	15	15	-	30
Interest receivable	8	-	6	6	7	27
Due from other funds	184	-	-	-	150	334
Due from other governmental agencies	-	-	-	-	55	55
Total assets	<u>\$ 2,805</u>	<u>\$ 6</u>	<u>\$ 1,531</u>	<u>\$ 1,205</u>	<u>\$ 3,460</u>	<u>\$ 9,007</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 116	\$ -	\$ -	\$ -	\$ 997	\$ 1,113
Due to other funds	-	-	-	-	14	14
Deferred revenues	-	-	15	15	-	30
Total liabilities	<u>116</u>	<u>-</u>	<u>15</u>	<u>15</u>	<u>1,011</u>	<u>1,157</u>
<b>Fund Balances:</b>						
Restricted	2,530	-	-	1,188	-	3,718
Assigned	159	6	1,516	2	2,449	4,132
Total fund balances	<u>2,689</u>	<u>6</u>	<u>1,516</u>	<u>1,190</u>	<u>2,449</u>	<u>7,850</u>
Total liabilities and fund balances	<u>\$ 2,805</u>	<u>\$ 6</u>	<u>\$ 1,531</u>	<u>\$ 1,205</u>	<u>\$ 3,460</u>	<u>\$ 9,007</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, 2011**  
**(In Thousands)**

	Parks Acquisition	Accumulated Capital Outlay	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
<b>Revenues:</b>						
Intergovernmental	\$ 603	\$ -	\$ -	\$ -	\$ 1,219	\$ 1,822
Charges for services	-	-	1,503	1,498	2	3,003
Investment income	30	-	19	18	16	83
Other	122	-	-	-	12	134
Total revenues	<u>755</u>	<u>-</u>	<u>1,522</u>	<u>1,516</u>	<u>1,249</u>	<u>5,042</u>
<b>Expenditures:</b>						
Capital outlay	399	-	-	927	67,443	68,769
Total expenditures	<u>399</u>	<u>-</u>	<u>-</u>	<u>927</u>	<u>67,443</u>	<u>68,769</u>
Excess (deficiency) of revenues over (under) expenditures	<u>356</u>	<u>-</u>	<u>1,522</u>	<u>589</u>	<u>(66,194)</u>	<u>(63,727)</u>
<b>Other financing sources (uses)</b>						
Transfers in	7	-	-	-	66,316	66,323
Transfers out	(1,265)	-	(1,100)	(2,929)	-	(5,294)
Total other financing sources (uses)	<u>(1,258)</u>	<u>-</u>	<u>(1,100)</u>	<u>(2,929)</u>	<u>66,316</u>	<u>61,029</u>
<b>Net change in fund balances</b>	(902)	-	422	(2,340)	122	(2,698)
Fund balances - beginning	<u>3,591</u>	<u>6</u>	<u>1,094</u>	<u>3,530</u>	<u>2,327</u>	<u>10,548</u>
Fund balances- end	<u>\$ 2,689</u>	<u>\$ 6</u>	<u>\$ 1,516</u>	<u>\$ 1,190</u>	<u>\$ 2,449</u>	<u>\$ 7,850</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Parks Acquisition Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 3,579	\$ 3,579	\$ -	\$ 3,591	\$ 12
<b>Resources (inflows):</b>					
Use of money and property	35	35	-	30	(5)
Intergovernmental revenues	2,027	2,027	-	603	(1,424)
Interfund revenue	-	311	311	-	(311)
Miscellaneous revenue	-	-	-	122	122
Other financing sources	-	-	-	7	7
Amounts available for appropriation	2,062	2,373	311	762	(1,611)
<b>Charges to appropriations (outflows):</b>					
Services and supplies	544	855	311	359	496
Other charges	-	-	-	40	(40)
Fixed assets	979	979	-	-	979
Other financing uses	1,639	1,639	-	1,265	374
Non-general fund reserves	2,479	2,479	-	-	2,479
Total charges to appropriations	5,641	5,952	311	1,664	4,288
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 2,689	\$ 2,689

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 762
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	(7)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	\$ 755

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,664
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(1,265)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	\$ 399

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Accumulated Capital Outlay Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

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

\* No resources were budgeted.

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Criminal Facility Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 1,090	\$ 1,090	\$ -	\$ 1,094	\$ 4
<b>Resources (inflows):</b>					
Use of money and property	10	10	-	19	9
Charges for services	1,150	1,150	-	1,503	353
Amounts available for appropriation	1,160	1,160	-	1,522	362
<b>Charges to appropriations (outflows):</b>					
Other financing uses	1,100	1,100	-	1,100	-
Non-general fund reserves	1,150	1,150	-	-	1,150
Total charges to appropriations	2,250	2,250	-	1,100	1,150
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,516</u>	<u>\$ 1,516</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, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 3,518	\$ 3,517	\$ (1)	\$ 3,530	\$ 13
<b>Resources (inflows):</b>					
Use of money and property	30	30	-	18	(12)
Charges for services	1,150	1,150	-	1,498	348
Amounts available for appropriation	1,180	1,180	-	1,516	336
<b>Charges to appropriations (outflows):</b>					
Other charges	862	927	65	927	-
Other financing uses	3,244	3,244	-	2,929	315
Non-general fund reserves	592	526	(66)	-	526
Total charges to appropriations	4,698	4,697	(1)	3,856	841
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,190</u>	<u>\$ 1,190</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,856
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(2,929)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 927</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 2,342	\$ 2,342	\$ -	\$ 2,327	\$ (15)
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	16	16
Intergovernmental revenues	631	631	-	1,219	588
Charges for services	1,057	1,057	-	2	(1,055)
Miscellaneous revenue	-	-	-	12	12
Other financing sources	24,616	83,570	58,954	66,316	(17,254)
Amounts available for appropriation	<u>26,304</u>	<u>85,258</u>	<u>58,954</u>	<u>67,565</u>	<u>(17,693)</u>
<b>Charges to appropriations (outflows):</b>					
Fixed assets	27,170	86,124	58,954	67,443	18,681
Contingencies	1,476	1,476	-	-	1,476
Total charges to appropriations	<u>28,646</u>	<u>87,600</u>	<u>58,954</u>	<u>67,443</u>	<u>20,157</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,449</u>	<u>\$ 2,449</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 67,565
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(66,316)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 1,249</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 Assets**  
**Nonmajor Enterprise Funds**  
**June 30, 2011**  
**(In Thousands)**

	Airports	Coyote Point Marina	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 1,439	\$ 79	\$ 1,518
Receivables (net):			
Accounts	25	11	36
Interest	3	1	4
Due from other governmental agencies	248	-	248
Total current assets	1,715	91	1,806
Noncurrent assets:			
Net OPEB asset	181	117	298
Capital assets:			
Nondepreciable:			
Land	6,844	1,334	8,178
Construction in progress	1,172	41	1,213
Depreciable:			
Structures and improvements	26,991	13,048	40,039
Equipment	73	116	189
Less accumulated depreciation	(7,482)	(5,556)	(13,038)
Total noncurrent assets	27,779	9,100	36,879
Total assets	29,494	9,191	38,685
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	92	16	108
Accrued interest payable	-	31	31
Accrued salaries and benefits	59	22	81
Due to other funds	-	185	185
Unearned revenues	8	-	8
Notes payable - current	238	56	294
Compensated absences - current	65	38	103
Total current liabilities	462	348	810
Noncurrent liabilities:			
Deposits	-	3	3
Notes payable - noncurrent	2,726	654	3,380
Compensated absences - noncurrent	37	8	45
Total noncurrent liabilities	2,763	665	3,428
Total liabilities	3,225	1,013	4,238
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	24,634	8,273	32,907
Unrestricted	1,635	(95)	1,540
Total net assets	\$ 26,269	\$ 8,178	\$ 34,447

**COUNTY OF SAN MATEO**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services	\$ 34	\$ 1,102	\$ 1,136
Rent and concessions	2,744	26	2,770
Miscellaneous	91	-	91
Total operating revenues	<u>2,869</u>	<u>1,128</u>	<u>3,997</u>
<b>Operating expenses:</b>			
Salaries and benefits	1,137	416	1,553
General and administrative	843	360	1,203
Depreciation and amortization	508	264	772
Total operating expenses	<u>2,488</u>	<u>1,040</u>	<u>3,528</u>
Operating income	<u>381</u>	<u>88</u>	<u>469</u>
<b>Nonoperating revenues (expenses):</b>			
State and federal grants	-	9	9
Investment income	17	2	19
Interest expense	(105)	(34)	(139)
Total nonoperating expenses, net	<u>(88)</u>	<u>(23)</u>	<u>(111)</u>
Income before capital contributions and transfers	293	65	358
Capital contributions	837	-	837
Transfers in	3	1	4
Transfers out	<u>-</u>	<u>(171)</u>	<u>(171)</u>
<b>Change in net assets</b>	1,133	(105)	1,028
Net assets - beginning	<u>25,136</u>	<u>8,283</u>	<u>33,419</u>
Net assets - end	<u>\$ 26,269</u>	<u>\$ 8,178</u>	<u>\$ 34,447</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
<b>Cash flows from operating activities</b>			
Cash receipts from customers	\$ 3,337	\$ 1,128	\$ 4,465
Cash paid to suppliers of goods and services	(1,176)	(353)	(1,529)
Cash paid to employees for services	(1,118)	(387)	(1,505)
Net cash provided by operating activities	<u>1,043</u>	<u>388</u>	<u>1,431</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers received from other funds	3	1	4
Transfers paid to other funds	-	(171)	(171)
Loan from other funds	-	185	185
Loan repayments to other funds	(1)	-	(1)
State and federal grant receipts	-	9	9
Net cash provided by noncapital financing activities	<u>2</u>	<u>24</u>	<u>26</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	(982)	(664)	(1,646)
Capital contributions from other governments	837	-	837
Principal paid on long-term liabilities	(650)	(80)	(730)
Interest paid on long-term liabilities	(173)	(37)	(210)
Net cash used in capital and related financing activities	<u>(968)</u>	<u>(781)</u>	<u>(1,749)</u>
<b>Cash flows from investing activities</b>			
Investment income received	17	2	19
Net cash provided by investing activities	<u>17</u>	<u>2</u>	<u>19</u>
Net increase (decrease) in cash and cash equivalents	94	(367)	(273)
Cash and cash equivalents, beginning	1,345	446	1,791
Cash and cash equivalents, end	<u>\$ 1,439</u>	<u>\$ 79</u>	<u>\$ 1,518</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
<b>Operating income</b>	\$ 381	\$ 88	\$ 469
Adjustments to reconcile operating income to cash flows from operating activities:			
Depreciation	508	264	772
Decrease (increase) in:			
Accounts receivable	(7)	-	(7)
Due from other funds	1	-	1
Due from other governmental agencies	498	-	498
Net OPEB assets	(3)	(1)	(4)
Increase (decrease) in:			
Accounts payable	(333)	7	(326)
Accrued salaries and benefits	8	10	18
Unearned revenues	(23)	-	(23)
Compensated absences	14	20	34
Refundable deposits	(1)	-	(1)
Net cash provided by operating activities	<u>\$ 1,043</u>	<u>\$ 388</u>	<u>\$ 1,431</u>



## Internal Service Funds

## COUNTY OF SAN MATEO

### **Internal Service Funds**

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

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

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

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

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

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

**COUNTY OF SAN MATEO**  
**Combining Statement of Fund Net Assets**  
**Internal Service Funds**  
**June 30, 2011**  
**(In Thousands)**

	Fleet Maintenance	Tower Road Construction	Workers' Compensation Insurance	Long-Term Disability	Personal Injury and Property Damage	Employee Benefits	Total
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 7,421	\$ 199	\$ 24,730	\$ 143	\$ 10,503	\$ 10,717	\$ 53,713
Receivables (net):							
Accounts	5	-	-	-	-	-	5
Interest	21	-	75	1	30	24	151
Due from other funds	1	-	-	-	-	-	1
Due from other governmental agencies	-	-	-	-	-	2,512	2,512
Inventories	113	-	-	-	-	-	113
Other assets	-	-	-	-	1,364	-	1,364
Total current assets	<u>7,561</u>	<u>199</u>	<u>24,805</u>	<u>144</u>	<u>11,897</u>	<u>13,253</u>	<u>57,859</u>
Noncurrent assets:							
Net OPEB asset	233	438	-	-	-	-	671
Capital assets:							
Nondepreciable:							
Land	7	-	-	-	-	-	7
Depreciable:							
Structures and improvements	1,078	-	-	-	-	-	1,078
Equipment	20,692	70	-	-	-	-	20,762
Software	9	-	-	-	-	-	9
Less accumulated depreciation	(17,253)	(69)	-	-	-	-	(17,322)
Total noncurrent assets	<u>4,766</u>	<u>439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,205</u>
Total assets	<u>12,327</u>	<u>638</u>	<u>24,805</u>	<u>144</u>	<u>11,897</u>	<u>13,253</u>	<u>63,064</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	127	114	11	65	99	275	691
Accrued interest payable	-	2	-	-	-	-	2
Accrued salaries and benefits	74	83	-	-	-	-	157
Due to other funds	-	-	-	-	8	-	8
Unearned revenues	-	-	84	-	64	-	148
Compensated absences - current	55	94	-	-	-	-	149
Estimated claims - current	-	-	7,894	856	870	497	10,117
Total current liabilities	<u>256</u>	<u>293</u>	<u>7,989</u>	<u>921</u>	<u>1,041</u>	<u>772</u>	<u>11,272</u>
Noncurrent liabilities:							
Advances from other funds	-	1,361	-	-	-	-	1,361
Deposits	94	-	-	-	-	-	94
Compensated absences - noncurrent	54	6	-	-	-	-	60
Estimated claims - noncurrent	-	-	31,550	7,307	1,863	-	40,720
Total noncurrent liabilities	<u>148</u>	<u>1,367</u>	<u>31,550</u>	<u>7,307</u>	<u>1,863</u>	<u>-</u>	<u>42,235</u>
Total liabilities	<u>404</u>	<u>1,660</u>	<u>39,539</u>	<u>8,228</u>	<u>2,904</u>	<u>772</u>	<u>53,507</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	4,533	1	-	-	-	-	4,534
Unrestricted	7,390	(1,023)	(14,734)	(8,084)	8,993	12,481	5,023
Total net assets (deficits)	<u>\$ 11,923</u>	<u>\$ (1,022)</u>	<u>\$ (14,734)</u>	<u>\$ (8,084)</u>	<u>\$ 8,993</u>	<u>\$ 12,481</u>	<u>\$ 9,557</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Fleet Maintenance	Tower Road Construction	Workers' Compensation Insurance	Long-Term Disability	Personal Injury and Property Damage	Employee Benefits	Total
<b>Operating revenues:</b>							
Charges for services	\$ 5,949	\$ 1,675	\$ 11,810	\$ 766	\$ 8,020	\$ 84,109	\$ 112,329
Miscellaneous	167	53	25	14	101	506	866
Total operating revenues	<u>6,116</u>	<u>1,728</u>	<u>11,835</u>	<u>780</u>	<u>8,121</u>	<u>84,615</u>	<u>113,195</u>
<b>Operating expenses:</b>							
Salaries and benefits	1,495	1,635	-	-	-	-	3,130
General and administrative	2,771	797	2,714	975	1,639	3,468	12,364
Benefits and claims	-	-	4,023	1,615	1,257	5,901	12,796
Insurance premiums	-	-	991	-	3,359	76,949	81,299
Depreciation	1,912	2	-	-	-	-	1,914
Total operating expenses	<u>6,178</u>	<u>2,434</u>	<u>7,728</u>	<u>2,590</u>	<u>6,255</u>	<u>86,318</u>	<u>111,503</u>
Operating income (loss)	<u>(62)</u>	<u>(706)</u>	<u>4,107</u>	<u>(1,810)</u>	<u>1,866</u>	<u>(1,703)</u>	<u>1,692</u>
<b>Nonoperating revenues (expenses)</b>							
Investment income (loss)	68	(4)	243	2	95	90	494
Securities lending activities:							
Securities lending income	-	-	2	-	1	1	4
Securities lending expenses	-	-	(1)	-	(1)	(1)	(3)
Total nonoperating revenues (expenses)	<u>68</u>	<u>(4)</u>	<u>244</u>	<u>2</u>	<u>95</u>	<u>90</u>	<u>495</u>
Income (loss) before transfers	6	(710)	4,351	(1,808)	1,961	(1,613)	2,187
Transfers in	5	5	-	-	-	-	10
Transfers out	-	-	-	-	(24)	-	(24)
<b>Change in net assets</b>	<u>11</u>	<u>(705)</u>	<u>4,351</u>	<u>(1,808)</u>	<u>1,937</u>	<u>(1,613)</u>	<u>2,173</u>
Net assets (deficits) - beginning	<u>11,912</u>	<u>(317)</u>	<u>(19,085)</u>	<u>(6,276)</u>	<u>7,056</u>	<u>14,094</u>	<u>7,384</u>
Net assets (deficits) - end	<u>\$ 11,923</u>	<u>\$ (1,022)</u>	<u>\$ (14,734)</u>	<u>\$ (8,084)</u>	<u>\$ 8,993</u>	<u>\$ 12,481</u>	<u>\$ 9,557</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Fleet Maintenance	Tower Road Construction	Workers' Compensation Insurance	Long-Term Disability
<b>Cash flows from operating activities</b>				
Cash received from interfund services provided	\$ 6,144	\$ 1,994	\$ 11,835	\$ 780
Cash payment to suppliers of goods and services	(2,842)	(743)	(3,663)	(951)
Cash payment to employees for services	(1,492)	(1,638)	-	-
Cash payment for judgments and claims	-	-	(7,560)	-
Net cash provided by (used in) operating activities	<u>1,810</u>	<u>(387)</u>	<u>612</u>	<u>(171)</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers received from other funds	5	5	-	-
Transfers paid to other funds	-	-	-	-
Advances from other funds	-	577	-	-
Net cash provided by (used in) noncapital financing activities	<u>5</u>	<u>582</u>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition of capital assets	(569)	-	-	-
Net cash used in capital and related financing activities	<u>(569)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>				
Investment income received	63	-	233	34
Investment expense paid	-	(2)	(1)	(32)
Net cash provided by (used in) investing activities	<u>63</u>	<u>(2)</u>	<u>232</u>	<u>2</u>
Net increase (decrease) in cash and cash equivalents	1,309	193	844	(169)
Cash and cash equivalents, beginning	6,112	6	23,886	312
Cash and cash equivalents, end	<u>\$ 7,421</u>	<u>\$ 199</u>	<u>\$ 24,730</u>	<u>\$ 143</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
<b>Operating income (loss)</b>	\$ (62)	\$ (706)	\$ 4,107	\$ (1,810)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,912	2	-	-
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(1)	258	-	-
Due from other funds	19	-	-	-
Due from other government agencies	10	-	-	-
Inventories	15	-	-	-
Net OPEB assets	(5)	(5)	-	-
Other assets	-	8	-	-
Increase (decrease) in:				
Accounts payable	(47)	58	(11)	25
Accrued salaries and benefits	8	(2)	-	-
Due to other funds	(39)	-	(31)	(1)
Unearned revenues	-	(4)	84	-
Compensated absences	-	4	-	-
Estimated claims	-	-	(3,537)	1,615
Net cash provided by (used in) operating activities	<u>\$ 1,810</u>	<u>\$ (387)</u>	<u>\$ 612</u>	<u>\$ (171)</u>

(Continued)



**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

Personal Injury and Property Damage	Employee Benefits	Total
\$ 7,979	\$ 83,992	\$ 112,724
(4,982)	(80,411)	(93,592)
-	-	(3,130)
(613)	(5,865)	(14,038)
<u>2,384</u>	<u>(2,284)</u>	<u>1,964</u>
-	-	10
(24)	-	(24)
-	-	577
<u>(24)</u>	<u>-</u>	<u>563</u>
-	-	(569)
<u>-</u>	<u>-</u>	<u>(569)</u>
86	517	933
(1)	(420)	(456)
<u>85</u>	<u>97</u>	<u>477</u>
2,445	(2,187)	2,435
8,058	12,904	51,278
<u>\$ 10,503</u>	<u>\$ 10,717</u>	<u>\$ 53,713</u>
\$ 1,866	\$ (1,703)	\$ 1,692
-	-	1,914
5	133	395
-	-	19
-	(756)	(746)
-	-	15
-	-	(10)
(147)	-	(139)
(28)	25	22
-	-	6
(20)	(19)	(110)
64	-	144
-	-	4
644	36	(1,242)
<u>\$ 2,384</u>	<u>\$ (2,284)</u>	<u>\$ 1,964</u>

**Cash flows from operating activities**

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

**Cash flows from noncapital financing activities**

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

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

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

**Cash flows from investing activities**

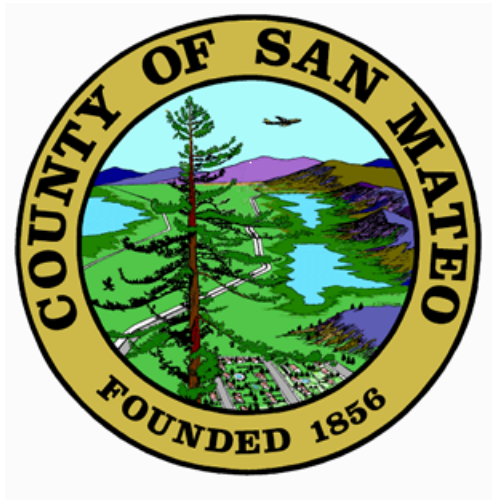
Investment income received  
Investment expense paid  
Net cash provided by (used in) investing activities

Net increase (decrease) in cash and cash equivalents  
Cash and cash equivalents, beginning  
Cash and cash equivalents, end

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

**Operating income (loss)**

Adjustments to reconcile operating income (loss)  
to net cash provided by (used in) operating activities:  
Depreciation  
Changes in operating assets and liabilities:  
Decrease (increase) in:  
Accounts receivable  
Due from other funds  
Due from other government agencies  
Inventories  
Net OPEB assets  
Other assets  
Increase (decrease) in:  
Accounts payable  
Accrued salaries and benefits  
Due to other funds  
Unearned revenues  
Compensated absences  
Estimated claims  
Net cash provided by (used in) operating activities:



Fiduciary Funds

## COUNTY OF SAN MATEO

### Fiduciary Funds

#### Trust Funds

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

#### *Investment Trust:*

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

#### Agency Funds

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

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

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

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

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

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

**COUNTY OF SAN MATEO**  
**Combining Statement of Fiduciary Net Assets**  
**Investment Trust Funds**  
**June 30, 2011**  
**(In Thousands)**

	<b>External Investment Pool</b>				Individual Investment Account *	Total
	Special Districts under Local Board	School Districts	Other Investment Trust	Subtotal		
<b>ASSETS</b>						
Cash and investments	\$ 161,322	\$ 1,127,747	\$ 483,164	\$ 1,772,233	\$ -	\$ 1,772,233
Interest receivable	526	3,387	1,983	5,896	-	5,896
Due from other governmental agencies	3,147	-	73	3,220	-	3,220
Other assets	109	3	-	112	-	112
Total assets	<u>165,104</u>	<u>1,131,137</u>	<u>485,220</u>	<u>1,781,461</u>	<u>-</u>	<u>1,781,461</u>
<b>LIABILITIES</b>						
Accounts payable	180	-	183	363	-	363
Due to other governmental agencies	-	146	759	905	-	905
Other liabilities	3,134	1,445	-	4,579	-	4,579
Total liabilities	<u>3,314</u>	<u>1,591</u>	<u>942</u>	<u>5,847</u>	<u>-</u>	<u>5,847</u>
<b>NET ASSETS</b>						
Net assets held in trust for investment pool participants	<u>\$ 161,790</u>	<u>\$ 1,129,546</u>	<u>\$ 484,278</u>	<u>\$ 1,775,614</u>	<u>\$ -</u>	<u>\$ 1,775,614</u>

\* Brisbane school district closed its individual investment account in FY 2010-11.

**COUNTY OF SAN MATEO**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Investment Trust Funds**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	<u>External Investment Pool</u>					<u>Total</u>
	Special Districts under Local Board	School Districts	Other Investment Trust	Subtotal	Individual Investment Account	
<b>ADDITIONS</b>						
Contributions:						
Contributions to investment pool	\$ 278,591	\$ 2,577,391	\$ 494,672	\$ 3,350,654	\$ -	\$ 3,350,654
Net investment income:						
Net depreciation in fair value of investments	(168)	(1,677)	(634)	(2,479)	-	(2,479)
Investment income	1,782	11,950	36,733	50,465	4	50,469
Securities lending activities:						
Securities lending income	11	80	34	125	-	125
Securities lending expenses	(9)	(66)	(28)	(103)	-	(103)
Total net investment income	<u>1,616</u>	<u>10,287</u>	<u>36,105</u>	<u>48,008</u>	<u>4</u>	<u>48,012</u>
Total additions	<u>280,207</u>	<u>2,587,678</u>	<u>530,777</u>	<u>3,398,662</u>	<u>4</u>	<u>3,398,666</u>
<b>DEDUCTIONS</b>						
Distribution from investment pool	<u>264,670</u>	<u>2,622,854</u>	<u>522,707</u>	<u>3,410,231</u>	<u>505</u>	<u>3,410,736</u>
<b>Change in net assets</b>	15,537	(35,176)	8,070	(11,569)	(501)	(12,070)
Net assets - beginning	<u>146,253</u>	<u>1,164,722</u>	<u>476,208</u>	<u>1,787,183</u>	<u>501</u>	<u>1,787,684</u>
Net assets - end	<u>\$ 161,790</u>	<u>\$ 1,129,546</u>	<u>\$ 484,278</u>	<u>\$ 1,775,614</u>	<u>\$ -</u>	<u>\$ 1,775,614</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Balance July 1, 2010	Addition	Deletion	Balance June 30, 2011
<b><u>COUNTY LIBRARY</u></b>				
Assets:				
Cash and investments	\$ 12,750	\$ 21,844	\$ 20,882	\$ 13,712
Securities lending collateral	1,647	-	1,647	-
Interest receivable	33	37	33	37
Taxes receivable, net	1,089	1,082	1,090	1,081
Due from other governmental agencies	1,117	-	30	1,087
Other assets	802	1,163	310	1,655
Total assets	<u>\$ 17,438</u>	<u>\$ 24,126</u>	<u>\$ 23,992</u>	<u>\$ 17,572</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 1,647	\$ -	\$ 1,647	\$ -
Due to other governmental agencies	2	-	2	-
Fiduciary liabilities	15,789	46,283	44,500	17,572
Total liabilities	<u>\$ 17,438</u>	<u>\$ 46,283</u>	<u>\$ 46,149</u>	<u>\$ 17,572</u>
 <b><u>UNAPPORTIONED TAXES</u></b>				
Assets:				
Cash and investments	\$ 103,185	\$ 3,616,058	\$ 3,617,593	\$ 101,650
Securities lending collateral	15,814	-	15,814	-
Interest receivable	173	228	173	228
Total assets	<u>\$ 119,172</u>	<u>\$ 3,616,286</u>	<u>\$ 3,633,580</u>	<u>\$ 101,878</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 15,814	\$ -	\$ 15,814	\$ -
Due to other governmental agencies	50,922	-	1,001	49,921
Fiduciary liabilities	52,436	3,971,019	3,971,498	51,957
Total liabilities	<u>\$ 119,172</u>	<u>\$ 3,971,019</u>	<u>\$ 3,988,313</u>	<u>\$ 101,878</u>
 <b><u>TRIAL COURTS OPERATION</u></b>				
Assets:				
Cash and investments	\$ 2,800	\$ 35,037	\$ 34,984	\$ 2,853
Securities lending collateral	428	-	428	-
Interest receivable	5	6	5	6
Other assets	1,109	-	-	1,109
Total assets	<u>\$ 4,342</u>	<u>\$ 35,043</u>	<u>\$ 35,417</u>	<u>\$ 3,968</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 428	\$ -	\$ 428	\$ -
Fiduciary liabilities	3,914	70,798	70,744	3,968
Total liabilities	<u>\$ 4,342</u>	<u>\$ 70,798</u>	<u>\$ 71,172</u>	<u>\$ 3,968</u>
 <b><u>PUBLIC ADMINISTRATOR</u></b>				
Assets:				
Cash and investments	\$ 8,054	\$ 6,404	\$ 9,334	\$ 5,124
Securities lending collateral	1,234	-	1,234	-
Interest receivable	-	35	35	-
Other assets	702	7,271	1,438	6,535
Total assets	<u>\$ 9,990</u>	<u>\$ 13,710</u>	<u>\$ 12,041</u>	<u>\$ 11,659</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 1,234	\$ -	\$ 1,234	\$ -
Fiduciary liabilities	8,756	26,935	24,032	11,659
Total liabilities	<u>\$ 9,990</u>	<u>\$ 26,935</u>	<u>\$ 25,266</u>	<u>\$ 11,659</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2011**  
**(In Thousands)**

	Balance July 1, 2010	Addition	Deletion	Balance June 30, 2011
<b><u>PUBLIC GUARDIAN</u></b>				
Assets:				
Cash and investments	\$ 26,278	\$ 57,684	\$ 58,907	\$ 25,055
Securities lending collateral	4,027	-	4,027	-
Interest receivable	59	76	55	80
Other assets	28,974	4,447	4,674	28,747
Total assets	<u>\$ 59,338</u>	<u>\$ 62,207</u>	<u>\$ 67,663</u>	<u>\$ 53,882</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 4,027	\$ -	\$ 4,027	\$ -
Due to other governmental agencies	1,479	1,438	1,479	1,438
Fiduciary liabilities	53,832	59,251	60,639	52,444
Total liabilities	<u>\$ 59,338</u>	<u>\$ 60,689</u>	<u>\$ 66,145</u>	<u>\$ 53,882</u>
<b><u>OTHER AGENCY</u></b>				
Assets:				
Cash and investments	\$ 56,836	\$ 5,037,532	\$ 5,007,243	\$ 87,125
Securities lending collateral	8,560	-	8,560	-
Interest receivable	306	486	480	312
Taxes receivable, net	126,473	123,675	136,029	114,119
Due from other governmental agencies	9,629	4,831	996	13,464
Other assets	26,241	23,682	26,858	23,065
Total assets	<u>\$ 228,045</u>	<u>\$ 5,190,206</u>	<u>\$ 5,180,166</u>	<u>\$ 238,085</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 8,560	\$ -	\$ 8,560	\$ -
Due to other governmental agencies	1,725	1,473	1,614	1,584
Fiduciary liabilities	217,760	5,357,585	5,338,844	236,501
Total liabilities	<u>\$ 228,045</u>	<u>\$ 5,359,058</u>	<u>\$ 5,349,018</u>	<u>\$ 238,085</u>
<b><u>TOTALS</u></b>				
Assets:				
Cash and investments	\$ 209,903	\$ 8,774,559	\$ 8,748,943	\$ 235,519
Securities lending collateral	31,710	-	31,710	-
Receivables:				
Interest	576	868	781	663
Taxes, net	127,562	124,757	137,119	115,200
Due from other governmental agencies	10,746	4,831	1,026	14,551
Other assets	57,828	36,563	33,280	61,111
Total assets	<u>\$ 438,325</u>	<u>\$ 8,941,578</u>	<u>\$ 8,952,859</u>	<u>\$ 427,044</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 31,710	\$ -	\$ 31,710	\$ -
Due to other governmental agencies	54,128	2,911	4,096	52,943
Fiduciary liabilities	352,487	9,531,871	9,510,257	374,101
Total liabilities	<u>\$ 438,325</u>	<u>\$ 9,534,782</u>	<u>\$ 9,546,063</u>	<u>\$ 427,044</u>



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



# COUNTY OF SAN MATEO

## Statistical Section

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

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Economic & Demographic Information**

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

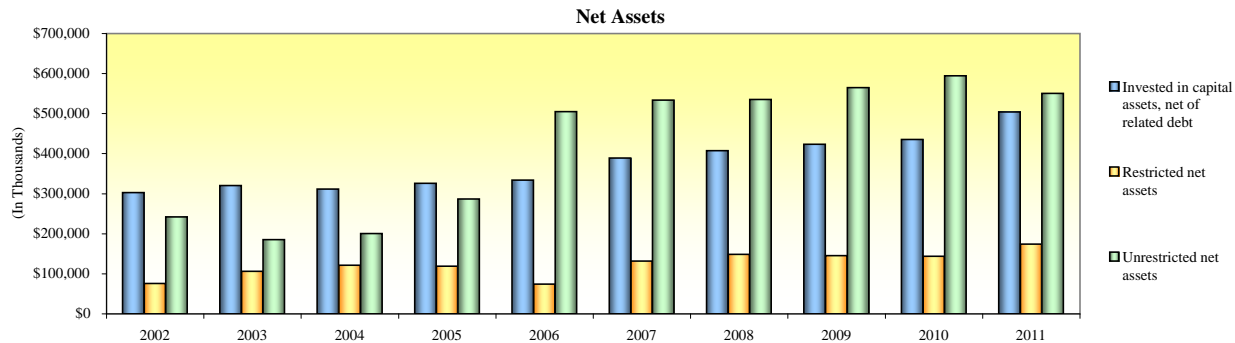
### **Operating information**

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

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

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

	As of June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt <sup>1</sup>	\$ 264,251	\$ 281,735	\$ 271,872	\$ 287,265	\$ 292,983	\$ 342,916	\$ 360,632	\$ 375,392	\$ 381,801	\$ 449,235
Restricted for:										
Government programs <sup>3</sup>	953	49,533	45,207	60,012	68,414	91,179	102,966	82,421	99,319	108,657
Capital projects	-	18,917	-	-	4,574	-	-	6,315	3,231	3,718
Debt service	72,592	34,505	71,958	58,217	65	40,248	38,158	46,504	40,605	61,056
Unrestricted	259,093	197,799	219,281	302,777	514,597	525,709	503,969	511,196	538,887	481,004
Subtotal governmental activities net assets	596,889	582,489	608,318	708,271	880,633	1,000,052	1,005,725	1,021,828 <sup>5</sup>	1,063,843	1,103,670
<b>Business-type Activities</b>										
Invested in capital assets, net of related debt	38,721	38,836	39,797	38,771	41,223	46,614	47,003	47,946	53,559	54,851
Restricted for:										
Housing assistance programs	2,638	3,219	4,167	1,127	1,506	167	7,595	10,263	444	1,095
Unrestricted (Deficit)	(17,361)	(12,045)	(18,445)	(16,007)	(9,901)	8,107	31,759	53,741	55,625	69,588
Subtotal business-type activities net assets	23,998	30,010	25,519	23,891	32,828	54,888	86,357	111,950	109,628	125,534
<b>Primary Government</b>										
Invested in capital assets, net of related debt	302,972	320,571	311,669	326,036	334,206	389,530	407,635	423,338	435,360	504,086
Restricted for:										
Government programs	953	49,533	45,207	60,012	68,414	91,179	102,966	82,421	99,319	108,657
Capital projects	-	18,917	-	-	4,574	-	-	6,315	3,231	3,718
Debt service	72,592	34,505	71,958	58,217	65	40,248	38,158	46,504	40,605	61,056
Housing assistance programs	2,638	3,219	4,167	1,127	1,506	167	7,595	10,263	444	1,095
Total restricted	76,183	106,174	121,332	119,356	74,559	131,594	148,719	145,503	143,599	174,526
Unrestricted	241,732	185,754	200,836	286,770	504,696 <sup>4</sup>	533,816	535,728	564,937	594,512	550,592
Total primary government net assets <sup>2</sup>	\$ 620,887	\$ 612,499	\$ 633,837	\$ 732,162	\$ 913,461	\$ 1,054,940	\$ 1,092,082	\$ 1,133,778	\$ 1,173,471	\$ 1,229,204
Percent of increase (decrease) in primary government net assets	3.92%	-1.35%	3.48%	15.51%	24.76%	15.49%	3.52%	3.82%	3.50%	4.75%



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

Notes:

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

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

	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010 *	2011
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 61,071	\$ 60,667	\$ 60,845	\$ 60,798	\$ 68,175	\$ 67,730	\$ 65,188	\$ 84,171	\$ 71,316	\$ 68,325
Public protection	204,037	224,777	242,405	243,797	253,800	277,542	294,239	297,357	308,208	329,087
Public ways and facilities	24,925	21,546	22,657	19,938	19,701	18,617	20,312	27,453	18,771	19,089
Health and sanitation	154,955	152,449	157,452	170,679	173,311	200,441	235,782	241,519	229,477	214,952
Public assistance	169,021	172,014	182,914	184,150	195,258	151,594	201,221	195,507	201,823	207,316
Education	194	190	145	151	142	-	-	-	-	-
Recreation	8,011	7,685	7,397	7,401	8,032	8,302	8,839	8,704	9,316	9,608
Interest on long-term debt	14,677	14,603	17,023	19,019	19,459	19,244	20,126	19,677	15,829	18,185
Total governmental activities expenses	<u>636,891</u>	<u>653,931</u>	<u>690,838</u>	<u>705,933</u>	<u>737,878</u>	<u>743,470</u>	<u>845,707</u>	<u>874,388</u>	<u>854,740</u>	<u>866,562</u>
<b>Business-type activities:</b>										
San Mateo Medical Center	142,399	131,243	164,972	178,500	188,920	207,729	221,318	225,876	232,530	241,028
Airports	1,525	1,744	1,706	1,654	1,753	2,146	2,482	2,427	2,879	2,598
Coyote Point Marina	1,027	1,153	1,250	1,045	1,330	1,252	1,403	1,271	1,143	1,067
Housing Authority	48,314	68,695	71,776	69,899	64,615	59,509	58,947	63,029	65,919	68,728
Total business-type activities expenses	<u>193,265</u>	<u>202,835</u>	<u>239,704</u>	<u>251,098</u>	<u>256,618</u>	<u>270,636</u>	<u>284,150</u>	<u>292,603</u>	<u>302,471</u>	<u>313,421</u>
Total primary government expenses	<u>\$ 830,156</u>	<u>\$ 856,766</u>	<u>\$ 930,542</u>	<u>\$ 957,031</u>	<u>\$ 994,496</u>	<u>\$ 1,014,106</u>	<u>\$ 1,129,857</u>	<u>\$ 1,166,991</u>	<u>\$ 1,157,211</u>	<u>\$ 1,179,983</u>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services</b>										
General government	\$ 24,229	\$ 30,544	\$ 33,083	\$ 33,089	\$ 31,903	\$ 28,864	\$ 21,505	\$ 41,007	\$ 28,104	\$ 29,180
Public protection	22,941	24,441	28,093	30,603	29,831	30,864	28,849	29,314	32,776	36,881
Public ways and facilities	2,386	3,812	3,047	3,544	3,451	2,968	4,281	6,149	3,318	3,808
Health and sanitation	42,985	42,777	44,528	47,634	49,094	53,143	62,959	71,051	71,795	62,483
Public assistance	6,412	5,406	4,953	4,297	7,160	6,750	5,083	4,254	4,374	4,922
Recreation	1,168	1,224	1,361	1,262	1,266	1,364	1,450	1,791	2,054	1,641
Operating grants and contributions	339,288	343,808	368,896	382,115	392,847	414,761	408,626	385,104	379,714	408,092
Capital grants and contributions	17	18	3,304	10,130	13,068	1,769	750	-	-	-
Total governmental activities program revenues	<u>439,426</u>	<u>452,030</u>	<u>487,265</u>	<u>512,674</u>	<u>528,620</u>	<u>540,483</u>	<u>533,503</u>	<u>538,670</u>	<u>522,135</u>	<u>547,007</u>
<b>Business-type activities:</b>										
<b>Charges for services</b>										
San Mateo Medical Center	73,075	67,948	97,307	112,751	123,695	110,826	104,927	126,039	131,370	121,074
Airports	1,819	1,768	1,817	1,888	1,904	2,077	2,236	2,503	2,609	2,771
Coyote Point Marina	1,087	1,123	1,047	1,101	1,192	1,165	1,137	1,108	1,064	1,132
Housing Authority	1,173	1,309	1,444	1,979	1,932	1,727	1,890	1,979	2,002	2,196
Operating grants and contributions	83,099	102,962	75,280	75,310	73,128	103,700	106,474	107,735	96,936	138,510
Capital grants and contributions	-	5,839	3,680	8,618	5,385	8,357	5,398	4,805	4,579	4,514
Total business-type activities program revenues	<u>160,253</u>	<u>180,949</u>	<u>180,575</u>	<u>201,647</u>	<u>207,236</u>	<u>227,852</u>	<u>222,062</u>	<u>244,169</u>	<u>238,560</u>	<u>270,197</u>
Total primary government program revenues	<u>\$ 599,679</u>	<u>\$ 632,979</u>	<u>\$ 667,840</u>	<u>\$ 714,321</u>	<u>\$ 735,856</u>	<u>\$ 768,335</u>	<u>\$ 755,565</u>	<u>\$ 782,839</u>	<u>\$ 760,695</u>	<u>\$ 817,204</u>
<b>Net Expense <sup>1</sup></b>										
Governmental activities	\$ (197,465)	\$ (201,901)	\$ (203,573)	\$ (193,259)	\$ (209,258)	\$ (202,987)	\$ (312,204)	\$ (335,718)	\$ (332,605)	\$ (319,555)
Business-type activities	(33,012)	(21,886)	(59,129)	(49,451)	(49,382)	(42,784)	(62,088)	(48,434)	(63,911)	(43,224)
Total primary government net expense	<u>\$ (230,477)</u>	<u>\$ (223,787)</u>	<u>\$ (262,702)</u>	<u>\$ (242,710)</u>	<u>\$ (258,640)</u>	<u>\$ (245,771)</u>	<u>\$ (374,292)</u>	<u>\$ (384,152)</u>	<u>\$ (396,516)</u>	<u>\$ (362,779)</u>

Source: County's Comprehensive Annual Financial Reports

Notes:

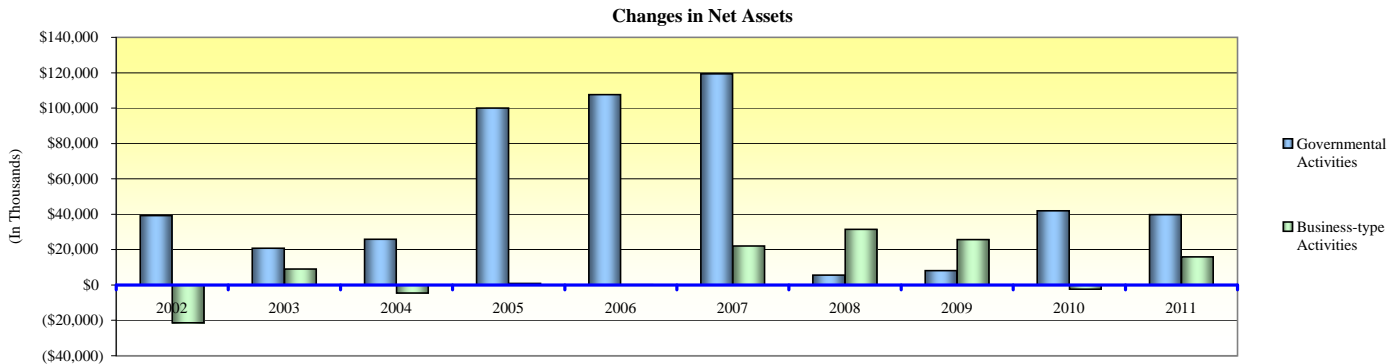
\* Reclassifications were made to the prior years' general governmental revenues and expenses to conform to the current year's presentation.

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

(Continued)

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

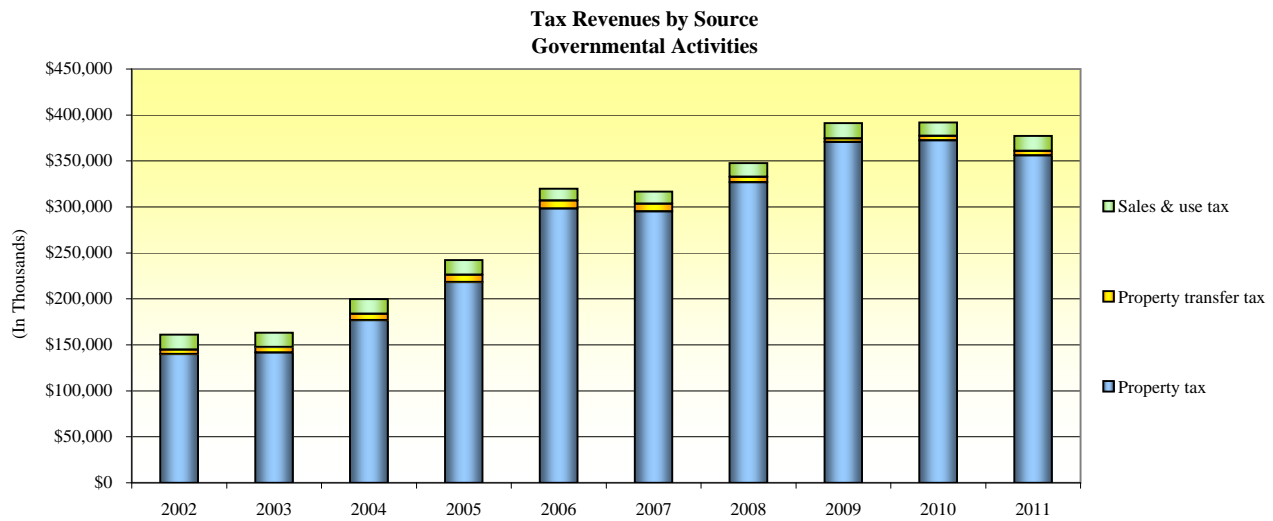
	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010 *	2011
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
Taxes:										
Property taxes	\$ 139,879	\$ 141,582	\$ 176,853	\$ 218,188	\$ 298,368	\$ 295,134	\$ 326,757	\$ 370,695	\$ 372,312	\$ 356,011
Property transfer taxes	4,984	5,849	7,003	8,111	8,487	8,192	6,011	3,842	4,829	5,018
Sales and use taxes	16,155	15,882	15,762	16,061	12,986	13,544	14,896	16,479	14,579	16,395
Property tax in-lieu of sales taxes	-	-	-	-	3,878	4,164 <sup>2</sup>	4,569	4,880	4,372	4,772
Transient occupancy taxes	666	590	632	815	839	842	667	1,016	966	928
Aircraft taxes	1,336	1,123	1,017	814	821	1,287	1,680	1,517	1,631	857
Other taxes	-	-	-	2	5	4	23	13	75	43
Motor vehicle in-lieu taxes	46,295	49,785	52,799	58,033	- <sup>3</sup>	-	-	-	-	-
Unrestricted interest and investment earnings	22,624	23,329	6,995	20,369	19,059	40,750 <sup>4</sup>	31,473	(641) <sup>5</sup>	11,916	10,008
Securities lending activities:										
Securities lending income	-	588	850	1,895	3,689	4,245	2,750	375	47	34
Securities lending expenses	-	(525)	(720)	(1,761)	(3,569)	(4,139)	(2,362)	(291)	(38)	(29)
Miscellaneous	18,660	13,890	20,293	20,707	21,680	20,301	21,123	25,564	22,599	20,873
Special items	(1,598)	-	-	-	-	-	-	(8,139)	-	-
Transfers	(12,225)	(29,403)	(52,082)	(50,022)	(49,291)	(61,918)	(89,710)	(71,397)	(58,668)	(55,528)
Total governmental activities	<u>\$ 236,776</u>	<u>\$ 222,690</u>	<u>\$ 229,402</u>	<u>\$ 293,212</u>	<u>\$ 316,952</u>	<u>\$ 322,406</u>	<u>\$ 317,877</u>	<u>\$ 343,913</u>	<u>\$ 374,620</u>	<u>\$ 359,382</u>
<b>Business-type activities:</b>										
Unrestricted interest and investment earnings	896	719	252	258	286	626	890	(524) <sup>5</sup>	235	279
Securities lending activities:										
Securities lending income	-	31	16	30	83	139	133	26	3	2
Securities lending expenses	-	(27)	(12)	(27)	(80)	(137)	(115)	(21)	(2)	(2)
Miscellaneous	10,059	849	2,300	-	-	2,298	2,939	3,149	2,685	3,323
Special items	(11,445)	-	-	-	-	-	-	-	-	-
Transfers	12,225	29,403	52,082	50,022	49,291	61,918	89,710	71,397	58,668	55,528
Total business-type activities	<u>11,735</u>	<u>30,975</u>	<u>54,638</u>	<u>50,283</u>	<u>49,580</u>	<u>64,844</u>	<u>93,557</u>	<u>74,027</u>	<u>61,589</u>	<u>59,130</u>
Total primary government	<u>\$ 248,511</u>	<u>\$ 253,665</u>	<u>\$ 284,040</u>	<u>\$ 343,495</u>	<u>\$ 366,532</u>	<u>\$ 387,250</u>	<u>\$ 411,434</u>	<u>\$ 417,940</u>	<u>\$ 436,209</u>	<u>\$ 418,512</u>
<b>Change in Net Assets</b>										
Governmental activities	\$ 39,311	\$ 20,789	\$ 25,829	\$ 99,953	\$ 107,694	\$ 119,419	\$ 5,673	\$ 8,195	\$ 42,015	\$ 39,827
Business-type activities	(21,277)	9,089	(4,491)	832	198	22,060	31,469	25,593	(2,322)	15,906
Total primary government	<u>\$ 18,034</u>	<u>\$ 29,878</u>	<u>\$ 21,338</u>	<u>\$ 100,785</u>	<u>\$ 107,892</u>	<u>\$ 387,250</u>	<u>\$ 37,142</u>	<u>\$ 33,788</u>	<u>\$ 39,693</u>	<u>\$ 55,733</u>



- Notes:
- <sup>2</sup> This amount reflected the County's share of revenues from "Triple Flip", a State legislation enacted to replace 0.25% sales tax revenue to local governments via a temporary reduction to the Educational Revenue Augmentation Fund (ERAF) until the State's recovery loan is fully paid.
- <sup>3</sup> In prior years, vehicle license fee (VLF) was based on the original VLF and reported as motor vehicle in-lieu taxes. Starting in FY 2005-06, VLF is calculated using the prior year's VLF amount plus the local increases in assessed valuations of property and is reported as property tax revenue.
- <sup>4</sup> Strong economic conditions accounted for a significant return on investment.
- <sup>5</sup> Investments in the County investment pool experienced a sharp decline in value due to the Lehman loss. The financial meltdown further reduced the County's cash and investments in the investment pool. Lower investment value and diminished investment return resulted in a sizable decrease in interest and investment earnings.

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

Fiscal Year	Property tax							Total
	Property	Property Transfer	Sales and Use	in-lieu of Sales Tax	Transient Occupancy	Aircraft	Other	
2002	139,879	4,984	16,155	-	666	1,336	-	163,020
2003	141,582	5,849	15,882	-	590	1,123	-	165,026
2004	176,853 <sup>1</sup>	7,003	15,762	-	632	1,017	-	201,267
2005	218,188 <sup>2</sup>	8,111	16,061	-	815	814	2	243,991
2006	298,368 <sup>3</sup>	8,487	12,986	3,878 <sup>4</sup>	839	821	5	325,384
2007	295,134	8,192	13,544	4,164	842	1,287	4	323,167
2008	326,757	6,011	14,896	4,569	667	1,680	23	354,603
2009	370,695	3,842	16,479	4,880	1,016	1,517	13	398,442
2010	372,312	4,829	14,579	4,372	966	1,631	75	398,764
2011	356,011	5,018	16,395	4,772	928	857	43	384,024
<b>Change</b>								
<b>2002 - 2011</b>	154.5%	0.7%	1.5%	n/a	39.3%	-35.9%	n/a	135.6%



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

Notes:

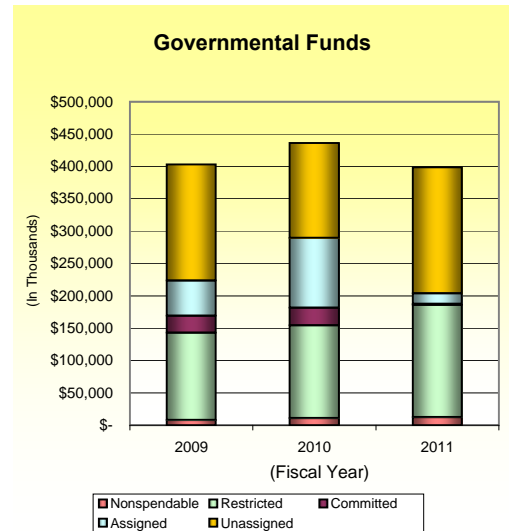
- <sup>1</sup> Based on findings from the Controller's Office Internal Audit Division, the County received approximately \$25 million in property tax rebates from the Educational Revenue Augmentation Fund (ERAF) in FY 2003-04, which accounted for the substantial increase in property tax revenues.
- 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

n/a - not applicable

**COUNTY OF SAN MATEO**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*  
**(In Thousands)**

<b>Fund Balance</b>	<b>As of June 30,</b>						
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>General Fund</b>							
Reserved for:							
Encumbrances	\$ 12,609	\$ 11,274	\$ 2,902	\$ 3,070	\$ 3,737	\$ 3,209	\$ 2,385
Inventories and advances	5,173	5,099	22,141	14,771	26,092	5,943	5,929
Unreserved	205,836	222,896	219,529	290,471	332,479	324,074	265,544
Total general fund	<u>223,618</u>	<u>239,269</u>	<u>244,572</u>	<u>308,312</u>	<u>362,308</u>	<u>333,226</u>	<u>273,858</u>
<b>All Other Governmental Funds</b>							
Reserved for:							
Encumbrances	11,245	7,768	2,373	287	21	-	-
Debt service	72,592	34,505	71,958	58,217	65,244	69,893	68,431
Inventories and advances	3,569	3,369	3,393	3,420	3,404	431	359
Capital projects	-	18,917	121,796	92,606	30,314	16,698	18,863
Unreserved:							
Special revenue	56,690	60,015	51,132	51,073	45,542	51,230	57,886
Capital projects	7,011	6,775	9,187	8,939	10,570	9,830	10,393
Total all other governmental funds	<u>151,107</u>	<u>131,349</u>	<u>259,839</u>	<u>214,542</u>	<u>155,095</u>	<u>148,082</u>	<u>155,932</u>
<b>Total Governmental Funds <sup>2</sup></b>							
Reserved for:							
Encumbrances	23,854	19,042	5,275	3,357	3,758	3,209	2,385
Debt service	72,592	34,505	71,958	58,217	65,244	69,893	68,431
Inventories and advances	8,742	8,468	25,534	18,191	29,496	6,374	6,288
Capital projects	-	18,917	121,796	92,606	30,314	16,698	18,863
Unreserved:							
General Fund	205,836	222,896	219,529	290,471	332,479	324,074	265,544
Special revenue	56,690	60,015	51,132	51,073	45,542	51,230	57,886
Capital projects	7,011	6,775	9,187	8,939	10,570	9,830	10,393
Total governmental funds	<u>\$ 374,725</u>	<u>\$ 370,618</u>	<u>\$ 504,411</u>	<u>\$ 522,854</u>	<u>\$ 517,403</u>	<u>\$ 481,308</u>	<u>\$ 429,790</u>

<b>General Fund</b>	<b>As of June 30,</b>		
	<b>2009 <sup>3</sup></b>	<b>2010</b>	<b>2011 <sup>1</sup></b>
Nonspendable	\$ 7,154	\$ 10,666	\$ 12,099
Restricted	31,668	33,466	35,653
Committed	789	1,834	1,572
Assigned	38,583	92,881	1,763
Unassigned	179,281	146,759	194,868
Total general fund	<u>257,475</u>	<u>285,606</u>	<u>245,955</u>
<b>All Other Governmental Funds</b>			
Nonspendable	588	352	410
Restricted	103,572	109,689	137,778
Committed	25,310	25,283	-
Assigned	15,926	15,281	14,567
Total all other governmental funds	<u>145,396</u>	<u>150,605</u>	<u>152,755</u>
<b>Total Governmental Funds <sup>2</sup></b>			
Nonspendable	7,742	11,018	12,509
Restricted	135,240	143,155	173,431
Committed	26,099	27,117	1,572
Assigned	54,509	108,162	16,330
Unassigned	179,281	146,759	194,868
Total governmental funds	<u>\$ 402,871</u>	<u>\$ 436,211</u>	<u>\$ 398,710</u>



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

Notes:

<sup>1</sup> Substantial increase in fund balance is explained in the Management's Discussion and Analysis.

<sup>2</sup> Governmental funds include general fund, special revenue funds, debt service funds, and capital projects funds.

<sup>3</sup> The County early implemented GASB Statement No. 54 under which governmental fund balances are 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
	2002	2003	2004	2005	2006	2007	2008	2009	2010*	2011 <sup>1</sup>	
<b>Revenues</b>											
Taxes	\$ 165,309	\$ 166,717	\$ 200,766	\$ 225,830	\$ 317,504	\$ 329,142	\$ 347,205	\$ 391,006	\$ 401,382	\$ 389,130	135.40%
Licenses and permits	8,419	8,306	8,829	11,683	12,814	11,900	11,311	10,168	9,578	8,498	0.94%
Intergovernmental	391,521	393,075	406,135	437,231	386,003	405,455	387,475	392,320	392,303	403,907	3.16%
Charges for services	84,090	90,071	89,131	91,147	102,524	92,011	109,150	115,807	107,466	112,039	33.24%
Fines, forfeitures and penalties	10,445	8,789	9,589	8,831	9,285	9,806	10,114	11,108	13,052	14,904	42.69%
Rents and concessions	1,813	2,449	1,017	1,005	914	1,123	1,194	1,347	1,181	1,960	8.11%
Investment income (loss)	21,456	20,660	6,983	19,359	18,267	33,538	28,294	(860)	9,707	8,328	-61.19%
Securities lending activities:											
Securities lending income	-	588	783	1,894	3,203	3,872	2,474	333	40	29	n/a
Securities lending expenditures	-	(525)	(663)	(1,760)	(3,098)	(3,775)	(2,124)	(257)	(32)	(25)	n/a
Other revenues	15,635	14,760	30,537	29,885	26,300	17,863	34,157	27,806	28,385	25,266	61.60%
Total revenues	<u>698,688</u>	<u>704,890</u>	<u>753,107</u>	<u>825,105</u>	<u>873,716</u>	<u>900,935</u>	<u>929,250</u>	<u>948,778</u>	<u>963,062</u>	<u>964,036</u>	37.98%
<b>Expenditures</b>											
<b>Current:</b>											
General government	53,959	53,134	55,000	58,591	62,912	60,688	73,916	75,222	73,680	60,788	12.66%
Public protection	197,230	215,660	231,717	236,522	246,166	268,318	282,132	288,697	290,931	323,469	64.01%
Public ways and facilities	25,758	22,606	21,434	18,852	18,829	17,962	19,489	26,672	18,171	18,512	-28.13%
Health and sanitation	152,896	148,363	153,376	166,250	168,658	195,995	230,028	237,758	238,572	211,873	38.57%
Public assistance	166,134	170,225	181,075	181,769	192,731	206,289	193,902	206,098	190,352	208,747	25.65%
Education	197	192	145	118	141	-	-	-	-	-	-100.00%
Recreation	7,241	7,018	6,682	6,566	7,310	7,609	8,084	8,638	8,727	9,110	25.81%
Capital outlay	50,986	42,169	34,802	72,262	77,000	41,286	18,978	16,079	15,761	83,093	62.97%
Debt service:											
Principal	5,693	5,440	7,756	7,172	7,052	8,200	11,322	11,713	12,003	11,874	108.57%
Interest	14,177	14,707	16,892	18,515	19,804	19,015	20,005	16,991	16,145	18,562	30.93%
Payment to bond refunding escrow	-	-	-	-	-	-	-	778	4,454	-	n/a
Bond issuance costs	703	-	4,077	480	-	-	-	1,328	1,094	-	-100.00%
Total expenditures	<u>674,974</u>	<u>679,514</u>	<u>712,956</u>	<u>767,097</u>	<u>800,603</u>	<u>825,362</u>	<u>857,856</u>	<u>889,974</u>	<u>869,890</u>	<u>946,028</u>	40.16%
Excess of revenues over expenditures	<u>23,714</u>	<u>25,376</u>	<u>40,151</u>	<u>58,008</u>	<u>73,113</u>	<u>75,573</u>	<u>71,394</u>	<u>58,804</u>	<u>93,172</u>	<u>18,008</u>	-24.06%
<b>Other financing sources (uses)</b>											
Proceeds from sale of capital assets	134	-	-	2	46	2	2	2	2	5	-96.27%
Issuance of lease revenue bonds/ certificates of participation (COP)	32,890	-	155,350	10,380	-	-	-	-	-	-	-100.00%
Issuance of refunding bonds	-	-	7,805	-	-	-	-	141,080	115,505	-	n/a
Premium on lease revenue bonds/COP	-	-	342	75	-	-	-	1,703	8,438	-	n/a
Discount on lease revenue bonds/COP	(146)	-	-	-	-	-	-	-	-	-	-100.00%
Payment to bond refunding escrow/agent	-	-	(7,823)	-	-	-	-	(148,972)	(124,860)	-	n/a
Capital leases	-	-	-	-	-	30	-	-	-	-	n/a
Capital contribution	-	-	-	-	-	-	750	-	-	-	n/a
Transfers in	72,563	40,379	57,790	53,485	53,632	60,441	156,378	85,614	72,613	131,685	81.48%
Transfers out	(84,855)	(69,862)	(119,822)	(103,507)	(132,242)	(172,141)	(163,580)	(157,011)	(131,530)	(187,199)	120.61%
Total other financing sources (uses)	<u>20,586</u>	<u>(29,483)</u>	<u>93,642</u>	<u>(39,565)</u>	<u>(78,564)</u>	<u>(111,668)</u>	<u>(6,450)</u>	<u>(77,584)</u>	<u>(59,832)</u>	<u>(55,509)</u>	-369.64%
<b>Change in fund balances before special item</b>	<u>44,300</u>	<u>(4,107)</u>	<u>133,793</u>	<u>18,443</u>	<u>(5,451)</u>	<u>(36,095)</u>	<u>64,944</u>	<u>(18,780)</u>	<u>33,340</u>	<u>(37,501)</u>	-184.65%
Special item	-	-	-	-	-	-	(116,462)	(8,139)	-	-	n/a
<b>Net change in fund balances</b>	<u>\$ 44,300</u>	<u>\$ (4,107)</u>	<u>\$ 133,793</u>	<u>\$ 18,443</u>	<u>\$ (5,451)</u>	<u>\$ (36,095)</u>	<u>\$ (51,518)</u>	<u>\$ (26,919)</u>	<u>\$ 33,340</u>	<u>\$ (37,501)</u>	-184.65%
<b>Debt service as a percentage of noncapital expenditures</b>	3.18%	3.16%	3.63%	3.70%	3.71%	3.47%	3.73%	3.28%	3.30%	2.15%	

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

\* Reclassifications were made to the prior year's revenues and expenditures to conform to the current year presentation.

Notes:

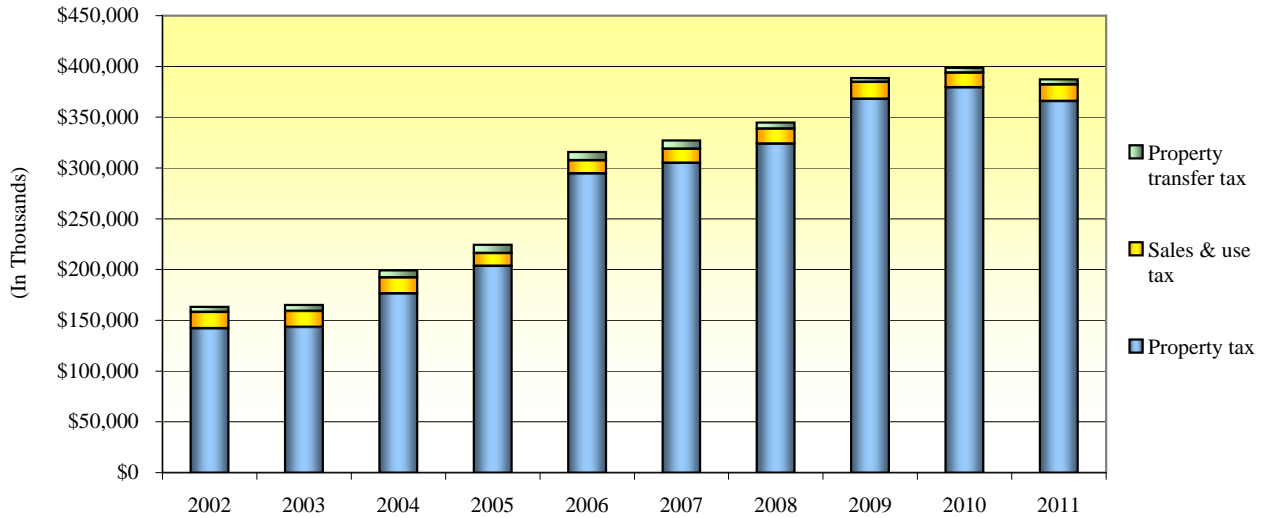
<sup>1</sup> See the Management's Discussion and Analysis for reasons attributed to significant changes in revenues, expenditures, and fund balances.

n/a - not applicable

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

<b>Fiscal Year</b>	<b>Property</b>	<b>Sales &amp; Use</b>	<b>Aircraft</b>	<b>Property Transfer</b>	<b>Other Taxes</b>	<b>Total</b>
2002	\$ 142,168	\$ 16,155	\$ 1,336	\$ 4,984	\$ 666	\$ 165,309
2003	143,273	15,882	1,123	5,849	590	166,717
2004	176,351	15,762	1,017	7,003	632	200,765
2005	203,499	12,706	814	8,111	700	225,830
2006	294,569	12,855	821	8,487	772	317,504
2007	305,146	13,607	1,289	8,193	907	329,142
2008	323,897	14,867	1,680	6,011	750	347,205
2009	368,152	16,479	1,517	3,842	1,016 <sup>1</sup>	391,006
2010	379,302	14,579	1,631	4,829	1,041	401,382
2011	365,889	16,395	857	5,018	971	389,130
<b>10 year % of change</b>	157.4%	1.5%	-35.9%	0.7%	45.8%	135.4%

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



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

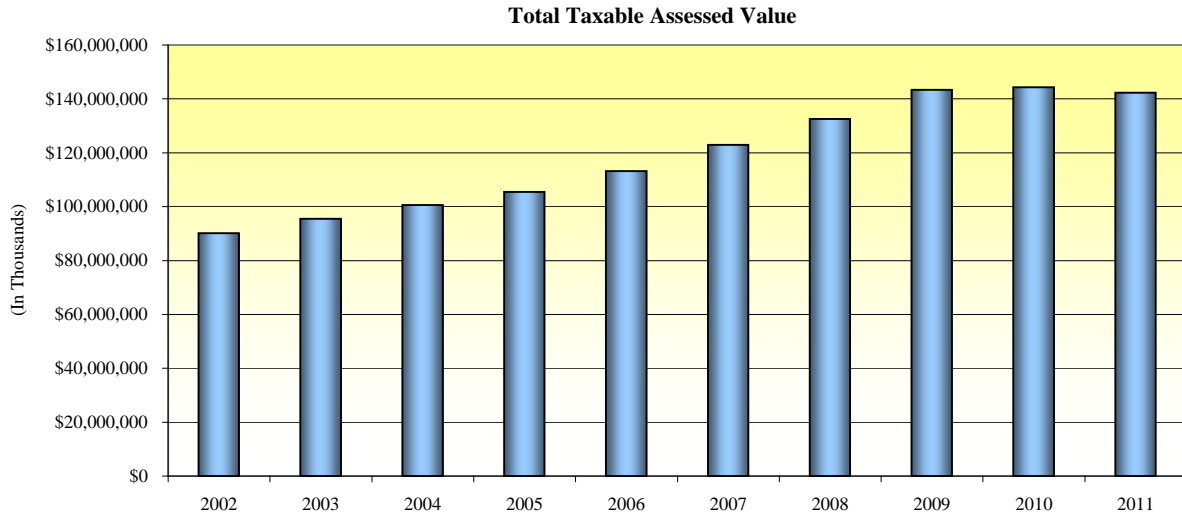
Note:

<sup>1</sup> The increase in transient occupancy tax was due to the opening of a new inn, the Pillar Point Inn, at Princeton.



**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>
2002	\$ 84,984,729	\$ 8,043,961	\$ 2,920,396	\$ 90,108,294	12%	1%
2003	90,740,193	7,787,859	3,073,046	95,455,006	6%	1%
2004	96,465,383	7,468,918	3,271,733	100,662,568	5%	1%
2005	102,268,521	6,406,818	3,222,916	105,452,423	5%	1%
2006	110,747,828	6,034,679	3,626,924	113,155,583	7%	1%
2007	120,723,432	6,178,495	3,952,784	122,949,143	9%	1%
2008	130,015,063	6,723,347	4,140,836	132,597,574	8%	1%
2009	139,551,172	8,122,323	4,341,148	143,332,347	8%	1%
2010 <sup>3</sup>	140,933,698	7,953,401	4,569,501	144,317,598	1%	1%
2011	140,260,986	6,591,402	4,513,149	142,339,239	-1%	1%
<b>10 year % of Change</b>	65.04%	-18.06%	54.54%	57.96%		



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

Notes:

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

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

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

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

**COUNTY OF SAN MATEO**  
**Direct and Overlapping Property Tax Rates <sup>1</sup>**  
**Last Ten Fiscal Years**  
**(rate per \$100 of assessed value)**

<b>Fiscal Year</b>	<b>General Rate <sup>3</sup></b>	<b>Debt Service Tax Rate</b>			<b>Total</b>
		<b>Overlapping Governments <sup>2</sup></b>			
		<b>Local Special Districts</b>	<b>Schools</b>	<b>Cities</b>	
2002	1.0000	0.0004	0.0341	0.0032	1.0377
2003	1.0000	0.0006	0.0433	0.0040	1.0479
2004	1.0000	0.0026	0.0515	0.0036	1.0577
2005	1.0000	0.0032	0.0487	0.0053	1.0572
2006	1.0000	0.0030	0.0508	0.0048	1.0586
2007	1.0000	0.0030	0.0679	0.0046	1.0755
2008	1.0000	0.0039	0.0633	0.0044	1.0716
2009	1.0000	0.0039	0.0707	0.0042	1.0788
2010	1.0000	0.0045	0.0756	0.0039	1.0840
2011	1.0000	0.0048	0.0797	0.0036	1.0881

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.

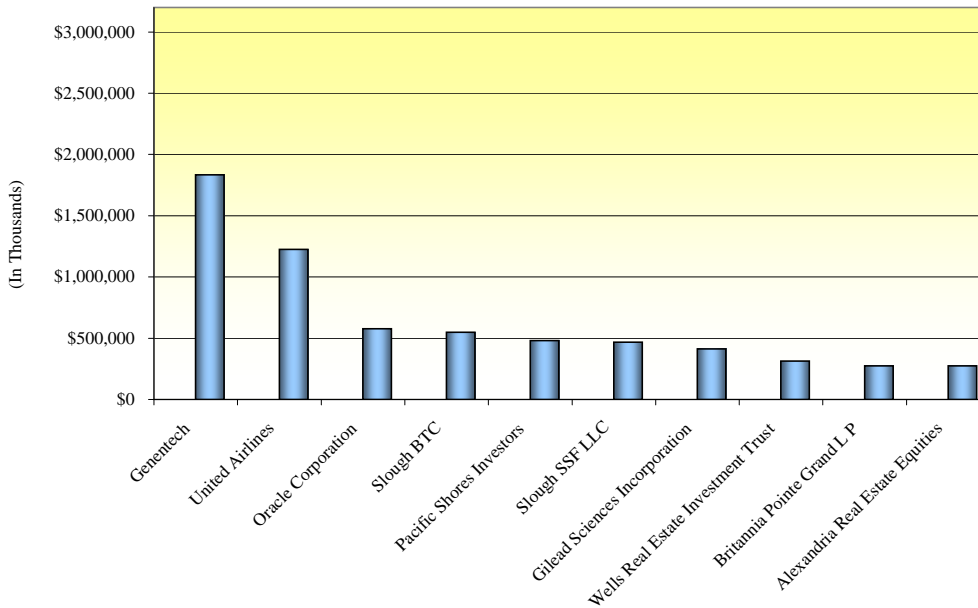
<sup>2</sup> Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County.

<sup>3</sup> 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.

**COUNTY OF SAN MATEO**  
**Principal Property Assesseees**  
**As of January 1, 2011 and January 1, 2002**  
**(In Thousands)**

Assessee	Nature of Business	As of January 1, 2011			As of January 1, 2002		
		Taxable Assessed Value <sup>1</sup>	Rank	Percentage of Total Taxable Assessed Value <sup>2</sup>	Taxable Assessed Value <sup>1</sup>	Rank	Percentage of Total Taxable Assessed Value
Genentech	Biotechnology	\$ 1,832,639	1	1.29%	\$ 666,317	2	0.74%
United Airlines	Air Carrier	1,224,857	2	0.86%	2,548,659	1	2.83%
Oracle Corporation	Software	576,498	3	0.41%	516,127	3	0.57%
Slough BTC	Lease	549,059	4	0.39%	---	---	---
Pacific Shores Investors	Investment	481,917	5	0.34%	213,621	9	0.24%
Slough SSF LLC	Lease	467,742	6	0.33%	---	---	---
Gilead Sciences Incorporation	Biopharmaceutical	411,778	7	0.29%	---	---	---
Wells Real Estate Investment Trust	Real estate	312,533	8	0.22%	---	---	---
Britannia Pointe Grand L P	Project management advisors	274,971	9	0.19%	---	---	---
Alexandria Real Estate Equities	Real estate	274,164	10	0.19%	---	---	---
Sun Microsystems	Computer products	---	---	---	466,156	4	0.53%
SPK-Metro Center	Real estate	---	---	---	190,412	10	0.21%
Pacific Bell (AT&T)	Telephone	---	---	---	363,027	6	0.40%
Pacific Gas & Electric	Utilities	---	---	---	466,774	5	0.52%
American Airlines	Air Carrier	---	---	---	355,918	7	0.40%
Delta Airlines	Air Carrier	---	---	---	252,174	8	0.28%
<b>Total</b>		<b>\$ 6,406,158</b>		<b>4.51%</b>	<b>\$ 6,039,185</b>		<b>6.72%</b>

**Principal Property Assesseees**  
**As of January 1, 2011**



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

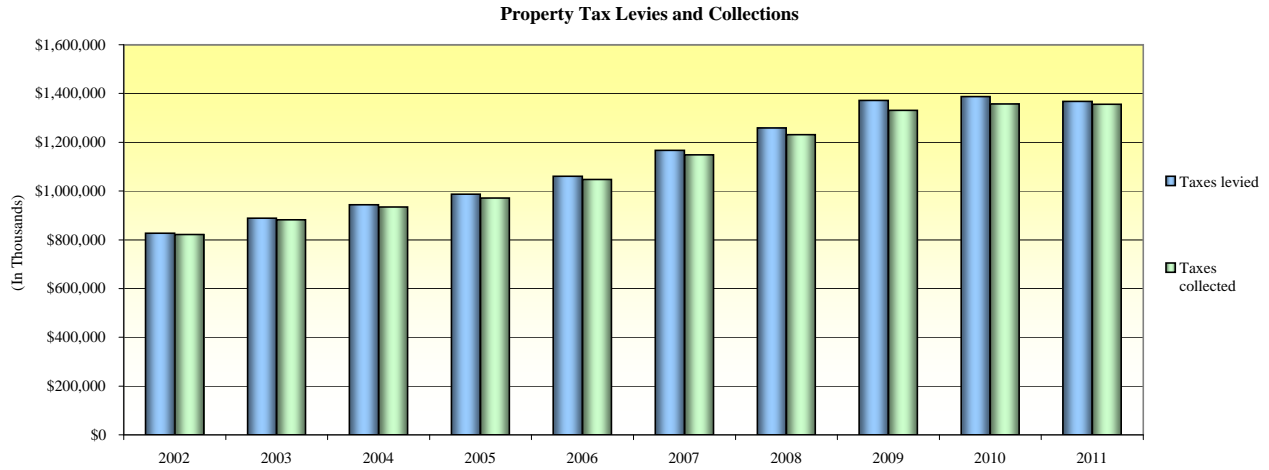
Notes:

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

<sup>2</sup> Total taxable assessed value for as of January 1, 2011, was about \$142 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>				Total <sup>3</sup>	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
		County	Local Special Districts	Schools	Cities						
2002	\$ 792,870	\$ 241	\$ 31,266	\$ 2,741	\$ 827,118	\$ 820,488	99.20%	\$ 1,204	\$ 821,692	99.34%	
2003	839,786	388	44,924	3,660	888,758	880,057	99.02%	1,618	881,675	99.20%	
2004	884,688	2,663	52,478	3,663	943,492	933,285	98.92%	1,094	934,379	99.03%	
2005	926,041	3,354	51,713	5,605	986,713	968,038	98.11%	2,673	970,711	98.38%	
2006	992,334	3,395	59,123	5,546	1,060,398	1,045,517	98.60%	1,576	1,047,093	98.75%	
2007	1,079,958	3,705	77,821	5,781	1,167,265	1,147,755	98.33%	986	1,148,741	98.41%	
2008	1,163,392	5,268	84,542	5,930	1,259,132	1,230,054	97.69%	847	1,230,901	97.76%	
2009	1,258,424	5,695	101,079	6,012	1,371,210	1,330,807	97.05%	621	1,331,428	97.10%	
2010	1,266,244	6,455	108,530	5,659	1,386,888	1,356,170	97.79%	565	1,356,735	97.83%	
2011	1,248,931	6,750	107,189	4,826	1,367,696	1,356,075	99.15%	n/a	1,356,075	99.15%	



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

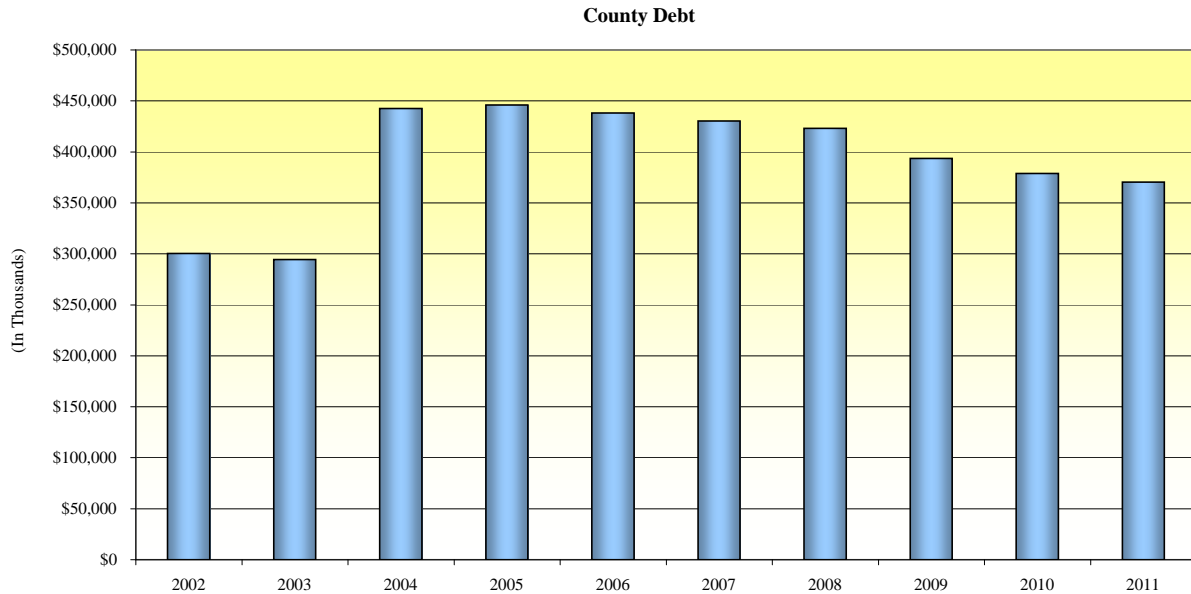
Notes:

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

n/a - Information is unavailable

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

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income	Total Outstanding Debt Per Capita (In Absolute \$)
	Lease Revenue Bonds <sup>1</sup>	Certificates of Participation <sup>2</sup>	Notes Payable	Other Long-term Obligation	Subtotal	Notes Payable	Other Long-term Obligation	Subtotal			
2002	\$ 282,296	\$ 15,175	\$ 353	\$ 251	\$ 298,075	\$ 1,645	\$ 655	\$ 2,300	\$ 300,375	0.80%	\$ 420
2003	277,234	14,955	315	131	292,635	1,523	117	1,640	294,275	0.79%	410
2004	425,932	14,725	399	-	441,056	1,591	27	1,618	442,674	1.10%	616
2005	419,323	24,939	358	-	444,620	1,455	30	1,485	446,105	1.02%	620
2006	411,942	24,687	316	-	436,945	1,314	5	1,319	438,264	0.92%	606
2007	404,301	24,390	271	15	428,977	1,206	-	1,206	430,183	0.85%	591
2008	393,565	24,083	224	7	417,879	5,133	-	5,133	423,012	0.83%	574
2009	364,423	23,760	191	-	388,374	4,868	508	5,376	393,750	0.79%	528
2010	350,322	23,428	173	89	374,012	4,595	345	4,940	378,952	n/a	502
2011	339,076	23,076	154	4,047	366,353	3,863	181	4,044	370,397	n/a	511



Source: County Comprehensive Annual Financial Reports.

Notes:

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

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

**COUNTY OF SAN MATEO**  
**Direct and Overlapping Debt**  
**As of June 30, 2011**  
**(In Thousands)**

Assessed valuation (including unitary utility valuation; excluding homeowner exemption)	\$ 143,262,360		
Less: Redevelopment incremental valuation <sup>1</sup>	14,225,519		
Adjusted assessed valuation	\$ 129,036,841		
	<b>Debt</b>	<b>Estimated</b>	
	<b>Outstanding</b>	<b>Percentage</b>	
<b>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</b>		<b>Applicable <sup>2</sup></b>	
		<b>Estimated</b>	
		<b>Share of</b>	
		<b>Overlapping</b>	
		<b>Debt</b>	
<b>Direct General Fund Obligation Debt</b>			
San Mateo County General Fund Obligations	\$ 339,076	100.00%	\$ 339,076
San Mateo County Flood Control District Certificates of Participation	23,076	100.00%	23,076
<b>Total direct debt</b>	362,152		362,152
<b>Overlapping General Fund Obligation Debt</b>			
<i>Cities</i>			
City of Burlingame General Fund and Pension Obligations	39,190	100.00%	39,190
City of Daly City Pension Obligations	32,140	100.00%	32,140
City of Pacifica General Fund Obligations and Pension Obligations	38,225	100.00%	38,225
City of San Mateo General Fund Obligations	38,660	100.00%	38,660
Other City General Fund and Pension Obligations	76,138	100.00%	76,138
<i>Special Districts</i>			
Midpeninsula Regional Open Space Park General Fund Obligations	131,003	30.90%	40,483
Granada Sanitary District Certificates of Participation	497	100.00%	497
Menlo Park Fire Protection District Certificates of Participation	11,990	100.00%	11,990
<i>School Districts</i>			
San Mateo County Board of Education Certificates of Participation	12,420	100.00%	12,420
Cabrillo Unified School District General Fund Obligations	8,795	100.00%	8,795
San Mateo Union High School District Certificates of Participation	65,946	100.00%	65,946
Belmont School District General Fund Obligations	5,310	100.00%	5,310
Other School Districts General Fund Obligations	1,523	100.00%	1,523
<b>Total overlapping general fund obligation debt</b>	461,837		371,317
<b>Overlapping Tax and Assessment Debt</b>			
<i>Cities</i>	71,205	100.00%	71,205
<i>Special Districts</i>			
Montara Sanitary District	14,400	100.00%	14,400
Community Facilities Districts	34,660	100.00%	34,660
Other Special Districts (1915 Act Bonds)	25,885	100.00%	25,885
<i>School Districts</i>			
San Mateo Community College District	613,780	100.00%	613,780
Cabrillo Unified School District	14,563	100.00%	14,563
South San Francisco School District	67,016	100.00%	67,016
Jefferson Union High School District	119,273	100.00%	119,273
San Mateo Union High School District	300,047	100.00%	300,047
Sequoia Union High School District	348,900	100.00%	348,900
Hillsborough School District	59,111	100.00%	59,111
Jefferson School District	48,945	100.00%	48,945
Laguna Salada School District	22,644	100.00%	22,644
Menlo Park City School District	102,535	100.00%	102,535
Redwood City School District	50,517	100.00%	50,517
San Carlos School District	54,426	100.00%	54,426
San Mateo - Foster City School District	165,222	100.00%	165,222
Other School District	216,690	100.00%	216,690
<b>Total overlapping tax and assessment debt</b>	2,329,819		2,329,819
<b>Total overlapping debt</b>	2,791,656		2,701,136
<b>Total direct and overlapping debt</b>	\$ 3,153,808 <sup>3</sup>		\$ 3,063,288

Ratio of total direct and overlapping debt to adjusted assessed value: 2.44%

Source: California Municipal Statistics, Inc.

<sup>1</sup> Redevelopment incremental valuation refers to the difference between base year assessed value and current year assessed value of properties in areas designated for redevelopment. Base year assessed value is the agreed upon value of a property at the time

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

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

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

	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Average Annual County budget <sup>1</sup> for the current and preceding four fiscal years</b>	\$ 860,283	\$ 950,486	\$ 1,045,364	\$ 1,131,000	\$ 1,209,880	\$ 1,306,666	\$ 1,401,783	\$ 1,501,054	\$ 1,689,809	\$ 1,747,657
<b>Legal debt service limit <sup>2</sup></b>										
Debt service limit (4% of average county annual budget for the current and preceding four fiscal years)	34,411	38,019	41,815	45,240	48,395	52,267	56,071	60,042	67,592	69,906
Less: Amount applicable to debt service limit <sup>3</sup>	(18,143)	(18,991)	(23,486)	(24,448)	(25,328)	(25,403)	(29,762)	(26,940)	(28,847)	(28,904)
Legal debt service margin	<u>\$ 16,268</u>	<u>\$ 19,028</u>	<u>\$ 18,329</u>	<u>\$ 20,792</u>	<u>\$ 23,067</u>	<u>\$ 26,864</u>	<u>\$ 26,309</u>	<u>\$ 33,102</u>	<u>\$ 38,745</u>	<u>\$ 41,002</u>
Legal debt service margin as a percentage of debt service limit	47.28%	50.05%	43.83%	45.96%	47.66%	51.40%	46.92%	55.13%	57.32%	58.65%



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)**

1993 Lease Revenue Bonds				
<b>Purpose:</b>	Defeased 1991 Certificates of Participation and financed the costs of a parking garage and jail.			
<b>Funding Source:</b>	General Fund and Criminal Justice Facilities Fund.			
Fiscal Year	Available Revenue	Debt Service		Coverage ratio <sup>1</sup>
		Principal	Interest	
2002	\$ 5,081	\$ 2,120	\$ 3,340	0.93
2003	4,911	2,135	3,327	0.90
2004	3,376	2,145	3,313	0.62
2005	6,671	2,160	3,298	1.22
2006	4,445	2,175	3,282	0.81
2007	4,445	1,000	3,734	0.94
2008	2,620	-	2,909	0.90
2009	2,620	-	2,909	0.90
2010	5,180	2,560	2,909	0.95
2011	5,173	2,720	2,742	0.95

1997 Lease Revenue Bonds				
<b>Purpose:</b>	Financed the costs of construction, furnishing and equipping an office building, and partial defeasance of the 1994 Issue.			
<b>Funding Source:</b>	General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.			
Fiscal Year	Available Revenue	Debt Service		Coverage ratio
		Principal	Interest	
2002	\$ 2,481	\$ 425	\$ 3,068	0.71
2003	2,772	450	3,051	0.79
2004	2,558	490	3,031	0.73
2005	3,384	530	3,009	0.96
2006	5,571	2,915	2,934	0.95
2007	5,706	3,060	2,802	0.97
2008	5,725	3,220	2,661	0.97
2009	5,402	3,385	2,495	0.92
2010	5,034	3,605	1,479	0.99
2011	556	-	556	1.00

2001 Lease Revenue Bonds				
<b>Purpose:</b>	Financed a portion of costs of acquisition of a microwave and law enforcement mutual aid communications system and a sheriff's radio system; and the costs of the acquisition and construction of a forensics laboratory and coroner's office.			
<b>Funding Source:</b>	General Fund, Crime Lab fees, and Cities.			
Fiscal Year	Available Revenue	Debt Service		Coverage ratio
		Principal	Interest	
2002	\$ -	\$ -	\$ 494	-
2003	380	-	1,327	0.29
2004	1,766	1,340	1,309	0.67
2005	2,651	1,380	1,272	1.00
2006	2,647	1,415	1,232	1.00
2007	2,654	1,465	1,189	1.00
2008	2,653	1,510	1,143	1.00
2009	2,647	1,555	1,092	1.00
2010	2,646	1,610	1,036	1.00
2011	2,653	1,680	973	1.00

2008 Lease Revenue Bonds				
<b>Purpose:</b>	Provided funds, together with other available moneys, to redeem the 2003 Lease Revenue Bonds and to pay the termination payment for the 2003 interest swap agreements.			
<b>Funding Source:</b>	County departments occupying the facilities.			
Fiscal Year	Available Revenue	Debt Service		Coverage ratio
		Principal	Interest	
2009	\$ 2,230	\$ -	\$ 2,230	1.00
2010	9,298	2,590	6,708	1.00
2011	9,205	2,665	6,630	0.99

1997 Certificates of Participation				
<b>Purpose:</b>	Financed storm water and flood control improvements in Colma Creek Flood Control Zone.			
<b>Funding Source:</b>	Colma Creek Flood Control District.			
Fiscal Year	Available Revenue	Debt Service		Coverage ratio
		Principal	Interest	
2002	\$ 978	\$ 210	\$ 770	1.00
2003	981	220	761	1.00
2004	982	230	752	1.00
2005	982	240	742	1.00
2006	981	250	731	1.00
2007	979	260	719	1.00
2008	977	270	707	1.00
2009	979	285	695	1.00
2010	976	295	681	1.00
2011	976	310	666	1.00

1999 Lease Revenue Bonds				
<b>Purpose:</b>	Financed a portion of the costs of completing the Health Center and partial defeasance the 1993, 1994 and 1995 Issues.			
<b>Funding Source:</b>	General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.			
Fiscal Year	Available Revenue	Debt Service		Coverage ratio
		Principal	Interest	
2002	\$ 12,407	\$ 365	\$ 5,418	2.15
2003	5,917	375	5,406	1.02
2004	7,256	390	5,393	1.25
2005	6,004	630	5,374	1.00
2006	6,021	670	5,351	1.00
2007	6,383	1,065	5,318	1.00
2008	6,401	1,125	5,276	1.00
2009	6,429	1,205	5,224	1.00
2010	4,207	1,290	2,917	1.00
2011	641	-	641	1.00

2004 Certificates of Participation				
<b>Purpose:</b>	Financed the acquisition, design, construction, improvement, and installation of certain improvements to the flood control system.			
<b>Funding Source:</b>	Colma Creek Flood Control District.			
Fiscal Year	Available Revenue	Debt Service		Coverage ratio
		Principal	Interest	
2002	\$ -	\$ -	\$ -	-
2003	-	-	-	-
2004	-	-	-	-
2005	-	-	-	-
2006	501	-	352	1.42
2007	535	35	500	1.00
2008	535	35	500	1.00
2009	534	35	499	1.00
2010	532	35	497	1.00
2011	536	40	496	1.00

2009 Lease Revenue Bonds				
<b>Purpose:</b>	Provided funds to refund a portion of outstanding 1997 Bonds and the outstanding 1999 Bonds, pay costs of issuance of the 2009 Bonds, and pay other costs relation to the refunding.			
<b>Funding Source:</b>	General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.			
Fiscal Year	Available Revenue	Debt Service		Coverage ratio
		Principal	Interest	
2009	\$ -	\$ -	\$ -	-
2010	-	-	-	-
2011	10,434	4,440	5,993	1.00

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

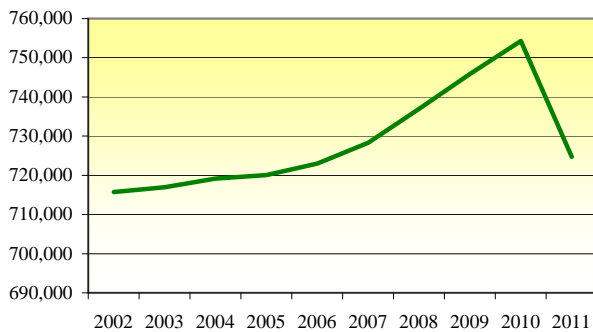
<sup>1</sup> Debt service payments not covered by available revenue were funded by amounts available in the interest, revenue, or reserve funds with the Trustee.



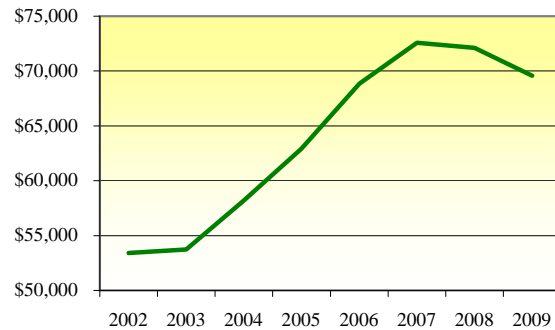
**COUNTY OF SAN MATEO**  
**Demographic and Economic Statistics**  
**Last Ten Years**

<b>Year</b>	<b>Population</b> <sup>1</sup>	<b>Total Personal Income</b> <sup>5</sup> <i>(in millions)</i>	<b>Per Capita Personal Income</b> <sup>5</sup>	<b>Median Age</b> <sup>4</sup>	<b>K-12 Public School Enrollment</b> <sup>2</sup>	<b>Average Unemployment Rate</b> <sup>3</sup>
2002	715,763	\$ 37,337	\$ 53,411	37.4	89,415	5.7%
2003	716,943	37,309	53,725	38.7	88,991	5.8%
2004	719,154	40,270	58,192	38.6	88,477	4.9%
2005	720,042	43,551	62,917	39.2	88,273	4.3%
2006	722,994	47,694	68,843	39.4	88,350	3.7%
2007	728,314	50,610	72,576	39.7	88,479	3.9%
2008	736,951	51,062	72,112	39.9	88,974	4.7%
2009	745,858	50,014	69,562	38.9	89,971	8.9% <sup>6</sup>
2010	754,285	n/a	n/a	n/a	91,371	9.0%
2011	724,702	n/a	n/a	n/a	92,124	8.6%

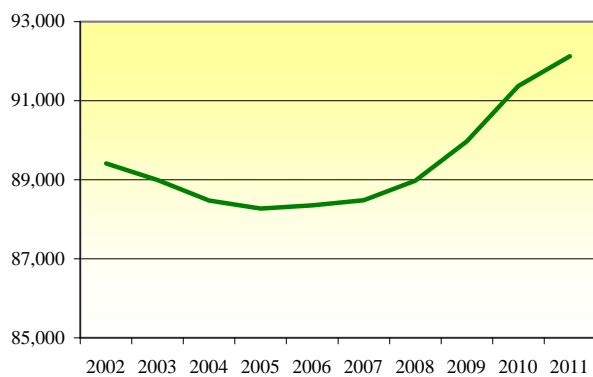
**Population**



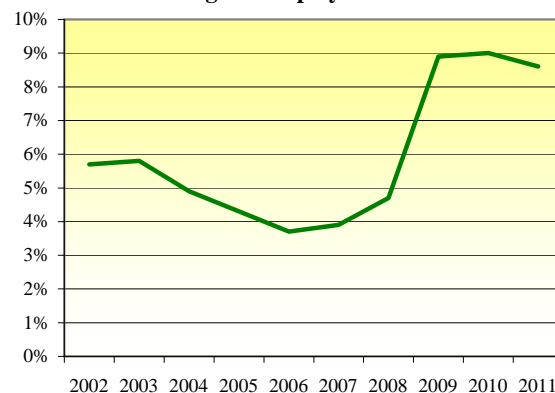
**Per Capita Personal Income**



**K-12 Public School Enrollment**



**Average Unemployment Rate**



**Sources:**

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

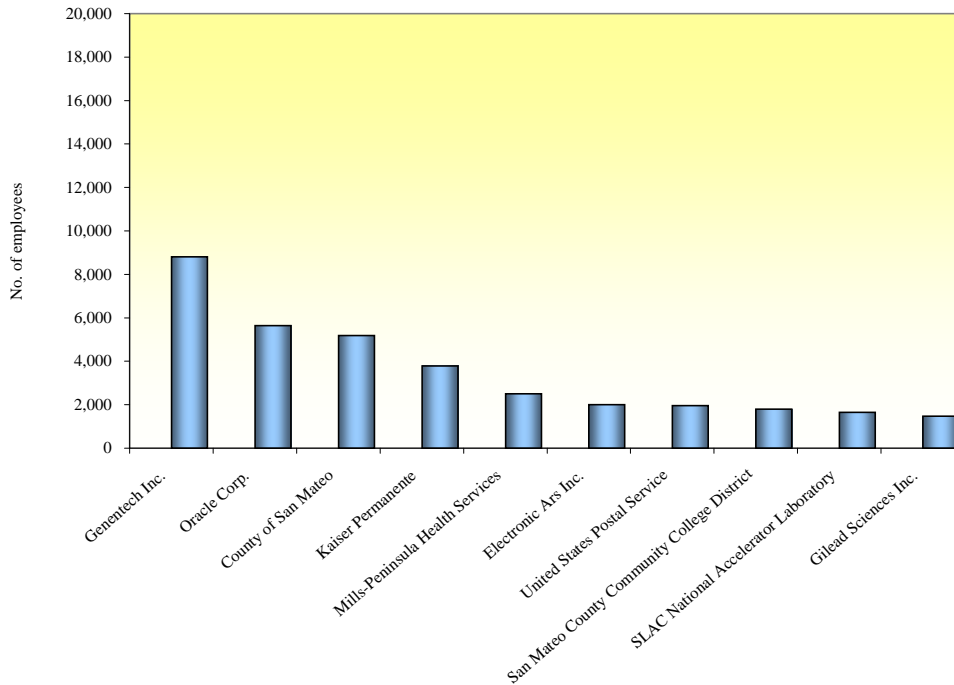
**Note:**

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

**COUNTY OF SAN MATEO  
Principal Employers  
Year 2009 and Year 2000**

Employer	Business Type	2009 <sup>1</sup>			2000		
		Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Genentech Inc.	Biotechnology	8,800	1	2.60%	3,700	4	0.96%
Oracle Corp.	Software	5,642	2	1.66%	7,400	2	1.93%
County of San Mateo	Government	5,179	3	1.53%	4,944	3	1.29%
Kaiser Permanente	Health Care	3,790	4	1.12%	---	---	---
Mills-Peninsula Health Services	Health Care	2,500	5	0.74%	2,474	6	0.64%
Electronic Arts Inc.	Interactive Entertainment	2,000	6	0.59%	---	---	---
United States Postal Service	Postal Service	1,964	7	0.58%	1,898	7	0.49%
San Mateo County Community College District	Public Education	1,800	8	0.53%	---	---	---
SLAC National Accelerator Laboratory	Scientific Research	1,650	9	0.49%	---	---	---
Gilead Sciences Inc.	Biopharmaceutical	1,480	10	0.44%	---	---	---
United Airlines	Airline	---	---	---	17,700	1	4.61%
Visa USA/Visa International	Global Payments Technology	---	---	---	2,677	5	0.70%
Applied Biosystems	Biotechnology	---	---	---	1,765	8	0.46%
Siebel Systems Inc.	Software	---	---	---	1,626	9	0.42%
San Francisco International Airport	Airport	---	---	---	1,497	10	0.39%
<b>Total</b>		<b>34,805</b>		<b>10.28%</b>	<b>45,681</b>		<b>11.89%</b>

**Principal Employers  
Year 2009**



Source: San Francisco Business Times - Book of Lists.

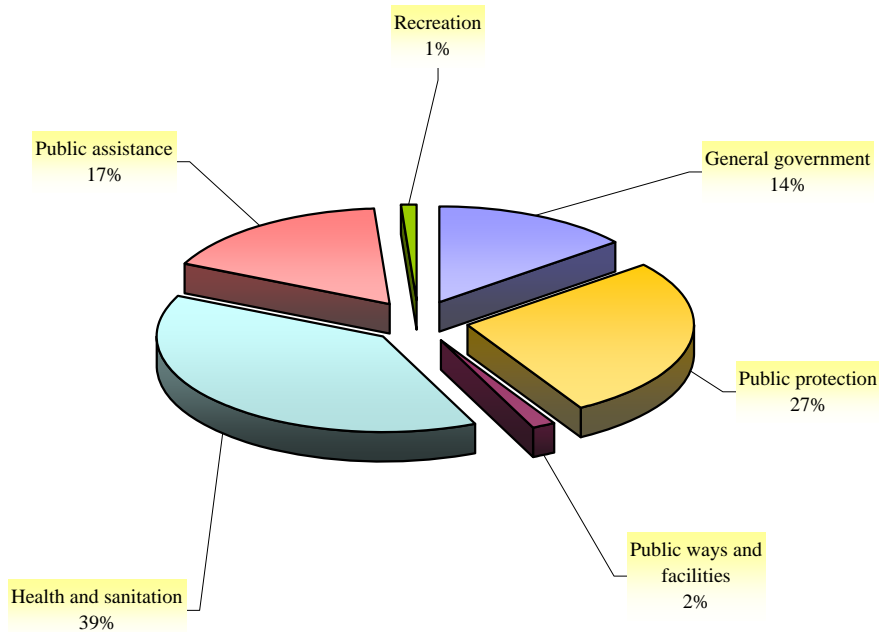
Notes:

<sup>1</sup> Principal employer information for years 2011 and 2010 is not available.

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

<b>Function</b>	<b>As of June 30,</b>									
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
General government	827	834	803	790	789	831	850	801	774	740
Public protection	1,344	1,354	1,321	1,292	1,354	1,381	1,391	1,452	1,432	1,423
Public ways and facilities	81	93	97	92	93	92	95	96	96	90
Health and sanitation	1,663	1,667	1,905	1,895	1,981	2,077 <sup>3</sup>	2,174	2,142	2,022	1,995
Public assistance	800	870	893	906	953	994	1,036	1,041	960	887 <sup>4</sup>
Education	106	109	108	108	112	113	113	113	114	-
Recreation	63	58	55	55	55	56	56	57	52	52
Total full-time equivalent employees <sup>2</sup>	4,884	4,985	5,182 <sup>1</sup>	5,138	5,337	5,544	5,715	5,702	5,450	5,187

**Full-time Equivalent County Employees by Function**  
**FY 2010-11**



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

Notes:

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

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

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

Source: County's Adopted Budget Books.

Notes:

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

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

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

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

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

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

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

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

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

Function	Fiscal Year <sup>3</sup>									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Juvenile Supervision Services										
Number of juveniles served on probation	---	---	---	3,112	3,167	2,467	2,465	2,426	2,202	1,999
Number of youth served under prevention/diversion programs	---	---	---	---	487	1,256	989	739	755	944
Number of youth served under electronic monitoring	---	---	---	---	---	---	---	---	656	660
Number and percent of probationers:										
Completed probation without new sustained law violation	1,005/67%	1,020/68%	490/84%	1,345/89%	1,373/89%	726/76%	897/79%	645/78%	710/72%	633/76%
Completed informal contract and are not filed upon within Six months of case closure	---	---	---	---	---	1,262/84%	435/85%	382/85%	152/90%	295/86%
<b>Public Ways and Facilities</b>										
<b>Road maintenance</b>										
Number of lane miles:										
Sealed	---	26	32	17	82	53	0 <sup>11</sup>	29	67 <sup>12</sup>	16
Resurfaced	---	34.2	41.7	23.0	14.0	14.4	13.6	4.0	2.8	12.5
Reconstructed	---	2.7	4.7	2.9	0.3	1.2	1.9	1.3	0.8	0.4
<b>Waste management</b>										
Number of website visits to the County's RecycleWorks website	---	125,224	96,839	80,455	128,192	327,872	501,779	518,887	522,022	672,227
Number of programs implemented that reduce waste or conserve resources (data development)	---	---	---	---	---	34	32	---	---	58
<b>Health and Sanitation</b>										
<b>Emergency Medical Services (EMS)</b>										
Number of 9-1-1 calls for medical response	40,013	37,028	41,504	40,851	39,068	40,222	38,818	47,609	47,194	46,740
Percent of EMS calls responded to on time										
Ambulance	94%	95%	95%	94%	93%	91%	91%	92%	93%	94%
Fire first response	98%	98%	98%	98%	98%	99%	98%	98%	98%	97%
<b>Mental Health Adult Services</b>										
Number of clients served:										
Intensive level of service	2,676	2,575	2,578	2,631	2,446	2,409	2,221	2,249	2,347	2,436
Outpatient level of service	7,442	7,582	7,309	7,218	7,280	7,497	7,789	8,174	8,834	8,632
Number of new clients served	---	---	---	---	2,556	2,613	2,722	2,332	2,905	2,551
Percent of customer survey respondents indicating they have benefited from mental health treatment:										
Able to deal more effectively with daily problems	91%	93%	90%	96%	95%	92%	87%	94%	95%	95%
Better able to control their life	90%	91%	88%	94%	95%	94%	87%	94%	94%	95%
<b>Mental Health Youth Services</b>										
Number of clients served:										
Intensive	700	719	784	711	752	993	1,125	1,138	1,007	896
Outpatient	1,328	1,292	1,408	1,451	2,136	2,024	2,302	2,220	2,122	2,096
Number of new clients served	---	---	---	---	1,061	1,276	1,371	1,419	1,448	1,452
Percent of survey respondents who agree or strongly agree that the client is better at handling daily life:										
Parents	---	84%	80%	77%	71%	78%	82%	73%	73%	70%
Youth	---	86%	83%	71%	72%	65%	76%	90%	90%	89%
<b>Family Health Services</b>										
Number of customers served:										
Field nursing and maternal, child and adolescent health	2,330	2,405	2,388	2,078	2,017	2,057	1,903	1,960	1,960	1,761
Prenatal to three	6,316	6,764	3,336	3,575	3,645	3,714	3,722	3,473	3,207	2,998
Women, infants and children	22,600	19,050	22,231	25,599	21,688	17,976	19,595	18,257	18,662	22,954 <sup>13</sup>
California children services	3,327	4,480	1,747 <sup>9</sup>	2,541	2,788	2,724	2,703	2,590	2,528	2,565
Child health and disability prevention	7,862	3,732	3,101 <sup>9</sup>	2,696	2,074	1,881	2,177	1,847	1,775	1,960
Lead	140	185	69	76	82	102	326	322	296	275
California nutrition network	8,015	10,938	15,750	12,532	13,152	27,411 <sup>10</sup>	23,818	16,737	17,781	10,819 <sup>14</sup>
Number and percent of low-income children up-to-date on immunizations at age two	---	372/63%	374/67%	444/69%	316/71%	1,090/70%	1,107/84%	1,071/88%	1,157/87%	1,063/85%

Notes:

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

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

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

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

<sup>13</sup> The downturn of economy increased the number of families seeking public family health services.

<sup>14</sup> Family Health Services was unable to complete its scope of work due to decreased staffing and volunteers

(continued)

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

Function	Fiscal Year <sup>3</sup>									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Health Promotion and Disease Control</b>										
Number of clients served:										
AIDS program clinical services	554	576	546	565	559	576	540	553	522	581
Mobile clinic clinical services	---	2,975	1,463	3,024	2,713	3,534	4,103	4,776	3,256 <sup>19</sup>	4,173 <sup>24</sup>
STD Control	1,301	1,872	1,325	1,674	1,636	2,951 <sup>17</sup>	1,954	2,159	1,593 <sup>20</sup>	1,064 <sup>25</sup>
TB Control	237	641	811	508	901	1,100	1,085	588	2,000 <sup>21</sup>	2,131
Percent of clients demonstrating improvement in knowledge, attitudes, and behavior regarding disease prevention, control, and treatment	---	---	94%	90%	96%	98%	94%	95%	71% <sup>20</sup>	100%
<b>Environmental Health Services</b>										
Number of permitted facilities regulated	---	15,476	15,694	16,481	16,092	17,350	17,763	17,935	18,705	18,838
Percent of permitted facilities receiving an annual inspection	---	82%	88%	91%	88%	93%	87%	80%	86%	100%
Number of complaints received	---	1,183	1,416	1,970	1,416	2,077	2,120	1,748	1,487	985
Percent of complaints responded to within the required time period	---	85%	86%	85%	86%	84%	86%	71%	87%	93%
<b>Public Assistance</b>										
<b>Prevention and Early Intervention</b>										
Number of clients served by community based providers contracting with the Human Services Agency (HSA):										
Individuals	---	25,013	28,242	28,127	22,553	29,313	23,413	26,600	32,815 <sup>22</sup>	39,968 <sup>26</sup>
Families	---	9,137	9,582	9,580	8,271	10,558	8,480	9,664	11,686 <sup>23</sup>	13,608
Number of children who received childcare assistance through the HSA, Child Care Coordinating Council, and Professional Association for Childhood Education										
	---	---	---	---	---	2,800	2,859	2,765	2,736	2,139 <sup>27</sup>
Percent of clients needing food and/or shelter received assistance:										
Food	---	96%	96%	97%	98%	98%	99%	99%	99%	98%
Shelter	---	69%	63%	68%	64%	67%	75%	76%	78%	76%
<b>Economic Self-Sufficiency</b>										
Number of participants using PeninsulaWorks Centers	---	14,308	22,460	24,426 <sup>16</sup>	24,794	20,089	17,654	19,586	20,270	20,695
Number of Food Stamp applications:										
New applications	---	---	---	---	---	---	---	9,830	---	---
Approved applications	---	---	---	---	---	---	---	4,254	---	---
Denied applications	---	---	---	---	---	---	---	5,988	---	---
<b>Child Welfare Services:</b>										
Number of licensed foster homes	---	---	---	---	---	73	83	83	83	---
Number of families referred for counseling services at Family Resource Centers	---	---	---	---	---	---	---	2,302	---	---
Percent of child abuse/neglect referrals met with a timely face-to-face investigative response:										
Immediate referral response compliance	---	---	---	---	---	98%	98%	98%	99%	---
10-Day referral response compliance	---	---	---	---	---	92%	94%	98%	95%	---
Percent of timely social worker visits with children on open cases	---	---	---	---	---	96%	96%	96%	96%	---
<b>Housing &amp; Community Development</b>										
Number of affordable housing units developed and occupied	---	215	124	104	53	158	321	340	113	119
<b>Recreation</b>										
<b>Parks &amp; Recreation</b>										
Number of park reservation calls taken	2,480	3,102	3,794	3,479	5,291 <sup>15</sup>	5,011	5,881	8913 <sup>18</sup>	14,819 <sup>18</sup>	13,983
Number of special events processed	100	95	64	106	78	87	110	93	---	---

Notes:

- <sup>15</sup> Park reservations staff began making reservations for Fitzgerald Marine Reserve docent-led tours, a task previously performed by others.
- <sup>16</sup> The measure included Workforce Investment Act participants only.
- <sup>17</sup> The increase in number of clients served was caused by increased capacity in STD clinic stabilized workforce.
- <sup>18</sup> The County implemented a new online reservation system in late 2008 and was inundated with phone reservations as people learned to navigate their way through the online reservation. In 2009, the County began a full-scale tracking of reservations made by the public.
- <sup>19</sup> The decrease was caused by less patients seeking services and the cut back at Half Moon Bay weekly Clinic.
- <sup>20</sup> Increased efforts on preventive measures reduced the need for STD treatments.
- <sup>21</sup> Schools, prisons, and new immigrants became more cautious on TB control.
- <sup>22</sup> Demand for public assistance surged because the County unemployment rate increased sharply after the financial meltdown.
- <sup>23</sup> The seminars provided in FY 2008-09 included new and more complex topics.
- <sup>24</sup> Economic downturn increased the population seeking mobile clinic services.
- <sup>25</sup> Additional staffing increased assistance in surveillance and decreased the number of infections reported for investigation.
- <sup>26</sup> Supplemental funding from the partnership between Silicon Valley Community Foundation and the County empowered the County to meet increased safety net needs.
- <sup>27</sup> State budget adjustments in 2009 through 2011 negatively impacted the client's eligibility to receive child care supports.

**COUNTY OF SAN MATEO**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b><u>Governmental Activities:</u></b> <sup>1</sup>										
<b>General government</b>										
Child care centers	2	2	2	2	2	2	2	2	2	2
Fairground	1	1	1	1	1	1	1	1	1	1
Grant yards	6	6	6	6	6	6	6	6	6	6
Law library	1	1	1	1	1	1	1	1	1	1
<b>Public protection</b>										
Fire stations	4	4	4	4	4	4	4	4	4	4
Sheriff stations	1	2	2	2	2	2	2	2	2	2
Jail	1	1	1	1	1	1	1	1	1	1
Youth services center	1	1	1	1	1	1 <sup>2</sup>	1	1	1	1
<b>Public ways and facilities</b>										
Road										
Pavement (miles)	316.6	316.7	316.8	316.6	316.2	314.4	315.9	314.8	315.4	315.4
Bridges	28	28	28	28	28	28	28	31	31	31
Traffic signals	17	17	18	19	19	19	19	19	19	19
Flashing Beacons	n/a	n/a	n/a	n/a	n/a	n/a	3	3	3	4
Lighted Crosswalks	n/a	n/a	n/a	n/a	n/a	n/a	4	4	4	4
Radar Feedback signs	n/a	n/a	n/a	n/a	n/a	n/a	4	4	10	11
Sewer and water										
Sewer:										
Sanitary sewers (miles)	148.45	148.45	148.45	148.51	149.47	149.47	147.35	147.47	144.18	144.18 <sup>4</sup>
Water:										
Water mains (miles)	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Fire hydrants	20	20	20	20	20	20	20	20	20	20
Storage capacity (thousands of gallons)	710	710	710	710	710	710	710	710	710	710
Lighting										
Street lights	2,906	2,898	2,889	2,927	2,920	2,921	2,128 <sup>3</sup>	2,166	2,166	2,167
Flood control										
Channels (miles)	4.69	5.89	5.89	6.40	7.70	7.70	7.70	7.70	7.70	7.70
<b>Health and sanitation</b>										
Warehouse	1	1	1	1	1	1	1	1	1	1
Psychiatric center	1	1	1	1	1	1	1	1	1	1
Satellite clinic	1	1	1	1	1	1	1	1	1	1
<b>Public assistance</b>										
Drug treatment center	1	1	1	1	1	1	1	1	1	1
Employment and training center	1	1	1	1	1	1	1	1	1	1
<b>Recreation</b>										
Parks	21	22	22	22	22	22	22	22	22	22
Boating recreation center	1	1	1	1	1	1	1	1	1	1
<b><u>Business-type Activities:</u></b>										
Medical center	1	1	1	1	1	1	1	1	1	1

Sources:

County Capital Asset Master File  
Department of Public Works

Notes:

n/a - not available

<sup>1</sup> Four buildings are currently occupied by departments from different functions.

<sup>2</sup> A new youth services center was opened in September 2006.

<sup>3</sup> The decrease was caused by transfer of the Ravenswood Lighting District to the City of East Palo Alto.

<sup>4</sup> Less sanitary sewer milage are maintained in the Emerald Lake Heights Sewer Maintenance District.



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