

**COUNTY OF SAN MATEO, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2010**

**Tom Huening, Controller**

# County of San Mateo, California

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2010



**Tom Huening**  
**Controller**



**Cover Photo: Sawyer Camp Trail, San Mateo County, California**  
**Photographer: Bob Adler**

**COUNTY OF SAN MATEO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Fiscal Year Ended June 30, 2010**

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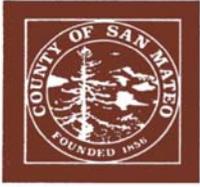
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## **INTRODUCTORY SECTION**

- **Controller's Letter of Transmittal**
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## Office of Controller



**TOM HUENING**  
**CONTROLLER**

**COUNTY OF SAN MATEO**

555 COUNTY CENTER, 4<sup>TH</sup> FLOOR • REDWOOD CITY • CALIFORNIA 94063

ROBERT G. ADLER  
ASSISTANT CONTROLLER

KANCHAN K. CHARAN  
DEPUTY CONTROLLER

TELEPHONE: (650) 363-4777  
FAX: (650) 363-7888

[www.co.sanmateo.ca.us/controller](http://www.co.sanmateo.ca.us/controller)

November 5, 2010

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, 2010, 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 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, 2010. The independent auditor's report is located at the front of the financial section of this report.

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

### **Profile of the Government**

The County, one of the nine counties in the San Francisco Bay Area, was established by an Act of the State Law in 1856. The County occupies 447 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 754,285 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 budgeting, 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 has approximately 5,436 employees to provide 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. 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.

## **Factors Affecting Economic Condition**

### **Economic Indicators**

Recent economic indicators remain mixed for California and the San Francisco Peninsula, but the general direction continues to signal stabilization if not slow improvement. San Mateo County appears to have reached the apex in the unemployment rate and is positioned to rebound from the economic recession. Growth is predicted to be slow for the next several years according to an economic forecast recently released by the San Mateo County Economic Development Association at <http://www.samceda.org>. As County government revenues tend to lag behind the economy, County resources will likely remain stagnant for the several years.

Like other counties in California, San Mateo County has suffered during the economic recession, but it has fared relatively better than most areas. For example, while home prices declined by 27 percent from a 2007 peak, certain areas in California saw a 50 percent drop. Consumer spending, another economic indicator, began to rebound in the second half of 2009. Although some of this spending can be attributed to federal stimulus programs, taxable sales are expected to continue increasing. A variety of economic factors indicate that the County is well positioned for slow but steady economic improvement.

### **Financial Indicators**

Current estimates are that revenues will remain relatively flat for the foreseeable future, whereas costs will continue to increase at a significantly faster rate. This results in a widening negative gap between revenues and expenditures over time. The Recommended Budget for FY 2010-11 slows the rate of growth in this gap by reducing program and service expenditures by \$36 million. It does, however, require the use of \$90 million from County reserves. Since FY 2007-08, the County has bridged its annual budget deficits by using \$248 million from reserves. General Fund reserves are budgeted to have a balance of \$209 million at the end of the 2011 fiscal year.

Property tax is the County’s largest discretionary General Fund revenue source. As the housing market collapsed in 2008, real property tax revenues have declined from an average of 7% annual growth in the last five years to -1% in FY 2009-10 and projected at between 0% to 3% through FY 2014-15. About 85% of personal property tax revenues are generated from businesses at San Francisco International Airport. Personal tax revenues increased 4.4% in FY 2009-10 compared to 11.5% in FY 2008-09.

The global economic downturn resulted in a 21% decline in the County Retirement Fund’s value in FY 2008-09. As of June 30, 2010, the most recent actuarial valuation date, the County retirement plan was 70.3% funded with unfunded actuarially liability of \$1 billion. The 2010 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 since the market loss will be reflected in the 2011 and later valuations unless earnings exceed the assumed rate of 7.75%. This rate is based on actuarially estimated long-term investment yield for the retirement plan, with consideration given to the nature and mix of current and expected plan investments. This rate has also been under increasing public scrutiny as to its reasonableness, not just for SamCERA, but for the majority of governmental employee benefit plans in the United States. The County may need to increase its contribution to employee pension in the coming years if the assumed rate is yet to be realized. For the fiscal year ended June 30, 2010, the County contributed \$106 million to its employee pension.

On the positive side, the County did not join the majority of California (and U.S.) local governmental entities in issuing Pension Obligation Bonds prior to 2008. Most of these entities experienced the same market declines in the value of their pension’s assets (after putting the proceeds of these bonds into their retirement systems) and are also seeing material increases in the amount of their annual employer contributions. In addition, they have the debt burden of their Pension Obligation Bonds that, not insignificant, are obligating additional general fund revenues for this debt repayment rather than for programs for taxpayers. The County, through its prudent fiscal leadership, is fortunately not in this situation.

**Shared Vision 2025 – Impact of Budget Changes**

The Board of Supervisors in an all-inclusive community effort produced a cogent, coherent statement about the County’s desired future in the year 2025. The result defines San Mateo County government as committed to playing a key leadership role in realizing a:

- *Healthy Community* - safe neighborhoods; accessible, quality health care and seamless services.
- *Livable Community* - growth occurs near transit; affordable, livable and connected communities.
- *Prosperous Community* - economic strategy fosters innovation, creates jobs, builds community; educational opportunities for all residents.
- *Environmentally Conscious Community* - natural resources preserved through environmental stewardship; reducing carbon emissions; using energy, water and land more efficiently.
- *Collaborative Community* - leaders forge partnerships, promote regional solutions; informed and engaged residents; *approach issues with fiscal accountability and concern for future impacts.*

The Adopted Budget for FY 2010-11 includes increases in General Fund support (Net County Cost) to departments of \$18 million, even after \$36 million in program and service reductions. The increase is caused by two primary factors: the retirement fund losses from 2008 require that the County’s annual employer contribution to fund employees’ pension benefits increase \$46 million; and, second, declining Proposition 172 (Public Safety Sales Tax) revenues are proposed to be backfilled with \$12 million in County funding. If program expenditure reductions had not been made in all departments, the Adopted Budget would have gone up by \$58 million for these two reasons alone, further exacerbating the structural imbalance. With the use of a combination of departmental cost reductions and General Fund Reserves, the FY 2010-11 Adopted Budget maintains the funding for these community efforts as FY 2009-10 with an increase of \$18 million in General Fund support as follows:

<u>Community</u>	<u>Increase/(Decrease) in Appropriation (In Thousands)</u>
Healthy	\$16,807
Prosperous	1,125
Livable	(40)
Environmentally Conscious	(296)
Collaborative	477
Total	<u>\$18,073</u>

County leadership in cooperation with all County employees and citizens continue to explore every avenue to eliminate the structural deficit as revenues remain flat yet costs increase.

**Factors Affecting Economic Condition - Continued**

**Employment**

The County had an estimated 34,100 unemployed residents as of June 2010.

- The unemployment rate in the County was 9.2% in June 2010, above the prior year’s average of 9.0%.
- This compares with an unadjusted unemployment rate of 12.2% for California and 9.6% for the U.S. for the same period.
- Among California’s 58 counties, the County recorded the third lowest unemployment rate as of June 2010.

**Real Estate**

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

- The number of single-family homes sold increased by 6%, to 447 in June 2010, from 420 in June 2009. The sales at June 2008 were 376.
- The County’s median single-family home price increased 15% to \$730,000 in June 2010, from \$635,000 in June 2009. The June 2008 median price was \$880,000.
- The California median single-family home price increased 13% to \$312,000 in June 2010, from \$275,000 in June 2009.

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

- The vacancy rate in June 2010 was at 17.1%, down from 18.5% in June 2009. The June 2008 vacancy rate was 10.1%.
- The average asking rate for space dropped 5.0% to \$2.65 per square foot per month in June 2010, down from \$2.79 per square foot per month in June 2009. The rate at June 2008 was \$4.21 per square foot per month.

**Tourism**

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

- The Airport’s total passenger volume increased 4.6% to 38.4 million in June 2010 from 36.7 million in June 2009.

**Taxable Sales**

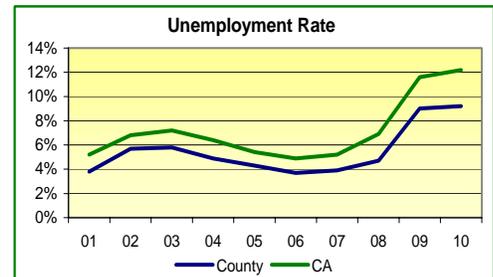
Taxable sales decreased 12.1% to \$2.9 billion during the 3rd quarter of 2009 from \$3.3 billion for the same period of 2008.

**Income**

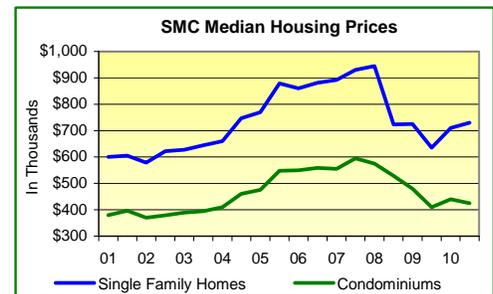
- San Mateo County’s median family income in 2008 (latest available data) rose to \$101,504, a slight increase from \$97,137 in 2007.
- The County’s per capita personal income decreased to \$73,839 in 2008 (latest available data), a slight decrease from \$74,343 in 2007.

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

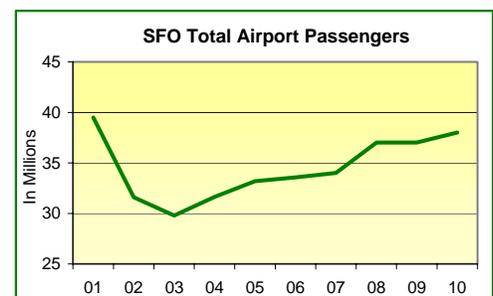
*- Mark Zandi, chief economist at Moody’s Analytics*



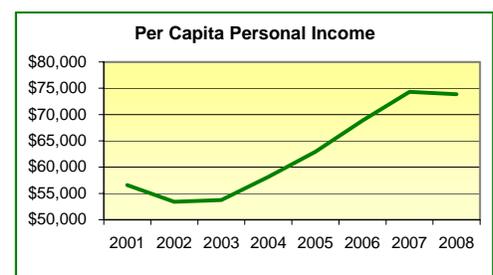
Source: Employment Development Dept., California U.S. Department of Labor



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



Source: SFO Comparative Traffic Reports



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

**Major Initiatives**

Key initiatives to achieve the goals and priorities are aligned with the County's Strategic Plan - Shared Vision 2025.



**Healthy Community**

*Coroner's Office*

- Expand the Save-A-Life Program to educate at-risk teens about the perils of reckless or violent behavior.

*District Attorney's Office*

- Develop and implement strategic partnerships to enhance organizational effectiveness.

*Health System*

- Engage and collaborate with communities.
- Improve access and care.

*Probation Department*

- Use an innovative model to support functional services more efficiently.
- Promote prevention efforts for youth through creation of Countywide Gang Intelligence and Investigations Unit.
- Implement an evidence-based probation supervision unit in Adult Services to reduce recidivism.

*Sheriff's Office*

- Develop plan for detention facilities that will meet current and future custody needs.
- Expand "green" efforts in correctional facilities.



**Prosperous Community**

*Department of Child Support Services*

- Implement early intervention and arrears prevention strategies.

*Human Services Agency*

- Improve outcomes for CalWorks, MediCal, Food Stamps, and workforce development.
- Promote child safety and well-being in foster care and enhance options for permanent homes for children and older youth.
- Support community well-being to meet increased demand for services.
- Focus on quality assurance, control, and improvement.

*Human Resources*

- Expand County's workforce and succession management programs.
- Develop and implement strategic approaches to enhance organizational effectiveness.



**Livable Community**

*Department of Housing*

- Improve coordination between Housing offices.
- Reposition assets to increase affordable homes.

*Planning and Building Department*

- Revise and update the County General Plan and zoning regulations.
- Put the latest and best environmental protection practices in place.



**Environmentally Conscious Community**

*County Manager's Office/Clerk of the Board*

- Collaborate with Bay Area counties to fund residential energy retrofit programs.

*Department of Public Works*

- Reduce the County's carbon dioxide emissions by at least 10% from 2010 to 2015.

*Parks Department*

- Prepare and implement an action plan for parks and recreation programs, facilities, and services.
- Provide multi-agency coordination of trails and trail development throughout the Peninsula.
- Expand the Volunteer Program in the park system.



**Collaborative Community**

*Assessor-County Clerk-Recorder*

- Manage change from new systems and processes.
- Implement a staffing succession plan.

*Controller*

- Improve use of technology to improve efficiency.

*County Counsel*

- Win or resolve 95 percent of litigation cases.

*County Manager's Office/Clerk of the Board*

- Engage the community in budget solutions.

*Information Services*

- Prepare IT Business Continuity Plan.
- Improve access to Internet Geographical Information System.

*Treasurer-Tax Collector*

- Use virtual server environment to reduce servers.
- Scan documents to improve access.
- Relocate offices to improve customer convenience.

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## Long-Term Financial Planning

### Budget Balancing Strategies

The County faces a structural budget deficit that is expected to hit \$124 million by FY 2014-15 without action. To balance the County budget for FY 2010-11, the County cut services by \$36 million from programs and uses \$90 million in reserves. Budgets such as this are not sustainable in the long run. County management continues to work hard to develop long-term solutions for the budget challenges using a balanced approach, including additional cutbacks, future labor cost savings, and new revenues. The County is reviewing contracts, administrative services, space and facilities, and sharing services with cities and school districts as options that may help close the budget deficit.

### 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 quarterly to evaluate general strategies, monitor results, and evaluate the economic outlook, portfolio diversification, maturity structure, and potential risks to the invested funds.

The foundation of the County Investment Policy is in priority order: safety, liquidity, yield, and public trust. 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. The Board reviews and approves the Investment Policy annually. All amendments to the policy require Board's approval.

#### Reserve

The Board approved the original County Reserves Policy in April 1999. Creation of the 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. The revised reserve policy includes minimum requirements for departmental reserves, general fund appropriation for contingencies, reserves for Countywide capital improvements, and reserves for Countywide automation projects.

The revised policy requires that General Fund departments comply with the following general provisions:

- Do not use one-time funds for ongoing operations, unless in the context of a multi-year financial plan to balance expenditures and reserves;
- Maintain a minimum reserve equivalent to 2% of net appropriations for one-time emergencies, unanticipated mid-year losses of funding, and short-term coverage of unanticipated cost overruns;
- Obtain approval from the County Manager's Office prior to using reserves that will cause reserves to go below the 2% requirement; and
- Limit the use of fund balance in excess of the 2% required reserve for one-time projects, purchase of fixed assets, sinking fund for future replacement of assets, deferred maintenance, reserve for audit disallowances, local match for grants, seed money for new programs, and short-term coverage of operational costs.

The revised policy also requires that the County conform to the following provisions:

- *General Fund Reserves* be maintained at a minimum of 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;
- *Appropriation for Contingencies* be maintained at 3% of total General Fund net appropriations for one-time emergencies and economic uncertainties;

- *Reserve for Capital Improvements* and *Reserve for Countywide Automation Projects* be reserved at a minimum of \$2 million; and
- *Amounts in excess of above requirements* be allocated or maintained as reserves for one-time or short-term purposes such as debt retirement, productivity enhancement, and litigation.

### **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 2009-10, the Board adopted a final budget of \$1.82 billion with 5,436 positions compared to the \$1.76 billion with 5,626 positions for FY 2008-09. This represents a 3%, or \$0.6 billion, increase in appropriations.

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.

## **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 fiscal year ended June 30, 2009. This was the tenth 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, 2009 and the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2009.

**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,

A handwritten signature in black ink that reads "Tom Huening". The signature is written in a cursive style with a large, stylized initial "T".

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, 2009

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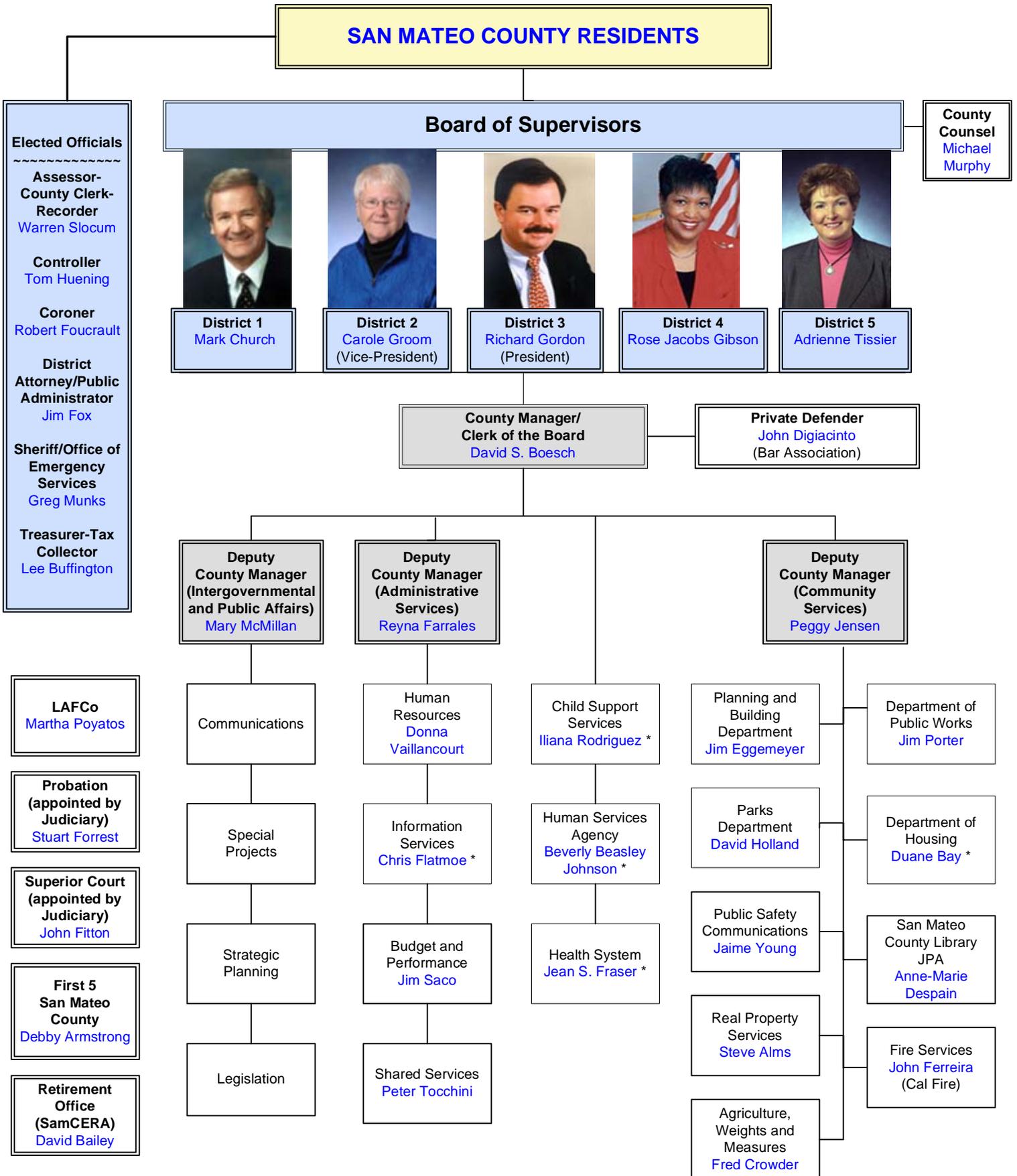
President

Executive Director

# COUNTY OF SAN MATEO

## Organization Chart

June 30, 2010



\* Direct report to the County Manager

**COUNTY OF SAN MATEO**  
**Public Officials**  
June 30, 2010

**ELECTED OFFICIALS**

---

Board of Supervisors:

President	Richard Gordon
Vice-president	Carole Groom
Supervisor	Mark Church
Supervisor	Rose Jacobs Gibson
Supervisor	Adrienne Tissier
Assessor-County Clerk-Recorder	Warren Slocum
Controller	Tom Huening
Coroner	Robert Foucrault
District Attorney/Public Administrator	Jim Fox
Sheriff/Office of Emergency Services	Greg Munks
Treasurer-Tax Collector	Lee Buffington

**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	Michael Murphy
Child Support Services	Iliana Rodriguez
Department of Housing	Duane Bay
Department of Public Works	Jim Porter
Health System	Jean Fraser
Human Resources	Donna Vaillancourt
Human Services Agency	Beverly Beasley Johnson
Information Services Department	Chris Flatmoe
Parks Department	David Holland
Planning and Building Department	Jim Eggemeyer

**AFFILIATED ORGANIZATIONS**

---

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**

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

### INDEPENDENT AUDITOR'S REPORT

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, 2010, 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 18%, 22%, and 27% of the assets, net assets and revenues, respectively, of the business-type activities. SamCERA represents 43% and 48% of assets and net assets, 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 included in 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 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 opinion.

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, 2010, 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.

As discussed in Note 2(n) to the basic financial statement, effective July 1, 2009, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2010, 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 the internal over financial reporting or its 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.

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 listed in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

 Macias Gini & Connell LLP

Certified Public Accountants

Walnut Creek, California  
November 5, 2010



**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, 2010

This section of the County's comprehensive annual financial report provides an overview and analysis of the County's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the transmittal letter located at the front of this report and the County's basic financial statements following this 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 2009-10 by \$1.2 billion (*net assets*). Of this amount, \$595 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors, \$144 million is restricted for specific purpose (*restricted net assets*), and \$435 million is invested in capital assets, net of related debt.

**Fund financial analysis**

Total fund balances for the County's governmental funds amounted to \$436 million as of June 30, 2010, an increase of \$33 million from the prior fiscal year. Approximately \$282 million, or 65%, of this total is available to meet the County's current and future needs.

Available fund balance in the County's chief operating fund, the General Fund, at year-end was \$241 million, or 32% of its total expenditures for the year.

**Capital asset and debt administration**

The County's investment in capital assets increased by \$2 million, or 0.3%, from \$777 million to \$779 million. This balance consisted of \$721 million for the governmental activities and \$58 million for the business-type activities.

The County's total long-term debt decreased by \$15 million, or 4%, from \$394 million to \$379 million. The decrease is primarily due to scheduled retirement of \$12 million 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 a private-sector business. 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 only 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), the Airports, Coyote Point Marina, and Housing Authority.

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

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2010

**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 are provided in the *combining statements* elsewhere in this report.

*The governmental fund financial statements can be found on pages 22-25 of this report.*

**Proprietary funds** are maintained in 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, 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 are provided in the form of *combining statements* elsewhere in this report.

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

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

*The fiduciary fund financial statements can be found on pages 30-31 of this report.*

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2010

Our 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 32-71 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 post employment benefits; and 3) *County's General Fund budgetary comparison schedule* to demonstrate compliance with the County's adopted budget.

*Required supplementary information can be found on pages 72-81 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 82-125 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, 2010. The County's overall financial position has improved by \$40 million, or 4%, in FY 2009-10.

	<b>Net Assets (In Thousands)</b>							
	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2010	2009 *	2010	2009	2010	2009	Amount	Percentage
<b>Assets:</b>								
Current and other assets	\$ 1,016,045	\$ 942,672	\$ 111,017	\$ 112,686	\$ 1,127,062	\$ 1,055,358	\$ 71,704	6.79%
Capital assets	720,950	723,654	58,499	53,322	779,449	776,976	2,473	0.32%
Total assets	<u>1,736,995</u>	<u>1,666,326</u>	<u>169,516</u>	<u>166,008</u>	<u>1,906,511</u>	<u>1,832,334</u>	<u>74,177</u>	4.05%
<b>Liabilities:</b>								
Long-term liabilities	460,012	471,823	14,430	14,336	474,442	486,159	(11,717)	-2.41%
Other liabilities	213,140	172,675	45,458	39,722	258,598	212,397	46,201	21.75%
Total liabilities	<u>673,152</u>	<u>644,498</u>	<u>59,888</u>	<u>54,058</u>	<u>733,040</u>	<u>698,556</u>	<u>34,484</u>	4.94%
<b>Net assets:</b>								
Invested in capital assets, net of related debt	381,801	375,392	53,559	47,946	435,360	423,338	12,022	2.84%
Restricted	143,155	135,240	444	10,263	143,599	145,503	(1,904)	-1.31%
Unrestricted	538,887	511,196	55,625	53,741	594,512	564,937	29,575	5.24%
Total net assets	<u>\$ 1,063,843</u>	<u>\$ 1,021,828</u>	<u>\$ 109,628</u>	<u>\$ 111,950</u>	<u>\$ 1,173,471</u>	<u>\$ 1,133,778</u>	<u>\$ 39,693</u>	3.50%

\* The governmental activities net assets as of June 30, 2009, were restated in the amount of \$7.9 million to reflect changes resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 53 – *Accounting and Financial Reporting for Derivative Instruments*.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2010

**Assets.** The County's total assets increased by \$74 million, or 4%. Significant changes are caused by the following:

*Governmental activities.* Total assets for the governmental activities increased by \$71 million, or 4%. The increase was primarily due to the following:

- \$48 million increase in cash and investments. Cash and investments related to governmental activities increased to \$523 million as of June 30, 2010, from \$475 million as of June 30, 2009.
  - \$18 million increase from unused 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. Amounts in excess of the mandated level are refunded to the local taxing agencies. The County General Fund received \$88 million from excess ERAF in FY2009-10. About \$70 million was used to fill the County's structural deficit.
  - \$9 million repayment of loans from the Medical Center. In FY2008-09, the General Fund remitted \$9 million to the California Department of Health Services as intergovernmental transfer payments on behalf of the Medical Center. This "short-term" loan was settled in FY2009-10.
  - The remaining increase included appreciation on investment of \$3 million and multiple insignificant items.
- \$44 million increase in securities lending collateral assets. The County Treasurer utilizes securities lending transactions as an investment vehicle to optimize the investment pool earnings. The underlying securities loaned to the counterparty increased to \$395 million from \$175 million last year, resulting in a \$44 million increase in securities lending collateral.
- \$12 million decrease in receivables mainly from interest and other receivables. The County's policy is to accrue interest for the 4<sup>th</sup> quarter as the receipt usually comes in a month later. Quarterly interest from the investment pool is based on the participant's average daily cash balance. Although the average daily cash balance for the same period went up by \$57 million, accrued interest for the 4<sup>th</sup> quarter was \$4 million less than last fiscal year due to the change in investment composition. The yield for the 4<sup>th</sup> quarter dropped to 1.06% for FY2009-10 compared to the 2.28% for FY2008-09. Other receivables decreased by \$6 million due to payment collections, payment deferrals, and timing difference between claims and collections.
- The remaining \$9 million decrease came from a \$4 million decrease in "interfund balances" (the net interfund receivables and payables that take place between governmental and business-type activities) due to collection of payments and \$5 million decrease in other insignificant transactions.

*Business-type activities.* Total assets for the business-type activities increased by \$4 million, or 2%. Key factors for the increase are as follows:

- The Medical Center's total assets decreased by \$1 million due to a combination of results as follows:
  - \$22.8 million decrease in receivables resulted from collections of outstanding receivables, which included \$12.1 million receipts from other government agencies and \$10.7 million from patient accounts.
  - \$19.1 million increase in other assets including \$7.6 million in cash mainly from County subsidies and grants; \$6.9 million in prepayments to the San Mateo Access and Care for Everyone program (a County-sponsored program that provides healthcare coverage to eligible low-income adult residents of the County); \$2.8 million in capital assets for the Ambulatory Electronic Medical Records software; and \$1.8 million in securities lending assets resulted from its cash balance at year-end.
  - \$3.1 million increase in "internal balances" resulted from a \$5.8 million decrease in "due from other funds" and \$8.9 million decrease in "due to other funds".

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2010

- The Housing Authority's total assets increased by \$1 million. The increase represented the net of a \$1.5 million increase in securities lending collateral assets and a \$0.6 million decrease in cash due to deferred payments from the Department of Housing and Urban Development (HUD). HUD provides the Housing Authority operating subsidies and capital grants to operate assisted housing programs for low-income residents.
- The Airports' total assets increased by \$3 million. In FY2008-09, the Airports received \$2 million in Federal and State awards to rehabilitate airport infrastructure, improve security, and enhance safety at the two County-owned Airports. These projects, together with others, accounted for the \$3 million increase in Airports' capital assets.

**Liabilities.** The County's total liabilities increased by \$34 million, or 5%. Significant changes are as follows:

*Governmental activities.* Total liabilities for the governmental activities increased by \$29 million, or 4%.

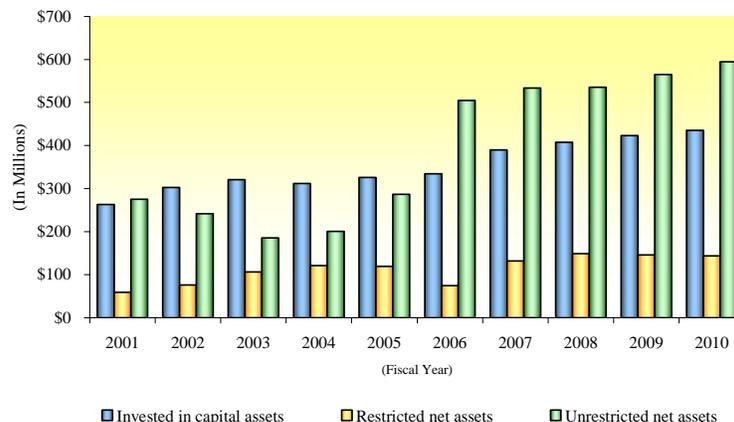
- \$44 million increase in securities lending collateral liabilities. The underlying securities loaned to the counterparty decreased to \$395 million from \$175 million last year, causing a \$44 million increase in securities lending collateral.
- \$14 million decrease in long-term debt mainly from scheduled retirement of outstanding lease revenue bonds and certificates of participation in the amount of \$12 million.

*Business-type Activities.* Total liabilities for the business-type activities increased by \$6 million, or 11%. The increase is primarily due to a combination of results as follows:

- The Medical Center's total liabilities increased by \$4.7 million. The increase primarily included a \$1.8 million increase in securities lending liability resulted from higher cash balance, \$1.0 million in deferred income related to grants, and \$0.8 million in accounts payable due to timing difference in payments.
- The Housing Authority's total liabilities increased by \$1.4 million. The increase occurred primarily in securities lending collateral liabilities, which increased to \$3.0 million at June 30, 2010, from \$1.5 million at June 30, 2009.

**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. Approximately 37% of the County's net assets represents its *investment in capital assets* (e.g., land, buildings and equipment); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, 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. Another 12% is *restricted net assets* that are subject to external restrictions on how they may be used. The remaining 51% is *unrestricted net assets* that may be used to meet the County's ongoing obligations to citizens and creditors.

**Net Assets**



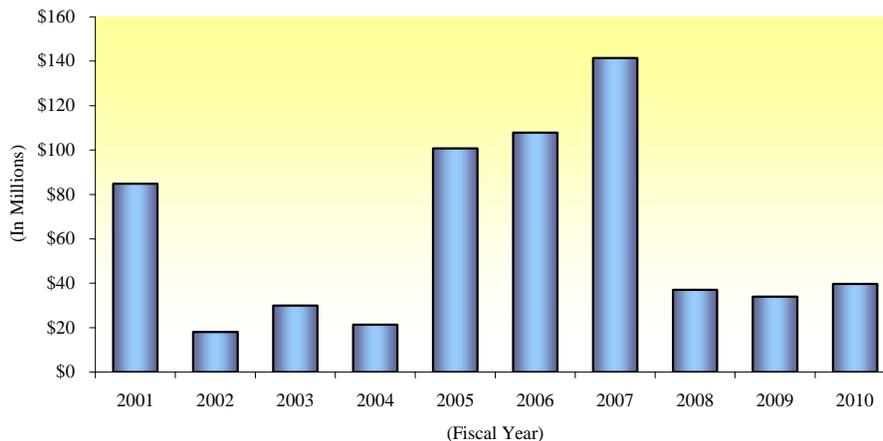
**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2010

As indicated earlier, the County's overall financial position has improved in FY 2009-10 by \$40 million, or 4%, with \$42 million increase from governmental activities and \$2 million decrease from business-type activities. Reclassifications were made to the FY2008-09'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)	
	2010	2009	2010	2009	2010	2009	Amount	Percentage
<b>Revenues:</b>								
Program revenues:								
Charges for services	\$ 142,421	\$ 153,566	\$ 137,045	\$ 131,629	\$ 279,466	\$ 285,195	\$ (5,729)	-2.01%
Operating grants and contributions	379,714	385,104	96,936	107,735	476,650	492,839	(16,189)	-3.28%
Capital grants and contributions	-	-	4,579	4,805	4,579	4,805	(226)	-4.70%
General revenues:								
Property taxes	377,141	374,537	-	-	377,141	374,537	2,604	0.70%
Other taxes	21,623	23,905	-	-	21,623	23,905	(2,282)	-9.55%
Unrestricted interest and investment earnings	11,916	(641)	235	(524)	12,151	(1,165)	13,316	1143.00%
Security lending activities:								
Securities lending income	47	375	3	26	50	401	(351)	-87.53%
Securities lending expenses	(38)	(291)	(2)	(21)	(40)	(312)	272	87.18%
Miscellaneous	22,599	25,564	2,685	3,149	25,284	28,713	(3,429)	-11.94%
Total revenues	955,423	962,119	241,481	246,799	1,196,904	1,208,918	(12,014)	-0.99%
<b>Expenses:</b>								
Program expenses:								
General government	78,442	84,171	-	-	78,442	84,171	(5,729)	-6.81%
Public protection	298,061	297,357	-	-	298,061	297,357	704	0.24%
Public ways and facilities	18,451	27,453	-	-	18,451	27,453	(9,002)	-32.79%
Health and sanitation	242,112	241,519	-	-	242,112	241,519	593	0.25%
Public assistance	189,637	195,507	-	-	189,637	195,507	(5,870)	-3.00%
Recreation	9,341	8,704	-	-	9,341	8,704	637	7.32%
Interest on long-term liabilities	18,696	19,677	-	-	18,696	19,677	(981)	-4.99%
San Mateo Medical Center	-	-	232,530	225,876	232,530	225,876	6,654	2.95%
Airports	-	-	2,879	2,427	2,879	2,427	452	18.62%
Coyote Point Marina	-	-	1,143	1,271	1,143	1,271	(128)	-10.07%
Housing Authority	-	-	65,919	63,029	65,919	63,029	2,890	4.59%
Total expenses	854,740	874,388	302,471	292,603	1,157,211	1,166,991	(9,780)	-0.84%
Excess (deficiency) before special item and transfers								
	100,683	87,731	(60,990)	(45,804)	39,693	41,927	(2,234)	-5.33%
Special item	-	(8,139)	-	-	-	(8,139)	8,139	100.00%
Transfers	(58,668)	(71,397)	58,668	71,397	-	-	-	---
<b>Change in net assets</b>	42,015	8,195	(2,322)	25,593	39,693	33,788	5,905	17.48%
Net assets - beginning (restated)	1,021,828	1,013,633	111,950	86,357	1,133,778	1,099,990	33,788	3.07%
Net assets - ending	\$ 1,063,843	\$ 1,021,828	\$ 109,628	\$ 111,950	\$ 1,173,471	\$ 1,133,778	\$ 39,693	3.50%

**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, 2010

**Governmental activities.** Net assets for the governmental activities increased by \$42 million, representing about 4% of the overall increase in the County's net assets.

**Revenues for governmental activities.** Significant changes are as follows:

*Charges for services* decreased by \$11 million, or 7%, primarily due to the following:

- \$2.9 million for work performed by the Road Fund. The Department of Public Works was contracted to conduct a landslide repair project at the La Honda Scenic Site. The charges for services provided were about \$2.2 million less than last fiscal year because the majority of work was completed in FY2008-09. The remaining decrease of \$0.7 million was caused by multiple insignificant transactions.
- \$6.9 million from non-recurring transactions in FY2008-09, including \$3.5 million in work performed on a system migration project; \$2.2 million reimbursement from the State for the countywide election costs; and \$1.2 million of attorney fee awarded to the County Counsel in July 2008, for settling a personal jury lawsuit on behalf of a disabled conservatee.

*Operating grants and contributions* decreased by \$5 million, or 1%. Key factors for the decrease are as follows:

- \$3.3 million in Federal and State realignment revenues for child welfare services. Due to the sluggish economy, revenues from sales tax and vehicle license fee dropped resulting in lower allocations to the County. During FY 1991-92, in face of a budget deficit, the State expanded the concept of "realignment" to reduce costs by shifting the funding responsibility from the State to counties for health, mental health, and various social services programs. Under realignment, the County share of the cost of most of the realigned programs was increased and funded by new revenue sources. The new revenues allocated to counties to fund the realigned programs were a one-half percent sales tax and an increase in the vehicle license fee.
- \$1.3 million in State funding for mental managed care system due to reduced allocation for non-patient services. Since 1995, the County's Behavior Health Services division has contracted with the State Department of Mental Health, under a federal waiver, to implement a mental managed care system for Medi-Cal eligible beneficiaries.

*Other taxes* decreased by \$2 million, or 10%. Other taxes include sales and use taxes, property tax-in-lieu of sales taxes, transient occupancy taxes, aircraft taxes, and other taxes. Sales and use taxes went down by \$1.9 million, or 13%, due to the stagnant sales activity throughout the County. The remaining decrease came primarily from the Property tax-in-lieu of sales tax. This special type of tax was created in FY2004-05 under the State law called Triple Flip. This law requires that 0.25% of sales tax be dedicated for repayment of the State Economic Recovery Bonds and a portion of sales tax replaced dollar-for-dollar with property tax.

*Unrestricted interest and investment earnings* increased by \$13 million, or 1,959%. The absence of the "one-time" sizable loss in FY2008-09 and an appreciation on the investments in FY2009-10 were the key factors for the increase. In FY2008-09, the County experienced an unprecedented investment loss. After the bankruptcy of the Lehman Brothers Holdings Incorporation (Lehman) in September 2008, the County Treasurer decided to markdown the value of Lehman securities to zero from \$155 million. About \$20 million of the loss was allocated to funds engaging in governmental activities. In addition, the unsettled economy from the financial meltdown severely impacted investment returns. The fair value of the investment pool portfolio was \$8 million below its cost as of June 30, 2009. As the investment market became less volatile in FY2009-10, the fair value of the investment pool portfolio rebounded and exceeded its cost by \$9 million as of June 30, 2010. Out of this \$9 million, \$3 million was allocated to the funds engaging in governmental activities.

**Expenses for governmental activities.** Significant changes are caused by the following:

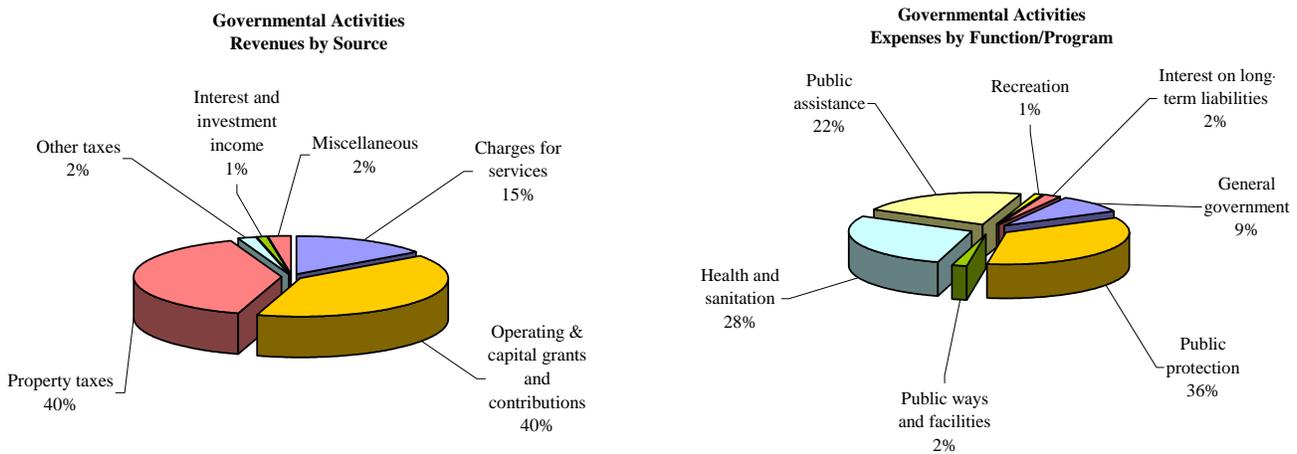
*Public ways and facilities* decreased by \$9 million, or 33%. Due to the uncertainty in State funding, the management reduced a significant number of road maintenance and improvement projects in the Road Fund. The overall reduction in spending amounted to \$8.2 million.

**COUNTY OF SAN MATEO**  
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*Public assistance* decreased by \$6 million, or 3%. The decrease included \$1.0 million in child development programs due to reduced State funding and \$5.1 million in community development. In FY2008-09, the County partnered with BRIDGE Housing and the Town of Colma to develop affordable housing at Trestle Glen, Colma. About \$1.8 million was drawn from the County's Home Investment Fund to fund the development. In FY2009-10, a significant slowdown in the development of affordable housing resulted in additional \$3.3 million decrease in the County's affordable housing development program.

*Transfers out* decreased by \$13 million, or 18%. 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 fulfill this obligation, the County General Fund contributed \$67 million to the Medical Center in FY2009-10 for mandated healthcare services to the indigent. The amount contributed was \$15 million less than FY2008-09 due to increased collection effort in the Medical Center.

For the fiscal year ended June 30, 2010, revenues and expenses for the governmental activities are as follows:



**Business-type activities.** Net assets for the business-type activities decreased by \$2 million. Changes are as follows:

**Medical Center.** The Medical Center's net assets decreased by \$5.2 million. The Medical Center realized a \$69 million loss from operation for the cost of providing healthcare services significantly overran the charges for services rendered. With County subsidies of \$67 million, the Medical Center is able to serve the uninsured and the indigent.

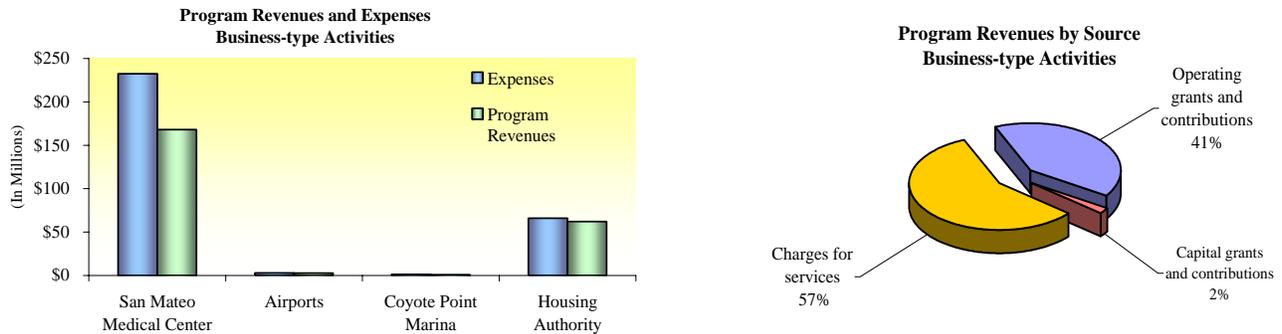
- Total operating revenues reported were \$164 million, a \$2.5 million lower than last fiscal year. The decrease was primarily due to a \$5.1 million decrease in charges for services that are directly related to the payor mix and patient volume. The decline in patient volume and increase in write-offs caused patient revenues to decrease.
- Total operating expenses was \$232 million, a \$7.4 million higher than last fiscal year. The increase was mainly caused by a \$3.2 million increase in retiree benefits and pension costs, and a \$3.0 million increase in purchased services from out-of-network providers.

**Housing Authority.** The Housing Authority's net assets decreased by \$0.6 million. The decrease was mainly caused by a \$1 million increase in housing assistance payments to maintain the voucher utilization rate at 98% under the Housing Choice Voucher program. This program issues vouchers for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary 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.

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**Airports.** Total net assets of the Airports increased by \$2.8 million. The Airports' operation was almost at break-even. The increase came mainly from federal grants provided by the Federal Aviation Administration. These grants were provided for capital improvement projects at the two County-owned airports: \$1.2 million was for the San Carlos Airport and \$1.6 million for the Half Moon Bay Airport.

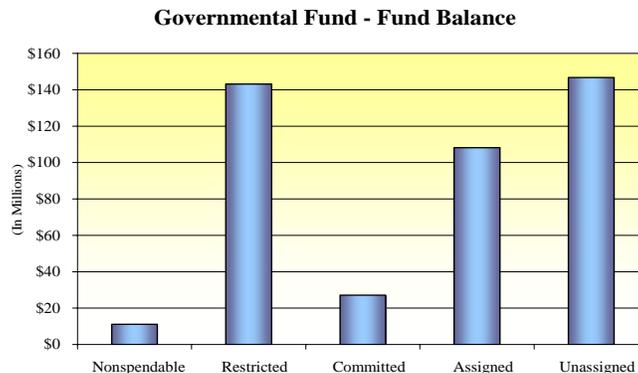
For the fiscal year ended June 30, 2010, revenues and expenses for the business-type activities are distributed as follows:



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

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

As of June 30, 2010, the County's governmental funds reported combined ending fund balances of \$436 million at year-end, an increase of \$33 million, or 8%, compared to the prior fiscal year. Approximately 65% of this total amount, or \$282 million, constitutes fund balance that is available to meet the County's current and future needs. The remainder of the fund balance totaling \$154 million is either nonspendable or restricted for specific spending; including \$11 million "not in spendable form" for items that are not expected to be converted to cash such as inventories and long-term loans, and \$143 million restricted for programs at various levels.



The *General Fund* is the primary operating fund of the County. As of June 30, 2010, available fund balance was \$241 million while total fund balance reached \$286 million. As a measure of liquidity, both available fund balance and total fund balance can be compared to total fund expenditures. Available fund balance represents 32% of total fund expenditures, while total fund balance represents 37% of the same amount. The fund balance of the County's General Fund has increased by \$28 million, or 11%, during FY2009-10.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
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For the fiscal years ended June 30, 2010 and 2009, revenues for the General Fund are distributed as follows:

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

Revenues by Source	FY 2010		FY 2009		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 386,649	43.58%	\$ 376,626	43.12%	\$ 10,023	2.66%
Licenses and permits	5,251	0.59%	5,372	0.62%	(121)	-2.25%
Intergovernmental	359,024	40.46%	358,477	41.04%	547	0.15%
Charges for services	90,395	10.19%	95,711	10.96%	(5,316)	-5.55%
Fines, forfeitures, and penalties	10,712	1.21%	9,011	1.03%	1,701	18.88%
Rents and concessions	1,090	0.12%	1,264	0.14%	(174)	-13.77%
Investment income	7,657	0.86%	1,324	0.15%	6,333	478.32%
Securities lending income, net	7	0.00%	54	0.01%	(47)	-87.04%
Other	26,530	2.99%	25,603	2.93%	927	3.62%
<b>Total</b>	<b>\$ 887,315</b>	<b>100.00%</b>	<b>\$ 873,442</b>	<b>100.00%</b>	<b>\$ 13,873</b>	<b>1.59%</b>

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

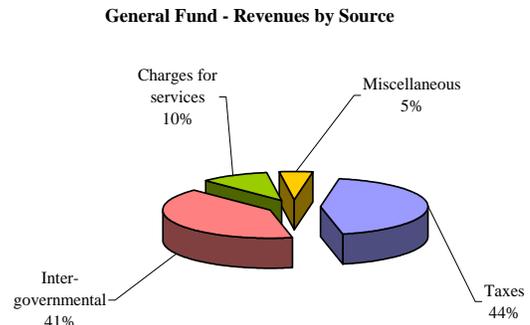
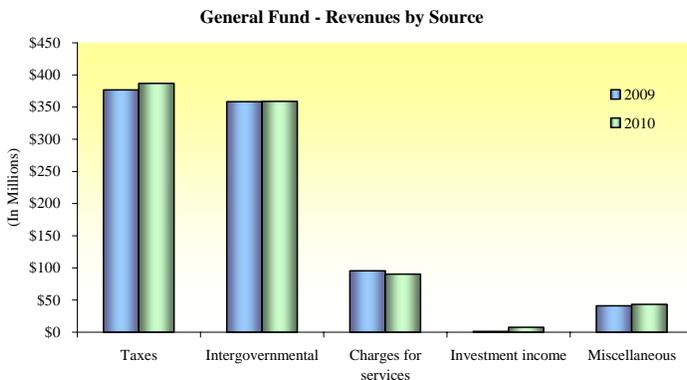
*Taxes* increased by \$10 million, or 3%. Under the California law, local taxing agencies are required to shift a portion of their property tax revenues to ERAF for public education. Amounts in excess of the mandated level are refunded to the local taxing agencies. The County General Fund's share of the excess ERAF was \$87.8 million for FY2009-10, which was about \$10 million higher than last fiscal year.

*Charges for services* decreased by \$5 million, or 6%. Two prior non-recurring events accounted for most of the decrease. In FY2008-09, the County received a \$2.2 million reimbursement from the State for the countywide election costs. On July 24, 2008, County Counsel settled a personal jury lawsuit on behalf of a disabled conservatee and received a one-time attorney fee of \$1.2 million.

*Fines, forfeitures, and penalties* increased by \$2 million, or 19%. Key factors for this increase are as follows:

- \$1.0 million from unclaimed monies. Under California law, unclaimed warrants for three years (except as otherwise provided by law) will become the County's property after a proper public notice is published.
- \$0.3 million from traffic fines. Between FY2008-09 and FY2009-10, photo red lights were installed at Menlo Park, Redwood City, and San Carlos to detect traffic violations. These devices increased the number of citations and traffic fines.

*Investment income* increased by \$6 million, or 478%. See explanations on page 9.



**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
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For the fiscal years ended June 30, 2010 and 2009, expenditures for the General Fund are distributed as follows:

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

Expenditures by Function	FY 2010		FY 2009		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 69,368	9.08%	\$ 70,749	9.10%	\$ (1,381)	-1.95%
Public protection	283,939	37.17%	281,796	36.26%	2,143	0.76%
Health and sanitation	209,946	27.48%	207,640	26.72%	2,306	1.11%
Public assistance	190,352	24.92%	206,098	26.52%	(15,746)	-7.64%
Recreation	8,727	1.14%	8,638	1.11%	89	1.03%
Capital outlay	1,643	0.22%	2,214	0.28%	(571)	-25.79%
Debt service - principal retirement	-	0.00%	15	0.00%	(15)	-100.00%
<b>Total</b>	<b>\$ 763,975</b>	<b>100.00%</b>	<b>\$ 777,150</b>	<b>100.00%</b>	<b>\$ (13,175)</b>	<b>-1.70%</b>

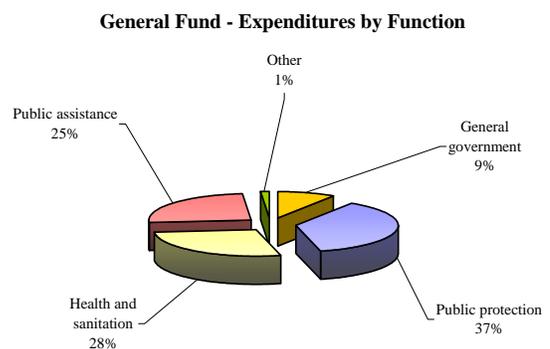
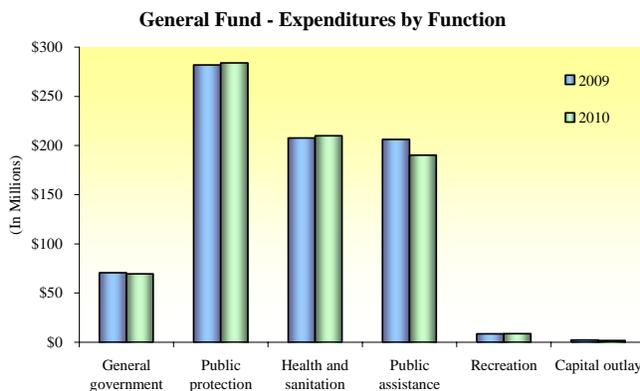
**General Fund Expenditures.** Significant changes in expenditures are as follows:

*Public protection* increased by \$2 million, or 1%. The Probation department incurred a \$1.4 million increase in salaries and benefits, which included cost of living adjustment, merit increases, retiree health benefits, and use of extra-help employees to cover officers on mandatory training.

*Health and sanitation* increased by \$2 million, or 1%. The increase was primarily due to new contractual payments to the Emergency Medical Services Joint Powers Authority for ambulance services.

*Public assistance* decreased by \$16 million, or 8%. Key factor for the decrease are caused by:

- \$5.7 million in social services resulted from reduced allocations from State funding.
- \$2.8 million in social services due to reduced allocations from realignment revenues.
- \$5.1 million in community development for affordable housing. In FY2008-09, the County partnered with BRIDGE Housing and the Town of Colma to develop affordable housing at Trestle Glen, Colma. About \$1.8 million was drawn from the County's Home Investment Fund to fund the development. In FY2009-10, a significant slowdown in the development of affordable housing resulted in additional \$3.3 million decrease in the County's affordable housing development program.
- \$1.0 million in child development programs due to reduced State funding.



**COUNTY OF SAN MATEO**  
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**Joint Powers Financing Authority** is a major governmental fund. Overall, the JPFA realized a \$5.9 million decrease in fund balance after using \$4.4 million to supplement funds available for the 2009 bond refunding. On December 10, 2009, the JPFA issued the 2009 Lease Revenue Bonds in an aggregate of \$115.5 million. The bond proceeds were used to refund, together with other available moneys, a portion of the outstanding 1997 Lease Revenue Bonds totaling \$33.6 million and a portion of the outstanding 1999 Lease Revenue Bonds totaling \$92.2 million, and to pay for the costs of issuance of the 2009 Bonds and other costs. The refunding in effect reduced the JPFA's aggregate debt service payments by \$12.6 million over the next 23 years.

**Nonmajor governmental funds** include all special revenue funds, the debt service fund, and all capital projects funds. These funds realized an \$11 million net increase in fund balance, which resulted from the following significant events:

*Special revenue funds.* Total fund balances in the special revenue funds increased by \$11 million. Fund balance in the Road Fund increased by \$11 million. The increase resulted from a \$3 million increase in State funding, mainly from California Proposition 1B for road improvements and \$8 million reduction in road maintenance and improvement outlays. On November 7, 2006, California voters approved Proposition 1B to use bond proceeds to fund state and local transportation improvement projects. The proposition aimed at improving safety conditions of roads and bridges, as well as improving air quality and port security. Due to the uncertainty in State funding, management reduced the number of projects undertaken in FY2009-10.

*Debt service fund.* Fund balance in this fund increased by \$0.1 million. Improved return from investment was the significant factor for this increase.

*Capital projects funds.* Fund balances in the Capital Projects Funds decreased by \$0.3 million, mainly caused by a slight increase in capital outlays.

**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 County's business-type activities section. Nonmajor enterprise funds show a \$3 million increase in net assets, mainly caused by the following:

- *Airports.* Total net assets of the Airports increased by \$3 million. See explanations on page 11.
- *Coyote Point Marina.* Total net assets of the Coyote Point Marina decreased by \$0.08 million. The decrease was mainly due to a \$0.05 million loss in operation and \$0.03 million in interest expense.

*Internal service funds.* Total net assets of internal service funds increased by \$1.5 million. The increase is essentially a combination of the following increases and decreases:

- *Personal Injury and Property Damage.* Total net assets in the Personal Injury and Property Damage Fund increased by \$2.5 million. The increase was essentially due to higher chargeback collections from participating funds.
- *Employee Benefits.* Total net assets in the Employee Benefits Fund increased by \$0.9 million. This fund collects premiums from participating departments based on projected expenses for employee benefits. The overall premium exceeded the actual expenses by \$0.7 million. The remaining increase of \$0.2 million came from investment returns as the economy struggles to revive from the meltdown.
- *Workers' Compensation Insurance.* Total net assets in the Workers' Compensation Insurance Fund decreased by \$0.8 million. This fund experienced a \$1.2 million loss in operations. Premiums collected from departments were insufficient to cover the normal operating expenses. To close this gap, the County continues to phase in rate increases, participate in workers' compensation reform efforts, manage claims actively, and work with departments to prevent future claims. The loss was partially offset by the investment income of \$0.4 million.

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- *Long-Term Disability.* Total net assets in the Long-Term Disability Fund decreased by \$0.7 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. Although the claims for long-term disability went down significantly by 55%, the premiums collected was insufficient to cover the outlays and resulted in an operating loss of \$0.7 million.

Changes in net assets for the remaining internal service funds, including Fleet Maintenance and Tower Road Construction are considered immaterial.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund's final budget exceeded its original budget by \$4 million, or 0.3 %, for the fiscal year ended June 30, 2010. Supplemental appropriations were sponsored through unanticipated revenues. In most cases, unanticipated revenues were appropriated within the receiving budget units to complement operating outlays.

*Unanticipated revenues* – The County recognized a total of \$4.7 million in unanticipated revenues during FY 2009-10. About \$3 million came through federal and State grants: \$0.3 million from the U.S. Department of Justice for forensic science improvement and crime control activity; \$2.0 million from the California Department of Public Health for public emergency preparedness programs, H1N1 response and increased caseload; \$0.4 million from the State for public safety communication enhancement; and \$0.3 million from the State Department of Aging for increased caseload. The remaining \$1.7 million included \$1 million from unclaimed monies and \$0.7 from various sources.

Actual General Fund revenues exceeded the total budget estimates by \$5 million, or 0.6%. Although the General Fund realized \$78 million unanticipated revenues in taxes primarily from the excess ERAF, this amount was almost entirely offset by unanticipated budget deficits in other sources of funds. The major budget shortfall occurred in intergovernmental revenues, which were \$47 million below the budgeted amount due to payment deferrals and diminished allocations from the State. Investment income was \$2 million below the budgeted amount due to lower investment return. Interfund revenues were \$14 million and charges for services were \$7 million less than budgeted because of diminished demand for services. The remaining \$3 million decline resulted from decreases in other revenue sources.

Actual General Fund expenditures fell below the total budget estimates by \$310 million, or 25%. The savings were achieved by an array of continuous effort to erase the County's structural budget deficit:

- \$196 million set aside in appropriations for contingencies due to cognizant long-term financial planning.
- \$91 million savings in services, supplies and other charges, primarily resulted from delayed projects, lower administrative and contract costs, lower cost reimbursements, and reduced spending.
- \$35 million savings in salaries and benefits primarily from eliminating vacant positions and hiring freeze across all functions.
- \$10 million savings in other financing uses due to unused capital project expenditures.
- \$3 million savings in capital outlays.

The aggregated savings of \$335 million discussed earlier were reduced by a \$25 million decline in unrealized intrafund transfers.

**COUNTY OF SAN MATEO**  
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**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, 2010, the County's investment in capital assets increased by \$2 million, or 0.3%, to \$779 million from \$777 million. About \$1.6 million, or 80%, of the increase was caused by the construction of remaining projects at the County's Youth Services Center.

	<b>Capital Assets (In Thousands)</b>							
	Governmental Activities		Business-type Activities		Total Net of Accumulated Depreciation		Increase/(Decrease)	
	2010	2009	2010	2009	2010	2009	Amount	Percentage
Land and easements	\$ 64,664	\$ 64,630	\$ 10,147	\$ 10,147	\$ 74,811	\$ 74,777	\$ 34	0.05%
Infrastructure	131,806	132,707	-	-	131,806	132,707	(901)	-0.68%
Construction in progress	37,100	28,398	6,911	10,454	44,011	38,852	5,159	13.28%
Structures & improvements	468,292	474,433	31,273	24,743	499,565	499,176	389	0.08%
Equipment	18,692	22,699	5,411	5,206	24,103	27,905	(3,802)	-13.62%
Software	396	787	4,757	2,772	5,153	3,559	1,594	44.79%
<b>Total</b>	<b>\$ 720,950</b>	<b>\$ 723,654</b>	<b>\$ 58,499</b>	<b>\$ 53,322</b>	<b>\$ 779,449</b>	<b>\$ 776,976</b>	<b>\$ 2,473</b>	<b>0.32%</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.

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 by area average for the primary roads and 56 for the secondary roads. For the fiscal year ended June 30, 2010, the actual maintenance and preservation costs were \$50 less than the estimated amount. The variance was primarily caused by the County's conservative approach on spending in face of the State's funding uncertainties and payment deferrals.

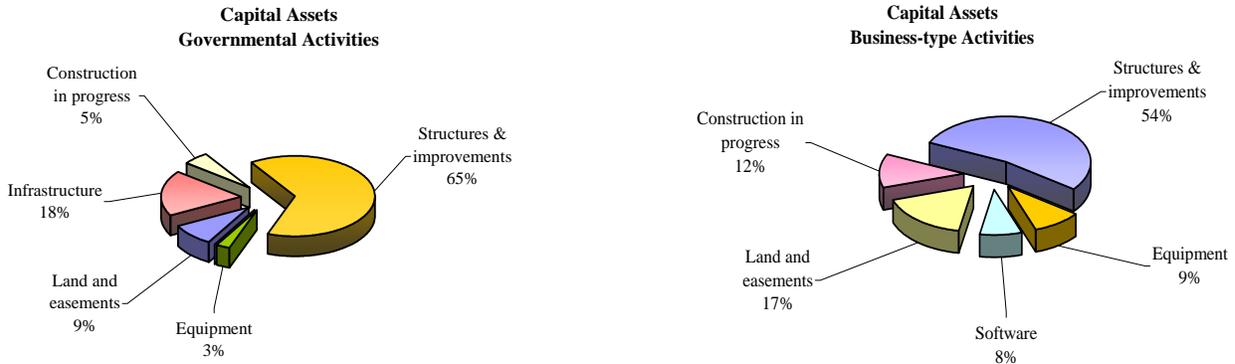
**Road Condition Assessment**

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

In November 2003, the JPFA issued lease revenue bonds to construct a new 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 2009. The remaining capital construction includes: (a) the completion of the group home and (b) the removal and grading of the berm and one group home. The demolition of the old facility will be completed in November 2010. The completion of the berm and the group home is yet to be determined. As of June 30, 2010, the outstanding commitment to complete these projects is approximately \$5 million.

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The County's capital assets are distributed as follows:



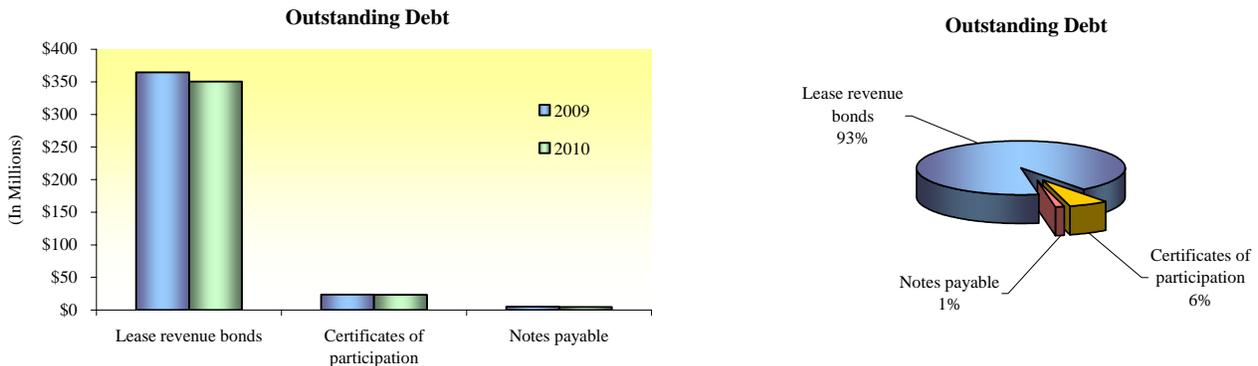
Additional information on the County's capital assets can be found in Note 8 on pages 53-54 of this report.

**Long-term debt.** The County's total outstanding debt was \$379 million as of June 30, 2010. This amount is mainly comprised of \$350 million in lease revenue bonds, \$24 million in certificates of participation, and \$5 million in notes payable. The County's total debt has decreased by \$15 million, or 4%, primarily due to scheduled retirement of \$12 million outstanding debts. 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 2009-10 was \$68 million. The amount applicable to the debt service limit was \$29 million, which was \$39 million, or 57%, less than authorized.

	<b>Outstanding Debt (In Thousands)</b>							
	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2010	2009 *	2010	2009	2010	2009	Amount	Percentage
Lease revenue bonds (including accreted interest)	\$ 350,322	\$ 364,423	\$ -	\$ -	\$ 350,322	\$ 364,423	\$ (14,101)	-3.87%
Certificates of participation	23,428	23,760	-	-	23,428	23,760	(332)	-1.40%
Notes payable	173	191	4,595	4,868	4,768	5,059	(291)	-5.75%
Other long-term obligation	89	-	345	508	434	508	(74)	-14.57%
<b>Total</b>	<b>\$ 374,012</b>	<b>\$ 388,374</b>	<b>\$ 4,940</b>	<b>\$ 5,376</b>	<b>\$ 378,952</b>	<b>\$ 393,750</b>	<b>\$ (14,798)</b>	<b>-3.76%</b>

\* The outstanding lease revenue bonds as of June 30, 2009, were restated in the amount of \$7.9 million to reflect changes resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments.

The County's debts are distributed as follows:



Additional information on the County's long-term debt can be found in Note 10 on pages 55-59 of this report.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

In preparing the County's budget for FY 2010-11, the following factors were considered:

- The County continues to face a chronic structural budget deficit that was recognized over three years ago. Although the County implemented measures to curb spending, the structural budget deficit has deepened and is expected to hit \$124 million (the latest revised figure) by FY 2014-15 without expeditious action. To slash the structural deficit, the County is exploring all options to streamline operations, reduce labor costs, and explore new revenue sources.
- The U.S. and local economy remains weak with considerable uncertainty. The unemployment rate in San Mateo County was 9.4% in July 2010, up from a revised 9.2% in June 2010. This compares with an unadjusted unemployment rate of 12.8% for California and 9.7% for the nation during the same period. Among California's 58 counties, San Mateo County tied with Napa County for the third lowest unemployment rate.
- A significant portion of County's sales tax revenues comes from businesses at San Francisco International Airport. In June 2010, the total number of passengers arriving and departing the Airport was up by 4.6% at 38.4 million compared to June 2009 at 36.7 million.
- On September 28, 2010, the Board unanimously approved the County budget of \$1.82 billion with 5,436 positions for FY 2010-11. This budget represents an increase of 3.4%, or \$0.06 billion, when compared to the 1.76 billion with 5,626 positions for FY 2009-10. The total number of positions has been reduced by 190 as a measure to prevent the County's structural budget deficit from escalating.

As of June 30, 2010, available fund balance in the General Fund was \$241 million. The County has appropriated the full amount of available fund balance for spending in the FY 2010-11'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, 2010**  
**(In Thousands)**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 San Mateo County
<b>ASSETS</b>				
Cash and investments	\$ 513,681	\$ 35,574	\$ 549,255	\$ 32,689
Restricted cash and investments	8,949	885	9,834	-
Securities lending collateral	75,369	5,587	80,956	5,010
Receivables (net)	125,686	21,741	147,427	209
Due from other governmental agencies	183,304	20,444	203,748	1,527
Inventories	583	1,303	1,886	-
Other assets	4,426	7,970	12,396	-
Internal balances	5,640	(5,640)	-	-
Net OPEB asset	98,407	23,153	121,560	157
Capital assets:				
Nondepreciable	179,017	17,058	196,075	-
Depreciable, net	541,933	41,441	583,374	-
Total assets	<u>\$ 1,736,995</u>	<u>\$ 169,516</u>	<u>\$ 1,906,511</u>	<u>\$ 39,592</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 31,565	\$ 7,721	\$ 39,286	\$ 3,247
Payable from restricted cash and investments	-	412	412	-
Accrued interest payable	8,651	102	8,753	-
Accrued salaries and benefits	25,155	7,508	32,663	55
Accrued liabilities	2,173	29	2,202	-
Other liabilities	-	103	103	-
Securities lending collateral - due to borrowers	75,369	5,587	80,956	5,010
Due to other governmental agencies	17,961	22,907	40,868	-
Unearned revenues	52,122	1,085	53,207	-
Deposits	144	4	148	-
Long-term liabilities:				
Net OPEB obligation - due beyond one year	-	216	216	-
Lease revenue bonds				
Due within one year	11,571	-	11,571	-
Due beyond one year	338,751	-	338,751	-
Certificates of participation				
Due within one year	352	-	352	-
Due beyond one year	23,076	-	23,076	-
Notes payable				
Due within one year	19	288	307	-
Due beyond one year	154	4,307	4,461	-
Other long-term obligation				
Due within one year	26	-	26	-
Due beyond one year	63	345	408	-
Estimated claims				
Due within one year	10,647	-	10,647	-
Due beyond one year	41,432	700	42,132	-
Compensated absences				
Due within one year	27,372	7,925	35,297	-
Due beyond one year	6,549	649	7,198	69
Total liabilities	<u>673,152</u>	<u>59,888</u>	<u>733,040</u>	<u>8,381</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	381,801	53,559	435,360	-
Restricted for:				
General government	13,152	-	13,152	-
Public protection	15,010	-	15,010	-
Public ways and facilities	27,800	-	27,800	-
Health and sanitation	16,965	-	16,965	-
Public assistance	26,392	-	26,392	-
Capital projects	3,231	-	3,231	-
Debt service	40,605	-	40,605	-
Housing assistance programs	-	444	444	-
Unrestricted	538,887	55,625	594,512	31,211
Total net assets	<u>1,063,843</u>	<u>109,628</u>	<u>1,173,471</u>	<u>31,211</u>
Total liabilities and net assets	<u>\$ 1,736,995</u>	<u>\$ 169,516</u>	<u>\$ 1,906,511</u>	<u>\$ 39,592</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, 2010**  
**(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	\$ 78,442	\$ 32,841	\$ 7,787	\$ -
Public protection	298,061	28,039	85,217	-
Public ways and facilities	18,451	3,318	25,747	-
Health and sanitation	242,112	72,054	114,445	-
Public assistance	189,637	4,115	146,501	-
Recreation	9,341	2,054	17	-
Interest on long-term liabilities	18,696	-	-	-
Total governmental activities	854,740	142,421	379,714	-
Business-type activities:				
San Mateo Medical Center	232,530	131,370	36,700	1,339
Airports	2,879	2,609	-	2,981
Coyote Point Marina	1,143	1,064	-	-
Housing Authority	65,919	2,002	60,236	259
Total business-type activities	302,471	137,045	96,936	4,579
Total primary government	\$ 1,157,211	\$ 279,466	\$ 476,650	\$ 4,579
<b>Component unit:</b>				
First 5 San Mateo County	\$ 9,444	\$ -	\$ 7,624	\$ -

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
- Transfers
  - Total general revenues and transfers
  - Change in net assets

Net assets, beginning of year, as previously reported  
Prior period adjustment, implementation of GASB Statement No. 53  
Net assets, beginning of year, as restated  
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, 2010**  
**(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
			Transfers
			Total general revenues and transfers
			Change in net assets
			Net assets, beginning of year, as previously reported
			Prior period adjustment, implementation of GASB Statement No. 53
			Net assets, beginning of year, as restated
			Net assets, end of year
\$ (37,814)	\$ -	\$ (37,814)	
(184,805)	-	(184,805)	
10,614	-	10,614	
(55,613)	-	(55,613)	
(39,021)	-	(39,021)	
(7,270)	-	(7,270)	
(18,696)	-	(18,696)	
<u>(332,605)</u>	<u>-</u>	<u>(332,605)</u>	
-	(63,121)	(63,121)	
-	2,711	2,711	
-	(79)	(79)	
-	(3,422)	(3,422)	
<u>-</u>	<u>(63,911)</u>	<u>(63,911)</u>	
<u>(332,605)</u>	<u>(63,911)</u>	<u>(396,516)</u>	
			\$ (1,820)
372,312	-	372,312	-
4,829	-	4,829	-
14,579	-	14,579	-
4,372	-	4,372	-
966	-	966	-
1,631	-	1,631	-
75	-	75	-
11,916	235	12,151	545
47	3	50	3
(38)	(2)	(40)	(2)
22,599	2,685	25,284	38
(58,668)	58,668	-	-
<u>374,620</u>	<u>61,589</u>	<u>436,209</u>	<u>584</u>
<u>42,015</u>	<u>(2,322)</u>	<u>39,693</u>	<u>(1,236)</u>
1,013,920	111,950	1,125,870	32,447
7,908	-	7,908	-
<u>1,021,828</u>	<u>111,950</u>	<u>1,133,778</u>	<u>32,447</u>
<u>\$ 1,063,843</u>	<u>\$ 109,628</u>	<u>\$ 1,173,471</u>	<u>\$ 31,211</u>



## **Basic Financial Statements -**

**Fund Financial Statements**

**COUNTY OF SAN MATEO**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**  
**(In Thousands)**

	<u>General Fund</u>	<u>Joint Powers Financing Authority</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 326,193	\$ 31,464	\$ 104,746	\$ 462,403
Restricted cash and investments	-	8,949	-	8,949
Securities lending collateral	49,986	1,469	16,054	67,509
Receivables (net):				
Accounts	17,961	-	60	18,021
Interest	8,407	250	258	8,915
Taxes	13,403	-	864	14,267
Mortgages	61,547	-	-	61,547
Other	22,307	-	90	22,397
Due from other funds	372	-	342	714
Due from other governmental agencies	168,883	-	12,655	181,538
Other assets	13	-	-	13
Inventories	103	-	352	455
Advances to other funds	7,324	-	-	7,324
Total assets	<u>\$ 676,499</u>	<u>\$ 42,132</u>	<u>\$ 135,421</u>	<u>\$ 854,052</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 26,742	\$ 58	\$ 4,096	\$ 30,896
Accrued salaries and benefits	24,433	-	571	25,004
Accrued liabilities	2,045	-	128	2,173
Securities lending collateral - due to borrowers	49,986	1,469	16,054	67,509
Due to other funds	657	-	201	858
Due to other governmental agencies	17,961	-	-	17,961
Advances from other funds	-	-	600	600
Deferred revenues	269,069	-	3,721	272,790
Deposits	-	-	50	50
Total liabilities	<u>390,893</u>	<u>1,527</u>	<u>25,421</u>	<u>417,841</u>
<b>Fund Balances:</b>				
Nonspendable	10,666	-	352	11,018
Restricted	33,466	40,605	69,084	143,155
Committed	1,834	-	25,283	27,117
Assigned	92,881	-	15,281	108,162
Unassigned	146,759	-	-	146,759
Total fund balances	<u>285,606</u>	<u>40,605</u>	<u>110,000</u>	<u>436,211</u>
Total liabilities and fund balances	<u>\$ 676,499</u>	<u>\$ 42,132</u>	<u>\$ 135,421</u>	<u>\$ 854,052</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, 2010**  
**(In Thousands)**

**Fund balances - total governmental funds (page 22)** \$ 436,211

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. 3,196

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 715,071

Net OPEB asset is not financial resource and, therefore, is not reported in the governmental funds. 97,746

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. 220,672

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. 7,326

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. (8,651)

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	\$ (350,322)	
Certificates of participation	(23,428)	
Notes payable	(173)	
Other long-term obligation	(89)	
Compensated absences	(33,716)	
	(407,728)	(407,728)

**Net assets of governmental activities (page 19)** \$ 1,063,843

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, 2010**  
**(In Thousands)**

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
<b>Revenues:</b>				
Taxes	\$ 386,649	\$ -	\$ 14,733	\$ 401,382
Licenses and permits	5,251	-	4,327	9,578
Intergovernmental	359,024	-	33,279	392,303
Charges for services	90,395	-	17,071	107,466
Fines, forfeitures and penalties	10,712	-	2,340	13,052
Rents and concessions	1,090	-	91	1,181
Investment income	7,657	491	1,559	9,707
Securities lending activities:				
Securities lending income	31	2	7	40
Securities lending expenditures	(24)	(2)	(6)	(32)
Other	26,530	-	1,855	28,385
Total revenues	<u>887,315</u>	<u>491</u>	<u>75,256</u>	<u>963,062</u>
<b>Expenditures:</b>				
Current:				
General government	69,368	117	4,195	73,680
Public protection	283,939	-	6,992	290,931
Public ways and facilities	-	-	18,171	18,171
Health and sanitation	209,946	-	28,626	238,572
Public assistance	190,352	-	-	190,352
Recreation	8,727	-	-	8,727
Capital outlay	1,643	1,601	12,517	15,761
Debt service:				
Principal	-	11,985	18	12,003
Interest	-	16,143	2	16,145
Current refunding escrow	-	4,454	-	4,454
Bond issuance costs	-	1,094	-	1,094
Total expenditures	<u>763,975</u>	<u>35,394</u>	<u>70,521</u>	<u>869,890</u>
Excess (deficiency) of revenues over (under) expenditures	<u>123,340</u>	<u>(34,903)</u>	<u>4,735</u>	<u>93,172</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	2	-	-	2
Issuance of refunding bonds	-	115,505	-	115,505
Bond premium	-	8,438	-	8,438
Payment to refunded bonds escrow agent	-	(124,860)	-	(124,860)
Transfers in	292	29,921	42,400	72,613
Transfers out	(95,503)	-	(36,027)	(131,530)
Total other financing sources (uses)	<u>(95,209)</u>	<u>29,004</u>	<u>6,373</u>	<u>(59,832)</u>
<b>Net change in fund balances</b>	<b>28,131</b>	<b>(5,899)</b>	<b>11,108</b>	<b>33,340</b>
Fund balances - beginning	<u>257,475</u>	<u>46,504</u>	<u>98,892</u>	<u>402,871</u>
Fund balances - end	<u>\$ 285,606</u>	<u>\$ 40,605</u>	<u>\$ 110,000</u>	<u>\$ 436,211</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, 2010**  
**(In Thousands)**

<b>Net change in fund balances - total governmental funds (page 24)</b>		\$ 33,340
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	\$ 15,761	
The net effect of various miscellaneous transactions involving capital assets such as sales, retirements, trade-ins, and donations	(671)	
Less current year depreciation	<u>(17,333)</u>	(2,243)
Issuance of refunding lease revenue bonds provides current financial resources to the governmental funds, but the bonds are reported as long-term liabilities in the government-wide financial statements.		(115,505)
Bond premiums are other financing sources in the governmental funds but deferred and amortized over the life of the bonds in the statement of activities.		(8,438)
Bond issuance costs are expenditures in the governmental funds but deferred and amortized over the life of the bonds in the statement of activities.		1,094
Loss on early retirement of bonds are expenditures in the governmental funds but deferred and amortized over the life of the bonds in the statement of activities.		1,089
Collections from prior year deferrals are recognized as revenues in the governmental funds but are not revenues in the statement of activities.		(6,989)
Repayment of long-term liabilities are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal repayments:		
Refunding of a portion of 1997 and 1999 lease revenue bonds	125,725	
Lease revenue bonds	11,655	
Certificates of participation	330	
Notes payable	18	
Other long-term obligation	<u>3</u>	137,731
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	(121)	
Amortization of bond discount	(5)	
Amortization of bond premium	332	
Amortization of deferred loss on refunding	(444)	
Change in accrued interest payable	610	
Accretion of capital appreciation bonds	(306)	
Change in net OPEB asset	1,426	
Change in compensated absences	<u>(324)</u>	1,168
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expenses of certain activities of the internal service funds are reported with governmental activities.		<u>768</u>
<b>Change in net assets of governmental activities (page 21)</b>		<b>\$ 42,015</b>

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, 2010**  
**(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	\$ 15,184	\$ 18,599	\$ 1,791	\$ 35,574	\$ 51,278
Restricted cash and investments	-	885	-	885	-
Securities lending collateral	2,326	2,986	275	5,587	7,860
Receivables (net):					
Accounts	18,205	108	29	18,342	400
Interest	2	52	4	58	131
Other	3,310	31	-	3,341	8
Due from other funds	300	-	1	301	20
Due from other governmental agencies	18,163	1,535	746	20,444	1,766
Inventories	1,303	-	-	1,303	128
Other assets	6,857	71	-	6,928	1,217
Total current assets	<u>65,650</u>	<u>24,267</u>	<u>2,846</u>	<u>92,763</u>	<u>62,808</u>
Noncurrent assets:					
Notes receivable	200	132	-	332	-
Deposits	710	-	-	710	-
Net OPEB asset	22,859	-	294	23,153	661
Capital assets:					
Nondepreciable:					
Land	841	1,128	8,178	10,147	-
Construction in progress	1,945	472	4,494	6,911	7
Depreciable:					
Structures and improvements	4,829	20,898	35,112	60,839	1,078
Equipment	11,913	885	189	12,987	21,869
Software	8,911	-	-	8,911	9
Less accumulated depreciation	<u>(11,903)</u>	<u>(17,127)</u>	<u>(12,266)</u>	<u>(41,296)</u>	<u>(17,084)</u>
Total noncurrent assets	<u>40,305</u>	<u>6,388</u>	<u>36,001</u>	<u>82,694</u>	<u>6,540</u>
Total assets	<u>105,955</u>	<u>30,655</u>	<u>38,847</u>	<u>175,457</u>	<u>69,348</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	7,179	108	434	7,721	669
Payable from restricted cash and investments	-	412	-	412	-
Accrued interest payable	-	-	102	102	-
Accrued salaries and benefits	7,259	186	63	7,508	151
Accrued liabilities	-	29	-	29	-
Securities lending collateral - due to borrowers	2,326	2,986	275	5,587	7,860
Due to other funds	58	-	1	59	118
Due to other governmental agencies	22,907	-	-	22,907	-
Unearned revenues	1,020	34	31	1,085	4
Other liabilities	-	103	-	103	-
Notes payable - current	-	-	288	288	-
Compensated absences - current	7,618	246	61	7,925	154
Estimated claims - current	-	-	-	-	10,647
Total current liabilities	<u>48,367</u>	<u>4,104</u>	<u>1,255</u>	<u>53,726</u>	<u>19,603</u>
Noncurrent liabilities:					
Advances from other funds	5,143	797	-	5,940	784
Deposits	-	-	4	4	94
Net OPEB obligation - noncurrent	-	216	-	216	-
Notes payable - noncurrent	-	191	4,116	4,307	-
Compensated absences - noncurrent	496	100	53	649	51
Estimated claims - noncurrent	-	700	-	700	41,432
Other long-term liabilities - noncurrent	345	-	-	345	-
Total noncurrent liabilities	<u>5,984</u>	<u>2,004</u>	<u>4,173</u>	<u>12,161</u>	<u>42,361</u>
Total liabilities	<u>54,351</u>	<u>6,108</u>	<u>5,428</u>	<u>65,887</u>	<u>61,964</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	16,191	6,065	31,303	53,559	5,879
Restricted for housing assistance programs	-	444	-	444	-
Unrestricted	35,413	18,038	2,116	55,567	1,505
Total net assets	<u>\$ 51,604</u>	<u>\$ 24,547</u>	<u>\$ 33,419</u>	<u>\$ 109,628</u>	<u>\$ 7,384</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				58	
Net assets of business-type activities (page 19)				<u>\$ 109,628</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, 2010**  
**(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	\$ 341,530	\$ 2,002	\$ 1,081	\$ 344,613	\$ 113,260
Less:					
Contractual allowances	(220,437)	-	-	(220,437)	-
Provision for doubtful accounts	(23,726)	-	-	(23,726)	-
Net charges for services	97,367	2,002	1,081	100,450	113,260
Other program revenues:					
State supplemental programs:					
Medi-Cal Waiver	17,756	-	-	17,756	-
ACE Program	7,249	-	-	7,249	-
Long-term care supplemental	4,050	-	-	4,050	-
Sales tax	3,934	-	-	3,934	-
Medical managed care	18,380	-	-	18,380	-
Other operating revenues:					
Rent and concessions	-	-	2,592	2,592	-
Revenue from other County agencies	1,944	-	-	1,944	-
Foundation contribution	6,149	-	-	6,149	-
Sales of drugs and medical supplies, fees, and others	6,862	-	-	6,862	-
Miscellaneous	-	2,617	68	2,685	588
Total operating revenues	<u>163,691</u>	<u>4,619</u>	<u>3,741</u>	<u>172,051</u>	<u>113,848</u>
<b>Operating expenses:</b>					
Salaries and benefits	142,665	4,287	1,392	148,344	3,237
Pharmaceutical drugs	7,307	-	-	7,307	-
Supplies	11,567	-	-	11,567	-
Contract provider services	27,697	-	-	27,697	-
Other fees and purchased services	35,028	-	-	35,028	-
General and administrative	6,152	3,232	1,826	11,210	9,912
Benefits and claims	-	-	-	-	16,360
Insurance premiums	-	-	-	-	81,896
Depreciation and amortization	1,778	255	591	2,624	1,982
Housing assistance payments	-	58,121	-	58,121	-
Total operating expenses	<u>232,194</u>	<u>65,895</u>	<u>3,809</u>	<u>301,898</u>	<u>113,387</u>
Operating income (loss)	<u>(68,503)</u>	<u>(61,276)</u>	<u>(68)</u>	<u>(129,847)</u>	<u>461</u>
<b>Nonoperating revenues (expenses):</b>					
State and federal grants	3,711	60,236	-	63,947	-
Loss from disposal of capital assets	(302)	-	-	(302)	-
Investment income	14	187	34	235	784
Interest expense	(89)	(24)	(216)	(329)	-
Securities lending activities:					
Securities lending income	1	2	-	3	4
Securities lending expenses	(1)	(1)	-	(2)	(4)
Total nonoperating revenues, net	<u>3,334</u>	<u>60,400</u>	<u>(182)</u>	<u>63,552</u>	<u>784</u>
Income (loss) before capital contributions and transfers	<u>(65,169)</u>	<u>(876)</u>	<u>(250)</u>	<u>(66,295)</u>	<u>1,245</u>
Capital contributions	1,339	259	2,981	4,579	-
Transfers in	67,250	-	5	67,255	249
Transfers out	(8,587)	-	-	(8,587)	-
Change in net assets	<u>(5,167)</u>	<u>(617)</u>	<u>2,736</u>	<u>(3,048)</u>	<u>1,494</u>
Net assets - beginning	<u>56,771</u>	<u>25,164</u>	<u>30,683</u>		<u>5,890</u>
Net assets - end	<u>\$ 51,604</u>	<u>\$ 24,547</u>	<u>\$ 33,419</u>		<u>\$ 7,384</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				726	
Change in net assets of business-type activities (page 21)				<u>\$ (2,322)</u>	

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

**COUNTY OF SAN MATEO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
<b>Cash flows from operating activities</b>					
Cash receipts from customers	\$ 180,705	\$ 4,699	\$ 3,732	\$ 189,136	\$ -
Cash receipts from interfund services provided	-	-	-	-	113,571
Cash paid to suppliers of goods and services	(87,219)	(3,377)	(1,433)	(92,029)	(95,574)
Cash paid to employees for services	(142,214)	(4,158)	(1,406)	(147,778)	(3,303)
Cash paid for housing assistance	-	(58,202)	-	(58,202)	-
Cash paid for judgments and claims	-	-	-	-	(14,089)
Net cash provided by (used in) operating activities	(48,728)	(61,038)	893	(108,873)	605
<b>Cash flows from noncapital financing activities</b>					
County subsidy transfers	66,970	-	-	66,970	-
Transfers paid for debt service	(8,587)	-	-	(8,587)	-
Transfers received from other funds	280	-	5	285	249
Loan repayments from other funds	5,858	-	-	5,858	-
Loan repayments to other funds	(8,945)	-	(13)	(8,958)	-
Advances from other funds	-	-	-	-	213
State and federal grant receipts	3,711	59,282	-	62,993	-
Net cash provided by (used in) noncapital financing activities	59,287	59,282	(8)	118,561	462
<b>Cash flows from capital and related financing activities</b>					
Acquisition of capital assets	(4,396)	(284)	(3,424)	(8,104)	(1,428)
Capital contribution	1,619	-	2,235	3,854	-
Repayment of advances from the County	-	(6)	-	(6)	-
Payment on long-term liabilities	(163)	-	(273)	(436)	-
Interest paid on long-term liabilities	(21)	(24)	(223)	(268)	-
Net cash used in capital and related financing activities	(2,961)	(314)	(1,685)	(4,960)	(1,428)
<b>Cash flows from investing activities</b>					
Principal received from loans and investments	-	3	-	3	-
Interest received from loans	-	4	-	4	-
Investment income received	14	200	45	259	1,577
Investment expense paid	-	-	-	-	(638)
Net cash provided by investing activities	14	207	45	266	939
Net increase (decrease) in cash and cash equivalents	7,612	(1,863)	(755)	4,994	578
Cash and cash equivalents, beginning	7,572	21,347	2,546	31,465	50,700
Cash and cash equivalents, end	\$ 15,184	\$ 19,484	\$ 1,791	\$ 36,459	\$ 51,278

(Continued)

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

**COUNTY OF SAN MATEO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ (68,503)	\$ (61,276)	\$ (68)	\$ (129,847)	\$ 461
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	1,778	255	591	2,624	1,982
Decrease (increase) in:					
Accounts receivable	10,729	14	(18)	10,725	(130)
Other receivable	538	7	-	545	(8)
Due from other funds	-	-	5	5	(13)
Due from other governmental agencies	11,705	-	-	11,705	261
Deposits	(133)	-	-	(133)	-
Inventories	(161)	-	-	(161)	(6)
Net OPEB assets	(377)	-	(5)	(382)	(11)
Other assets	(6,857)	-	-	(6,857)	(387)
Increase (decrease) in:					
Accounts payable	826	(125)	393	1,094	(1,207)
Accrued salaries and benefits	365	50	(2)	413	(11)
Accrued liabilities	-	(8)	-	(8)	-
Due to other funds	-	-	-	-	(2,474)
Due to other governmental agencies	(121)	-	-	(121)	-
Unearned revenues	1,020	(34)	4	990	(79)
Net OPEB obligations	-	56	-	56	-
Compensated absences	463	23	(7)	479	(44)
Estimated claims	-	-	-	-	2,271
Net cash provided by (used in) operating activities	<u>\$ (48,728)</u>	<u>\$ (61,038)</u>	<u>\$ 893</u>	<u>\$ (108,873)</u>	<u>\$ 605</u>
<b>Supplemental disclosure of noncash capital and related financing activities:</b>					
Equipment acquired with other liabilities	\$ 345	\$ -	\$ -	\$ 345	\$ -

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, 2010**  
**(In Thousands)**

	SamCERA Pension Trust	Investment Trust	Agency
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and investments (in County investment pool)	\$ 11,710	\$ 1,795,529	\$ 209,903
Cash and investments (outside County investment pool)	62,523	-	-
Securities lending collateral (in County investment pool)	1,795	275,110	31,710
Securities lending collateral (outside County investment pool)	181,646	-	-
Receivables (net):			
Interest	4,702	5,053	576
Taxes	-	-	127,562
Other	83,965	-	-
Contributions	7,464	-	-
Due from other governmental agencies	-	3,229	10,746
Prepaid expense	8	-	-
Net OPEB asset	442	-	-
Investments:			
Fixed income securities - domestic	505,441	-	-
Equities:			
Domestic	797,467	-	-
International	341,049	-	-
Real estate	109,210	-	-
Other assets	-	110	57,828
Total assets	<u>2,107,422</u>	<u>2,079,031</u>	<u>\$ 438,325</u>
<b>LIABILITIES</b>			
Accounts payable	1,562	1,036	\$ -
Due to broker for investment purchased	105,213	-	-
Securities lending collateral (in County investment pool) - due to borrowers	1,795	275,110	31,710
Securities lending collateral (outside County investment pool) - due to borrowers	181,646	-	-
Due to other governmental agencies	-	2,325	54,128
Other liabilities	1,310	12,876	-
Fiduciary liabilities	-	-	352,487
Total liabilities	<u>291,526</u>	<u>291,347</u>	<u>\$ 438,325</u>
<b>NET ASSETS</b>			
Net assets held in trust for pension benefits/investment pool participants	<u>\$ 1,815,896</u>	<u>\$ 1,787,684</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, 2010**  
**(In Thousands)**

	SamCERA Pension Trust	Investment Trust
	<u>          </u>	<u>          </u>
<b>ADDITIONS</b>		
Contributions:		
Employer contributions	\$ 106,265	\$ -
Plan member contributions	50,319	-
Contributions to investment pool	<u>-</u>	<u>3,572,220</u>
Total contributions	<u>156,584</u>	<u>3,572,220</u>
Net investment income:		
Net appreciation in fair value of investments	162,137	11,870
Investment income	42,180	54,449
Investment expense	(8,905)	-
Securities lending activities:		
Securities lending income	990	170
Securities lending expenses	<u>(247)</u>	<u>(134)</u>
Total net investment income	<u>196,155</u>	<u>66,355</u>
Other additions	<u>41</u>	<u>-</u>
Total additions	<u>352,780</u>	<u>3,638,575</u>
<b>DEDUCTIONS</b>		
Benefits and refunds paid to plan members and beneficiaries:		
Service retirement benefits	106,608	-
Disability retirement benefits	14,586	-
Death and other benefits	948	-
Distributions from investment pool	-	3,626,475
Withdrawals of members' contributions	<u>2,736</u>	<u>-</u>
Total benefits and refunds paid to plan members and beneficiaries	<u>124,878</u>	<u>3,626,475</u>
Administrative expenses	3,373	-
Other expenses	<u>33</u>	<u>-</u>
Total deductions	<u>128,284</u>	<u>3,626,475</u>
<b>Change in net assets</b>	224,496	12,100
Net assets - beginning	<u>1,591,400</u>	<u>1,775,584</u>
Net assets - end	<u>\$ 1,815,896</u>	<u>\$ 1,787,684</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, 2010**  
**(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.

*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.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
**(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.

*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.

*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. The Proposition requires that a portion of tobacco tax be used to promote early childhood development for children ages 0-5 through education, health, childcare, and other programs. First 5 is governed by a nine-member commission that includes public officials and community leaders from the fields of early childhood education, health care, 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. The County can influence the day-to-day operations and financial decisions of First 5 as the County Board appoints all commission members and approves its budgets. First 5 is reported as a discretely presented component unit in the County's financial statements.

**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-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.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

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, 2010**  
**(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. These investments are separate from the County’s investment pool. The income from and changes in the value of these investments affect only the Brisbane School District.
- *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, 2010**  
**(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 capital projects and 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. Government 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, 2010, 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, with an offset to a deferred credit account. In the governmental fund financial statements, the loans are reported 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, 2010, the County's net mortgages receivable was \$61.5 million, net of allowance of \$4.3 million.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

**(g) Inventories**

Inventories are stated at cost (first-in, first-out basis) for governmental funds and lower of average cost or market 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 2009-10 net assessed valuation of the County was \$131 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 \$16.3 million at June 30, 2010.

The 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 \$85.5 million at June 30, 2010.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

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 \$87.8 million from the excess ERAF for the fiscal year ended June 30, 2010.

Under the provisions of Proposition 1A and the 2009-10 budget package passed by the California State legislature on July 29, 2009, the State borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in-lieu sales tax, and supplemental property tax apportioned to cities, counties and special districts (excluding redevelopment agencies). The State is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the County was \$21.1 million.

Authorized with the 2009-10 State budget package, the Proposition 1A securitization program was instituted by the California Statewide Communities Development Authority (“California Communities”), a joint power authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds (“Prop 1A Bonds”) to provide local agencies with cash proceeds in two equal installments on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of the issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The County participated in the Securitization Program and accordingly, property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

**(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, proprietary funds, and the pension trust fund. 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.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

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.

**(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.

**(n) Implementation of GASB Statement No. 53**

Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments. In response to the use of derivatives, the GASB issued Statement No. 53 (GASB 53), *Accounting and Financial Reporting for Derivative Instruments*, in June 2008.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

GASB 53 generally requires that the fair value changes of derivatives be recorded in investment income or loss, unless those derivatives qualify and pass one of the tests of an effective hedge, in which case the fair value changes are deferred. GASB 53 also outlines the methods used to determine whether a derivative effectively hedges an identified risk and whether that derivative's fair value change will be deferred or will be recorded as investment income or expense. All state and local governments and authorities are required to implement this Statement no later than the first fiscal year ending after June 15, 2009. In addition, GASB requires that accounting changes adopted to conform to the provision of this Statement be applied retroactively by restating financial statements, if practical, for all prior periods presented.

In November 2003, the JPFA issued the 2003 Lease Revenue Bonds in an aggregate total of \$155 million for the construction of a new San Mateo County Youth Services Center. To lower its borrowing costs, the JPFA structured the financing of the 2003 Series A Bonds and 2003 Series B Bonds through variable rate bonds known as Auction Rate Securities (ARS). The JPFA also entered into interest swap agreements with Citibank N.A., New York (Citibank) and American International Group, Incorporation (AIG) in connection with the 2003 Series A and B Bonds. The intention of the swaps was to effectively change the JPFA's variable interest rates on the bonds to a synthetic fixed rate of 3.33%, compared to fixed-rate 4.78% bonds at the time of issuance.

As the sub-prime mortgage crisis unfolded and a lack of confidence in the credit quality of bond insurers grew in 2007, investors experienced difficulty in finding new investors to purchase the ARS bonds in weekly or monthly auctions. In mid-February 2008, the JPFA's ARS market crashed when investors could not find new investors to purchase their bonds. The "failed" auctions essentially pushed the borrowing costs of the bonds up to more than 6% and subsequently led to the refunding plan.

On September 28, 2008, the JPFA issued a total of \$141 million Refunding Lease Revenue bonds to provide funds, together with other available moneys, to refund the 2003 outstanding lease revenue bonds and to pay for other costs related to the issuance of the 2008 Bonds and refunding of the 2003 Bonds. The JPFA also terminated the interest swap agreements with Citibank and AIG for a total cash outflow of \$8.1 million, which was recorded as a loss in the governmental fund statement of revenues, expenditures, and changes in fund balances for the fiscal year ended June 30, 2009.

The JPFA implemented GASB 53 in the current fiscal year and retroactively restated the financial results of the prior fiscal year by converting the \$8.1 million loss to "deferred loss." The conversion resulted in a \$7.9 million increase in the governmental activities net assets and a decrease in its long-term debts as of July 1, 2009.

Pursuant to the requirements of GASB 53, SamCERA has provided a summary of derivative instrument activities during the reporting period and the related risks. As of June 30, 2010, the derivative instruments held by SamCERA are considered investments and not hedges for accounting purposes. The term hedging, as it is used elsewhere in the notes to these financial statements, denotes an economic activity and not an accounting method. The gains and losses arising from this activity are recognized as incurred in the Statement of Changes in Fiduciary Net Assets. Note 3 separately discloses SamCERA's comprehensive and distinct view of this activity and its impact on the overall investment portfolio.

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

**Deficit Fund Equity**

As of June 30, 2010, the Tower Road Construction, the Workers' Compensation Insurance, and the Long-Term Disability internal service funds reported net deficits of \$317, \$19,085, and \$6,276, respectively.

*Tower Road Construction.* Certain projects currently undertaken by this fund are not billable until the projects are fully completed. Deficits in this fund will ultimately be cured through project cost reimbursement from other funds.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

*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 governmental entities, under State statutes, are required to maintain their cash surplus in the pool. Part of the cash and investments with the JPFA and SamCERA are separately managed by outside financial institutions. At June 30, 2010, the net asset value of involuntary participation in the investment pool was \$1.95 billion.

The County Treasurer manages, in accordance with California Government Code Section 53600, funds deposited in the investment pool by the County, all County school districts, various districts, and some cities within the County. The County investment pool is not registered with the Securities and Exchange Commission as an investment company. California Government Code and the County Investment Policy governed the investment pool activity. The objectives of the policy, in order of priority, are: safety, liquidity, yield, and public trust. 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 reviews the County Investment Policy annually, and all amendments to the policy must be approved by the County Board.

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 quarterly 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 15 years and the maximum dollar weighted average maturity of the fund is five 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.

County's cash and investments as of June 30, 2010, consisted of the following:

<i>Cash and cash equivalents:</i>	
Cash on hand - County	\$ 3,100
Money market mutual funds - JPFA	21,881
Money market mutual funds - SamCERA	62,523
Deposits in Bank of New York earnings credit account	30,000
Deposits *	<u>(5,246)</u>
Total cash and cash equivalents	<u>112,258</u>
<i>Investments:</i>	
In Treasurer's pool (including invested cash collateral)	2,944,316
With fiscal agents of the JPFA	8,949
In SamCERA's portfolio	1,934,813
With others external to the Treasurer's pool	501
Total investments	<u>4,888,579</u>
Total cash and investments	<u><u>\$ 5,000,837</u></u>

\* At year-end, the carrying amount of the County's cash deposits was (\$5,246) and the bank balance was \$42,631. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

**Investments**

The County's investments as of June 30, 2010, consisted of the following:

	Interest Rates	Maturities	Par Value	Fair Value	Weighted Average Maturity (Years)
<b>Investments in Investment Pool</b>					
U.S. government securities:					
Not on securities loan - U.S. Treasury Bills	.096%	7/1/10-11/18/10	\$ 683,000	\$ 682,856	0.11
Not on securities loan - U.S. Treasury Notes	2.000 - 2.125%	07/01/10 - 5/31/15	100,000	102,188	0.54
Loaned securities for cash collateral	.096 - .248%	7/15/10 - 9/23/10	273,000	272,978	0.06
U.S. government agency securities:					
Not on securities loan	.172 - 2.375%	8/30/10 - 7/28/15	617,100	618,788	1.42
Loaned securities for cash collateral	1.000 - 1.750%	12/15/11 - 5/7/13	108,900	110,118	2.01
U.S. government agency securities - floating rate	.240 - .294%	10/27/10 - 5/1/12	70,000	69,967	1.09
Corporate bonds					
Not on securities loan	1.375 - 5.900%	8/1/12 - 6/29/15	176,190	181,049	3.97
Loaned securities for cash collateral	3.500%	6/29/15	8,810	8,802	5.00
Floating rate securities	.406 - .554%	8/17/10 - 1/24/12	45,000	44,699	1.02
FDIC-Temporary Liquidity Guarantee Program (Corporate Bond)	1.700- 1.850%	12/23/10 - 3/15/11	50,000	50,447	0.64
FDIC-Temporary Liquidity Guarantee Program (Corporate Bond) - floating rate	1.167%	12/9/10	10,000	10,039	0.44
Banker's acceptance	.651%	10/25/10	25,000	24,948	0.32
Certificate of deposit	.604%	1/19/12	20,000	19,856	1.56
Repurchase agreements	.010%	7/1/10	353,000	353,000	*
Subtotal			2,540,000	2,549,735	
Securities lending collateral - cash received and invested:					
Repurchase agreements			394,581	394,581	*
<b>Total investments in investment pool</b>			<u>2,934,581</u>	<u>2,944,316</u>	0.88
<b>Investments outside of Investment Pool</b>					
<i>San Mateo Joint Powers Financing Authority</i>					
Federal Home Loan Mortgage Corporation - discount note			2,557	2,540	*
Republic National Bank - repurchase agreements			938	938	1.72
Investment contract			5,471	5,471	6.72
Subtotal			<u>8,966</u>	<u>8,949</u>	4.29
<i>Other Individual Investment Accounts</i>					
Corporate bonds			505	501	0.10
Subtotal			<u>505</u>	<u>501</u>	0.10
<i>San Mateo County Employees' Retirement Association</i>					
Fixed income securities:					
Agency				9,881	11.24
Asset backed securities				18,360	6.04
Commerical mortgage - backed securities				27,077	16.99
Collateralized mortgage obligations				46,097	8.43
Commingled funds				12,297	**
Corporate bonds				140,761	9.96
Mortgage pass through				111,642	10.48
Taxable municipal bonds				4,308	32.90
Derivatives				33	**
U. S. Treasuries				100,135	10.78
Yankee				5,933	11.21
Fixed income securities <sup>1</sup>				23,353	21.21
Fixed income securities <sup>2</sup>				5,564	**
Equities:					
Domestic				797,467	**
International				341,049	**
Real estate				109,210	**
Securities lending collateral in short-term investment pool				181,646	**
Subtotal				<u>1,934,813</u>	2.55
<b>Total investments outside of investment pool</b>				<u>1,944,263</u>	
<b>Total investments</b>				<u>\$ 4,888,579</u>	

<sup>1</sup> Securities are in portfolio managed by the Angelo Gordon investment management firm.

<sup>2</sup> Securities are made up of various immaterial items.

\* Weighted average maturity is less than 0.01 year.

\*\* Not applicable or not available

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

County's cash and investments, including invested cash collateral from securities lending transactions, were reported in the basic financial statements as follows:

Primary government	\$ 640,045
Discretely Presented Component unit	37,699
Pension trust	2,010,841
Investment trust fund	2,070,639
Agency funds	241,613
Total cash and investments	\$ 5,000,837

*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 Investment Pool.** California Government Code and the County Investment Policy governed 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 longer the duration of the portfolio is, the greater its price sensitivity to changes in interest rates. The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy. As of June 30, 2010, the investment pool had a weighted average maturity of one year and its investment in floating rate securities was \$125 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 P-1 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 AAAs/S1 by Standard & Poor's.

Investment at June 30, 2010	Standard & Poor's Rating	% of Portfolio
U.S. Government Securities		
United States Treasuries	AAA	41.50%
U.S. Government Agency Securities		
Federal Home Loan Bank	AAA	8.65%
Federal Home Loan Mortgage Corporation	AAA	10.33%
Federal National Mortgage Association	AAA	9.61%
Federal Home Loan Bank - Floating Rate	AAA	1.18%
Federal Home Loan Mortgage Corporation - Floating Rate	AAA	1.57%
Corporate Bonds		
Corporate Bonds	AA+	3.81%
Corporate Bonds	AA	2.63%
Corporate Bonds	AA-	0.79%
Corporate Bonds	A	0.21%
Floating Rate Securities	AA	0.39%
Floating Rate Securities	AA-	0.97%
Floating Rate Securities	A	0.39%
Banker's Acceptance	A+	0.98%
Certificate of Deposit	A+	0.78%
FDIC-Temporary Liquidity Guarantee Program (Corporate Bond)	AAA	1.98%
FDIC-Temporary Liquidity Guarantee Program (Corporate Bond) - Floating Rate	AAA	0.39%
Repurchase Agreements	AAA	13.84%
Total		100.00%

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

*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% (100% per issuer); banker’s acceptance to 15% (10% per issuer); collateralized time deposits within the State, negotiable certificates of deposit, corporate bonds and medium-term notes to 30% (10% per issuer); commercial paper and floating rate notes to 40% (10% per issuer); repurchase agreements secured by U.S. Treasury or agency obligation to 100% (50% per issuer); reverse repurchase agreements to 20% (20% 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). The investment pool is in compliance with the above mentioned guidelines. As of June 30, 2010, the investment pool has more than 5% of its total investments with the following issuers: 10% in Federal Home Loan Bank, 12% in Federal Home Loan Mortgage Corporation, and 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.

*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 Corporation, or better; (b) repurchase agreements with any domestic bank the long-term debt of which is rated “AA” or better by Standard & Poor’s Corporation ; (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, 2010, the JPFA’s repurchase agreement with Republic National Bank was rated AA by Standard & Poor’s, and Aa3 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. As of June 30, 2010, 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 implemented GASB 53 for the fiscal year ended June 30, 2010. As SamCERA records all of its investments at fair market value and has no hedging derivatives, there was no financial statement effect from implementing the new standards. Further disclosure on the derivative positions held at fiscal year-end are contained in the table below.

	Notional Value	Fair Value
Credit default swaps bought	\$ 762	\$ 143
Credit default swaps written	289	(21)
FX Forwards	-	(91)
Pay fixed interest rate swaps	4,840	(396)
Rights	594	139
TBA Transactions long	20,380	110
Warrants	65	149
	<u>\$ 26,930</u>	<u>\$ 33</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 year ended June 30, 2010, primarily in swaps and foreign currency forward positions. As of June 30, 2010, SamCERA held derivatives with a notional amount of \$26.9 million and a fair value of \$33. Changes in fair value during FY2009-10 are reported in the statement of changes in fiduciary net assets as a component of investment income. SamCERA's derivatives all are classified as investment derivatives. The fair values of the derivatives are determined using a pricing service and validated by SamCERA's custodians. Management of SamCERA accepts these valuations.

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, 2010, SamCERA's derivatives were not subject to custodial credit risk. However, they are subject to other risks as described below.

*Interest Rate Risk.* SamCERA has investments in four 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 benchmark, the Barclays Capital Aggregate Bond Index. 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. At June 30, 2010, 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	51.6%	13.8%
AA	1.2%	1.7%
A	4.7%	9.8%
BBB	0.0%	25.6%
Less than BBB	38.8%	47.5%
Not rated	3.7%	1.6%
	<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. At June 30, 2010, SamCERA has no exposure to loss in case of default of a counterparty. 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)**  
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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, 2010, 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, 2010, cash held with a financial institution in a pooled money market fund totaled \$2.5 million. Cash held in the County investment pool was \$11.7 million as of June 30, 2010. These deposits are uninsured and uncollateralized, and subject to custodial credit risk.

*Custodial Credit Risk - Derivatives.* As of June 30, 2010, 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. At June 30, 2010, 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 and currency contracts 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	Foreign Currency	Preferred Stock	Rights	Depository Receipt	Warrants	Total
Australian Dollar	\$ 18,064	\$ 156	\$ -	\$ -	\$ -	\$ 149	\$ 18,369
Brazilian Real	2,345	102	824	-	-	-	3,271
Canadian Dollar	12,706	510	-	-	-	-	13,216
Czech Koruna	1,997	81	-	-	-	-	2,078
Danish Krone	1,435	-	-	-	-	-	1,435
Euro Currency	81,791	441	788	139	3,060	-	86,219
Hong Kong Dollar	8,908	-	-	-	-	-	8,908
Hungarian Forint	1,107	34	-	-	-	-	1,141
Indonesian Rupiah	291	5	-	-	-	-	296
Japanese Yen	49,948	418	-	-	-	-	50,366
Mexican Peso	590	180	-	-	-	-	770
New Bulgaria Lev	264	-	-	-	-	-	264
New Taiwan Dollar	5,249	1,172	-	-	-	-	6,421
New Zealand Dollar	897	-	-	-	-	-	897
Norwegian Krone	1,990	-	-	-	-	-	1,990
Philippine Peso	-	6	-	-	-	-	6
Polish Zloty	2,893	97	-	-	-	-	2,990
Pound Sterling	52,324	87	-	-	-	-	52,411
Singapore Dollar	6,163	4	-	-	-	-	6,167
South African Rand	3,529	-	-	-	-	-	3,529
South Korean Won	2,652	62	-	-	-	-	2,714
Swedish Krona	1,876	-	-	-	-	-	1,876
Swiss Franc	21,365	-	-	-	-	-	21,365
Total	<u>\$ 278,384</u>	<u>\$ 3,355</u>	<u>\$ 1,612</u>	<u>\$ 139</u>	<u>\$ 3,060</u>	<u>\$ 149</u>	<u>\$ 286,699</u>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
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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, 2010.

*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 a fee 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 loaned securities, as of June 30, 2010, consisted of U.S. Treasury securities, U.S. government agency securities, and corporate bonds. In return, the County receives collateral in the form of cash equal to at least 102% of the transferred securities plus accrued interest for reinvestment. Collateral items that are U.S. Treasury securities or U.S. government agency securities are excluded from the 102% collateral requirement because they do not fluctuate in price. The County authorized Bank of New York Mellon Corporation (BONY), the County's Custodian, to invest cash collateral in the following investments:

- (a) Securities issued or fully guaranteed by the U.S. Government and any agency, instrumentality, or establishment of the U.S. Government;
- (b) High-grade commercial paper, notes, bonds, and other debt obligations, including promissory notes, funding agreements and guaranteed investment contracts, whether or not registered under the Securities Act of 1993, as amended. Such obligations may have fixed, floating, or variable rate interest payment provisions. Obligations will be rated A-1 by Standard & Poor's or P-1 by Moody's if maturing within one year, or be rated A by Standard & Poor's or A2 by Moody's if maturing beyond one year;
- (c) Certificates of deposit, time deposits, and other bank obligations of U.S. banks, their branches and subsidiaries, and the branches and subsidiaries of foreign banks with credit rating of at least A-1 by Standard & Poor's and P-1 by Moody's; and
- (d) Repurchase and reverse repurchase agreements, including the BONY, with respect to approved investments.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

All of the County's collateral was invested in repurchase agreements with a weighted average maturity of one day as of June 30, 2010. The County does not match the maturities of investments made with cash collateral with the securities on loan. The underlying securities loaned by the County's investment pool approximated to \$392 million as of June 30, 2010. The cash collateral from the counterparty was \$395 million. The County has no exposure to credit risk to the securities lending transactions as of June 30, 2010, because the market value of the invested cash collateral exceeds that of the borrowed securities.

**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, 2010, SamCERA's securities lending agent lent SamCERA securities to borrowers under the securities lending agreement. In return, SamCERA received cash, securities issued or guaranteed by the United States government, and sovereign debt or irrevocable bank letters-of credit as collateral. As SamCERA did not have the ability to pledge or sell collateral securities delivered absent a borrower default, such non-cash collateral is not reported on the statement of fiduciary net assets.

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

SamCERA did not impose any restrictions for the fiscal year ended June 30, 2010, 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, 2010, 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, 2010, this investment pool had an average duration of 48 days, and an average weighted maturity of 25 days. Because 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, 2010, 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, 2010, SamCERA had securities on loan with a total value of \$176 million, and the cash and other collateral held against the loaned securities of \$182 million.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

**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, 2010:

**Assets:**

U.S. government securities	\$ 1,058,022
U.S. government agency securities	728,906
U.S. government agency securities - floating rate	69,967
Corporate bonds	189,851
Floating rate securities	44,699
FDIC-Temporary Liquidity Guarantee Program (Corporate Bond)	50,447
FDIC-Temporary Liquidity Guarantee Program (Corporate Bond) - floating rate	10,039
Banker's acceptance	24,948
Certificate of deposit	19,856
Repurchase agreements	353,000
Securities lending collateral	394,581
Total investments	2,944,316
Other assets	8,392
Pool deposits	72,631
Total assets	3,025,339

**Liabilities:**

Unfunded checks and warrants	47,877
Securities lending collateral - due to borrowers	394,581
Other liabilities	16,237
Total liabilities	458,695

**Net Assets:**

Equity of internal pool participants	778,960
Equity of individual investment accounts	501
Equity of external pool participants	1,787,183
Total net assets	\$ 2,566,644

**Statement of Changes in Net Assets**

Net assets at July 1, 2009	\$ 2,487,265
Net change in investments by pool participants	79,379
Net assets at June 30, 2010	\$ 2,566,644

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

Participant units outstanding (one dollar par value)	\$ 2,554,764
Undistributed and unrealized gain	11,880
Net assets at June 30, 2010	\$ 2,566,644

Participant net asset value at fair value price per share (\$2,566,644 divided by 2,554,764 units)	\$ 1.0047
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**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

**NOTE 5 – RECEIVABLES**

As of June 30, 2010, 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 had a net receivable of \$124 million, of which \$93 million is not expected to be collected within the next twelve months.

<b>Governmental Activities</b>	General Fund	JPFA	Nonmajor Governmental Funds	Internal Service Funds	Total
Accounts	\$ 199,006	\$ -	\$ 213	\$ 400	\$ 199,619
Interest	8,784	250	258	131	9,423
Taxes	24,347	-	1,571	-	25,918
Mortgages	65,848	-	-	-	65,848
Other	22,307	-	90	8	22,405
Gross receivables	320,292	250	2,132	539	323,213
Less: allowances for uncollectibles	(196,667)	-	(860)	-	(197,527)
Total receivables, net	<u>\$ 123,625</u>	<u>\$ 250</u>	<u>\$ 1,272</u>	<u>\$ 539</u>	<u>\$ 125,686</u>

<b>Business-type Activities</b>	Medical Center	Housing Authority	Nonmajor Enterprise Funds	Total
Accounts	\$ 79,398	\$ 108	\$ 445	\$ 79,951
Interest	2	52	5	59
Other	3,310	31	-	3,341
Gross receivables	82,710	191	450	83,351
Less: allowances for uncollectibles	(61,193)	-	(417)	(61,610)
Total receivables, net	<u>\$ 21,517</u>	<u>\$ 191</u>	<u>\$ 33</u>	<u>\$ 21,741</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, 2010, components of unavailable and unearned revenues reported are as follows:

	Unavailable	Unearned	Total
<b>Governmental activities</b>			
General fund:			
Property taxes receivable	\$ 931	\$ 12,095	\$ 13,026
Mortgages receivable	61,547	-	61,547
Mortgages interest receivable	7,054	-	7,054
Grant drawdowns prior to meeting all eligibility requirements	-	23,052	23,052
Due from other governmental agencies	142,799	-	142,799
Other receivables and advances	5,738	15,853	21,591
Subtotal - General fund	<u>218,069</u>	<u>51,000</u>	<u>269,069</u>
Nonmajor governmental funds:			
Property taxes receivable	60	780	840
Due from other governmental agencies	390	-	390
Other receivables and advances	2,153	338	2,491
Subtotal - Nonmajor governmental funds	<u>2,603</u>	<u>1,118</u>	<u>3,721</u>
Internal service funds:			
Other receivables and advances	-	4	4
Total governmental activities	<u>\$ 220,672</u>	<u>\$ 52,122</u>	<u>\$ 272,794</u>
<b>Business-type activities</b>			
Revenues received but not earned			
Medical Center		\$ 1,020	
Housing Authority		34	
Nonmajor enterprise funds		31	
Total business-type activities		<u>\$ 1,085</u>	

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
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**NOTE 7 – INTERFUND TRANSACTIONS**

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

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 195
	Medical Center	58
	Nonmajor Enterprise Funds	1
	Internal Service Funds	118
		<u>372</u>
Nonmajor Governmental Funds	General Fund	336
	Nonmajor Governmental Funds	<u>6</u>
		<u>342</u>
Medical Center	General Fund	300
Nonmajor Enterprise Funds	General Fund	1
Internal Service Funds	General Fund	20
	Total	<u><u>\$ 1,035</u></u>

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

The composition of advances from the General Fund as of June 30, 2010, is as follows:

- \$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 million, including accrued interest of \$1 million since the inception.
- \$0.1 million in January 1995 and \$0.7 million in July 2003 to assist the Housing Authority with the development of affordable rental housing for low-income households. These loans will be due on December 31, 2010 and August 23, 2029, respectively.
- \$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 \$0.6 million.
- \$0.3 million in June 2009 and \$0.5 million in June 2010 to the Tower Road Construction Fund to cover cash deficits.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 600
	Medical Center	5,143
	Housing Authority	797
	Internal Service Fund	784
		<u>\$ 7,324</u>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
**(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	\$ 66,570	Provide budgeted subsidy to Medical Center for indigent healthcare.
	Medical Center	280	Transfer funds to finance remodeling project at Medical Center.
	Medical Center	400	Provide subsidy to finance retiree health benefits.
		<u>67,250</u>	
General Fund	Nonmajor Enterprise Funds	5	Provide subsidy to finance retiree health benefits.
Medical Center	Nonmajor Governmental Funds	8,587	Transfer funds to cover lease payments.
	Total	<u>\$ 75,842</u>	

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

Transfer from	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 4,488	Provide subsidy to finance in-home support services.
	Nonmajor Governmental Funds	36	Provide subsidy to finance retiree health benefits.
	Nonmajor Governmental Funds	17,315	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	6,160	Transfer funds to finance capital projects.
		<u>27,999</u>	
		Internal Service Funds	12
	Internal Service Funds	237	Provide one-time contribution to Tower Road Construction Fund.
		<u>249</u>	
	Subtotal	<u>28,248</u>	
Nonmajor Governmental Funds	General Fund	150	Transfer funds to support emergency services run by the Sheriff's Department.
	General Fund	35	Transfer funds to finance general maintenance at the County Services Area Number 8.
	General Fund	77	Provide one-time contribution to support Environmental Health activities.
	General Fund	30	Provide one-time contribution to support Off Highway outlays.
		<u>292</u>	
	Nonmajor Governmental Funds	3,860	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	1,954	Transfer funds to finance capital projects.
	<u>5,814</u>		
JPFA		29,921	Transfer funds to cover debt service payments.
	Subtotal	<u>36,027</u>	
	Total	<u>\$ 64,275</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, 2010**  
**(In Thousands)**

**NOTE 8 – CAPITAL ASSETS**

Capital asset activities for the fiscal year ended June 30, 2010, were as follows:

	Balance July 1, 2009	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2010
<b>Governmental activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land and easements	\$ 64,630	\$ 34	\$ -	\$ -	\$ 64,664
Infrastructure - maintained road subsystem	77,253	-	-	-	77,253
Construction in progress	28,398	12,744	(282)	(3,760)	37,100
Total capital assets, not being depreciated	170,281	12,778	(282)	(3,760)	179,017
<i>Capital assets, being depreciated:</i>					
Infrastructure	76,777	68	-	558	77,403
Structures and improvements	579,931	631	-	3,383	583,945
Equipment	84,461	3,141	(1,839)	-	85,763
Software	2,899	101	-	-	3,000
Total capital assets, being depreciated	744,068	3,941	(1,839)	3,941	750,111
<i>Less accumulated depreciation for:</i>					
Infrastructure	(21,323)	(1,527)	-	-	(22,850)
Structures and improvements	(105,498)	(10,155)	-	-	(115,653)
Equipment	(61,762)	(7,141)	1,832	-	(67,071)
Software	(2,112)	(492)	-	-	(2,604)
Total accumulated depreciation	(190,695)	(19,315)	1,832	-	(208,178)
Total capital assets, being depreciated, net	553,373	(15,374)	(7)	3,941	541,933
<b>Governmental activities capital assets, net</b>	<b>\$ 723,654</b>	<b>\$ (2,596)</b>	<b>\$ (289)</b>	<b>\$ 181</b>	<b>\$ 720,950</b>
<b>Business-type activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 10,147	\$ -	\$ -	\$ -	\$ 10,147
Construction in progress	10,454	6,249	-	(9,792)	6,911
Total capital assets, not being depreciated	20,601	6,249	-	(9,792)	17,058
<i>Capital assets, being depreciated:</i>					
Structures and improvements	53,356	521	-	6,962	60,839
Equipment	12,666	1,334	(1,013)	-	12,987
Software	6,081	-	-	2,830	8,911
Total capital assets, being depreciated	72,103	1,855	(1,013)	9,792	82,737
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(28,613)	(953)	-	-	(29,566)
Equipment	(7,460)	(826)	710	-	(7,576)
Software	(3,309)	(845)	-	-	(4,154)
Total accumulated depreciation	(39,382)	(2,624)	710	-	(41,296)
Total capital assets, being depreciated, net	32,721	(769)	(303)	9,792	41,441
<b>Business-type activities capital assets, net</b>	<b>\$ 53,322</b>	<b>\$ 5,480</b>	<b>\$ (303)</b>	<b>\$ -</b>	<b>\$ 58,499</b>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

**Depreciation**

Depreciation expense was charged to various functions as follows:

<u>Governmental Activities</u>		<u>Business-type Activities</u>	
General government	\$ 5,401	Medical Center	\$ 1,778
Public protection	6,363	Housing Authority	255
Public ways and facilities	712	Airports	354
Health and sanitation	3,351	Coyote Point Marina	<u>237</u>
Public assistance	878	Total depreciation - business-type activities	<u>\$ 2,624</u>
Recreation	628		
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>1,982</u>		
Total depreciation - governmental activities	<u>\$ 19,315</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 2009. The remaining capital construction includes: (a) the completion of the group home and (b) the removal and grading of the berm and one group home. The demolition of the old facility is expected to be completed in November 2010. The completion of the berm and the group home is yet to be determined. As of June 30, 2010, the outstanding commitment to complete these projects is approximately \$5 million.

As of June 30, 2010, the Medical Center had approximately \$2.4 million of purchase commitments related to medical equipment and clinic remodeling. This amount is expected to be paid in the upcoming fiscal year.

**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 \$9.9 million for the fiscal year ended June 30, 2010, 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,	
2011	\$ 6,057	2011	\$ 3,250
2012	5,864	2012	2,810
2013	5,126	2013	2,872
2014	5,075	2014	2,988
2015	5,030	2015	3,111
2016-2020	13,670	2016-2020	<u>1,584</u>
2021-2024	<u>490</u>	Total	<u>\$ 16,615</u>
Total	<u>\$ 41,312</u>		

The County has leased various properties under non-cancelable operating leases to other entities. Income from these rental activities was \$0.8 million for the fiscal year ended June 30, 2010.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

**NOTE 10 - LONG-TERM LIABILITIES**

The County's long-term liabilities as of June 30, 2010, were as follows:

Type of indebtedness (purpose)	Maturities	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2010
<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.					
Serial Current Interest Bonds	7/1/10 - 7/1/16	6.50%	\$2,720 - \$4,675	\$ 19,050	\$ 23,210
Term Current Interest Bonds	7/1/17 - 7/1/21	5% - 6%	\$4,230 - \$5,205	40,640	23,520
1993 Issue				59,690	46,730
<b><u>1993 Issue - Satellite Clinic</u></b>					
Purpose: To finance a portion of the costs of constructing and equipping the North County Satellite Clinic and an adjacent parking structure.					
Serial Capital Appreciation Bonds	9/1/17 - 9/1/26	5.9% - 6%	\$188 - \$233	2,085	2,085
Accreted interest on capital appreciation bonds				8,941	3,278
1993 Issue - Satellite Clinic				11,026	5,363
<b><u>1997 Issue</u></b>					
Purpose: To finance the costs of constructing, furnishing and equipping an office building, and partial defeasance of the 1994 Issue.					
Term Current Interest Bonds	7/15/27 - 7/15/28	5.125%	\$1,540 - \$1,640	3,180	3,180
Term Current Interest Bonds	7/15/29 - 7/15/32	5.125%	\$1,745 - \$2,095	7,670	7,670
1997 Issue				10,850	10,850
<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				12,815	12,815
<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	7/15/10 - 7/15/21	3.6% - 4.75%	\$220 - \$1,665	21,470	12,420
Series A Term Interest Bonds	7/15/22 - 7/15/31	4.75%	\$230 - \$355	2,900	2,900
Series B Current Interest Bonds	7/15/10 - 7/15/21	3.55% - 4.75%	\$200 - \$320	4,270	3,045
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				32,890	22,615
<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	7/15/10 - 7/15/25	3% - 5%	\$2,665 - \$5,205	62,480	59,890
Term Interest Bonds	7/15/26 - 7/15/28	5.25%	\$5,465 - \$6,070	17,295	17,295
Term Interest Bonds	7/15/29 - 7/15/33	5%	\$6,390 - \$7,805	35,405	35,405
Term Interest Bonds	7/15/34 - 7/15/36	5%	\$8,205 - \$9,070	25,900	25,900
2008 Issue				141,080	138,490

(Continued)

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
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Type of indebtedness (purpose)	Maturities	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2010
<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 costs of issuance of the 2009 Bonds, and to pay other costs relating to the refunding of the Prior Bonds.					
Serial Current Interest Bonds	7/15/10 - 7/15/17	3% - 5%	\$950 - \$6,145	46,130	46,130
Serial Current Interest Bonds	7/15/18 - 7/15/26	4% - 5.25%	\$905 - \$8,990	69,375	69,375
2009 Issue				115,505	115,505
<b>Total lease revenue bonds and accreted interest on capital appreciation bonds</b>				383,856	352,368
<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	8/1/10 - 8/1/12	4.8% - 5%	\$310 - \$345	3,635	980
Term Certificates	8/1/13 - 8/1/17	5.25%	\$360 - \$440	2,000	2,000
Term Certificates	8/1/18 - 8/1/32	5.125%	\$465 - \$935	10,145	10,145
1997 certificates of participation				15,780	13,125
<b>2004 Issue</b>					
Purpose: To finance the acquisition, design, construction, improvement, and installation of certain improvements to the flood control system.					
Serial Certificates	8/1/10 - 8/1/25	3.5% - 4.5%	\$40 - \$70	975	835
Term Certificates	8/1/26 - 8/1/29	4.75%	\$70 - \$85	310	310
Term Certificates	8/1/30 - 8/1/34	4.75%	\$85 - \$1,140	2,500	2,500
Term Certificates	8/1/35 - 8/1/39	5%	\$1,195 - \$1,450	6,595	6,595
2004 certificates of participation				10,380	10,240
<b>Total certificates of participation</b>				26,160	23,365
<b>Notes Payable:</b>					
<b>Department of Housing</b>					
Housing Development Loan	Aug-14			124	124
<b>County Service Area 11</b>					
State of California					
Department of Water Resources	4/1 and 10/1 through 2012	3.3712%	\$10 - \$20	296	49
<b>Total notes payable</b>				420	173
<b>Total governmental activities</b>				\$ 410,436	\$ 375,906
<b>Business-type Activities</b>					
<b>Notes Payable:</b>					
<b>Coyote Point Marina</b>					
Department of Boating and Waterways	8/1/10 - 8/1/29	4.5%	\$14 - \$77	\$ 3,090	\$ 790
<b>Housing Authority</b>					
California Housing Finance Agency	5/20/57	-	-	49	43
Downey Savings and Loan Bank <sup>a</sup>	2/28/2016	-	-	148	148
<b>Airports</b>					
Department of Transportation	2/7/11 - 2/7/23	4.78%	\$207 - \$362	4,000	3,614
<b>Total business-type activities</b>				\$ 7,287	\$ 4,595

<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 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, 2010**  
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The table below summarizes changes in the County's long-term liabilities for the fiscal year ended June 30, 2010:

	Balance July 1, 2009 *	Additions/ Accretions	Retirements	Balance June 30, 2010	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Accreted interest on capital appreciation bonds	\$ 2,972	\$ 306	\$ -	\$ 3,278	\$ -
Lease revenue bonds	370,965	115,505	(137,380)	349,090	11,505
Add: unamortized premium	1,654	8,438	(330)	9,762	542
Less: unamortized deferred loss on refunding	(11,060)	(1,089)	444	(11,705)	(471)
Less: unamortized discount	(108)	-	5	(103)	(5)
Lease revenue bonds, net	<u>364,423</u>	<u>123,160</u>	<u>(137,261)</u>	<u>350,322</u>	<u>11,571</u>
Certificates of participation	23,695	-	(330)	23,365	350
Add: unamortized premium	65	-	(2)	63	2
Certificates of participation, net	<u>23,760</u>	<u>-</u>	<u>(332)</u>	<u>23,428</u>	<u>352</u>
Notes payable	191	-	(18)	173	19
Other long-term obligation	-	92	(3)	89	26
Estimated claims	49,808	16,360	(14,089)	52,079	10,647
Compensated absences	33,641	25,935	(25,655)	33,921	27,373
<b>Total Governmental Activities</b>	<u>\$ 471,823</u>	<u>\$ 165,547</u>	<u>\$ (177,358)</u>	<u>\$ 460,012</u>	<u>\$ 49,988</u>
<b>Business-type Activities:</b>					
Notes payable	\$ 4,868	\$ -	\$ (273)	\$ 4,595	\$ 288
Other long-term obligation	508	345	(508)	345	-
Net OPEB Obligation	151	65	-	216	-
Estimated claims	704	-	(4)	700	-
Compensated absences	8,105	7,259	(6,790)	8,574	7,925
<b>Total Business-type Activities</b>	<u>\$ 14,336</u>	<u>\$ 7,669</u>	<u>\$ (7,575)</u>	<u>\$ 14,430</u>	<u>\$ 8,213</u>

\* The outstanding lease revenue bonds as of July 1, 2009, were restated in the amount of \$7.9 million to reflect changes resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 53 – *Accounting and Financial Reporting for Derivative Instruments*.

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 \$551 million payable through July 15, 2036. For the current year, principal and interest paid by the JPFA totaled \$11.7 million and \$17.5 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 payments remaining on the certificates of participation is \$45 million payable through August 1, 2039. For the current year principal and interest paid by the JPFA totaled \$0.3 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.
- *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, 2010**  
**(In Thousands)**

As of June 30, 2010, annual debt service requirements of governmental activities were summarized as follows:

Year Ended June 30,	Government Activities						
	Lease Revenue Bonds			Certificates of Participation		Notes Payable	
	Principal	Interest		Principal	Interest	Principal	Interest
2011	\$ 11,505	\$ -	\$ 16,505	\$ 350	\$ 1,162	\$ 19	\$ 1
2012	12,605	-	15,634	365	1,145	20	1
2013	13,250	-	15,220	385	1,127	10	-
2014	13,935	-	14,304	405	1,107	124	-
2015	13,800	-	13,379	425	1,086	-	-
2016-2020	78,175	2,195	55,869	2,465	5,076	-	-
2021-2025	75,559	4,566	36,145	3,160	4,370	-	-
2026-2030	67,701	2,180	21,325	4,040	3,463	-	-
2031-2035	44,865	-	9,815	5,175	2,303	-	-
2036-2040	17,695	-	896	6,595	856	-	-
Total requirements	349,090	8,941	199,092	\$ 23,365	\$ 21,695	\$ 173	\$ 2
Less: unaccrued interest	-	(5,663)	-				
Total	\$ 349,090	\$ 3,278	\$ 199,092				

As of June 30, 2010, annual debt service requirements of business-type activities were summarized as follows:

Fiscal Year Ending June 30,	Business-type Activities	
	Notes Payable	
	Principal	Interest
2011	\$ 288	\$ 210
2012	272	196
2013	285	184
2014	264	170
2015	276	158
2016-2020	1,739	579
2021-2025	1,229	181
2026-2030	199	33
2031-2035	-	-
2036-2040	-	-
2041-2045	-	-
2046-2050	-	-
2051-2055	-	-
2056-2060	43	-
Total	\$ 4,595	\$ 1,711

**New Issue**

On December 10, 2009, the JPFA issued \$115.5 million in Lease Revenue Bonds (2009 Bonds) with an average interest rate of 5.02% and a bond premium of \$8.4 million. The proceeds of the 2009 Bonds totaling \$123.9 million, together with other available moneys of \$6.5 million, were used to redeem (i) a portion of the outstanding 1997 Lease Revenue Bonds (1997 Bonds) totaling \$33.6 million with an average interest rate of 4.84% and (ii) a portion of the outstanding 1999 Lease Revenue Bonds (1999 Bonds) totaling \$92.2 million with an average interest rate of 5.06%. The remaining proceeds were used to pay costs of issuance of the 2009 Bonds and to pay other costs relating to the refunding of the 1997 Bonds and 1999 Bonds (the "Prior Bonds").

Although the refunding resulted in a loss of \$1.1 million on early retirement of the Prior Bonds (difference between the book value of the old debt and the amount required to retire the debt) for the year ended June 30, 2010, the JPFA in effect reduces its aggregate debt service payments by \$12.6 million over the next 23 years and obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$6.1 million. The loss is deferred and amortized over the remaining term of the 2009 Bonds.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
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**Legal Debt Service Limit**

The County's annual legal debt service limit shall not exceed 4% of the average annual County budget for the current and the preceding four fiscal years, and shall be for non-voter approved debt that is the obligation of the County. The County's legal debt service limit was \$67.6 million for the fiscal year ended June 30, 2010.

**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. At June 30, 2010, restricted net assets for the governmental activities were \$143 million as reported on the government-wide statement of net assets, and \$42 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, 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, 2010, fund balances for government funds are made up of the followings:

- *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, 2010**  
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Fund balances for all the major and nonmajor governmental funds as of June 30, 2010, were distributed as follows:

	General Fund	JPFA	Nonmajor Funds	Total
<b>Nonspendable:</b>				
Inventory	\$ 103	\$ -	\$ 352	\$ 455
Long-term receivable	4,340	-	-	4,340
Advances	6,223	-	-	6,223
Subtotal	<u>10,666</u>	<u>-</u>	<u>352</u>	<u>11,018</u>
<b>Restricted for:</b>				
General government	366	-	12,786	13,152
Public protection	1,116	-	13,894	15,010
Public ways and facilities	-	-	27,800	27,800
Health and sanitation	5,592	-	11,373	16,965
Public assistance	26,392	-	-	26,392
Capital projects	-	-	3,231	3,231
Debt service	-	40,605	-	40,605
Subtotal	<u>33,466</u>	<u>40,605</u>	<u>69,084</u>	<u>143,155</u>
<b>Committed to:</b>				
Public protection	91	-	-	91
Health and sanitation	41	-	-	41
Public assistance	1,702	-	-	1,702
Capital projects	-	-	2,458	2,458
Debt service	-	-	22,825	22,825
Subtotal	<u>1,834</u>	<u>-</u>	<u>25,283</u>	<u>27,117</u>
<b>Assigned to:</b>				
General government	87,193	-	1,256	88,449
Public protection	230	-	321	551
Public ways and facilities	-	-	867	867
Health and sanitation	3,449	-	7,410	10,859
Public assistance	2,009	-	568	2,577
Capital projects	-	-	4,859	4,859
Subtotal	<u>92,881</u>	<u>-</u>	<u>15,281</u>	<u>108,162</u>
<b>Unassigned</b>				
	<u>146,759</u>	<u>-</u>	<u>-</u>	<u>146,759</u>
Total	<u>\$ 285,606</u>	<u>\$ 40,605</u>	<u>\$ 110,000</u>	<u>\$436,211</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. 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,

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
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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:
  - (a) Capital and technology improvements;
  - (b) Reduction of unfunded liabilities, including Retirement and Retiree Health obligations;
  - (c) Debt retirement;
  - (d) Productivity enhancements;
  - (e) Cost avoidance projects;
  - (f) Litigation;
  - (g) Local match for grants involving multiple departments;
  - (h) 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;
  - (i) Seed money for new programs involving multiple departments with future ongoing funding sources and outcome measures; and
  - (j) Other purposes deemed to be fiscally prudent for the County as identified and recommended by the County Manager’s Office to the Board.

**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.

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**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, 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, 2010, the total number of plan participants was 10,556, of which 10,530 were County employees and 26 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.

*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.

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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. 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, 2010, the County's annual pension cost was equal to the County's annual required contributions of \$106 million determined by the actuarial valuation as of June 30, 2009, 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 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 9.74%. 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
6/30/2008	\$105,340	100.0%
6/30/2009	106,123	100.0%
6/30/2010	106,265	100.0%

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*(e) Funded Status and Funding Progress*

As of June 30, 2010, the most recent actuarial valuation date, the plan was 70.3% funded. The actuarial accrued liability for benefits was \$3 billion, and the actuarial value of assets was \$2 billion, resulting in an unfunded actuarial accrued liability (UAAL) of \$1 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 \$429 million, and the ratio of the UAAL to the annual covered payroll was 215%.

The 2010 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 2011 and later valuations unless earnings 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 the 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, 2010, the plan has 44 active participants. For the fiscal year ended June 30, 2010, the Housing Authority contributed \$326 to its retirement plan.

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS**

**County of San Mateo**

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

The duration and amount of the County paid benefits depend on the amount of sick leave at retirement and the bargaining unit to which the retiree belonged. 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 publicly available financial report.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
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The County contracts with Kaiser, Aetna, and Blue Shield Health Plans to provide health coverage to its active members and pre-Medicare retirees (under age 65 and not covered by Medicare). The County charges retirees not yet eligible for Medicare a health premium based on the claims experience of both actives and retirees. Since health claim costs generally increase with age, retiree health premiums would be significantly higher if the 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 and; therefore, premium subsidy does not exist for retirees enrolled in Medicare and receiving supplemental health coverage.

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, 2010, the County contributed \$17.3 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 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 30-year period from July 1, 2005. The remaining amortization period as of July 1, 2010 is 25 years. 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 obligation to the Retiree Health Plan:

Annual required contribution	\$ 17,331
Interest on prior year net OPEB asset	(9,326)
Adjustment to annual required contribution	7,499
Annual OPEB cost	15,504
Contribution made	(17,331)
Increase in net OPEB asset	(1,827)
Net OPEB asset - beginning of year	(120,332)
Net OPEB asset - end of year	\$ (122,159)

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)
6/30/2008	\$ 18,796	816.1%	\$ (118,386)
6/30/2009	8,858	122.0%	(120,332)
6/30/2010	15,504	111.8%	(122,159)

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**Notes to the Basic Financial Statements (Continued)**  
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The table below shows how the total net OPEB asset as of June 30, 2010, 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	\$ (98,407)
Business-type Activities	(23,153)
SamCERA	(442)
First 5 San Mateo County	(157)
	\$ (122,159)

**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 thirty years, beginning July 1, 2005. The table below indicates the funded status of the Retiree Health Plan as of January 1, 2009, the most recent actuarial valuation date.

Actuarial accrued liability (AAL)	\$ 207,742
Actuarial value of plan assets	101,362
Unfunded actuarial accrued liability (UAAL)	\$ 106,380
Funded ratio (actuarial value of plan assets/AAL)	48.8%
Annual covered payroll (active plan members)	\$ 479,481
UAAL as a percentage of annual covered payroll	22.2%

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations. The actuarial value of plan assets is based on the actual market value of assets as of January 1, 2009.

The entry age normal cost method was used for the valuation as of January 1, 2009. 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 9% for 2009, reduced by 0.5% each year with an ultimate rate of 5% for 2017 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 scale and demographic assumptions (including termination, disability, retirement, mortality, and possibility of marriage) were updated to reflect those used in the June 30, 2008 pension valuation. These assumptions were updated based on the latest experience study for SamCERA. This experience study was conducted based on retirement experience occurred prior to the adoption of new sick leave conversion benefit provisions.

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**Notes to the Basic Financial Statements (Continued)**  
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The new sick leave conversion benefits include the following:

- For management employees hired after April 1, 2008 (excluding current non-management employees promoted into management classification), their retiree healthcare benefits are capped at \$0.7 per month for each unused eight hours of sick leave at retirement. In lieu of this change, the County will contribute \$0.1 per month to each eligible employee's retire health savings account and continue to pay for dental and vision premiums for each unused eight hours of sick leave.
- For certain bargaining units, their sick leave benefits are either changed or enhanced beginning January 1, 2009.

While the new provisions may affect future patterns, sufficient experience is unavailable to observe any change in pattern. The County's actuary will monitor the emerging experience and make adjustments to such assumptions, if appropriate, in the next valuation.

**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 projected unit benefit cost method to determine its OPEB obligations. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees. The actuarial accrued liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service-to date over service at expected retirement. The normal cost is the actuarial present value of benefits attributed to one year of service. The normal cost equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero.

The table below summarizes the position of the Housing Authority's OPEB plan for the fiscal year ended June 30, 2010. Further details can be found in its financial report, which may be obtained by writing to the Housing Authority at 264 Harbor Boulevard, Building A, Belmont, CA 94002.

Annual required contribution	\$	80
Interest on prior year net OPEB obligation		7
Adjustment to annual required contribution		(9)
Annual OPEB cost		78
Contribution made		(12)
Increase in net OPEB obligation		66
Net OPEB obligation - beginning of year		150
Net OPEB obligation - end of year	\$	216

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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
6/30/2008	\$ 52	18.9%	\$ 95
6/30/2009	67	16.7%	150
6/30/2010	78	15.4%	216

**Funded Status and Funding Progress.** The unfunded actuarial accrued liability is amortized as a level dollar amount under a 30 year rolling amortization. The table below indicates the funded status as of June 30, 2010.

Actuarial accrued liability (AAL)	\$ 821
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 821</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%

**Actuarial Methods and Assumptions.** The projected unit benefit cost method was used for the valuation as of July 1, 2010. 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 4.5%; 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 \$600 per incident, but limited to a maximum of \$55,000.
- Workers' compensation in excess of \$1,000 per incident, but limited to a statutory amount.
- Auto liability in excess of \$600 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 2009-10.

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 \$52,079 as reported in

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the internal service funds at June 30, 2010, 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 \$52,079 estimated claims liability at June 30, 2010, approximately \$44,776 was actuarially determined at a discount rate of 2.43%. 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. As of June 30, 2010, the Personal Injury and Property Damage fund recognized a negative increment of \$143 in estimated claim liability resulting in a negative expense. Changes to the claims liability for FY2008-09 and FY2009-10 were as follows:

Liability at June 30, 2008	\$	44,606
Current year claims and changes in estimates		17,303
Payments on claims		<u>(12,101)</u>
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	<u>\$</u>	<u>52,079</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 committed fund balance. As of June 30, 2010, the County's General Fund had a total of \$1.8 million in encumbrances, which were reported as part of assigned fund balance on the government fund balance sheet.

**Medical Center Third-Party Reimbursement Agreement**

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

*Medicare.* The Medical Center meets the requirements of a Federally Qualified Health Center (FQHC) provider, and a large percentage of its outpatient clinic patients are covered by this reimbursement. Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Medical Center is reimbursed for Graduate Medical Education and Disproportionate Share Hospital amounts at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audit thereof by the Medicare fiscal intermediary. At June 30, 2010, the last Medical Center Medicare cost report audited by the fiscal intermediary was for June 30, 2002.

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**(In Thousands)**

*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 covers the period from July 1, 2005 to June 30, 2010. Under the Demonstration, payments for public hospitals are comprised of: (1) fee-for-service 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 payments 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 50% from July 1, 2009 through September 30, 2009. Starting October 1, 2009 through June 30, 2010, there was a temporary enhancement of the Federal Medical Assistance Percentage (FMAP) of 11.59% for a total of 61.59% which will end December 31, 2010. 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 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 baseline for FY2009-10 was established at the hospital’s total net Medi-Cal inpatients for FY 2005-06. The Medical Center estimates FY2009-10 baseline to be \$28 million.

**Medicare and Medi-Cal Reimbursements**

The Medical Center provides healthcare services primarily to County residents. Net patient service revenues are 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 revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenues, on an estimated basis, in the period the related services are rendered. Such amounts are adjusted in future periods as adjustments become known, or as years are no longer subject to such audits, reviews, and investigations. For the fiscal year ended June 30, 2010, revenues from Medicare and Medi-Cal programs accounted for approximately 23% and 44% of net patient charges for services. Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

**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 \$173.6 million at June 30, 2010. 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 \$54.2 million at June 30, 2010.

**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,

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

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, 2010. The \$0.7 million is presented as non-current estimated claims in the Statement of Net Assets.

**Airline Litigation Settlement**

In 2001, a number of airlines filed claims for refund and applications for changed assessments in some of the counties with respect to certain property taxes. Between 2005 and 2006, the airlines and the counties agreed to resolve these matters through settlement agreements. Under these agreements, the counties would give the airlines tax credits for the tax years 2002-03 through 2005-06, and the airlines would terminate certain claims and applications for changed assessment. In addition, the airlines agree not to pursue assessment by the State Board of Equalization and that all of their personal property continues to be locally assessed for the tax years through 2010-11.

The County estimated that total tax credits to be refunded to the airlines from its General Fund were \$1.4 million. Under the terms of the settlement agreements, the County will distribute tax credits to the airlines over eight years through FY 2012-13. The County has distributed a total of \$1 million tax credits to all the airlines named in the settlement agreements between FY 2006-07 and FY 2009-10.

**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 \$1.9 million as of June 30, 2010.



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

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**For the Fiscal Year Ended June 30, 2010**  
**(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, 2010, 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	
	2010 Number of Miles	2010 Percent	2007 Number of Miles	2007 Percent	2004 Number of Miles	2004 Percent	2010 Number of Miles	2010 Percent	2007 Number of Miles	2007 Percent	2004 Number of Miles	2004 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, 2010, the actual maintenance and preservation costs were less than the estimated by \$50. The variance was mainly caused by the County's conservative approach on spending in face of the State's funding uncertainties and payment deferrals.

Fiscal Year Ended June 30,	Maintenance and Perservation Cost		Variance
	Estimated	Actual	
2006	\$ 5,000	\$ 4,450	\$ 550
2007	2,900	3,725	(825)
2008	3,595	3,424	171
2009	4,320	4,509	(189)
2010	3,900	3,850	50

**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, 2010**  
**(In Thousands)**

The table below presents six-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
6/30/2005	\$ 1,615,585	\$ 2,177,759	\$ 562,174	74.2%	\$ 334,315	168.16%
6/30/2006	1,769,021	2,345,149	576,128	75.4%	363,648	158.43%
6/30/2007	1,976,731	2,555,504	578,773	77.4%	407,812	141.92%
6/30/2008	2,218,937	2,806,222	587,285	79.1%	416,243	141.09%
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%

**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
7/1/2005	\$ -	\$ 135,678	\$ 135,678	0.0%	\$ 323,340	42.0%
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	101,362	203,730	102,368	49.8%	413,738	24.7%
1/1/2009 <sup>c</sup>	101,362	207,742	106,380	48.8%	479,481	22.2%

<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
7/1/2008	\$ -	\$ 604	\$ 604	0.0%	n/a	n/a
7/1/2009	-	702	702	0.0%	n/a	n/a
7/1/2010	-	821	821	0.0%	n/a	n/a



General Fund

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ 299,291	\$ 298,308	\$ (983)	\$ 194,758	\$ (103,550)
<b>Resources (inflows):</b>					
Taxes	305,864	305,864	-	383,750	77,886
Licenses and permits	5,463	5,463	-	5,201	(262)
Fines, forfeitures and penalties	8,472	9,453	981	9,718	265
Use of money and property	9,807	9,807	-	7,697	(2,110)
Intergovernmental revenues	396,430	400,721	4,291	353,538	(47,183)
Charges for services	95,383	94,357	(1,026)	87,704	(6,653)
Interfund revenue	73,251	73,251	-	58,919	(14,332)
Miscellaneous revenue	28,178	28,639	461	26,890	(1,749)
Other financing sources	949	949	-	292	(657)
Amounts available for appropriation	<u>923,797</u>	<u>928,504</u>	<u>4,707</u>	<u>933,709</u>	<u>5,205</u>
<b>Charges to appropriations (outflows):</b>					
<b>General Government</b>					
<b>Board of Supervisors - District 1</b>					
Salaries and benefits	597	597	-	582	15
Services and supplies	52	52	-	37	15
Other charges	41	41	-	37	4
Contingencies	24	24	-	-	24
Total Board of Supervisors - District 1	<u>714</u>	<u>714</u>	<u>-</u>	<u>656</u>	<u>58</u>
<b>Board of Supervisors - District 2</b>					
Salaries and benefits	588	588	-	572	16
Services and supplies	60	60	-	29	31
Other charges	45	45	-	38	7
Contingencies	89	89	-	-	89
Total Board of Supervisors - District 2	<u>782</u>	<u>782</u>	<u>-</u>	<u>639</u>	<u>143</u>
<b>Board of Supervisors - District 3</b>					
Salaries and benefits	544	560	16	557	3
Services and supplies	44	44	-	36	8
Other charges	38	38	-	35	3
Contingencies	16	-	(16)	-	-
Total Board of Supervisors - District 3	<u>642</u>	<u>642</u>	<u>-</u>	<u>628</u>	<u>14</u>
<b>Board of Supervisors - District 4</b>					
Salaries and benefits	560	559	(1)	503	56
Services and supplies	79	79	-	43	36
Other charges	37	38	1	38	-
Contingencies	41	41	-	-	41
Total Board of Supervisors - District 4	<u>717</u>	<u>717</u>	<u>-</u>	<u>584</u>	<u>133</u>
<b>Board of Supervisors - District 5</b>					
Salaries and benefits	538	606	68	603	3
Services and supplies	41	38	(3)	37	1
Other charges	36	41	5	41	-
Contingencies	13	-	(13)	-	-
Total Board of Supervisors - District 5	<u>628</u>	<u>685</u>	<u>57</u>	<u>681</u>	<u>4</u>
<b>County Manager/Clerk of the Board</b>					
Salaries and benefits	5,916	5,891	(25)	5,223	668
Services and supplies	2,397	2,327	(70)	1,224	1,103
Other charges	1,124	1,809	685	1,614	195
Fixed assets	10	10	-	3	7
Intrafund transfers	(677)	(677)	-	(498)	(179)
Contingencies	1,295	1,295	-	-	1,295
Total County Manager/Clerk of the Board	<u>10,065</u>	<u>10,655</u>	<u>590</u>	<u>7,566</u>	<u>3,089</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Special Services</b>					
Salaries and benefits	592	592	-	573	19
Services and supplies	248	248	-	69	179
Other charges	14,629	14,629	-	14,023	606
Intrafund transfers	(12,144)	(12,144)	-	(11,562)	(582)
Contingencies	66	66	-	-	66
Total Special Services	3,391	3,391	-	3,103	288
<b>Public Safety Communication</b>					
Salaries and benefits	7,923	7,923	-	7,588	335
Services and supplies	747	747	-	525	222
Other charges	510	510	-	460	50
Fixed assets	146	596	450	449	147
Intrafund transfers	(145)	(145)	-	(154)	9
Contingencies	272	272	-	-	272
Total Public Safety Communication	9,453	9,903	450	8,868	1,035
<b>Assessor-Clerk-Recorder</b>					
Salaries and benefits	14,802	14,802	-	13,546	1,256
Services and supplies	4,618	4,601	(17)	4,143	458
Other charges	2,160	2,160	-	2,155	5
Fixed assets	-	20	20	19	1
Intrafund transfers	(3,177)	(3,177)	-	(1,799)	(1,378)
Contingencies	1,103	1,103	-	-	1,103
Total Assessor-Clerk-Recorder	19,506	19,509	3	18,064	1,445
<b>Controller's Office</b>					
Salaries and benefits	5,356	5,356	-	5,147	209
Services and supplies	562	562	-	265	297
Other charges	2,813	2,813	-	1,786	1,027
Fixed assets	74	74	-	-	74
Intrafund transfers	(827)	(827)	-	-	(827)
Contingencies	751	751	-	-	751
Total Controller's Office	8,729	8,729	-	7,198	1,531
<b>Tax Collector/Treasurer</b>					
Salaries and benefits	7,365	7,365	-	6,270	1,095
Services and supplies	3,941	3,941	-	1,597	2,344
Other charges	1,002	1,002	-	989	13
Intrafund transfers	(2,980)	(2,980)	-	(2,827)	(153)
Contingencies	1,061	1,061	-	-	1,061
Total Tax Collector/Treasurer	10,389	10,389	-	6,029	4,360
<b>County Counsel</b>					
Salaries and benefits	8,248	8,248	-	7,283	965
Services and supplies	815	815	-	195	620
Other charges	425	425	-	358	67
Intrafund transfers	(1,172)	(1,172)	-	(777)	(395)
Contingencies	1,795	1,795	-	-	1,795
Total County Counsel	10,111	10,111	-	7,059	3,052
<b>Human Resources</b>					
Salaries and benefits	7,654	7,530	(124)	7,018	512
Services and supplies	1,994	1,994	-	1,731	263
Other charges	533	657	124	651	6
Fixed assets	9	9	-	-	9
Intrafund transfers	(1,348)	(1,348)	-	(1,097)	(251)
Contingencies	570	570	-	-	570
Total Human Resources	9,412	9,412	-	8,303	1,109

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Information Services</b>					
Salaries and benefits	23,310	23,310	-	21,507	1,803
Services and supplies	32,841	32,991	150	26,392	6,599
Other charges	2,022	2,022	-	1,411	611
Fixed assets	2,588	2,588	-	533	2,055
Other financing uses	367	367	-	286	81
Intrafund transfers	(43,688)	(43,688)	-	(32,986)	(10,702)
Contingencies	3,711	3,561	(150)	-	3,561
Total Information Services	21,151	21,151	-	17,143	4,008
<b>Message Switch</b>					
Services and supplies	488	488	-	385	103
Other charges	293	293	-	265	28
Intrafund transfers	(134)	(134)	-	(134)	-
Contingencies	509	509	-	-	509
Total Message Switch	1,156	1,156	-	516	640
<b>Public Works</b>					
Salaries and benefits	20,166	20,166	-	17,343	2,823
Services and supplies	14,501	14,015	(486)	12,670	1,345
Other charges	5,957	6,206	249	5,636	570
Fixed assets	49	49	-	-	49
Other financing uses	13,377	13,614	237	12,655	959
Intrafund transfers	(29,976)	(29,976)	-	(28,588)	(1,388)
Contingencies	852	852	-	-	852
Total Public Works	24,926	24,926	-	19,716	5,210
<b>Non-Departmental Services</b>					
Salaries and benefits	3,100	3,100	-	2,072	1,028
Services and supplies	25,991	25,709	(282)	15,658	10,051
Other charges	5,552	5,778	226	367	5,411
Other financing uses	19,262	19,535	273	9,999	9,536
Intrafund transfers	(1,771)	(1,771)	-	(2,528)	757
Contingencies	124,431	123,511	(920)	-	123,511
Total Non-Departmental Services	176,565	175,862	(703)	25,568	150,294
<b>Total General Government</b>	308,337	308,734	397	132,321	176,413
<b>Public Protection</b>					
<b>Grand Jury</b>					
Salaries and benefits	54	54	-	45	9
Services and supplies	483	483	-	441	42
Other charges	13	13	-	3	10
Contingencies	129	129	-	-	129
Total Grand Jury	679	679	-	489	190
<b>Criminal Division</b>					
Salaries and benefits	21,429	21,429	-	20,932	497
Services and supplies	1,213	1,207	(6)	999	208
Other charges	1,844	1,826	(18)	1,772	54
Fixed assets	-	24	24	24	-
Contingencies	551	551	-	-	551
Total Criminal Division	25,037	25,037	-	23,727	1,310

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Child Support Services</b>					
Salaries and benefits	10,039	10,039	-	9,678	361
Services and supplies	499	499	-	455	44
Other charges	1,379	1,379	-	1,194	185
Intrafund transfers	(139)	(139)	-	-	(139)
Total Child Support Services	11,778	11,778	-	11,327	451
<b>County Support of Courts</b>					
Salaries and benefits	430	430	-	414	16
Services and supplies	1,101	1,101	-	663	438
Other charges	18,919	18,919	-	19,167	(248)
Total County Support of Courts	20,450	20,450	-	20,244	206
<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	-
<b>Sheriff</b>					
Salaries and benefits	116,161	116,175	14	109,921	6,254
Services and supplies	23,057	22,852	(205)	15,512	7,340
Other charges	18,150	19,167	1,017	17,193	1,974
Fixed assets	585	1,008	423	684	324
Other financing uses	900	900	-	900	-
Intrafund transfers	(2,102)	(2,928)	(826)	(1,896)	(1,032)
Contingencies	4,760	4,667	(93)	-	4,667
Total Sheriff	161,511	161,841	330	142,314	19,527
<b>Probation</b>					
Salaries and benefits	52,772	53,147	375	53,147	-
Services and supplies	22,314	21,821	(493)	20,761	1,060
Other charges	15,872	15,964	92	15,952	12
Other financing uses	-	25	25	25	-
Intrafund transfers	(18,295)	(18,295)	-	(18,154)	(141)
Contingencies	137	137	-	-	137
Total Probation	72,800	72,799	(1)	71,731	1,068
<b>Coroner's Office</b>					
Salaries and benefits	1,898	1,898	-	1,685	213
Services and supplies	790	795	5	659	136
Other charges	287	287	-	277	10
Contingencies	335	335	-	-	335
Total Coroner's Office	3,310	3,315	5	2,621	694
<b>Local Agency Formation Commission</b>					
Salaries and benefits	211	211	-	202	9
Services and supplies	94	94	-	62	32
Other charges	54	54	-	29	25
Intrafund transfers	(75)	(75)	-	(75)	-
Contingencies	30	30	-	-	30
Total Local Agency Formation Commission	314	314	-	218	96
<b>Fire Protection</b>					
Services and supplies	6,231	6,222	(9)	5,868	354
Other charges	184	184	-	(5)	189
Fixed assets	175	184	9	175	9
Total Fire Protection	6,590	6,590	-	6,038	552

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Planning</b>					
Salaries and benefits	6,811	6,811	-	6,044	767
Services and supplies	6,905	7,356	451	6,299	1,057
Other charges	832	832	-	589	243
Intrafund transfers	(5,527)	(5,527)	-	(5,530)	3
Contingencies	1,962	1,962	-	-	1,962
Total Planning	<u>10,983</u>	<u>11,434</u>	<u>451</u>	<u>7,402</u>	<u>4,032</u>
<b>Total Public Protection</b>	<u>329,962</u>	<u>330,747</u>	<u>785</u>	<u>302,621</u>	<u>28,126</u>
<b>Health and Sanitation</b>					
<b>Health Services Administration</b>					
Salaries and benefits	2,369	2,369	-	2,141	228
Services and supplies	1,073	1,073	-	655	418
Other charges	1,824	1,544	(280)	1,200	344
Other financing uses	-	280	280	280	-
Intrafund transfers	(3,884)	(3,884)	-	(3,572)	(312)
Contingencies	732	732	-	-	732
Total Health Services Administration	<u>2,114</u>	<u>2,114</u>	<u>-</u>	<u>704</u>	<u>1,410</u>
<b>Health Policy Plan Promotion</b>					
Salaries and benefits	5,099	5,099	-	4,756	343
Services and supplies	8,791	8,719	(72)	7,376	1,343
Other charges	161	233	72	189	44
Intrafund transfers	(4,645)	(4,645)	-	(4,218)	(427)
Contingencies	260	260	-	-	260
Total Health Policy Plan Promotion	<u>9,666</u>	<u>9,666</u>	<u>-</u>	<u>8,103</u>	<u>1,563</u>
<b>Contributions to Medical Center</b>					
Services and supplies	9,001	8,821	(180)	-	8,821
Other financing uses	66,570	66,750	180	66,570	180
Total Contributions to Medical Center	<u>75,571</u>	<u>75,571</u>	<u>-</u>	<u>66,570</u>	<u>9,001</u>
<b>Behavioral Health Services</b>					
Salaries and benefits	48,108	48,108	-	44,401	3,707
Services and supplies	56,776	57,396	620	55,407	1,989
Other charges	32,473	32,173	(300)	31,917	256
Intrafund transfers	(2,735)	(2,735)	-	(2,613)	(122)
Contingencies	6,694	6,381	(313)	-	6,381
Total Behavioral Health Services	<u>141,316</u>	<u>141,323</u>	<u>7</u>	<u>129,112</u>	<u>12,211</u>
<b>Public Health Services</b>					
Salaries and benefits	27,355	28,270	915	26,545	1,725
Services and supplies	18,362	19,275	913	15,913	3,362
Other charges	3,897	3,999	102	3,723	276
Fixed assets	24	34	10	20	14
Intrafund transfers	(4,282)	(4,282)	-	(1,769)	(2,513)
Contingencies	4,234	4,234	-	-	4,234
Total Public Health Services	<u>49,590</u>	<u>51,530</u>	<u>1,940</u>	<u>44,432</u>	<u>7,098</u>
<b>Family Health Services</b>					
Salaries and benefits	20,107	19,806	(301)	18,915	891
Services and supplies	2,727	3,222	495	2,933	289
Other charges	2,448	2,448	-	1,831	617
Intrafund transfers	(1,204)	(1,204)	-	(690)	(514)
Contingencies	1,154	1,154	-	-	1,154
Total Family Health Services	<u>25,232</u>	<u>25,426</u>	<u>194</u>	<u>22,989</u>	<u>2,437</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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	11,698	11,698	-	11,136	562
Services and supplies	5,844	5,844	-	4,942	902
Other charges	629	629	-	519	110
Intrafund transfers	(9,757)	(9,757)	-	(8,829)	(928)
Contingencies	285	285	-	-	285
Total Correctional Health Services	<u>8,699</u>	<u>8,699</u>	<u>-</u>	<u>7,768</u>	<u>931</u>
<b>Total Health and Sanitation</b>	<u>312,188</u>	<u>314,329</u>	<u>2,141</u>	<u>279,678</u>	<u>34,651</u>
<b>Public Assistance</b>					
<b>Aging &amp; Adult Services</b>					
Salaries and benefits	14,046	14,046	-	13,005	1,041
Services and supplies	3,922	3,922	-	2,876	1,046
Other charges	5,634	6,031	397	5,313	718
Intrafund transfers	(1,396)	(1,396)	-	(1,368)	(28)
Contingencies	1,846	1,846	-	-	1,846
Total Aging & Adult Services	<u>24,052</u>	<u>24,449</u>	<u>397</u>	<u>19,826</u>	<u>4,623</u>
<b>In Home Support Services - Public Authority</b>					
Other financing uses	4,488	4,488	-	4,488	-
Total In Home Support Services - Public Authority	<u>4,488</u>	<u>4,488</u>	<u>-</u>	<u>4,488</u>	<u>-</u>
<b>Human Services Agency</b>					
Salaries and benefits	87,113	87,113	-	79,626	7,487
Services and supplies	56,399	56,399	-	42,508	13,891
Other charges	73,894	73,894	-	65,839	8,055
Fixed assets	601	601	-	10	591
Other financing uses	334	334	-	245	89
Intrafund transfers	(28,362)	(28,362)	-	(24,308)	(4,054)
Contingencies	6,661	6,661	-	-	6,661
Total Human Services Agency	<u>196,640</u>	<u>196,640</u>	<u>-</u>	<u>163,920</u>	<u>32,720</u>
<b>Department of Housing</b>					
Salaries and benefits	2,080	2,135	55	2,134	1
Services and supplies	290	290	-	220	70
Other charges	5,821	5,766	(55)	3,418	2,348
Contingencies	37	37	-	-	37
Total Department of Housing	<u>8,228</u>	<u>8,228</u>	<u>-</u>	<u>5,772</u>	<u>2,456</u>
<b>Total Public Assistance</b>	<u>233,408</u>	<u>233,805</u>	<u>397</u>	<u>194,006</u>	<u>39,799</u>
<b>Recreation</b>					
<b>Parks &amp; Recreation</b>					
Salaries and benefits	6,643	6,598	(45)	6,420	178
Services and supplies	995	1,019	24	936	83
Other charges	1,162	1,162	-	1,153	9
Fixed assets	-	25	25	24	1
Intrafund transfers	(127)	(127)	-	(55)	(72)
Contingencies	195	195	-	-	195
Total Parks & Recreation	<u>8,868</u>	<u>8,872</u>	<u>4</u>	<u>8,478</u>	<u>394</u>
<b>Total Recreation</b>	<u>8,868</u>	<u>8,872</u>	<u>4</u>	<u>8,478</u>	<u>394</u>
<b>Contingencies</b>					
Contingencies	30,325	30,325	-	-	30,325
<b>Total Contingencies</b>	<u>30,325</u>	<u>30,325</u>	<u>-</u>	<u>-</u>	<u>30,325</u>
Total charges to appropriations	<u>1,223,088</u>	<u>1,226,812</u>	<u>3,724</u>	<u>917,104</u>	<u>309,708</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,363</u>	<u>\$ 211,363</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (page 74)	\$ 933,709
Differences - budget to GAAP:	
Reimbursements are inflows of budgetary resources but are used to offset expenditures for financial reporting purposes.	(58,919)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(292)
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	(2)
Receipts from sub-funds reclassified from County Agency Fund, not budgeted.	<u>12,819</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 24)	<u><u>\$ 887,315</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 79)	\$ 917,104
Differences - budget to GAAP:	
Expenditures offset by reimbursements for financial reporting purposes are outflows of budgetary appropriations.	(58,919)
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.	(492)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(95,503)
Disbursements from sub-funds reclassified from County Agency Fund, not budgeted.	<u>1,785</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 24)	<u><u>\$ 763,975</u></u>

See Notes to the Budgetary Comparison Schedule.

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Notes to the Budgetary Comparison Schedule – General Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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, 2010**  
**(In Thousands)**

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and investments	\$ 70,393	\$ 22,777	\$ 11,576	\$ 104,746
Securities lending collateral	10,789	3,491	1,774	16,054
Receivables (net):				
Accounts	26	-	34	60
Interest	181	48	29	258
Taxes	864	-	-	864
Other	32	-	58	90
Due from other funds	320	-	22	342
Due from other governmental agencies	12,457	-	198	12,655
Inventories	352	-	-	352
Total assets	<u>\$ 95,414</u>	<u>\$ 26,316</u>	<u>\$ 13,691</u>	<u>\$ 135,421</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,790	\$ -	\$ 1,306	\$ 4,096
Accrued salaries and benefits	571	-	-	571
Accrued liabilities	128	-	-	128
Securities lending collateral - due to borrowers	10,789	3,491	1,774	16,054
Due to other funds	201	-	-	201
Advances from other funds	600	-	-	600
Deferred revenues	3,658	-	63	3,721
Deposits	50	-	-	50
Total liabilities	<u>18,787</u>	<u>3,491</u>	<u>3,143</u>	<u>25,421</u>
<b>Fund balances:</b>				
Nonspendable	352	-	-	352
Restricted	65,853	-	3,231	69,084
Committed	-	22,825	2,458	25,283
Assigned	10,422	-	4,859	15,281
Total fund balances	<u>76,627</u>	<u>22,825</u>	<u>10,548</u>	<u>110,000</u>
Total liabilities and fund balances	<u>\$ 95,414</u>	<u>\$ 26,316</u>	<u>\$ 13,691</u>	<u>\$ 135,421</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, 2010**  
**(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	\$ 14,733	\$ -	\$ -	\$ 14,733
Licenses and permits	4,327	-	-	4,327
Intergovernmental	31,408	-	1,871	33,279
Charges for services	14,565	-	2,506	17,071
Fines, forfeitures and penalties	2,340	-	-	2,340
Rents and concessions	91	-	-	91
Investment income	1,070	307	182	1,559
Securities lending activities:				
Securities lending income	5	2	-	7
Securities lending expenditures	(4)	(2)	-	(6)
Other	926	-	929	1,855
Total revenues	<u>69,461</u>	<u>307</u>	<u>5,488</u>	<u>75,256</u>
<b>Expenditures:</b>				
Current:				
General government	4,167	28	-	4,195
Public protection	6,992	-	-	6,992
Public ways and facilities	18,171	-	-	18,171
Health and sanitation	28,626	-	-	28,626
Capital outlay	2,893	-	9,624	12,517
Debt service:				
Principal	18	-	-	18
Interest	2	-	-	2
Total expenditures	<u>60,869</u>	<u>28</u>	<u>9,624</u>	<u>70,521</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,592</u>	<u>279</u>	<u>(4,136)</u>	<u>4,735</u>
<b>Other financing sources (uses):</b>				
Transfers in	4,524	29,762	8,114	42,400
Transfers out	(1,800)	(29,921)	(4,306)	(36,027)
Total other financing sources (uses)	<u>2,724</u>	<u>(159)</u>	<u>3,808</u>	<u>6,373</u>
<b>Net change in fund balances</b>	11,316	120	(328)	11,108
Fund balances - beginning	<u>65,311</u>	<u>22,705</u>	<u>10,876</u>	<u>98,892</u>
Fund balances - end	<u>\$ 76,627</u>	<u>\$ 22,825</u>	<u>\$ 10,548</u>	<u>\$ 110,000</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, 2010**  
**(In Thousands)**

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
<b>ASSETS</b>							
Cash and investments	\$ 16,578	\$ 312	\$ 6,386	\$ 12,506	\$ 13,931	\$ 8,092	\$ 2,440
Securities lending collateral	2,541	48	979	1,917	2,135	1,240	374
Receivables (net):							
Accounts	-	-	11	-	-	-	15
Interest	32	7	17	32	35	21	8
Taxes	-	349	188	34	221	66	-
Other	32	-	-	-	-	-	-
Due from other funds	274	-	-	19	2	-	-
Due from other governmental agencies	9,317	153	2	95	99	190	273
Inventories	352	-	-	-	-	-	-
Total assets	<u>\$ 29,126</u>	<u>\$ 869</u>	<u>\$ 7,583</u>	<u>\$ 14,603</u>	<u>\$ 16,423</u>	<u>\$ 9,609</u>	<u>\$ 3,110</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 178	\$ -	\$ 628	\$ 900	\$ -	\$ 11	\$ -
Accrued salaries and benefits	402	-	-	39	-	-	-
Accrued liabilities	-	53	29	5	34	7	-
Securities lending collateral - due to borrowers	2,541	48	979	1,917	2,135	1,240	374
Due to other funds	60	-	-	14	2	-	-
Advances from other funds	-	-	-	600	-	-	-
Deferred revenues	136	492	185	129	313	253	61
Deposits	47	-	3	-	-	-	-
Total liabilities	<u>3,364</u>	<u>593</u>	<u>1,824</u>	<u>3,604</u>	<u>2,484</u>	<u>1,511</u>	<u>435</u>
<b>Fund Balances:</b>							
Nonspendable	352	-	-	-	-	-	-
Restricted	24,556	-	4,533	10,999	13,894	8,074	-
Assigned	854	276	1,226	-	45	24	2,675
Total fund balances	<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>
Total liabilities and fund balances	<u>\$ 29,126</u>	<u>\$ 869</u>	<u>\$ 7,583</u>	<u>\$ 14,603</u>	<u>\$ 16,423</u>	<u>\$ 9,609</u>	<u>\$ 3,110</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2010**  
**(In Thousands)**

<u>County Half-Cent Transportation</u>	<u>County-Wide Road Improvement</u>	<u>Solid Waste</u>	<u>IHSS Public Authority</u>	<u>Other Special Revenue</u>	<u>Total</u>	
\$ 664	\$ 2,558	\$ 3,915	\$ 1,808	\$ 1,203	\$ 70,393	<b>ASSETS</b>
102	392	600	277	184	10,789	Cash and investments
-	-	-	-	-	26	Securities lending collateral
1	7	12	4	5	181	Receivables (net):
-	-	-	-	6	864	Accounts
-	-	-	-	-	32	Interest
12	-	13	-	-	320	Taxes
-	-	36	2,288	4	12,457	Other
-	-	-	-	-	352	Due from other funds
<u>\$ 779</u>	<u>\$ 2,957</u>	<u>\$ 4,576</u>	<u>\$ 4,377</u>	<u>\$ 1,402</u>	<u>\$ 95,414</u>	Due from other governmental agencies
						Inventories
						Total assets
						<b>LIABILITIES AND FUND BALANCES</b>
						<b>Liabilities:</b>
\$ 1	\$ 8	\$ 72	\$ 992	\$ -	\$ 2,790	Accounts payable
50	-	56	24	-	571	Accrued salaries and benefits
-	-	-	-	-	128	Accrued liabilities
102	392	600	277	184	10,789	Securities lending collateral - due to borrowers
6	-	106	13	-	201	Due to other funds
-	-	-	-	-	600	Advances from other funds
-	-	-	2,078	11	3,658	Deferred revenues
-	-	-	-	-	50	Deposits
<u>159</u>	<u>400</u>	<u>834</u>	<u>3,384</u>	<u>195</u>	<u>18,787</u>	Total liabilities
						<b>Fund Balances:</b>
-	-	-	-	-	352	Nonspendable
617	2,547	-	-	633	65,853	Restricted
3	10	3,742	993	574	10,422	Assigned
<u>620</u>	<u>2,557</u>	<u>3,742</u>	<u>993</u>	<u>1,207</u>	<u>76,627</u>	Total fund balances
<u>\$ 779</u>	<u>\$ 2,957</u>	<u>\$ 4,576</u>	<u>\$ 4,377</u>	<u>\$ 1,402</u>	<u>\$ 95,414</u>	Total liabilities and fund balances

**COUNTY OF SAN MATEO**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
<b>Revenues</b>							
Taxes	\$ -	\$ 5,345	\$ 2,900	\$ 766	\$ 3,014	\$ 1,005	\$ -
Licenses and permits	126	-	69	-	-	-	-
Intergovernmental	25,747	39	19	4	23	4	-
Charges for services	1,467	264	1,200	8,660	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	2,338
Rents and concessions	47	39	-	-	5	-	-
Investment income	216	23	94	180	209	126	44
Securities lending activities:							
Securities lending income	2	-	-	1	1	1	-
Securities lending expenditures	(1)	-	-	(1)	(1)	(1)	-
Other	98	303	61	5	-	-	28
Total revenues	<u>27,702</u>	<u>6,013</u>	<u>4,343</u>	<u>9,615</u>	<u>3,251</u>	<u>1,135</u>	<u>2,410</u>
<b>Expenditures</b>							
Current:							
General government	-	-	3,746	-	-	421	-
Public protection	-	6,232	-	-	757	-	-
Public ways and facilities	14,829	-	-	-	-	-	-
Health and sanitation	-	-	-	7,479	-	-	2,325
Capital outlay	2,363	-	-	321	143	66	-
Debt service:							
Principal	-	-	18	-	-	-	-
Interest	-	-	2	-	-	-	-
Total expenditures	<u>17,192</u>	<u>6,232</u>	<u>3,766</u>	<u>7,800</u>	<u>900</u>	<u>487</u>	<u>2,325</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,510</u>	<u>(219)</u>	<u>577</u>	<u>1,815</u>	<u>2,351</u>	<u>648</u>	<u>85</u>
<b>Other financing sources (uses)</b>							
Transfers in	28	-	-	2	-	-	-
Transfers out	-	-	(35)	-	(1,508)	-	-
Total other financing sources (uses)	<u>28</u>	<u>-</u>	<u>(35)</u>	<u>2</u>	<u>(1,508)</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>10,538</u>	<u>(219)</u>	<u>542</u>	<u>1,817</u>	<u>843</u>	<u>648</u>	<u>85</u>
Fund balances - beginning	<u>15,224</u>	<u>495</u>	<u>5,217</u>	<u>9,182</u>	<u>13,096</u>	<u>7,450</u>	<u>2,590</u>
Fund balances - end	<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>

(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, 2010**  
**(In Thousands)**

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	IHSS Public Authority	Other Special Revenue	Total	
\$ 1,671	\$ -	\$ -	\$ -	\$ 32	\$ 14,733	<b>Revenues</b>
-	-	3,223	-	909	4,327	Taxes
-	-	256	5,316	-	31,408	Licenses and permits
1,404	274	1,025	259	12	14,565	Intergovernmental
-	-	-	-	2	2,340	Charges for services
-	-	-	-	-	91	Fines, forfeitures and penalties
6	43	77	34	18	1,070	Rents and concessions
-	-	-	-	-	5	Investment income
-	-	-	-	-	(4)	Securities lending activities:
6	-	73	1	351	926	Securities lending income
3,087	317	4,654	5,610	1,324	69,461	Securities lending expenditures
						Other
						Total revenues
-	-	-	-	-	4,167	<b>Expenditures</b>
-	-	-	-	3	6,992	Current:
2,686	656	-	-	-	18,171	General government
-	-	5,616	12,296	910	28,626	Public protection
-	-	-	-	-	2,893	Public ways and facilities
-	-	-	-	-	18	Health and sanitation
-	-	-	-	-	2	Capital outlay
2,686	656	5,616	12,296	913	60,869	Debt service:
						Principal
						Interest
						Total expenditures
401	(339)	(962)	(6,686)	411	8,592	Excess (deficiency) of revenues over (under) expenditures
3	-	3	4,488	-	4,524	<b>Other financing sources (uses)</b>
-	-	(227)	-	(30)	(1,800)	Transfers in
3	-	(224)	4,488	(30)	2,724	Transfers out
						Total other financing sources (uses)
404	(339)	(1,186)	(2,198)	381	11,316	<b>Net change in fund balances</b>
216	2,896	4,928	3,191	826	65,311	Fund balances - beginning
\$ 620	\$ 2,557	\$ 3,742	\$ 993	\$ 1,207	\$ 76,627	Fund balances - end

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Road Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ 13,118	\$ 13,118	\$ -	\$ 13,077	\$ (41)
<b>Resources (inflows):</b>					
Licenses and permits	80	80	-	126	46
Use of money and property	188	188	-	264	76
Intergovernmental revenues	14,454	14,454	-	25,747	11,293
Charges for services	7	7	-	1,467	1,460
Interfund revenue	396	396	-	-	(396)
Miscellaneous revenue	252	252	-	98	(154)
Other financing source	-	-	-	28	28
Amounts available for appropriation	<u>15,377</u>	<u>15,377</u>	<u>-</u>	<u>27,730</u>	<u>12,353</u>
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Salaries and benefits	8,964	8,964	-	8,012	952
Services and supplies	12,185	12,185	-	7,506	4,679
Other charges	1,202	1,202	-	954	248
Fixed assets	2,610	2,610	-	2,362	248
Intrafund transfers	(3,185)	(3,185)	-	(1,642)	(1,543)
Contingencies	6,719	6,719	-	-	6,719
Total charges to appropriations	<u>28,495</u>	<u>28,495</u>	<u>-</u>	<u>17,192</u>	<u>11,303</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,615</u>	<u>\$ 23,615</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 27,730
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes	<u>(28)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 27,702</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Fire Protection Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ 526	\$ 526	\$ -	\$ 495	\$ (31)
<b>Resources (inflows):</b>					
Taxes	4,360	4,360	-	5,345	985
Use of money and property	32	32	-	62	30
Intergovernmental revenues	70	70	-	39	(31)
Charges for services	290	290	-	264	(26)
Interfund revenue	1,239	1,239	-	-	(1,239)
Miscellaneous revenue	74	74	-	303	229
Amounts available for appropriation	6,065	6,065	-	6,013	(52)
<b>Charges to appropriations (outflows):</b>					
Public protection					
Services and supplies	6,591	6,591	-	6,232	359
Total charges to appropriations	6,591	6,591	-	6,232	359
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 276	\$ 276

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Service Area Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ 5,492	\$ 5,514	\$ 22	\$ 5,217	\$ (297)
<b>Resources (inflows):</b>					
Taxes	2,640	2,640	-	2,900	260
Licenses and permits	58	58	-	69	11
Use of money and property	119	119	-	94	(25)
Intergovernmental revenues	18	18	-	19	1
Charges for services	1,199	1,199	-	1,200	1
Miscellaneous revenue	-	-	-	61	61
Amounts available for appropriation	4,034	4,034	-	4,343	309
<b>Charges to appropriations (outflows):</b>					
General government					
Services and supplies	4,000	3,995	(5)	3,527	468
Other charges	264	285	21	239	46
Fixed assets	-	6	6	-	6
Other financing uses	96	96	-	35	61
Contingencies	4,044	4,044	-	-	4,044
Non-general fund reserves	1,122	1,122	-	-	1,122
Total charges to appropriations	9,526	9,548	22	3,801	5,747
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 5,759	\$ 5,759

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,801
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(35)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 3,766

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Sewer and Sanitation Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ 10,019	\$ 10,445	\$ 426	\$ 9,182	\$ (1,263)
<b>Resources (inflows):</b>					
Taxes	458	458	-	766	308
Use of money and property	189	189	-	180	(9)
Intergovernmental revenues	3	3	-	4	1
Charges for services	8,265	8,265	-	8,346	81
Interfund revenue	938	938	-	314	(624)
Miscellaneous revenue	-	-	-	5	5
Other financing sources	125	125	-	2	(123)
Amounts available for appropriation	<u>9,978</u>	<u>9,978</u>	<u>-</u>	<u>9,617</u>	<u>(361)</u>
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	811	811	-	832	(21)
Services and supplies	11,204	11,204	-	7,626	3,578
Other charges	257	683	426	25	658
Fixed assets	2,065	2,065	-	321	1,744
Other financing uses	125	125	-	-	125
Intrafund transfers	(953)	(953)	-	(1,004)	51
Contingencies	6,488	6,488	-	-	6,488
Total charges to appropriations	<u>19,997</u>	<u>20,423</u>	<u>426</u>	<u>7,800</u>	<u>12,623</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,999</u>	<u>\$ 10,999</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 9,617
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>\$ 9,615</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Flood Control Zone Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ 13,156	\$ 13,439	\$ 283	\$ 13,096	\$ (343)
<b>Resources (inflows):</b>					
Taxes	2,482	2,482	-	3,014	532
Use of money and property	266	266	-	214	(52)
Intergovernmental revenues	22	22	-	23	1
Other financing sources	2,710	2,710	-	-	(2,710)
Amounts available for appropriation	5,480	5,480	-	3,251	(2,229)
<b>Charges to appropriations (outflows):</b>					
Public protection					
Services and supplies	1,719	1,719	-	445	1,274
Other charges	1,259	1,942	683	312	1,630
Fixed assets	4,500	4,500	-	143	4,357
Other financing uses	4,218	4,218	-	1,508	2,710
Contingencies	6,940	6,540	(400)	-	6,540
Total charges to appropriations	18,636	18,919	283	2,408	16,511
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 13,939	\$ 13,939

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,408
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(1,508)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 900

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Lighting Districts Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ 7,473	\$ 7,497	\$ 24	\$ 7,450	\$ (47)
<b>Resources (inflows):</b>					
Taxes	597	597	-	1,005	408
Use of money and property	214	214	-	126	(88)
Intergovernmental revenues	4	4	-	4	-
Amounts available for appropriation	815	815	-	1,135	320
<b>Charges to appropriations (outflows):</b>					
General government					
Services and supplies	636	636	-	490	146
Other charges	-	24	24	-	24
Fixed assets	225	225	-	66	159
Intrafund transfers	(92)	(92)	-	(69)	(23)
Contingencies	7,519	7,519	-	-	7,519
Total charges to appropriations	8,288	8,312	24	487	7,825
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 8,098	\$ 8,098

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Emergency Medical Services Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ 2,570	\$ 2,570	\$ -	\$ 2,590	\$ 20
<b>Resources (inflows):</b>					
Fines, forfeitures and penalties	1,809	1,809	-	2,338	529
Use of money and property	60	60	-	44	(16)
Miscellaneous revenue	334	334	-	28	(306)
Amounts available for appropriation	2,203	2,203	-	2,410	207
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Services and supplies	2,015	2,015	-	2,325	(310)
Contingencies	275	275	-	-	275
Non-general fund reserves	2,483	2,483	-	-	2,483
Total charges to appropriations	4,773	4,773	-	2,325	2,448
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 2,675	\$ 2,675

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Half-Cent Transportation Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ 218	\$ 218	\$ -	\$ 216	\$ (2)
<b>Resources (inflows):</b>					
Taxes	\$ 1,890	\$ 1,890	-	1,671	(219)
Use of money and property	-	-	-	6	6
Charges for services	1,314	1,314	-	1,404	90
Miscellaneous revenue	-	-	-	6	6
Other financing source	-	-	-	3	3
Amounts available for appropriation	3,204	3,204	-	3,090	(114)
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Salaries and benefits	1,316	1,316	-	1,078	238
Services and supplies	1,950	1,905	(45)	1,415	490
Other charges	156	201	45	193	8
Total charges to appropriations	3,422	3,422	-	2,686	736
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 620	\$ 620

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 3,090
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	\$ 3,087

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County-Wide Road Improvement Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ 2,905	\$ 2,905	\$ -	\$ 2,896	\$ (9)
<b>Resources (inflows):</b>					
Use of money and property	100	100	-	43	(57)
Charges for services	300	300	-	274	(26)
Amounts available for appropriation	400	400	-	317	(83)
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Services and supplies	350	350	-	656	(306)
Non-general fund reserves	2,955	2,955	-	-	2,955
Total charges to appropriations	3,305	3,305	-	656	2,649
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 2,557	\$ 2,557

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Solid Waste Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ 4,706	\$ 4,701	\$ (5)	\$ 4,928	\$ 227
<b>Resources (inflows):</b>					
Licenses and permits	4,866	4,866	-	3,223	(1,643)
Use of money and property	50	50	-	77	27
Intergovernmental revenues	131	131	-	256	125
Charges for services	40	40	-	88	48
Interfund revenue	-	-	-	937	937
Miscellaneous revenue	25	30	5	73	43
Other financing source	-	-	-	3	3
Amounts available for appropriation	5,112	5,117	5	4,657	(460)
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	1,222	1,222	-	1,188	34
Services and supplies	4,950	4,950	-	2,892	2,058
Other charges	1,540	1,540	-	1,536	4
Other financing uses	227	227	-	227	-
Contingencies	600	600	-	-	600
Non-general fund reserves	1,279	1,279	-	-	1,279
Total charges to appropriations	9,818	9,818	-	5,843	3,975
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 3,742	\$ 3,742

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 4,657
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes	(3)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 4,654

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,843
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(227)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 5,616

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**In-Home Supportive Services Public Authority Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ 3,372	\$ 3,372	\$ -	\$ 3,191	\$ (181)
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	34	34
Intergovernmental revenues	11,917	11,917	-	5,316	(6,601)
Charges for services	-	-	-	259	259
Miscellaneous revenue	-	-	-	1	1
Other financing sources	4,488	4,488	-	4,488	-
Amounts available for appropriation	16,405	16,405	-	10,098	(6,307)
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	540	540	-	482	58
Services and supplies	3,116	3,116	-	3,049	67
Other charges	12,748	12,748	-	8,765	3,983
Non-general fund reserves	3,373	3,373	-	-	3,373
Total charges to appropriations	19,777	19,777	-	12,296	7,481
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 993	\$ 993

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 10,098
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	\$ 5,610

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ 71	\$ 71	\$ -	\$ 79	\$ 8
Resources (inflows):					
Fines, forfeitures and penalties	3	3	-	2	(1)
Use of money and property	3	3	-	1	(2)
Amounts available for appropriation	<u>6</u>	<u>6</u>	<u>-</u>	<u>3</u>	<u>(3)</u>
Charges to appropriations (outflows):					
General government					
Services and supplies	20	20	-	-	20
Non-general fund reserves	57	57	-	-	57
Total charges to appropriations	<u>77</u>	<u>77</u>	<u>-</u>	<u>-</u>	<u>77</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82</u>	<u>\$ 82</u>
<b><u>Off-Highway Vehicle License Fees Fund</u></b>					
<b>Budgetary fund balances, July 1</b>	\$ 109	\$ 109	\$ -	\$ 124	\$ 15
Resources (inflows):					
Use of money and property	8	8	-	2	(6)
Amounts available for appropriation	<u>8</u>	<u>8</u>	<u>-</u>	<u>2</u>	<u>(6)</u>
Charges to appropriations (outflows):					
Public ways and facilities					
Services and supplies	47	47	-	-	47
Other financing uses	30	30	-	30	-
Non-general fund reserves	40	40	-	-	40
Total charges to appropriations	<u>117</u>	<u>117</u>	<u>-</u>	<u>30</u>	<u>87</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96</u>	<u>\$ 96</u>
<b><u>Highlands Landscape Maintenance District</u></b>					
<b>Budgetary fund balances, July 1</b>	\$ 435	\$ 435	\$ -	\$ 186	\$ (249)
Resources (inflows):					
Taxes	24	24	-	32	8
Use of money and property	13	13	-	7	(6)
Charges for services	12	12	-	12	-
Amounts available for appropriation	<u>49</u>	<u>49</u>	<u>-</u>	<u>51</u>	<u>2</u>
Charges to appropriations (outflows):					
Public protection					
Services and supplies	101	101	-	3	98
Contingencies	324	324	-	-	324
Non-general fund reserves	59	59	-	-	59
Total charges to appropriations	<u>484</u>	<u>484</u>	<u>-</u>	<u>3</u>	<u>481</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234</u>	<u>\$ 234</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ 615	\$ 615	\$ -	\$ 389	\$ (226)
Resources (inflows)	63	63	-	56	(7)
Charges to appropriations (outflows)	<u>(678)</u>	<u>(678)</u>	<u>-</u>	<u>(33)</u>	<u>645</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412</u>	<u>\$ 412</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 56
Differences - budget to GAAP:	
Receipts from other special revenue funds, not budgeted	<u>1,268</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 1,324</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 33
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(30)
Disbursements from other special revenue funds, not budgeted	<u>910</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 913</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, 2010**  
**(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>	\$ 15,840	\$ 15,840	\$ -	\$ 22,705	\$ 6,865
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	307	307
Other financing sources	30,411	30,411	-	29,762	(649)
Amount available for appropriation	<u>30,411</u>	<u>30,411</u>	<u>-</u>	<u>30,069</u>	<u>(342)</u>
<b>Charges to appropriations (outflows):</b>					
Other charges	31,005	31,005	-	28	30,977
Other financing uses	-	-	-	29,921	(29,921)
Non-general fund reserves	15,246	15,246	-	-	15,246
Total charges to appropriations	<u>46,251</u>	<u>46,251</u>	<u>-</u>	<u>29,949</u>	<u>16,302</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,825</u>	<u>\$ 22,825</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 30,069
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(29,762)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ 307</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 29,949
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(29,921)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ 28</u>

## COUNTY OF SAN MATEO

### Nonmajor Governmental Funds

#### Capital Projects Funds

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

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

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

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

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

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

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2010**  
**(In Thousands)**

	Parks Acquisition	Accumulated Capital Outlay	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
<b>ASSETS</b>						
Cash and investments	\$ 3,607	\$ 6	\$ 1,055	\$ 3,486	\$ 3,422	\$ 11,576
Securities lending collateral	553	1	162	534	524	1,774
Accounts receivable	-	-	-	17	17	34
Interest receivable	10	-	5	9	5	29
Other receivable	-	-	-	-	58	58
Due from other funds	-	-	-	-	22	22
Due from other governmental agencies	-	-	34	35	129	198
Total assets	<u>\$ 4,170</u>	<u>\$ 7</u>	<u>\$ 1,256</u>	<u>\$ 4,081</u>	<u>\$ 4,177</u>	<u>\$ 13,691</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 26	\$ -	\$ -	\$ -	\$ 1,280	\$ 1,306
Securities lending collateral - due to borrowers	553	1	162	534	524	1,774
Deferred revenues	-	-	-	17	46	63
Total liabilities	<u>579</u>	<u>1</u>	<u>162</u>	<u>551</u>	<u>1,850</u>	<u>3,143</u>
<b>Fund Balances:</b>						
Restricted	3,231	-	-	-	-	3,231
Committed	-	-	-	2,458	-	2,458
Assigned	360	6	1,094	1,072	2,327	4,859
Total fund balances	<u>3,591</u>	<u>6</u>	<u>1,094</u>	<u>3,530</u>	<u>2,327</u>	<u>10,548</u>
Total liabilities and fund balances	<u>\$ 4,170</u>	<u>\$ 7</u>	<u>\$ 1,256</u>	<u>\$ 4,081</u>	<u>\$ 4,177</u>	<u>\$ 13,691</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, 2010**  
**(In Thousands)**

	Parks Acquisition	Accumulated Capital Outlay	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
<b>Revenues:</b>						
Intergovernmental	\$ 1,044	\$ -	\$ -	\$ -	\$ 827	\$ 1,871
Charges for services	-	-	1,250	1,252	4	2,506
Investment income	62	-	20	64	36	182
Other	903	-	-	-	26	929
Total revenues	<u>2,009</u>	<u>-</u>	<u>1,270</u>	<u>1,316</u>	<u>893</u>	<u>5,488</u>
<b>Expenditures:</b>						
Capital outlay	<u>1,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,581</u>	<u>9,624</u>
Total expenditures	<u>1,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,581</u>	<u>9,624</u>
Excess (deficiency) of revenues over (under) expenditures	<u>966</u>	<u>-</u>	<u>1,270</u>	<u>1,316</u>	<u>(7,688)</u>	<u>(4,136)</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	8,114	8,114
Transfers out	<u>(1,711)</u>	<u>-</u>	<u>(1,196)</u>	<u>(1,399)</u>	<u>-</u>	<u>(4,306)</u>
Total other financing sources (uses)	<u>(1,711)</u>	<u>-</u>	<u>(1,196)</u>	<u>(1,399)</u>	<u>8,114</u>	<u>3,808</u>
<b>Net change in fund balances</b>	<u>(745)</u>	<u>-</u>	<u>74</u>	<u>(83)</u>	<u>426</u>	<u>(328)</u>
Fund balances - beginning	<u>4,336</u>	<u>6</u>	<u>1,020</u>	<u>3,613</u>	<u>1,901</u>	<u>10,876</u>
Fund balances- end	<u>\$ 3,591</u>	<u>\$ 6</u>	<u>\$ 1,094</u>	<u>\$ 3,530</u>	<u>\$ 2,327</u>	<u>\$ 10,548</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Parks Acquisition Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ 4,349	\$ 4,379	\$ 30	\$ 4,336	\$ (43)
<b>Resources (inflows):</b>					
Use of money and property	70	70	-	62	(8)
Intergovernmental revenues	5,644	5,644	-	1,044	(4,600)
Interfund revenue	75	75	-	-	(75)
Miscellaneous revenue	-	785	785	903	118
Amounts available for appropriation	5,789	6,574	785	2,009	(4,565)
<b>Charges to appropriations (outflows):</b>					
Services and supplies	402	683	281	412	271
Other charges	-	-	-	6	(6)
Fixed assets	1,000	1,000	-	625	375
Other financing uses	6,551	7,085	534	1,711	5,374
Non-general fund reserves	2,185	2,185	-	-	2,185
Total charges to appropriations	10,138	10,953	815	2,754	8,199
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 3,591	\$ 3,591

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,754
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(1,711)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	\$ 1,043

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Accumulated Capital Outlay Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 6</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Criminal Facility Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ 989	\$ 989	\$ -	\$ 1,020	\$ 31
<b>Resources (inflows):</b>					
Use of money and property	20	20	-	20	-
Charges for services	1,150	1,150	-	1,250	100
Amounts available for appropriation	1,170	1,170	-	1,270	100
<b>Charges to appropriations (outflows):</b>					
Other financing uses	1,303	1,303	-	1,196	107
Non-general fund reserves	856	856	-	-	856
Total charges to appropriations	2,159	2,159	-	1,196	963
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,094</u>	<u>\$ 1,094</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,196
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(1,196)</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, 2010**  
**(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>	\$ 3,595	\$ 3,595	\$ -	\$ 3,613	\$ 18
<b>Resources (inflows):</b>					
Use of money and property	70	70	-	64	(6)
Charges for services	1,120	1,120	-	1,252	132
Amounts available for appropriation	1,190	1,190	-	1,316	126
<b>Charges to appropriations (outflows):</b>					
Other financing uses	4,302	4,302	-	1,399	2,903
Non-general fund reserves	483	483	-	-	483
Total charges to appropriations	4,785	4,785	-	1,399	3,386
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,530</u>	<u>\$ 3,530</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,399
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(1,399)</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**  
**Other Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2010**  
**(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>	\$ 1,904	\$ 1,904	\$ -	\$ 1,901	\$ (3)
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	36	36
Intergovernmental revenues	1,427	1,427	-	827	(600)
Charges for services	1,657	1,657	-	4	(1,653)
Miscellaneous revenue	4	4	-	26	22
Other financing sources	27,423	30,218	2,795	8,114	(22,104)
Amounts available for appropriation	<u>30,511</u>	<u>33,306</u>	<u>2,795</u>	<u>9,007</u>	<u>(24,299)</u>
<b>Charges to appropriations (outflows):</b>					
Fixed assets	32,415	35,210	2,795	8,581	26,629
Total charges to appropriations	<u>32,415</u>	<u>35,210</u>	<u>2,795</u>	<u>8,581</u>	<u>26,629</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,327</u>	<u>\$ 2,327</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 9,007
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(8,114)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 893</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, 2010**  
**(In Thousands)**

	Airports	Coyote Point Marina	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 1,345	\$ 446	\$ 1,791
Securities lending collateral	206	69	275
Receivables (net):			
Accounts	18	11	29
Interest	3	1	4
Due from other funds	1	-	1
Due from other governmental agencies	746	-	746
Total current assets	2,319	527	2,846
Noncurrent assets:			
Net OPEB asset	178	116	294
Capital assets:			
Nondepreciable:			
Land	6,844	1,334	8,178
Construction in progress	3,782	712	4,494
Depreciable:			
Structures and improvements	23,399	11,713	35,112
Equipment	73	116	189
Less accumulated depreciation	(6,974)	(5,292)	(12,266)
Total noncurrent assets	27,302	8,699	36,001
Total assets	29,621	9,226	38,847
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	425	9	434
Accrued interest payable	68	34	102
Accrued salaries and benefits	51	12	63
Securities lending collateral - due to borrowers	206	69	275
Due to other funds	1	-	1
Unearned revenues	31	-	31
Compensated absences - current	55	6	61
Other long-term liabilities - current	207	81	288
Total current liabilities	1,044	211	1,255
Noncurrent liabilities:			
Deposits	1	3	4
Compensated absences - noncurrent	33	20	53
Other long-term liabilities - noncurrent	3,407	709	4,116
Total noncurrent liabilities	3,441	732	4,173
Total liabilities	4,485	943	5,428
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	23,510	7,793	31,303
Unrestricted	1,626	490	2,116
Total net assets	\$ 25,136	\$ 8,283	\$ 33,419

**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, 2010**  
**(In Thousands)**

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services	\$ 42	\$ 1,039	\$ 1,081
Rent and concessions	2,567	25	2,592
Miscellaneous	68	-	68
Total operating revenues	<u>2,677</u>	<u>1,064</u>	<u>3,741</u>
<b>Operating expenses:</b>			
Salaries and benefits	1,025	367	1,392
General and administrative	1,317	509	1,826
Depreciation and amortization	354	237	591
Total operating expenses	<u>2,696</u>	<u>1,113</u>	<u>3,809</u>
Operating loss	<u>(19)</u>	<u>(49)</u>	<u>(68)</u>
<b>Nonoperating revenues (expenses):</b>			
Investment income	27	7	34
Interest expenses	(179)	(37)	(216)
Total nonoperating revenues (expenses)	<u>(152)</u>	<u>(30)</u>	<u>(182)</u>
Income (loss) before capital contributions and transfers	(171)	(79)	(250)
Capital contributions	2,981	-	2,981
Transfers in	<u>3</u>	<u>2</u>	<u>5</u>
<b>Change in net assets</b>	2,813	(77)	2,736
Net assets - beginning	<u>22,323</u>	<u>8,360</u>	<u>30,683</u>
Net assets - end	<u>\$ 25,136</u>	<u>\$ 8,283</u>	<u>\$ 33,419</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

	Airports	Coyote Point Marina	Total
<b>Cash flows from operating activities</b>			
Cash receipts from customers	\$ 2,668	\$ 1,064	\$ 3,732
Cash paid to suppliers of goods and services	(904)	(529)	(1,433)
Cash paid to employees for services	(996)	(410)	(1,406)
Net cash provided by operating activities	<u>768</u>	<u>125</u>	<u>893</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers received from other funds	3	2	5
Loan repayments to other funds	(13)	-	(13)
Net cash provided by (used in) noncapital financing activities	<u>(10)</u>	<u>2</u>	<u>(8)</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	(3,424)	-	(3,424)
Capital contributions from other governments	2,235	-	2,235
Principal paid on long-term liabilities	(197)	(76)	(273)
Interest paid on long-term liabilities	(182)	(41)	(223)
Net cash used in capital and related financing activities	<u>(1,568)</u>	<u>(117)</u>	<u>(1,685)</u>
<b>Cash flows from investing activities</b>			
Investment income received	36	9	45
Net cash provided by investing activities	<u>36</u>	<u>9</u>	<u>45</u>
Net increase (decrease) in cash and cash equivalents	(774)	19	(755)
Cash and cash equivalents, beginning	2,119	427	2,546
Cash and cash equivalents, end	<u>\$ 1,345</u>	<u>\$ 446</u>	<u>\$ 1,791</u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>			
<b>Operating loss</b>	\$ (19)	\$ (49)	\$ (68)
Adjustments to reconcile operating loss to cash flows from operating activities:			
Depreciation	354	237	591
Decrease (increase) in:			
Accounts receivable	(18)	-	(18)
Due from other funds	5	-	5
Net OPEB assets	(3)	(2)	(5)
Increase (decrease) in:			
Accounts payable	413	(20)	393
Accrued salaries and benefits	10	(12)	(2)
Unearned revenues	4	-	4
Compensated absences	22	(29)	(7)
Net cash provided by operating activities	<u>\$ 768</u>	<u>\$ 125</u>	<u>\$ 893</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* – are 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, 2010**  
**(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	\$ 6,112	\$ 6	\$ 23,886	\$ 312	\$ 8,058	\$ 12,904	\$ 51,278
Securities lending collateral	937	1	3,661	48	1,027	2,186	7,860
Receivables (net):							
Accounts	4	258	-	-	5	133	400
Interest	16	-	63	1	20	31	131
Other	-	8	-	-	-	-	8
Due from other funds	20	-	-	-	-	-	20
Due from other governmental agencies	10	-	-	-	-	1,756	1,766
Inventories	128	-	-	-	-	-	128
Other assets	-	-	-	-	1,217	-	1,217
Total current assets	<u>7,227</u>	<u>273</u>	<u>27,610</u>	<u>361</u>	<u>10,327</u>	<u>17,010</u>	<u>62,808</u>
Noncurrent assets:							
Net OPEB asset	228	433	-	-	-	-	661
Capital assets:							
Nondepreciable:							
Construction in progress	7	-	-	-	-	-	7
Depreciable:							
Structures and improvements	1,078	-	-	-	-	-	1,078
Equipment	21,799	70	-	-	-	-	21,869
Software	9	-	-	-	-	-	9
Less accumulated depreciation	(17,017)	(67)	-	-	-	-	(17,084)
Total noncurrent assets	<u>6,104</u>	<u>436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,540</u>
Total assets	<u>13,331</u>	<u>709</u>	<u>27,610</u>	<u>361</u>	<u>10,327</u>	<u>17,010</u>	<u>69,348</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	174	56	22	40	127	250	669
Accrued salaries and benefits	66	85	-	-	-	-	151
Securities lending collateral - due to borrowers	937	1	3,661	48	1,027	2,186	7,860
Due to other funds	39	-	31	1	28	19	118
Unearned revenues	-	4	-	-	-	-	4
Compensated absences - current	88	66	-	-	-	-	154
Estimated claims - current	-	-	8,665	702	819	461	10,647
Total current liabilities	<u>1,304</u>	<u>212</u>	<u>12,379</u>	<u>791</u>	<u>2,001</u>	<u>2,916</u>	<u>19,603</u>
Noncurrent liabilities:							
Advances from other funds	-	784	-	-	-	-	784
Deposits	94	-	-	-	-	-	94
Compensated absences - noncurrent	21	30	-	-	-	-	51
Estimated claims - noncurrent	-	-	34,316	5,846	1,270	-	41,432
Total noncurrent liabilities	<u>115</u>	<u>814</u>	<u>34,316</u>	<u>5,846</u>	<u>1,270</u>	<u>-</u>	<u>42,361</u>
Total liabilities	<u>1,419</u>	<u>1,026</u>	<u>46,695</u>	<u>6,637</u>	<u>3,271</u>	<u>2,916</u>	<u>61,964</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	5,876	3	-	-	-	-	5,879
Unrestricted	6,036	(320)	(19,085)	(6,276)	7,056	14,094	1,505
Total net assets (deficits)	<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>

**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, 2010**  
**(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	\$ 5,613	\$ 1,859	\$ 11,797	\$ 661	\$ 8,230	\$ 85,100	\$ 113,260
Miscellaneous	144	30	124	1	161	128	588
Total operating revenues	<u>5,757</u>	<u>1,889</u>	<u>11,921</u>	<u>662</u>	<u>8,391</u>	<u>85,228</u>	<u>113,848</u>
<b>Operating expenses:</b>							
Salaries and benefits	1,441	1,796	-	-	-	-	3,237
General and administrative	2,637	562	2,241	215	1,377	2,880	9,912
Benefits and claims	-	-	9,390	1,074	(143)	6,039	16,360
Insurance premiums	-	-	1,486	71	4,741	75,598	81,896
Depreciation	1,980	2	-	-	-	-	1,982
Total operating expenses	<u>6,058</u>	<u>2,360</u>	<u>13,117</u>	<u>1,360</u>	<u>5,975</u>	<u>84,517</u>	<u>113,387</u>
Operating income (loss)	<u>(301)</u>	<u>(471)</u>	<u>(1,196)</u>	<u>(698)</u>	<u>2,416</u>	<u>711</u>	<u>461</u>
<b>Nonoperating revenues (expenses)</b>							
Investment income (loss)	97	(3)	368	8	110	204	784
Securities lending activities:							
Securities lending income	-	-	2	-	1	1	4
Securities lending expenses	-	-	(2)	-	(1)	(1)	(4)
Total nonoperating revenues (expenses)	<u>97</u>	<u>(3)</u>	<u>368</u>	<u>8</u>	<u>110</u>	<u>204</u>	<u>784</u>
Income (loss) before transfers	(204)	(474)	(828)	(690)	2,526	915	1,245
Transfers in	<u>6</u>	<u>243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>249</u>
<b>Change in net assets</b>	(198)	(231)	(828)	(690)	2,526	915	1,494
Net assets (deficits) - beginning	<u>12,110</u>	<u>(86)</u>	<u>(18,257)</u>	<u>(5,586)</u>	<u>4,530</u>	<u>13,179</u>	<u>5,890</u>
Net assets (deficits) - end	<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>

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2010**  
**(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	\$ 5,733	\$ 1,887	\$ 11,921	\$ 662
Cash payment to suppliers of goods and services	(2,958)	(624)	(3,868)	(279)
Cash payment to employees for services	(1,456)	(1,847)	-	-
Cash payment for judgments and claims	-	-	(7,209)	(756)
Net cash provided by (used in) operating activities	<u>1,319</u>	<u>(584)</u>	<u>844</u>	<u>(373)</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers received from other funds	6	243	-	-
Advances from other funds	-	213	-	-
Net cash provided by noncapital financing activities	<u>6</u>	<u>456</u>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition of capital assets	(1,427)	(1)	-	-
Net cash used in capital and related financing activities	<u>(1,427)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>				
Investment income received	270	-	439	44
Investment expense paid	(156)	(3)	(2)	(32)
Net cash provided by (used in) investing activities	<u>114</u>	<u>(3)</u>	<u>437</u>	<u>12</u>
Net increase (decrease) in cash and cash equivalents	12	(132)	1,281	(361)
Cash and cash equivalents, beginning	6,100	138	22,605	673
Cash and cash equivalents, end	<u>\$ 6,112</u>	<u>\$ 6</u>	<u>\$ 23,886</u>	<u>\$ 312</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
<b>Operating income (loss)</b>	\$ (301)	\$ (471)	\$ (1,196)	\$ (698)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,980	2	-	-
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(1)	6	-	-
Other receivables	-	(8)	-	-
Due from other funds	(13)	-	-	-
Due from other government agencies	(10)	-	-	-
Inventories	(6)	-	-	-
Net OPEB assets	(5)	(6)	-	-
Other assets	-	-	-	-
Increase (decrease) in:				
Accounts payable	57	17	11	13
Accrued salaries and benefits	2	(13)	-	-
Due to other funds	(372)	-	(152)	(6)
Unearned revenues	-	(79)	-	-
Compensated absences	(12)	(32)	-	-
Estimated claims	-	-	2,181	318
Net cash provided by (used in) operating activities	<u>\$ 1,319</u>	<u>\$ (584)</u>	<u>\$ 844</u>	<u>\$ (373)</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

Personal Injury and Property Damage	Employee Benefits	Total
\$ 8,002	\$ 85,366	\$ 113,571
(6,397)	(81,448)	(95,574)
-	-	(3,303)
(1)	(6,123)	(14,089)
<u>1,604</u>	<u>(2,205)</u>	<u>605</u>
-	-	249
-	-	213
<u>-</u>	<u>-</u>	<u>462</u>
-	-	(1,428)
<u>-</u>	<u>-</u>	<u>(1,428)</u>
148	676	1,577
(25)	(420)	(638)
<u>123</u>	<u>256</u>	<u>939</u>
1,727	(1,949)	578
6,331	14,853	50,700
<u>\$ 8,058</u>	<u>\$ 12,904</u>	<u>\$ 51,278</u>
\$ 2,416	\$ 711	\$ 461
-	-	1,982
(2)	(133)	(130)
-	-	(8)
-	-	(13)
-	271	261
-	-	(6)
-	-	(11)
(387)	-	(387)
(141)	(1,164)	(1,207)
-	-	(11)
(138)	(1,806)	(2,474)
-	-	(79)
-	-	(44)
(144)	(84)	2,271
<u>\$ 1,604</u>	<u>\$ (2,205)</u>	<u>\$ 605</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  
Advances from other funds  
Net cash provided by 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

Other receivables

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, 2010**  
**(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	\$ 147,263	\$ 1,170,125	\$ 477,640	\$ 1,795,028	\$ 501	\$ 1,795,529
Securities lending collateral	22,570	179,336	73,204	275,110	-	275,110
Interest receivable	431	3,278	1,344	5,053	-	5,053
Due from other governmental agencies	3,229	-	-	3,229	-	3,229
Other assets	107	3	-	110	-	110
Total assets	<u>173,600</u>	<u>1,352,742</u>	<u>552,188</u>	<u>2,078,530</u>	<u>501</u>	<u>2,079,031</u>
<b>LIABILITIES</b>						
Accounts payable	540	-	496	1,036	-	1,036
Securities lending collateral - due to borrowers	22,570	179,336	73,204	275,110	-	275,110
Due to other governmental agencies	-	1,445	880	2,325	-	2,325
Other liabilities	4,237	7,239	1,400	12,876	-	12,876
Total liabilities	<u>27,347</u>	<u>188,020</u>	<u>75,980</u>	<u>291,347</u>	<u>-</u>	<u>291,347</u>
<b>NET ASSETS</b>						
Net assets held in trust for investment pool participants	<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>

**COUNTY OF SAN MATEO**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Investment Trust Funds**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

	<b>External Investment Pool</b>					<b>Total</b>
	Special Districts under Local Board	School Districts	Other Investment Trust	Subtotal	Individual Investment Account	
<b>ADDITIONS</b>						
Contributions:						
Contributions to investment pool	\$ 277,203	\$ 2,848,472	\$ 446,545	\$ 3,572,220	\$ -	\$ 3,572,220
Net investment income:						
Net appreciation (depreciation) in fair value of investments	1,009	7,572	3,299	11,880	(10)	11,870
Investment income (loss)	1,566	11,294	41,591	54,451	(2)	54,449
Securities lending activities:						
Securities lending income	14	111	45	170	-	170
Securities lending expenses	(11)	(87)	(36)	(134)	-	(134)
Total net investment income	<u>2,578</u>	<u>18,890</u>	<u>44,899</u>	<u>66,367</u>	<u>(12)</u>	<u>66,355</u>
Total additions	<u>279,781</u>	<u>2,867,362</u>	<u>491,444</u>	<u>3,638,587</u>	<u>(12)</u>	<u>3,638,575</u>
<b>DEDUCTIONS</b>						
Distribution from investment pool	290,141	2,803,394	532,940	3,626,475	-	3,626,475
<b>Change in net assets</b>	(10,360)	63,968	(41,496)	12,112	(12)	12,100
Net assets - beginning	156,613	1,100,754	517,704	1,775,071	513	1,775,584
Net assets - end	<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>

**COUNTY OF SAN MATEO**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

	Balance July 1, 2009	Addition	Deletion	Balance June 30, 2010
<b><u>COUNTY LIBRARY</u></b>				
Assets:				
Cash and investments	\$ 12,505	\$ 27,597	\$ 27,352	\$ 12,750
Securities lending collateral	881	766	-	1,647
Interest receivable	70	1,122	1,159	33
Taxes receivable, net	1,289	998	1,198	1,089
Due from other governmental agencies	1,133	1,117	1,133	1,117
Other assets	1,145	1,671	2,014	802
Total assets	<u>\$ 17,023</u>	<u>\$ 33,271</u>	<u>\$ 32,856</u>	<u>\$ 17,438</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 881	\$ 766	\$ -	\$ 1,647
Due to other governmental agencies	-	2	-	2
Fiduciary liabilities	16,142	56,501	56,854	15,789
Total liabilities	<u>\$ 17,023</u>	<u>\$ 57,269</u>	<u>\$ 56,854</u>	<u>\$ 17,438</u>
<b><u>UNAPPORTIONED TAXES</u></b>				
Assets:				
Cash and investments	\$ 116,043	\$ 3,642,889	\$ 3,655,747	\$ 103,185
Securities lending collateral	8,178	7,636	-	15,814
Interest receivable	675	173	675	173
Due from other governmental agencies	80	-	80	-
Other assets	-	15,814	15,814	-
Total assets	<u>\$ 124,976</u>	<u>\$ 3,666,512</u>	<u>\$ 3,672,316</u>	<u>\$ 119,172</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 8,178	\$ 7,636	\$ -	\$ 15,814
Due to other governmental agencies	43,721	50,832	43,631	50,922
Fiduciary liabilities	73,077	3,949,162	3,969,803	52,436
Total liabilities	<u>\$ 124,976</u>	<u>\$ 4,007,630</u>	<u>\$ 4,013,434</u>	<u>\$ 119,172</u>
<b><u>TRIAL COURTS OPERATION</u></b>				
Assets:				
Cash and investments	\$ 2,798	\$ 34,377	\$ 34,375	\$ 2,800
Securities lending collateral	197	231	-	428
Interest receivable	12	5	12	5
Other assets	1,109	429	429	1,109
Total assets	<u>\$ 4,116</u>	<u>\$ 35,042</u>	<u>\$ 34,816</u>	<u>\$ 4,342</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 197	\$ 231	\$ -	\$ 428
Fiduciary liabilities	3,919	69,401	69,406	3,914
Total liabilities	<u>\$ 4,116</u>	<u>\$ 69,632</u>	<u>\$ 69,406</u>	<u>\$ 4,342</u>
<b><u>PUBLIC ADMINISTRATOR</u></b>				
Assets:				
Cash and investments	\$ 4,379	\$ 14,625	\$ 10,950	\$ 8,054
Securities lending collateral	308	926	-	1,234
Interest receivable	-	45	45	-
Other assets	3,756	-	3,054	702
Total assets	<u>\$ 8,443</u>	<u>\$ 15,596</u>	<u>\$ 14,049</u>	<u>\$ 9,990</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 308	\$ 926	\$ -	\$ 1,234
Fiduciary liabilities	8,135	16,240	15,619	8,756
Total liabilities	<u>\$ 8,443</u>	<u>\$ 17,166</u>	<u>\$ 15,619</u>	<u>\$ 9,990</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2010**  
**(In Thousands)**

	Balance July 1, 2009	Addition	Deletion	Balance June 30, 2010
<b><u>PUBLIC GUARDIAN</u></b>				
Assets:				
Cash and investments	\$ 21,599	\$ 51,649	\$ 46,970	\$ 26,278
Securities lending collateral	1,521	2,506	-	4,027
Interest receivable	124	58	123	59
Other assets	43,895	24,682	39,603	28,974
Total assets	<u>\$ 67,139</u>	<u>\$ 78,895</u>	<u>\$ 86,696</u>	<u>\$ 59,338</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 1,521	\$ 2,506	\$ -	\$ 4,027
Due to other governmental agencies	1,032	1,479	1,032	1,479
Fiduciary liabilities	64,586	63,786	74,540	53,832
Total liabilities	<u>\$ 67,139</u>	<u>\$ 67,771</u>	<u>\$ 75,572</u>	<u>\$ 59,338</u>
<b><u>OTHER AGENCY</u></b>				
Assets:				
Cash and investments	\$ 45,204	\$ 5,138,132	\$ 5,126,500	\$ 56,836
Securities lending collateral	3,103	5,457	-	8,560
Interest receivable	469	531	694	306
Taxes receivable, net	146,875	138,753	159,155	126,473
Due from other governmental agencies	12,981	10,742	14,094	9,629
Other assets	29,514	33,023	36,296	26,241
Total assets	<u>\$ 238,146</u>	<u>\$ 5,326,638</u>	<u>\$ 5,336,739</u>	<u>\$ 228,045</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 3,103	\$ 5,457	\$ -	\$ 8,560
Due to other governmental agencies	1,958	1,977	2,210	1,725
Fiduciary liabilities	233,085	5,505,342	5,520,667	217,760
Total liabilities	<u>\$ 238,146</u>	<u>\$ 5,512,776</u>	<u>\$ 5,522,877</u>	<u>\$ 228,045</u>
<b><u>TOTALS</u></b>				
Assets:				
Cash and investments	\$ 202,528	\$ 8,909,269	\$ 8,901,894	\$ 209,903
Securities lending collateral	14,188	17,522	-	31,710
Receivables:				
Interest	1,350	1,934	2,708	576
Taxes, net	148,164	139,751	160,353	127,562
Due from other governmental agencies	14,194	11,859	15,307	10,746
Other assets	79,419	75,619	97,210	57,828
Total assets	<u>\$ 459,843</u>	<u>\$ 9,155,954</u>	<u>\$ 9,177,472</u>	<u>\$ 438,325</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 14,188	\$ 17,522	\$ -	\$ 31,710
Due to other governmental agencies	46,711	54,290	46,873	54,128
Fiduciary liabilities	398,944	9,660,432	9,706,889	352,487
Total liabilities	<u>\$ 459,843</u>	<u>\$ 9,732,244</u>	<u>\$ 9,753,762</u>	<u>\$ 438,325</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.

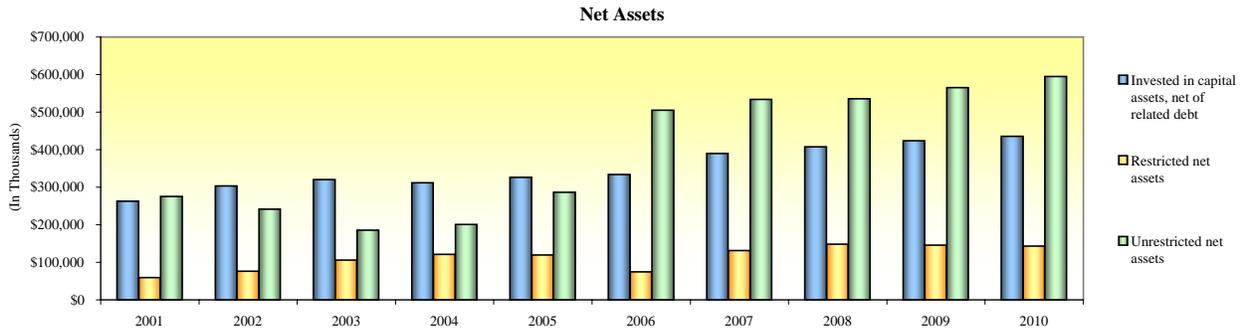
#### **Operating information**

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. The County implemented Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, in FY 2000-01; schedules presenting government-wide activities include information beginning from that year.

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

	As of June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt <sup>1</sup>	\$ 209,076	\$ 264,251	\$ 281,735	\$ 271,872	\$ 287,265	\$ 292,983	\$ 342,916	\$ 360,632	\$ 375,392	\$ 381,801
Restricted for:										
Government programs <sup>3</sup>	-	953	49,533	45,207	60,012	68,414	91,179	102,966	82,421	99,319
Capital projects	-	-	18,917	-	-	4,574	-	-	6,315	3,231
Debt service	55,235	72,592	34,505	71,958	58,217	65	40,248	38,158	46,504	40,605
Unrestricted	285,608	259,093	197,799	219,281	302,777	514,597	525,709	503,969	511,196	538,887
Subtotal governmental activities net assets	549,919	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
<b>Business-type Activities</b>										
Invested in capital assets, net of related debt	53,812	38,721	38,836	39,797	38,771	41,223	46,614	47,003	47,946	53,559
Restricted for:										
Housing assistance programs	3,731	2,638	3,219	4,167	1,127	1,506	167	7,595	10,263	444
Unrestricted (Deficit)	(10,010)	(17,361)	(12,045)	(18,445)	(16,007)	(9,901)	8,107	31,759	53,741	55,625
Subtotal business-type activities net assets	47,533	23,998	30,010	25,519	23,891	32,828	54,888	86,357	111,950	109,628
<b>Primary Government</b>										
Invested in capital assets, net of related debt	262,888	302,972	320,571	311,669	326,036	334,206	389,530	407,635	423,338	435,360
Restricted for:										
Government programs	-	953	49,533	45,207	60,012	68,414	91,179	102,966	82,421	99,319
Capital projects	-	-	18,917	-	-	4,574	-	-	6,315	3,231
Debt service	55,235	72,592	34,505	71,958	58,217	65	40,248	38,158	46,504	40,605
Housing assistance programs	3,731	2,638	3,219	4,167	1,127	1,506	167	7,595	10,263	444
Total restricted	58,966	76,183	106,174	121,332	119,356	74,559	131,594	148,719	145,503	143,599
Unrestricted	275,598	241,732	185,754	200,836	286,770	504,696 <sup>4</sup>	533,816	535,728	564,937	594,512
Total primary government net assets <sup>2</sup>	\$ 597,452	\$ 620,887	\$ 612,499	\$ 633,837	\$ 732,162	\$ 913,461	\$ 1,054,940	\$ 1,092,082	\$ 1,133,778	\$ 1,173,471
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%



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
- <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 the 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,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>										
<u>Governmental activities:</u>										
General government *	\$ 50,942	\$ 61,071	\$ 60,667	\$ 60,845	\$ 60,798	\$ 68,175	\$ 67,730	\$ 65,188	\$ 84,171	\$ 78,442
Public protection	191,195	204,037	224,777	242,405	243,797	253,800	277,542	294,239	297,357	298,061
Public ways and facilities	15,611	24,925	21,546	22,657	19,938	19,701	18,617	20,312	27,453	18,451
Health and sanitation	142,654	154,955	152,449	157,452	170,679	173,311	200,441	235,782	241,519	242,112
Public assistance	149,934	169,021	172,014	182,914	184,150	195,258	151,594	201,221	195,507	189,637
Education	179	194	190	145	151	142	-	-	-	-
Recreation	7,277	8,011	7,685	7,397	7,401	8,032	8,302	8,839	8,704	9,341
Interest on long-term debt	13,866	14,677	14,603	17,023	19,019	19,459	19,244	20,126	19,677	18,696
Total governmental activities expenses	<u>571,658</u>	<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>Business-type activities:</u>										
San Mateo Medical Center	158,606	142,399	131,243	164,972	178,500	188,920	207,729	221,318	225,876	232,530
Airports	1,591	1,525	1,744	1,706	1,654	1,753	2,146	2,482	2,427	2,879
Coyote Point Marina	1,260	1,027	1,153	1,250	1,045	1,330	1,252	1,403	1,271	1,143
Housing Authority	34,052	48,314	68,695	71,776	69,899	64,615	59,509	58,947	63,029	65,919
Total business-type activities expenses	<u>195,509</u>	<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>
Total primary government expenses	<u>\$ 767,167</u>	<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>
<b>Program Revenues</b>										
<u>Governmental activities:</u>										
<u>Charges for services</u>										
General government *	\$ 30,167	\$ 24,229	\$ 30,544	\$ 33,083	\$ 33,089	\$ 31,903	\$ 28,864	\$ 21,505	\$ 41,007	\$ 32,841
Public protection	23,460	22,941	24,441	28,093	30,603	29,831	30,864	28,849	29,314	28,039
Public ways and facilities	2,338	2,386	3,812	3,047	3,544	3,451	2,968	4,281	6,149	3,318
Health and sanitation	47,334	42,985	42,777	44,528	47,634	49,094	53,143	62,959	71,051	72,054
Public assistance	6,188	6,412	5,406	4,953	4,297	7,160	6,750	5,083	4,254	4,115
Recreation	1,185	1,168	1,224	1,361	1,262	1,266	1,364	1,450	1,791	2,054
Operating grants and contributions	320,699	339,288	343,808	368,896	382,115	392,847	414,761	408,626	385,104	379,714
Capital grants and contributions	140	17	18	3,304	10,130	13,068	1,769	750	-	-
Total governmental activities program revenues	<u>431,511</u>	<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>Business-type activities:</u>										
<u>Charges for services</u>										
San Mateo Medical Center	88,784	73,075	67,948	97,307	112,751	123,695	110,826	104,927	126,039	131,370
Airports	1,536	1,819	1,768	1,817	1,888	1,904	2,077	2,236	2,503	2,609
Coyote Point Marina	1,036	1,087	1,123	1,047	1,101	1,192	1,165	1,137	1,108	1,064
Housing Authority	1,140	1,173	1,309	1,444	1,979	1,932	1,727	1,890	1,979	2,002
Operating grants and contributions	83,204	83,099	102,962	75,280	75,310	73,128	103,700	106,474	107,735	96,936
Capital grants and contributions	147	-	5,839	3,680	8,618	5,385	8,357	5,398	4,805	4,579
Total business-type activities program revenues	<u>175,847</u>	<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>
Total primary government program revenues	<u>\$ 607,358</u>	<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>
<b>Net Expense <sup>1</sup></b>										
Governmental activities	\$ (140,147)	\$ (197,465)	\$ (201,901)	\$ (203,573)	\$ (193,259)	\$ (209,258)	\$ (202,987)	\$ (312,204)	\$ (335,718)	\$ (332,605)
Business-type activities	(19,662)	(33,012)	(21,886)	(59,129)	(49,451)	(49,382)	(42,784)	(62,088)	(48,434)	(63,911)
Total primary government net expense	<u>\$ (159,809)</u>	<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>

Source: County's Comprehensive Annual Financial Reports

Notes:

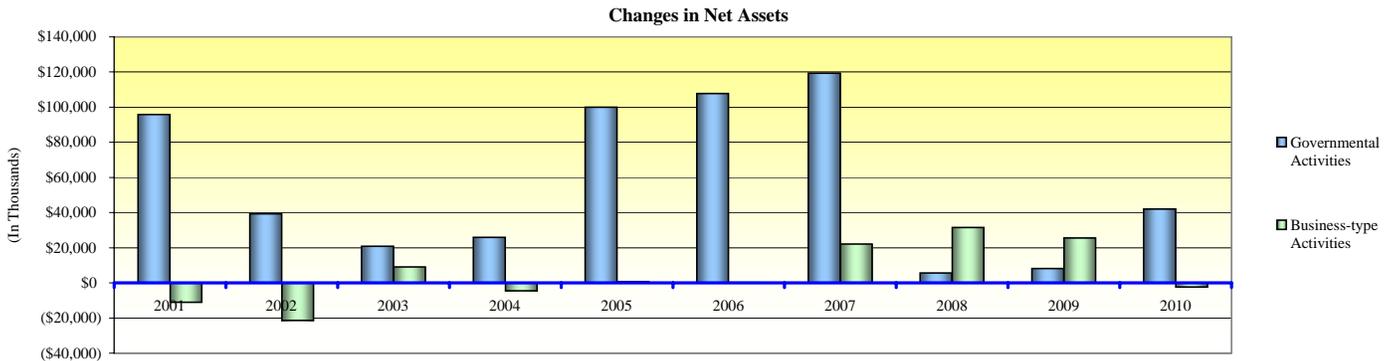
\* Reclassifications were made to the prior years' general governmental revenues and expenses to conform to the current year's presentation.

<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)**

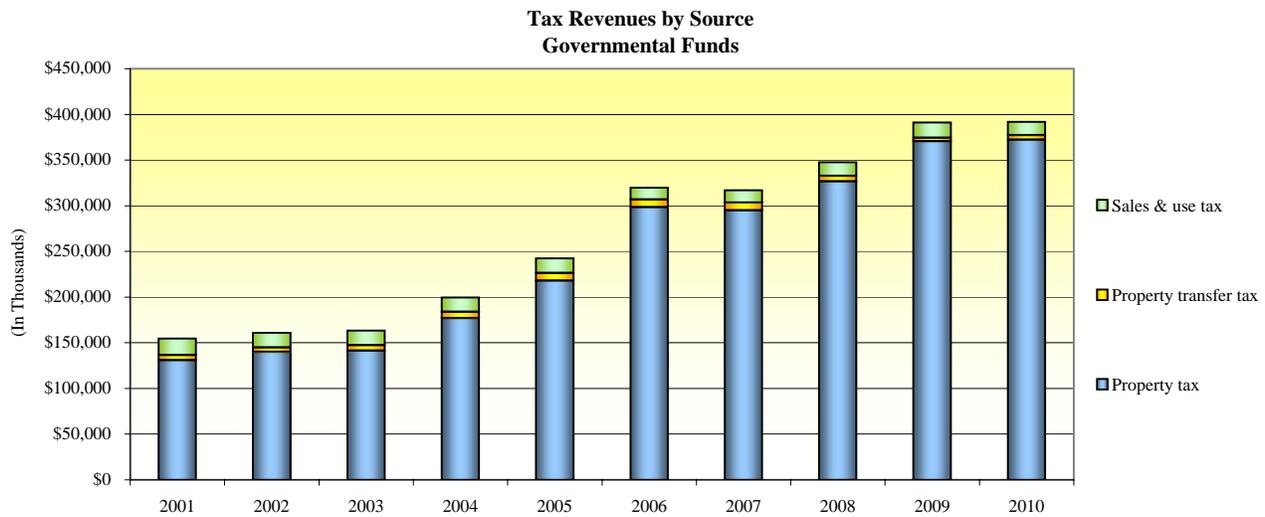
	Fiscal Year Ended June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
Taxes:										
Property taxes	\$ 130,871	\$ 139,879	\$ 141,582	\$ 176,853	\$ 218,188	\$ 298,368	\$ 295,134	\$ 326,757	\$ 370,695	\$ 372,312
Property transfer taxes	5,534	4,984	5,849	7,003	8,111	8,487	8,192	6,011	3,842	4,829
Sales and use taxes	18,243	16,155	15,882	15,762	16,061	12,986	13,544	14,896	16,479	14,579
Property tax in-lieu of sales taxes	-	-	-	-	-	3,878	4,164	4,569	4,880	4,372
Transient occupancy taxes	766	666	590	632	815	839	842	667	1,016	966
Aircraft taxes	1,166	1,336	1,123	1,017	814	821	1,287	1,680	1,517	1,631
Other taxes	1,776	-	-	-	2	5	4	23	13	75
Motor vehicle in-lieu taxes	44,814	46,295	49,785	52,799	58,033	- <sup>3</sup>	-	-	-	-
Unrestricted interest and investment earnings	28,049	22,624	23,329	6,995	20,369	19,059	40,750	31,473	(641) <sup>5</sup>	11,916
Securities lending activities:										
Securities lending income	-	-	588	850	1,895	3,689	4,245	2,750	375	47
Securities lending expenses	-	-	(525)	(720)	(1,761)	(3,569)	(4,139)	(2,362)	(291)	(38)
Miscellaneous	11,819	18,660	13,890	20,293	20,707	21,680	20,301	21,123	25,564	22,599
Special items	495	(1,598)	-	-	-	-	-	-	(8,139)	-
Transfers	(7,528)	(12,225)	(29,403)	(52,082)	(50,022)	(49,291)	(61,918)	(89,710)	(71,397)	(58,668)
Total governmental activities	236,005	236,776	222,690	229,402	293,212	316,952	322,406	317,877	343,913	374,620
<b>Business-type activities:</b>										
Unrestricted interest and investment earnings	847	896	719	252	258	286	626	890	(524) <sup>5</sup>	235
Securities lending activities:										
Securities lending income	-	-	31	16	30	83	139	133	26	3
Securities lending expenses	-	-	(27)	(12)	(27)	(80)	(137)	(115)	(21)	(2)
Miscellaneous	268	10,059	849	2,300	-	-	2,298	2,939	3,149	2,685
Special items	-	(11,445)	-	-	-	-	-	-	-	-
Transfers	7,528	12,225	29,403	52,082	50,022	49,291	61,918	89,710	71,397	58,668
Total business-type activities	8,643	11,735	30,975	54,638	50,283	49,580	64,844	93,557	74,027	61,589
Total primary government	\$ 244,648	\$ 248,511	\$ 253,665	\$ 284,040	\$ 343,495	\$ 366,532	\$ 387,250	\$ 411,434	\$ 417,940	\$ 436,209
<b>Change in Net Assets</b>										
Governmental activities	\$ 95,858	\$ 39,311	\$ 20,789	\$ 25,829	\$ 99,953	\$ 107,694	\$ 119,419	\$ 5,673	\$ 8,195	\$ 42,015
Business-type activities	(11,019)	(21,277)	9,089	(4,491)	832	198	22,060	31,469	25,593	(2,322)
Total primary government	\$ 84,839	\$ 18,034	\$ 29,878	\$ 21,338	\$ 100,785	\$ 107,892	\$ 387,250	\$ 37,142	\$ 33,788	\$ 39,693



- 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	
2001	\$ 130,871	\$ 5,534	\$ 18,243	\$ -	\$ 766	\$ 1,166	\$ 1,776	\$ 158,356
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
<b>Change</b>								
<b>2001 - 2010</b>	184.5%	-12.7%	-20.1%	n/a	26.1%	39.9%	-95.8%	151.8%



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

Notes:

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

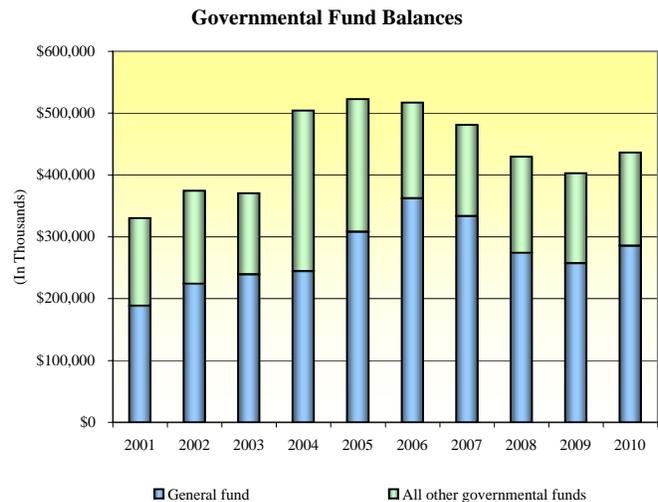
n/a - not applicable

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

**Fund Balance <sup>1</sup>**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General Fund</b>								
Reserved for:								
Encumbrances	\$ 9,977	\$ 12,609	\$ 11,274	\$ 2,902	\$ 3,070	\$ 3,737	\$ 3,209	\$ 2,385
Inventories and advances	5,218	5,173	5,099	22,141	14,771	26,092	5,943	5,929
Unreserved	<u>173,189</u>	<u>205,836</u>	<u>222,896</u>	<u>219,529</u>	<u>290,471</u>	<u>332,479</u>	<u>324,074</u>	<u>265,544</u>
Total general fund	<u>188,384</u>	<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	15,221	11,245	7,768	2,373	287	21	-	-
Debt service	57,255	72,592	34,505	71,958	58,217	65,244	69,893	68,431
Inventories and advances	3,603	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	59,771	56,690	60,015	51,132	51,073	45,542	51,230	57,886
Capital projects	<u>6,191</u>	<u>7,011</u>	<u>6,775</u>	<u>9,187</u>	<u>8,939</u>	<u>10,570</u>	<u>9,830</u>	<u>10,393</u>
Total all other governmental funds	<u>142,041</u>	<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	25,198	23,854	19,042	5,275	3,357	3,758	3,209	2,385
Debt service	57,255	72,592	34,505	71,958	58,217	65,244	69,893	68,431
Inventories and advances	8,821	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	173,189	205,836	222,896	219,529	290,471	332,479	324,074	265,544
Special revenue	59,771	56,690	60,015	51,132	51,073	45,542	51,230	57,886
Capital projects	<u>6,191</u>	<u>7,011</u>	<u>6,775</u>	<u>9,187</u>	<u>8,939</u>	<u>10,570</u>	<u>9,830</u>	<u>10,393</u>
Total governmental funds	<u>\$ 330,425</u>	<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>

	<u>2009 <sup>3</sup></u>	<u>2010</u>
<b>General Fund</b>		
Nonspendable	\$ 7,154	\$ 10,666
Restricted	31,668	33,466
Committed	789	1,834
Assigned	38,583	92,881
Unassigned	<u>179,281</u>	<u>146,759</u>
Total general fund	<u>257,475</u>	<u>285,606</u>
<b>All Other Governmental Funds</b>		
Nonspendable	588	352
Restricted	103,572	109,689
Committed	25,310	25,283
Assigned	<u>15,926</u>	<u>15,281</u>
Total all other governmental funds	<u>145,396</u>	<u>150,605</u>
<b>Total Governmental Funds <sup>2</sup></b>		
Nonspendable	7,742	11,018
Restricted	135,240	143,155
Committed	26,099	27,117
Assigned	54,509	108,162
Unassigned	<u>179,281</u>	<u>146,759</u>
Total governmental funds	<u>\$ 402,871</u>	<u>\$ 436,211</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)**

	<u>2001</u>	<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<sup>1</sup></u>	<b>10 Year % of Increase/ Decrease</b>
<b>Revenues</b>											
Taxes	\$ 152,469	\$ 165,309	\$ 166,717	\$ 200,766	\$ 225,830	\$ 317,504	\$ 329,142	\$ 347,205	\$ 391,006	\$ 401,382	163.25%
Licenses and permits	7,786	8,419	8,306	8,829	11,683	12,814	11,900	11,311	10,168	9,578	23.02%
Intergovernmental	351,795	391,521	393,075	406,135	437,231	386,003	405,455	387,475	392,320	392,303	11.51%
Charges for services	90,972	84,090	90,071	89,131	91,147	102,524	92,011	109,150	115,807	107,466	18.13%
Fines, forfeitures and penalties	11,127	10,445	8,789	9,589	8,831	9,285	9,806	10,114	11,108	13,052	17.30%
Rents and concessions	1,710	1,813	2,449	1,017	1,005	914	1,123	1,194	1,347	1,181	-30.94%
Investment income (loss)	25,615	21,456	20,660	6,983	19,359	18,267	33,538	28,294	(860)	9,707	-62.10%
Securities lending activities:											
Securities lending income	-	-	588	783	1,894	3,203	3,872	2,474	333	40	n/a
Securities lending expenditures	-	-	(525)	(663)	(1,760)	(3,098)	(3,775)	(2,124)	(257)	(32)	n/a
Other revenues	12,882	15,635	14,760	30,537	29,885	26,300	17,863	34,157	27,806	28,385	120.35%
Total revenues	<u>654,356</u>	<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>	47.18%
<b>Expenditures</b>											
<b>Current:</b>											
General government	49,311	53,959	53,134	55,000	58,591	62,912	60,688	73,916	75,222	73,680	49.42%
Public protection	187,004	197,230	215,660	231,717	236,522	246,166	268,318	282,132	288,697	290,931	55.57%
Public ways and facilities	20,505	25,758	22,606	21,434	18,852	18,829	17,962	19,489	26,672	18,171	-11.38%
Health and sanitation	141,622	152,896	148,363	153,376	166,250	168,658	195,995	230,028	237,758	238,572	68.46%
Public assistance	149,100	166,134	170,225	181,075	181,769	192,731	206,289	193,902	206,098	190,352	27.67%
Education	183	197	192	145	118	141	-	-	-	-	-100.00%
Recreation	6,773	7,241	7,018	6,682	6,566	7,310	7,609	8,084	8,638	8,727	28.85%
Capital outlay	29,126	50,986	42,169	34,802	72,262	77,000	41,286	18,978	16,079	15,761	-45.89%
Debt service:											
Principal	6,656	5,693	5,440	7,756	7,172	7,052	8,200	11,322	11,713	12,003	80.33%
Interest	13,365	14,177	14,707	16,892	18,515	19,804	19,015	20,005	16,991	16,145	20.80%
Payment to bond refunding escrow	-	-	-	-	-	-	-	-	778	4,454	n/a
Bond issuance costs	-	703	-	4,077	480	-	-	-	1,328	1,094	n/a
Total expenditures	<u>603,645</u>	<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>	44.11%
Excess of revenues over expenditures	<u>50,711</u>	<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>	83.73%
<b>Other financing sources (uses)</b>											
Proceeds from sale of capital assets	1,500	134	-	-	2	46	2	2	2	2	-99.87%
Issuance of lease revenue bonds/ certificates of participation (COP)	-	32,890	-	155,350	10,380	-	-	-	-	-	n/a
Issuance of refunding bonds	-	-	-	7,805	-	-	-	-	141,080	115,505	n/a
Premium on lease revenue bonds/COP	-	-	-	342	75	-	-	-	1,703	8,438	n/a
Discount on lease revenue bonds/COP	-	(146)	-	-	-	-	-	-	-	-	n/a
Payment to bond refunding escrow/agent	-	-	-	(7,823)	-	-	-	-	(148,972)	(124,860)	n/a
Capital leases	-	-	-	-	-	-	30	-	-	-	n/a
Capital contribution	-	-	-	-	-	-	-	750	-	-	n/a
Transfers in	50,445	72,563	40,379	57,790	53,485	53,632	60,441	156,378	85,614	72,613	43.94%
Transfers out	(58,038)	(84,855)	(69,862)	(119,822)	(103,507)	(132,242)	(172,141)	(163,580)	(157,011)	(131,530)	126.63%
Total other financing sources (uses)	<u>(6,093)</u>	<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>	881.98%
<b>Change in fund balances before special item</b>	<u>44,618</u>	<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>	-25.28%
Special item	-	-	-	-	-	-	-	(116,462)	(8,139)	-	n/a
<b>Net change in fund balances</b>	<u>\$ 44,618</u>	<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>	-25.28%
<b>Debt service as a percentage of noncapital expenditures</b>	3.48%	3.18%	3.16%	3.63%	3.70%	3.71%	3.47%	3.73%	3.28%	3.30%	

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

Notes:

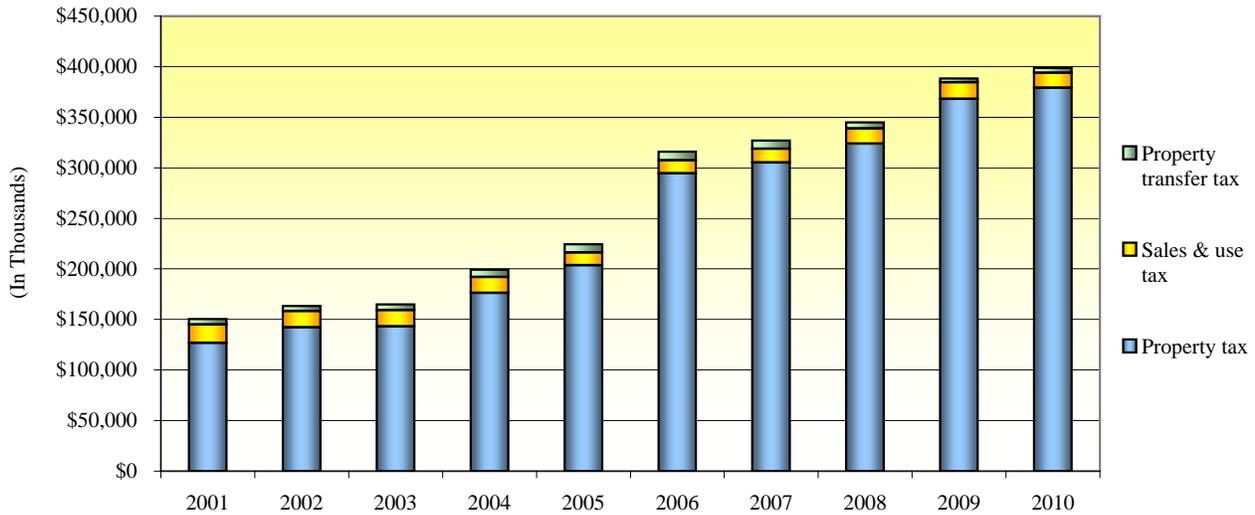
<sup>1</sup> See the Management's Discussion and Analysis for reasons attributed to significant changes in revenues, expenditures, and fund balances.

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>
2001	\$ 126,760	\$ 18,243	\$ 1,166	\$ 5,534	\$ 766	\$ 152,469
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
<b>10 year % of change</b>	199.2%	-20.1%	39.9%	-12.7%	35.9%	163.3%

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



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

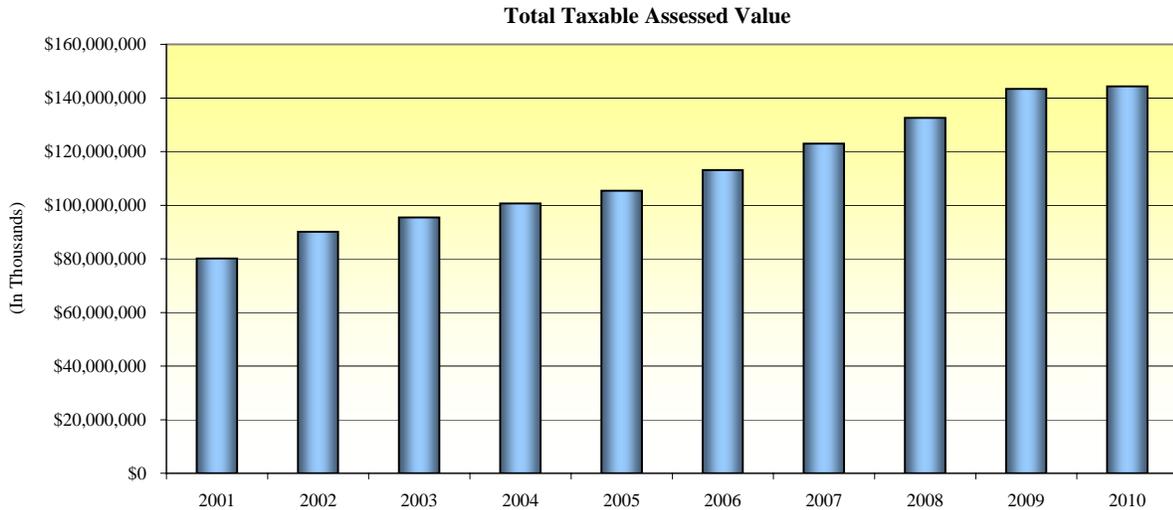
Note:

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

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

<u>Fiscal Year</u>	<u>Real Property</u> <sup>2</sup>	<u>Personal Property</u>	<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u> <sup>1</sup>	<u>% of Change Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2001	\$ 75,398,222	\$ 7,450,029	\$ 2,727,954	\$ 80,120,297	10%	1%
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%

**10 year % of Change**      86.92%                  6.76%                  67.51%                  80.13%



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>	
2001	1.0000	0.0006	0.0311	0.0028	1.0345
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

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.

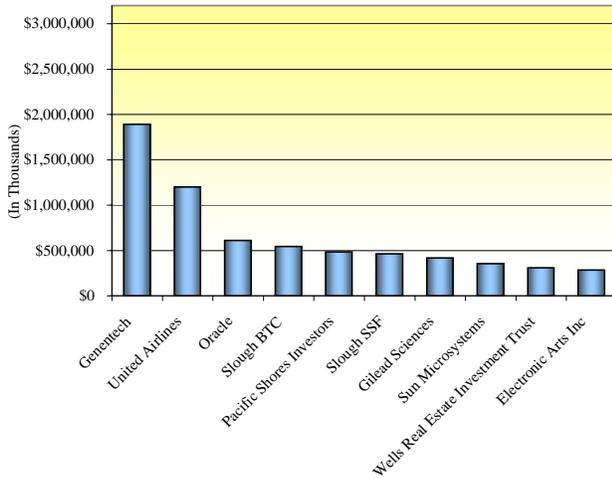
<sup>2</sup> Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County.

<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.

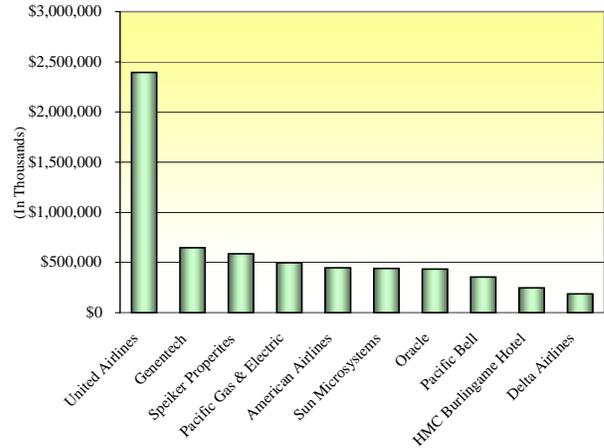
**COUNTY OF SAN MATEO**  
**Principal Property Assesseees**  
**As of January 1, 2010 and January 1, 2001**  
**(In Thousands)**

Assessee	Nature of Business	As of January 1, 2010			As of January 1, 2001		
		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	\$ 1,892,364	1	1.34%	\$ 645,519	2	0.81%
United Airlines	Air Carrier	1,199,741	2	0.85%	2,395,732	1	2.99%
Oracle	Software	610,820	3	0.43%	435,398	7	0.54%
Slough BTC	Lease	544,955	4	0.39%	---	---	---
Pacific Shores Investors	Investment	485,618	5	0.34%	---	---	---
Slough SSF	Lease	464,246	6	0.33%	---	---	---
Gilead Sciences	Biopharmaceutical	418,722	7	0.30%	---	---	---
Sun Microsystems	Computer Products	354,140	8	0.25%	440,940	6	0.55%
Wells Real Estate Investment Trust	Real estate	310,197	9	0.22%	---	---	---
Electronic Arts Inc	Video games	285,369	10	0.20%	---	---	---
Pacific Bell (AT&T)	Telephone	---	---	---	353,693	8	0.44%
Pacific Gas & Electric	Utilities	---	---	---	497,714	4	0.62%
Speiker Properties	Real estate	---	---	---	585,567	3	0.73%
American Airlines	Air Carrier	---	---	---	447,268	5	0.56%
HMC Burlingame Hotel	Phones	---	---	---	246,204	9	0.31%
Delta Airlines	Air Carrier	---	---	---	187,528	10	0.23%
<b>Total</b>		<b>\$ 6,566,172</b>		<b>4.65%</b>	<b>\$ 6,235,563</b>		<b>7.78%</b>

**Principal Property Assesseees**  
**As of January 1, 2010**



**Principal Property Assesseees**  
**As of January 1, 2001**



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

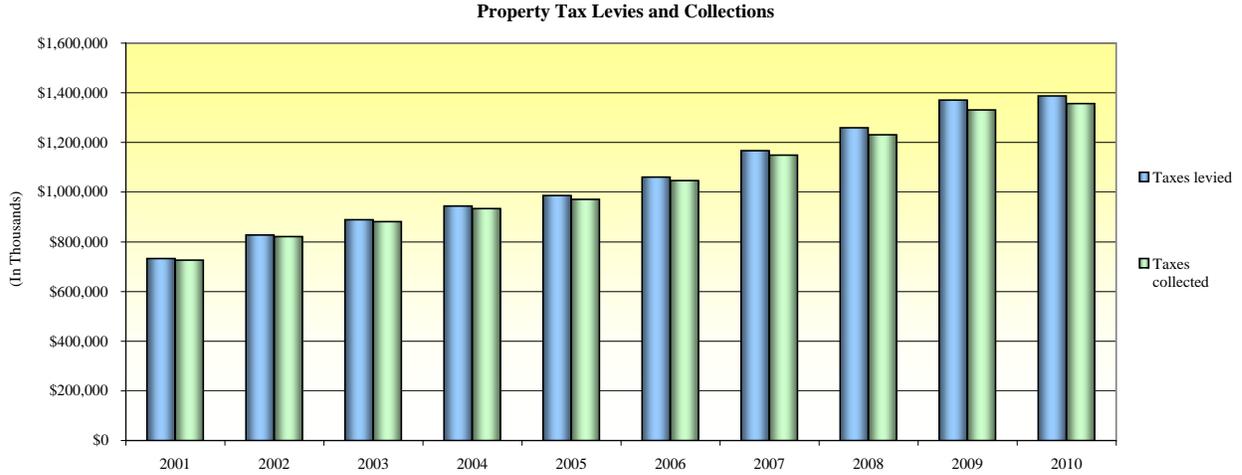
Notes:

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

<sup>2</sup> Total taxable assessed value for as of January 1, 2010, was about \$144 billion.

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

Fiscal Year	Total Tax Levy for the Fiscal Year					Collected within the Fiscal Year of the Levy		Total Collections to Date		
	General Levy <sup>1</sup>	Debt Service Levy <sup>2</sup>			Total <sup>3</sup>	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
		County	Local Special Districts	Schools						
2001	\$ 704,974	\$ 324	\$ 24,864	\$ 2,071	\$ 732,233	\$ 726,243	99.18%	\$ 291	\$ 726,534	99.22%
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	97.69%
2009	1,258,424	5,695	101,079	6,012	1,371,210	1,330,807	97.05%	621	1,331,428	97.05%
2010	1,266,244	6,455	108,530	5,659	1,386,888	1,356,170	97.79%	n/a	1,356,170	97.79%



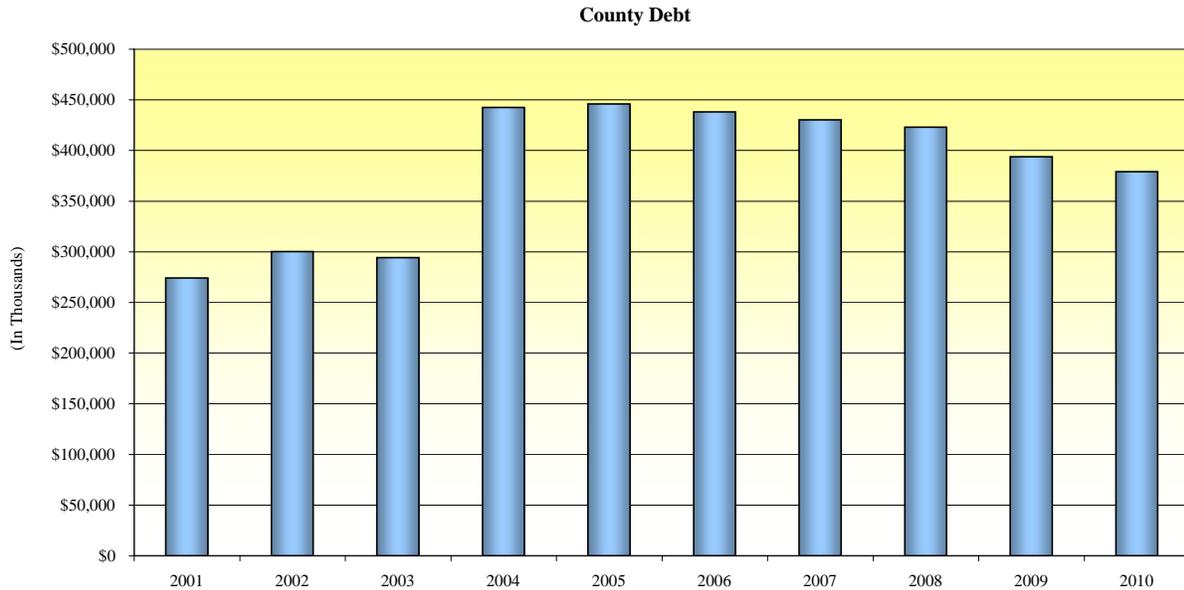
Source: Assessor's Office - County of San Mateo, California

Notes:

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

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

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income	Total Outstanding Debt Per Capita (In Absolute \$)
	Lease Revenue Bonds <sup>1</sup>	Certificates of Participation <sup>2</sup>	Notes Payable	Other Long-term Obligation	Subtotal	Notes Payable	Other Long-term Obligation	Subtotal			
2001	\$ 254,364	\$ 15,385	\$ 389	\$ 913	\$ 271,051	\$ 1,796	\$ 1,251	\$ 3,047	\$ 274,098	0.69%	\$ 384
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	0.83%	591
2008	393,565	24,083	224	7	417,879	5,133	-	5,133	423,012	0.81%	574
2009	364,423	23,760	191	-	388,374	4,868	508	5,376	393,750	n/a	528
2010	350,322	23,428	173	89	374,012	4,595	345	4,940	378,952	n/a	502



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.

n/a - Information is unavailable.

**COUNTY OF SAN MATEO**  
**Direct and Overlapping Debt**  
**As of June 30, 2010**  
**(In Thousands)**

Assessed valuation (including unitary utility valuation)	\$ 145,238,145
Less: Redevelopment incremental valuation <sup>1</sup>	14,344,512
Adjusted assessed valuation	<u>\$ 130,893,633</u>

<b>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable<sup>2</sup></b>	<b>Estimated Share of Overlapping Debt</b>
<b>Direct General Fund Obligation Debt</b>			
San Mateo County General Fund Obligations	\$ 349,090	100.00%	\$ 349,090
San Mateo County Flood Control District Certificates of Participation	23,365	100.00%	23,365
<b>Total direct debt</b>	<u>372,455</u>		<u>372,455</u>
<b>Overlapping General Fund Obligation Debt</b>			
<i>Cities</i>			
City of Burlingame General Fund and Pension Obligations	45,180	100.00%	45,180
City of Daly City Certificates of Participation and Pension Obligations	33,070	100.00%	33,070
City of Redwood City General Fund Obligations	17,875	100.00%	17,875
City of San Mateo General Fund Obligations	33,715	100.00%	33,715
Other City General Fund Obligations	110,735	100.00%	110,735
<i>Special Districts</i>			
Midpeninsula Regional Open Space Park General Fund Obligations	113,788	30.82%	35,069
San Mateo County Mosquito Abatement District Certificate of Participation	275	100.00%	275
Granada Sanitary District Certificates of Participation	565	100.00%	565
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	12,885	100.00%	12,885
Cabrillo Unified School District General Fund Obligations	9,535	100.00%	9,535
San Mateo Union High School District Certificates of Participation	65,946	100.00%	65,946
Belmont School District General Fund Obligations	5,465	100.00%	5,465
Other School Districts General Fund Obligations	1,788	100.00%	1,788
<b>Total overlapping general fund obligation debt</b>	<u>462,812</u>		<u>384,093</u>
<b>Overlapping Tax and Assessment Debt</b>			
<i>Cities</i>			
	73,485	100.00%	73,485
<i>Special Districts</i>			
Montara Sanitary District	14,945	100.00%	14,945
Community Facilities Districts	30,965	100.00%	30,965
Other Special Districts (1915 Act Bonds)	27,616	100.00%	27,616
<i>School Districts</i>			
San Mateo Community College District	624,980	100.00%	624,980
Cabrillo Unified School District	15,951	100.00%	15,951
South San Francisco School District	34,975	100.00%	34,975
Jefferson Union High School District	101,209	100.00%	101,209
San Mateo Union High School District	307,495	100.00%	307,495
Sequoia Union High School District	302,420	100.00%	302,420
Hillsborough School District	58,041	100.00%	58,041
Jefferson School District	49,725	100.00%	49,725
Laguna Salada School District	24,308	100.00%	24,308
Menlo Park City School District	104,145	100.00%	104,145
Redwood City School District	53,024	100.00%	53,024
San Carlos School District	55,590	100.00%	55,590
San Mateo - Foster City School District	143,854	100.00%	143,854
Other School Districts	193,529	100.00%	193,529
<b>Total overlapping tax and assessment debt</b>	<u>2,216,257</u>		<u>2,216,257</u>
<b>Total overlapping debt</b>	<u>2,679,069</u>		<u>2,600,350</u>
<b>Total direct and overlapping debt</b>	<u>\$ 3,051,524</u> <sup>3</sup>		<u>\$ 2,972,805</u>

Ratio of total direct and overlapping debt to adjusted assessed value: 2.33%

Source: California Municipal Statistics, Inc.

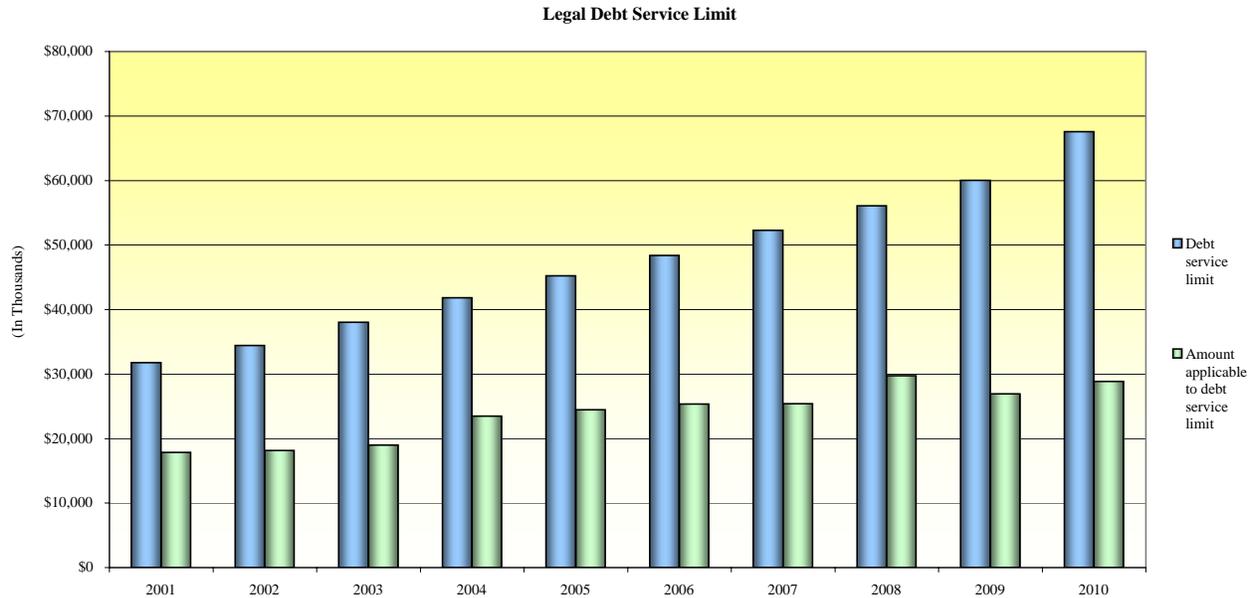
<sup>1</sup> Redevelopment incremental valuation refers to the difference between base year assessed value and current year assessed value of properties in areas designated for redevelopment. Base year assessed value is the agreed upon value of a property at the time.

<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>2001</u>	<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>
<b>Average Annual County budget<sup>1</sup> for the current and preceding four fiscal years</b>	\$ 794,213	\$ 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
<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)	31,769	34,411	38,019	41,815	45,240	48,395	52,267	56,071	60,042	67,592
Less: Amount applicable to debt service limit <sup>3</sup>	(17,834)	(18,143)	(18,991)	(23,486)	(24,448)	(25,328)	(25,403)	(29,762)	(26,940)	(28,847)
<b>Legal debt service margin</b>	<b>\$ 13,935</b>	<b>\$ 16,268</b>	<b>\$ 19,028</b>	<b>\$ 18,329</b>	<b>\$ 20,792</b>	<b>\$ 23,067</b>	<b>\$ 26,864</b>	<b>\$ 26,309</b>	<b>\$ 33,102</b>	<b>\$ 38,745</b>
<b>Legal debt service margin as a percentage of debt service limit</b>	<b>43.86%</b>	<b>47.28%</b>	<b>50.05%</b>	<b>43.83%</b>	<b>45.96%</b>	<b>47.66%</b>	<b>51.40%</b>	<b>46.92%</b>	<b>55.13%</b>	<b>57.32%</b>



Source: County's Adopted Budget Books

Notes:

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

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

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

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

**Purpose:** 1993 Lease Revenue Bonds  
 Defeased 1991 Certificates of Participation and financed the costs of a parking garage and jail.

**Funding Source:** General Fund and Criminal Justice Facilities Fund.

Fiscal Year	Available	Debt Service		Coverage ratio <sup>1</sup>
	Revenue	Principal	Interest	
2001	\$ 5,081	\$ 2,120	\$ 3,340	0.93
2002	4,911	2,135	3,327	0.90
2003	3,376	2,145	3,313	0.62
2004	6,671	2,160	3,298	1.22
2005	4,445	2,175	3,282	0.81
2006	4,445	1,000	3,734	0.94
2007	2,620	-	2,909	0.90
2008	2,620	-	2,909	0.90
2009	5,180	2,560	2,909	0.95
2010	5,173	2,720	2,742	0.95

**Purpose:** 1997 Lease Revenue Bonds  
 Financed the costs of construction, furnishing and equipping an office building, and partial defeasance of the 1994 Issue - Satellite Clinic.

**Funding Source:** General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.

Fiscal Year	Available	Debt Service		Coverage ratio
	Revenue	Principal	Interest	
2001	\$ 2,426	\$ 390	\$ 3,475	0.63
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

**Purpose:** 1999 Lease Revenue Bonds  
 Financed a portion of the costs of completing the Health Center and partial defeasance the 1993, 1994 and 1995 Issues.

**Funding Source:** General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.

Fiscal Year	Available	Debt Service		Coverage ratio
	Revenue	Principal	Interest	
2001	\$ 6,315	\$ 350	\$ 5,429	1.09
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

**Purpose:** 2001 Lease Revenue Bonds  
 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.

**Funding Source:** General Fund, Crime Lab fees, and Cities.

Fiscal Year	Available	Debt Service		Coverage ratio
	Revenue	Principal	Interest	
2001	\$ -	\$ -	\$ -	-
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

**Purpose:** 1997 Certificates of Participation  
 Financed the design, construction, and installation of storm water and flood control improvements located in Colma Creek Flood Control Zone.

**Funding Source:** Colma Creek Flood Control District.

Fiscal Year	Available	Debt Service		Coverage ratio
	Revenue	Principal	Interest	
2001	\$ 976	\$ 200	\$ 779	1.00
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

**Purpose:** 2004 Certificates of Participation  
 Financed the acquisition, design, construction, improvement, and installation of certain improvements to the flood control system.

**Funding Source:** Colma Creek Flood Control District.

Fiscal Year	Available	Debt Service		Coverage ratio
	Revenue	Principal	Interest	
2001	\$ -	\$ -	\$ -	-
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

**Purpose:** 2008 Lease Revenue Bonds<sup>2</sup>  
 Provided funds, together with other available moneys, to redeem the 2003 Lease Revenue Bonds and to pay the termination payment for the 2003 County departments occupying the facilities.

Fiscal Year	Available	Debt Service		Coverage ratio
	Revenue	Principal	Interest	
2001	\$ -	\$ -	\$ -	-
2002	-	-	-	-
2003	-	-	-	-
2004	-	-	-	-
2005	-	-	-	-
2006	-	-	-	-
2007	-	-	-	-
2008	-	-	-	-
2009	2,230	-	2,230	1.00
2010	9,298	2,590	6,708	1.00

**Purpose:** 2009 Lease Revenue Bonds<sup>3</sup>  
 Provided funds, together with other available moneys, to refund a portion of outstanding 1997 Bonds and the outstanding 1999 Bonds, to pay costs of issuance of the 2009 Bonds, and to pay other costs relation to the refunding.

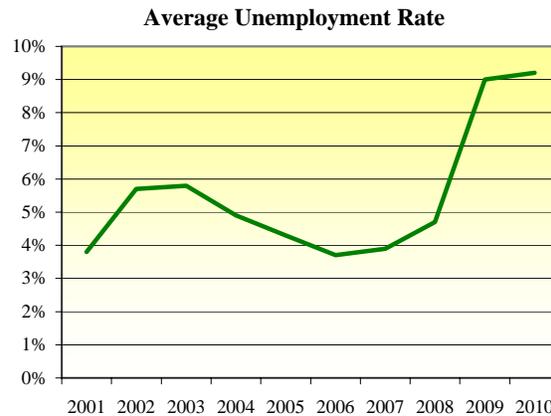
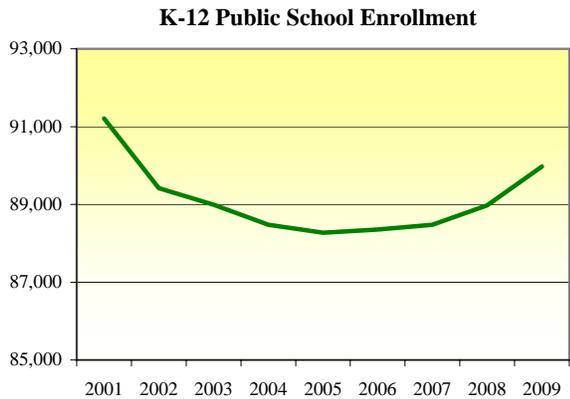
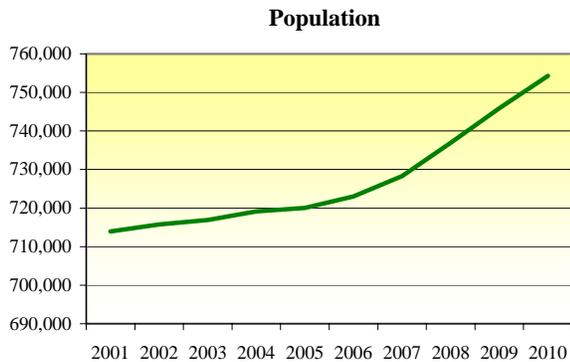
**Funding Source:** General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.

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

Notes:  
<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.  
<sup>2</sup> The 2008 Lease Revenue Bonds were issued in September 2008.  
<sup>3</sup> The first principal and interest payment of the 2009 Lease Revenue Bonds will be due by July 15, 2010.

**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>
2001	713,958	\$ 39,988	\$ 56,589	36.8	91,205	3.8%
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	51,843	74,343	39.7	88,479	3.9%
2008	736,951	52,286	73,839	n/a	88,974	4.7%
2009	745,858	n/a	n/a	n/a	89,971	9.0% <sup>6</sup>
2010	754,285	n/a	n/a	n/a	n/a	9.2%



**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 2010'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.

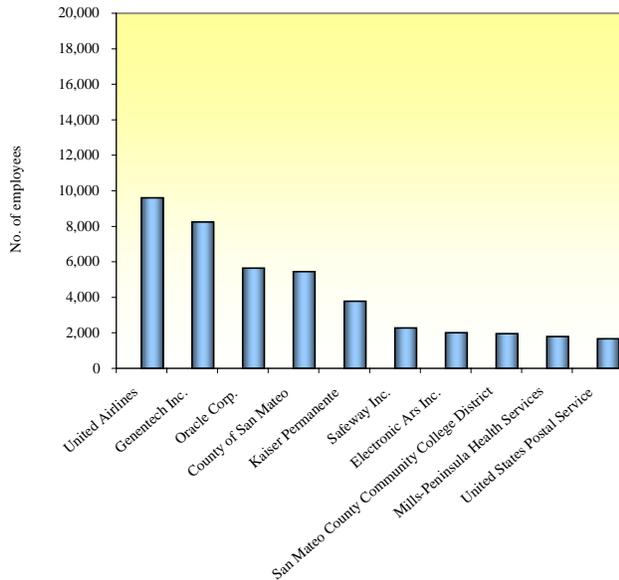
**Note:**

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

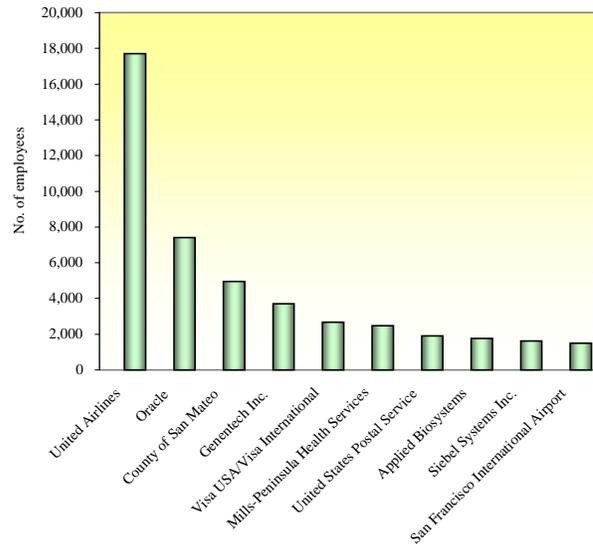
**COUNTY OF SAN MATEO  
Principal Employers  
Year 2008 and Year 2000**

Employer	Business Type	2008 <sup>1</sup>			2000		
		Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
United Airlines	Airline	9,600	1	2.62%	17,700	1	4.61%
Genentech Inc.	Biotechnology	8,250	2	2.25%	3,700	4	0.96%
Oracle Corp.	Software	5,642	3	1.54%	7,400	2	1.93%
County of San Mateo	Government	5,443	4	1.49%	4,944	3	1.29%
Kaiser Permanente	Health Care	3,780	5	1.03%	---	---	---
Safeway Inc.	Supermarket	2,273	6	0.62%	---	---	---
Electronic Arts Inc.	Interactive Entertainment	2,000	7	0.55%	---	---	---
San Mateo County Community College District	Public Education	1,950	8	0.53%	---	---	---
Mills-Peninsula Health Services	Health Care	1,800	9	0.49%	2,474	6	0.64%
United States Postal Service	Postal Service	1,671	10	0.46%	1,898	7	0.49%
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>42,409</b>		<b>11.58%</b>	<b>45,681</b>		<b>11.89%</b>

**Principal Employer  
Year 2008**



**Principal Employer  
Year 2000**



Source: San Francisco Business Times - Book of Lists.

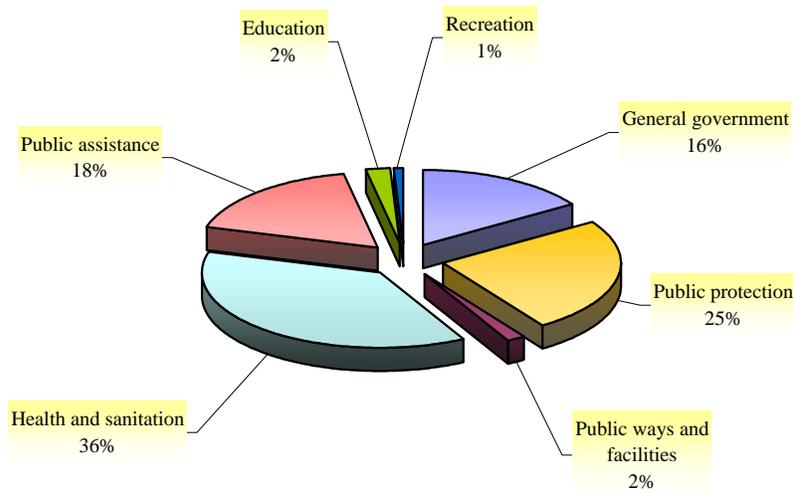
Notes:

<sup>1</sup> Principal employer information for years 2009 and 2010 is not available.

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

<u>Function</u>	<u>As of June 30,</u>									
	<u>2001</u>	<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>
General government	772	827	834	803	790	789	831	850	851	859
Public protection	1,281	1,344	1,354	1,321	1,292	1,354	1,381	1,391	1,395	1,347
Public ways and facilities	91	81	93	97	92	93	92	95	87	96
Health and sanitation	1,548	1,663	1,667	1,905	1,895	1,981	2,077 <sup>3</sup>	2,174	2,142	2,022
Public assistance	773	800	870	893	906	953	994	1,036	1,041	960
Education	106	106	109	108	108	112	113	113	113	114
Recreation	61	63	58	55	55	55	56	56	57	52
Total full-time equivalent employees <sup>2</sup>	4,632	4,884	4,985	5,182 <sup>1</sup>	5,138	5,337	5,544	5,715	5,686	5,450

**Full-time Equivalent County Employees by Function**  
**FY 2009-10**



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 was based on the information available in the County's Budget System.
- <sup>3</sup> The increase in FTE was primarily caused by extended services provided by the Public Health and the Mental Health divisions.

**COUNTY OF SAN MATEO**  
**Operating Indicators by Function**  
**Fiscal Years 2000-2009**

Function	Fiscal Year <sup>3</sup>									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<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
Percent of general litigation cases won or resolved with approval of client	---	---	---	89%	92%	95%	100%	100%	100%	100%
Attorney per capita	1:34,495	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
<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>
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
Non-Emergency	---	409,759	678,066	622,436	570,466	581,154	490,784	532,191	562,927	410,472 <sup>5</sup>
Wireless (data development)	---	---	---	---	---	---	---	---	---	13,175
Percent of high priority calls dispatched within established time frames:										
Police	86%	84%	83%	82%	86%	88%	89%	88%	87%	84%
Fire	95%	95%	94%	94%	94%	94%	94%	94%	94%	93%
Medical	95%	94%	94%	93%	93%	93%	92%	91%	92%	92%
<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
Total filings	---	---	18,138	20,007	22,325	18,994	16,871	17,729	20,048	17,067
Number of victims contacted, including unsolved cases	---	638	701	2,585	4,754	5,018	5,460	4,404	3,840	3,999
Average number of cases reviewed by attorney	---	---	438	487	542	436	433	459	464	437
<i>Sheriff's Office</i>										
<i>Investigative services</i>										
Number of cases performed annually	---	---	5,848	6,358	6,000	5,035	5,456	7,935	5,891	6,368
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%
<i>Patrol Bureau</i>										
Number of dispatched calls for patrol services	60,057	59,049	70,668	63,547	59,999	57,662	57,831	56,937	64,229	65,214
Number of citations issued - patrol services	8,482	9,084	10,278	9,857	11,185	11,453	9,189	10,352	11,824	11,757
Number of total traffic activities (non-citation)	19,211	17,388	18,092	15,237	16,096	15,298	16,681	16,847	18,204	18,364
Average response time for priority dispatched calls:										
Urbanized service areas (in minutes)	2:63	3:15	3:70	3:26	2:64	3:20	3:28	3:57	4:44	5:07
Rural service areas (in minutes)	13:03	8:40	9:75	8:27	9:67	9:60	10:49	11:41	11:41	10:25
Average cost per dispatched patrol service call	\$376	\$382	\$336	\$436	\$452	\$494	\$490	\$539	\$534	\$492
<i>Probation Department</i>										
<i>Adult Supervision Services</i>										
Number of probationers placed on:										
Relapse prevention supervision services	---	---	---	---	1,701	1,437	1,878	2,654	2,056	1,375 <sup>6</sup>
Intensive supervision	---	---	1,448	1,749	3,708	1,479	923	954	1,027	1,002
Supervised Computer Assisted Case Services Unit	---	---	---	---	5,552	4,504	3,596	1,552	1,146	2,893 <sup>7</sup>
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%
Completed treatment program during grant of probation	---	---	---	---	---	409/65%	1,234/55%	1,637/64%	1,803/71%	1,044/46%

(continued)

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 2009-10 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.

**COUNTY OF SAN MATEO**  
**Operating Indicators by Function**  
**Fiscal Years 2000-2009**

Function	Fiscal Year <sup>3</sup>									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Juvenile Supervision Services</b>										
Number of juveniles served on probation	---	---	---	---	3,112	3,167	2,467	2,465	2,426	2,202
Number of youth served under prevention/diversion programs	---	---	---	---	---	487	1,256	989	739	755
Number of youth served under electronic monitoring	---	---	---	---	---	---	---	---	---	656
Number and percent of probationers:										
Completed probation without new sustained law violation	1,005/67%	1,005/67%	1,020/68%	490/84%	1,345/89%	1,373/89%	726/76%	897/79%	645/78%	710/72%
Completed informal contract and are not filed upon within Six months of case closure	---	---	---	---	---	---	1,262/84%	435/85%	382/85%	152/90%
<b>Public Ways and Facilities</b>										
<b>Road maintenance</b>										
Number of lane miles:										
Sealed	---	---	26	32	17	82	53	0 <sup>10</sup>	29	67 <sup>11</sup>
Resurfaced	---	---	34.2	41.7	23.0	14.0	14.4	13.6	4.0	2.8
Reconstructed	---	---	2.7	4.7	2.9	0.3	1.2	1.9	1.3	0.8
<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
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	38,121	40,013	37,028	41,504	40,851	39,068	40,222	38,818	47,609	47,194
Percent of EMS calls responded to on time										
Ambulance	94%	94%	95%	95%	94%	93%	91%	91%	92%	93%
Fire first response	98%	98%	98%	98%	98%	98%	99%	98%	98%	98%
<b>Mental Health Adult Services</b>										
Number of clients served:										
Intensive level of service	2,680	2,676	2,575	2,578	2,631	2,446	2,409	2,221	2,249	2,347
Outpatient level of service	7,207	7,442	7,582	7,309	7,218	7,280	7,497	7,789	8,174	8,834
Number of new clients served	---	---	---	---	---	2,556	2,613	2,722	2,332	2,905
Percent of customer survey respondents indicating they have benefited from mental health treatment:										
Able to deal more effectively with daily problems	91%	91%	93%	90%	96%	95%	92%	87%	94%	95%
Better able to control their life	90%	90%	91%	88%	94%	95%	94%	87%	94%	94%
<b>Mental Health Youth Services</b>										
Number of clients served:										
Intensive	685	700	719	784	711	752	993	1,125	1,138	1,007
Outpatient	1,220	1,328	1,292	1,408	1,451	2,136	2,024	2,302	2,220	2,122
Number of new clients served	---	---	---	---	---	1,061	1,276	1,371	1,419	1,448
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%
Youth	---	---	86%	83%	71%	72%	65%	76%	90%	90%
<b>Family Health Services</b>										
Number of customers served:										
Field nursing and maternal, child and adolescent health	2,528	2,330	2,405	2,388	2,078	2,017	2,057	1,903	1,960	1,960
Prenatal to three	5,503	6,316	6,764	3,336	3,575	3,645	3,714	3,722	3,473	3,207
Women, infants and children	22,600	22,600	19,050	22,231	25,599	21,688	17,976	19,595	18,257	18,662
California children services	3,446	3,327	4,480	1,747 <sup>8</sup>	2,541	2,788	2,724	2,703	2,590	2,528
Child health and disability prevention	3,900	7,862	3,732	3,101 <sup>8</sup>	2,696	2,074	1,881	2,177	1,847	1,775
Lead	65	140	185	69	76	82	102	326	322	296
California nutrition network	6,872	8,015	10,938	15,750	12,532	13,152	27,411 <sup>9</sup>	23,818	16,737	17,781
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%

(continued)

Notes:

<sup>8</sup> The decrease reflected changes in collection methodology.

<sup>9</sup> Staff attended a larger number of health fairs. The outreach increased the number of customer served.

<sup>10</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>11</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.

**COUNTY OF SAN MATEO**  
**Operating Indicators by Function**  
**Fiscal Years 2000-2009**

Function	Fiscal Year <sup>3</sup>									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Health Promotion and Disease Control</b>										
Number of clients served:										
AIDS program clinical services	549	554	576	546	565	559	576	540	553	522
Mobile clinic clinical services	---	---	2,975	1,463	3,024	2,713	3,534	4,103	4,776	3,256 <sup>16</sup>
STD Control	1,035	1,301	1,872	1,325	1,674	1,636	2,951 <sup>14</sup>	1,954	2,159	1,593 <sup>17</sup>
TB Control	---	237	641	811	508	901	1,100	1,085	588	2,000 <sup>18</sup>
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>
<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
Percent of permitted facilities receiving an annual inspection	---	---	82%	88%	91%	88%	93%	87%	80%	86%
Number of complaints received	---	---	1,183	1,416	1,970	1,416	2,077	2,120	1,748	1,487
Percent of complaints responded to within the required time period	---	---	85%	86%	85%	86%	84%	86%	71%	87%
<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>19</sup>
Families	---	---	9,137	9,582	9,580	8,271	10,558	8,480	9,664	11,686 <sup>19</sup>
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
Percent of clients needing food and/or shelter received assistance:										
Food	---	---	96%	96%	97%	98%	98%	99%	99%	99%
Shelter	---	---	69%	63%	68%	64%	67%	75%	76%	78%
<b>Economic Self-Sufficiency</b>										
Number of participants using PeninsulaWorks Centers	---	---	14,308	22,460	24,426 <sup>13</sup>	24,794	20,089	17,654	19,586	20,270
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
<b>Recreation</b>										
<b>Parks &amp; Recreation</b>										
Number of park reservation calls taken	2,420	2,480	3,102	3,794	3,479	5,291 <sup>12</sup>	5,011	5,881	8913 <sup>15</sup>	14,819 <sup>15</sup>
Number of special events processed	113	100	95	64	106	78	87	110	93	---

Notes:

- <sup>12</sup> Park reservations staff began making reservations for Fitzgerald Marine Reserve docent-led tours, a task previously performed by others.
- <sup>13</sup> The measure included Workforce Investment Act participants only.
- <sup>14</sup> The increase in number of clients served was caused by increased capacity in STD clinic stabilized workforce.
- <sup>15</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>16</sup> The decrease was caused by less patients seeking services and the cut back at Half Moon Bay weekly Clinic.
- <sup>17</sup> Increased efforts on preventive measures reduced the need for STD treatments.
- <sup>18</sup> Schools, prisons, and new immigrants became more cautious on TB control.
- <sup>19</sup> Demand for public assistance surged because the County unemployment rate increased sharply after the financial meltdown.
- <sup>20</sup> The seminars provided in FY 2008-09 included new and more complex topics.

**COUNTY OF SAN MATEO**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<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	1	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	1 <sup>2</sup>	1	1	1
<b>Public ways and facilities</b>										
<b>Road</b>										
Pavement (miles)	316.5	316.6	316.7	316.8	316.6	316.2	314.4	315.9	314.8	315.4
Bridges	28	28	28	28	28	28	28	28	31	31
Traffic signals	17	17	17	18	19	19	19	19	19	19
Flashing Beacons	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3	3	3
Lighted Crosswalks	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4	4	4
Radar Feedback signs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4	4	10
<b>Sewer and water</b>										
<b>Sewer:</b>										
Sanitary sewers (miles)	148.45	148.45	148.45	148.45	148.51	149.47	149.47	147.35	147.47	144.18 <sup>4</sup>
<b>Water:</b>										
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
<b>Lighting</b>										
Street lights	2,847	2,906	2,898	2,889	2,927	2,920	2,921	2,128 <sup>3</sup>	2,166	2,166
<b>Flood control</b>										
Channels (miles)	4.69	4.69	5.89	5.89	6.40	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	21	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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