

**COUNTY OF SAN MATEO, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2007**

**Tom Huening, Controller**





# County of San Mateo, California

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2007



**Tom Huening**  
**Controller**



**Cover Photo: Japanese Tea Garden, San Mateo, CA**  
**Photographer: Bob Adler**

**COUNTY OF SAN MATEO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Fiscal Year Ended June 30, 2007**

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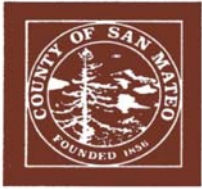


## **INTRODUCTORY SECTION**

- **Controller's Letter of Transmittal**
- **Certificate of Achievement –  
Government Finance Officers Association**
- **Organization Chart**
- **List of Elected and Appointed Officials**



## 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  
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DEPUTY CONTROLLER

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December 5, 2007

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. This report is published to fulfill that requirement for the fiscal year ended June 30, 2007.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Since 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. 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, 2007. 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 3-17 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 of San Mateo (County) is one of the nine counties in the San Francisco Bay Area. The County occupies 449 square miles 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 733,496 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. Between January 1, 2006 and January 1, 2007, the County's population grew one percent, from 726,336 to 733,496, maintaining San Mateo's rank as the 14<sup>th</sup> most populous county in California. During the same period, California, as a whole, grew by an estimated 1.3 percent to 37.7 million.

The County, established by an Act of the State Legislature in 1856, is a legal subdivision of the State of California charged with governmental powers. With a charter form of government, the County's powers are exercised through an elected Board of Supervisors (Board). The Board, as the governing body, legislates and sets policies for County government activity except for those functions reserved for elected officials: Assessor-County Clerk-Recorder, Controller, Coroner, District Attorney/Public Administrator, Sheriff, and Treasurer-Tax Collector. The County provides various services such as public protection, road construction and public facilities, sanitation, health and social services, elections and records, planning, zoning, and tax collection.

## **Component Units**

The governmental reporting entity consists of the County and its blended and discretely presented component units. Component units are legally separate entities for which the County is financially accountable or for which the relationship with the County is so close that exclusion would cause the County's financial statements to be misleading or incomplete.

### Blended Component Units

The County has the following independent fiscal agencies as blended component units:

- The San Mateo County Joint Powers Financing Authority (JPFA) assists the County in the financing of public capital improvements. JPFA is reported as a major governmental fund in the County's governmental fund financial statements.
- The San Mateo County Employees' Retirement Association (SamCERA) administers the financial activities of the County's pension plan. SamCERA is reported as a pension trust fund in the County's fiduciary fund financial statements.
- The Housing Authority of the County provides housing assistance to low and moderate-income families. The Housing Authority is reported as a major enterprise fund in the County's proprietary fund financial statements.
- The In-Home Supportive Services (IHSS) Public Authority assists consumers in finding IHSS personnel, provides training and support for providers, recipients and recipients' families, and performs other functions related to the delivery of in-home supportive services. The IHSS Public Authority is reported as a non-major governmental fund in the County's combining financial statements for non-major special revenue funds.
- The Board is the governing body of the County Service Areas, Sewer and Sanitation, Flood Control, Lighting, and other special districts. These special districts are reported as non-major governmental funds in the County's combining financial statements for non-major special revenue funds.

### Discretely Presented Component Unit

First 5 San Mateo County (First 5) was created in 1998 with the passage of Proposition 10, which requires that a portion of tobacco tax be used to promote early childhood development for children ages 0-5 through education, health, child care, and other programs. As the County's Board appoints all of its members and approves its budgets, First 5 is reported as a discretely presented component unit of the County in the government-wide financial statements.

## **Budget**

In accordance with California Government Code Sections 29000 and 29143, the County prepares a budget for all governmental funds, except for JPFA, on a modified accrual basis. For the fiscal year (FY) 2007-08, the Board adopted a budget of \$1.73 billion. The annual budget serves as the foundation for the County's financial planning and control of expenditures. The level at which expenditures may not legally exceed appropriations is at the object level (e.g. salaries and benefits) within a budget unit.

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 transfer of appropriations for amounts 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 must approve supplemental appropriations normally financed by unanticipated revenues or reserves.

## Local Economy

### Major Industries

The County has a diversified economic base, but its major industries are in the tourism and technology sectors. San Francisco International Airport (SFO) is located within the County's boundaries. The airport, airlines, and surrounding hotels are a major source of jobs. This sector also generates significant revenues for the County in the form of property taxes, sales taxes, and hotel taxes. The upward trend in SFO's total passenger volume slowed between FY 2005-06 and 2006-07, posting only a 2.3% increase. JetBlue started services at SFO in May 2007. Southwest Airlines and Virgin America followed suit in August 2007. The addition of these three low-cost carriers is expected to bring in more tax revenues to the County.

The top five largest employers in the County are United Airlines, Genentech, County of San Mateo, Oracle Corporation, and Kaiser Permanente. The County is home to innovative researchers in the pharmaceutical, medical, and computer industries. Of the 25 Bay Area companies receiving the most number of U.S. patents in 2006, seven are located in San Mateo County. The seven companies include Oracle, Genentech, Applera, SRI International, Openwave Systems, Rigel Pharmaceuticals, and Theravance.

### Employment

The local economy is relatively strong overall. For June 2007, the County's labor force was at 375,200, of which 14,700 or 3.9% were unemployed. In contrast, California's unemployment rate was 5.2 % for June 2007.

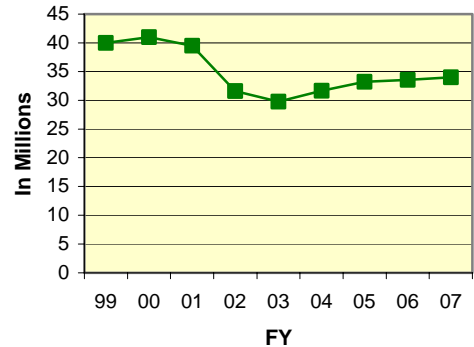
### Residential Real Estate

Home sales in the San Francisco Bay Area continue to decline at the fastest pace in 12 years, primarily due to a tightening of the mortgage market and increasing inventory. There have been sharp declines in many lower-cost neighborhoods, but sales are much better in higher-priced areas, which helped to push the region's overall median sale price to a new peak. The housing market in the Bay Area remains one of the highest priced regions in the State and the nation. In the first six months of 2007, the median price of a single-family home in the County was \$930,000, compared to \$594,280 for California and \$223,800 for the U.S.

### Commercial Real Estate

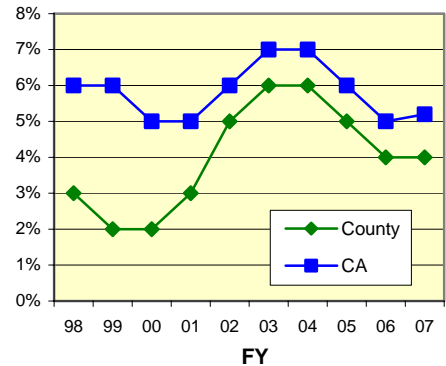
The vacancy rate for office space continues its downward trend. At the end of FY 2006-07, it was 11.1%, the lowest in six years. This decline is caused by the expansion of technology and biotechnology industries. Commercial real estate sales in the County are in their third year of growth. Tenants demand is higher than ever as giants like Genentech and Google continue growing and pushing firms out of South San Francisco and Mountain View. With the diminishing supply of higher quality available space, average asking rental rates have jumped to \$3.60 per square feet from \$2.75 last year, representing a 31% increase since 2006.

**SFO Total Airport Passengers**



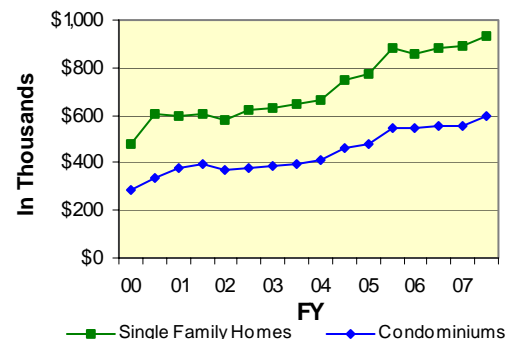
Source: SFO Comparative Traffic Reports

**Unemployment Rate**



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

**SMC Median Housing Prices**



Source: Statistics from RE InfoLink

## Long Term Financial Planning

### Four-Year Financial Plan

The County has adopted a four-year financial plan that includes projected growth in property tax and other general-purpose revenues, along with continued management of costs by setting conservative budget targets for departments. Under this plan, the use of fund balance will be limited to one-time costs such as unfunded retiree health liabilities, capital improvements, equipment replacement, and technology upgrades. This plan also calls for maintenance of non-departmental reserves and contingencies at a three percent minimum of the General Fund net appropriations.

### Budget Deficit

The County's expenditures have been growing faster than anticipated revenues. Salaries and benefits have increased by approximately 28% since FY 2004-05, due to negotiated increases, addition of new positions, and retiree health costs. This factor contributes to a growing structural budget deficit over the past two years. Other significant factors include \$14 million for the opening of a Youth Services Center in September 2006; and \$18 million for loans and advances to the San Mateo Medical Center (Medical Center) in FY 2006-07. In the coming years, the General Fund needs to increase contributions to the Medical Center and Fire Fund, and assume costs previously paid from the Solid Waste Fund and Half-Cent Transportation Fund.

The County has used excess Education Revenue Augmentation Funds (ERAF) to balance its budgets. The excess ERAF is the amount of local property tax generated in one year that exceeds the amount due the state. Without these funds, the County would have experienced actual deficits in two of the previous four years. These funds, however, are an unpredictable and potentially unstable source of funding for operating budgets.

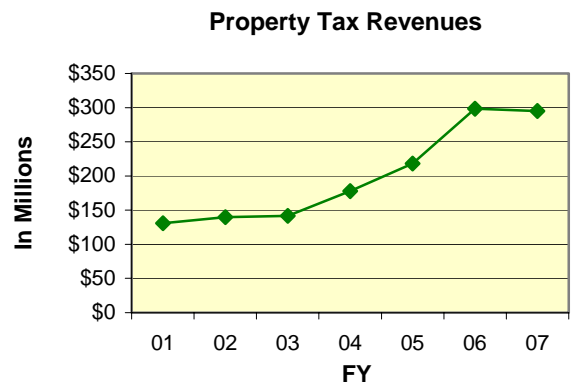
In the long-run, the County cannot sustain the present growth rate for salaries and benefits, finance increasing operating costs for expanding caseloads, provide additional subsidies to the Medical Center, and implement new initiatives. The County is rapidly spending its reserves and, if not addressed, structural budget deficits will grow exponentially.

The Board strives to eliminate the structural deficit by 2013 with the following strategies: (1) undertake no new expenditures without corresponding new revenue or cost-reduction offsets; (2) reduce the annual rate of increase in General Fund net cost from seven percent to three percent to match the expected growth of revenue; (3) eliminate the General Fund subsidies to the County Fire and Crystal Springs County Sanitation districts; (4) reduce the General Fund contribution to the Medical Center to a level consistent with the Welfare and Institutions Codes § 17000 indigent health care obligation; and (5) limit future use of excess ERAF to one-time projects.

### Property Tax Revenues

The General Fund property tax revenue is the most important tax source for the County. Total taxable assessed property values for FY 2005-06 was \$113.2 billion compared to \$122.9 billion for FY 2006-07, an increase of 9%.

The County's share of total property tax revenue was \$295 million in FY 2006-07 compared to \$298 million in FY 2005-06. Although total assessed property values for FY 2006-07 was higher than FY 2005-06, the resulting increase in property tax revenue was offset by a decline in the excess ERAF revenue. ERAF was set up in 1992, under the California Revenue and Taxation Code, to redirect property tax from local governments to public education programs. Once school districts and programs are paid the maximum allowable amount, the Code requires the excess ERAF be refunded to local governments.



Source: Controller's Office, County of San Mateo



## Pension Fund

The County participates in and contributes to a defined benefit pension plan that provides retirement, disability and death benefits for substantially all employees of the County. Contributions are made to SamCERA, which is reported as a pension trust fund in the County's financial statements. As of June 30, 2007, SamCERA's total net assets held in trust for pension benefits totaled \$2.1 billion, representing an increase of \$341.7 million or 19.1% over the prior fiscal year.

The funded ratio has increased from 75.4% as of June 30, 2006 to 77.4% as of June 30, 2007, primarily from increased contributions and improved investment income. The 22.6% unfunded actuarial accrued liability (UAAL) results from actuarial accrued liabilities exceeding the actuarially determined value of assets. SamCERA is funding the UAAL over a closed period ending June 30, 2022.

## Relevant Financial Policies

### Debt Service Limit Policy

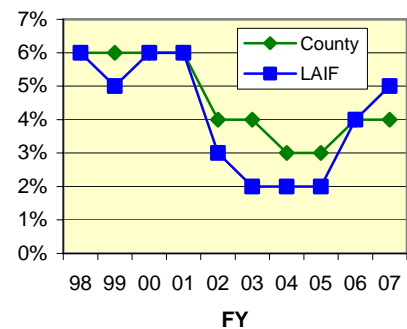
Under the County's Debt Limit Ordinance, the Board is required to establish the County debt service limit annually. The debt service limit is applicable to non-voter approved debt that is the obligation of the County. The limit does not apply to any voter approved debt or any debts of agencies, whether 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 interests of the County and its citizens. For the fiscal year ended June 30, 2007, the County's debt service limit was \$52 million and the County's total debt service payments subject to this limit were \$25 million.

### Investment Policy

The County's investment policy has the following objectives in order: safety, liquidity, yield, and public trust. California Government Code and the County's investment policy regulate the types of securities in which the County Treasurer may invest. The Board reviews and approves the policy annually.

The County's pooled investments had a net earning rate of 4.32% for FY 2006-07, a significant increase from that of 3.53% for FY 2005-06. In comparison, California's Local Agency Investment Fund (LAIF) had a net earning yield of 5.11% in FY 2006-07 and 3.84% in FY 2005-06.

Net Earning Rate on Investment



Source: Treasurer's Office, County of San Mateo

### Reserves Policy

The Board approved the 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. Available fund balance and reserves are viewed as one-time sources of funding that can only be used for one-time purposes or as part of a multi-year financial plan to balance the budget. The County Reserves Policy requires that (1) General Fund departments maintain a minimum reserves amount equivalent to 2% of net appropriations, (2) the County maintain a contingency appropriation equivalent to 3% of General Fund net appropriations for one-time emergencies and economic uncertainties, and (3) one million dollars in reserves be separately maintained for both capital improvements and countywide automation projects.

## **Major Initiatives**

### **Health Care**

Between FY 2003-04 and FY 2005-06, the County's annual contribution to the Medical Center was approximately \$59 million. During this period, the Medical Center was able to maximize state and federal revenues and contain costs. Beginning in FY 2006-07, disproportionate share hospital and other federal payments and reimbursements for MediCal in-patient care could not keep pace with soaring healthcare costs; including negotiated salaries and benefits, medical supplies and equipment, additional staffing to meet state mandated nursing ratios, and growing caseloads. Assuming the same growth rate in the next five years, the County's annual contribution would be approximately \$115 million in five years. The County cannot sustain the present rate of increases in its contribution to the Medical Center. To tackle this challenge, the County is conducting a comprehensive review of its healthcare system for indigents.

### **Criminal Justice System**

A feasibility study is underway to identify whether a new jail is necessary to address the overcrowding in the Maguire and Women's jails. The Maguire jail was opened in 1994 at a cost of \$55 million. Since that time, the County has closed the Honor Camp with 140 beds, Medium Security Facility with 100 beds, and Men's Work Furlough Facility with 140 beds. Inmates formerly housed in these facilities are now held at the Maguire and the Women's jails.

Building a new jail is a major long-term financial commitment. Coupled with the feasibility study, the County's Jail overcrowding Task Force is conducting careful analyses of why the jail population is not declining even though arrests have decreased. Analyses of programs to help the County mitigate future growth in inmate population are also underway.

### **Human and Health Services**

On November 7, 2006, the Board approved an Alcohol and Other Drugs (AOD) Strategic Plan that is targeted to address the serious impacts that substance abuse has on the community. A steering committee was formed to implement the strategies called for in the plan. The committee is comprised of a wide spectrum of stakeholders from businesses, cities, advocacy groups, probation, child welfare, as well as County representation from the health, mental health, and AOD programs. The ongoing goal is to identify revenue sources that will enhance and expand services, such as supportive housing stipends and continuing case management, and increase residential and intensive day treatment capacity for women and youth.

On July 24, 2007, the Board approved the creation of a new Behavioral Health and Recovery Services Division. This new division will merge the Alcohol and Other Drugs services with the existing Mental Health Services into a new Behavioral Health and Recovery Services unit within the Health Department. The mission of this new division is to improve the health and mental health outcomes of individuals with addiction and mental health issues.

### **Capital Improvements**

In Fall 2006, Public Works conducted a facilities condition assessment for 76 County-owned facilities. This assessment set sights on needs and estimated costs for renewal of building systems, cyclic maintenance, deferred maintenance, health and safety requirements, and preventive maintenance for the next 15 years. The assessment was completed in March 2007 and was documented in a new Facilities Condition Information System. Approximately \$55.7 million is needed to correct all noted deficiencies and implement projected requirements. A multi-year maintenance and repair plan will be used to develop a Five-Year Capital Improvement Plan, which will be completed in the next budget cycle. The need for new facilities, including the correctional and re-entry facilities, will also be included in the plan when requirements and cost estimates become available.

## 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, 2006. This was the seventh 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, 2006 and the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2006.

### Acknowledgements

My goal is to publish financial information on a schedule that is helpful to policy leaders and County managers. I wish to extend a 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 following Controller's Office personnel: Bob Adler, Peter Nystrom, Tat-Ling Chow, Coleen Leong, Gina di Gualco, Yolanda Bernarte, Alana Pijuan-Tugadi, Angela Vallero, and Elaine Chow. I wish to also 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 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 cursive script that reads "Tom Huening".

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, 2006

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



A handwritten signature in black ink, appearing to read "Thomas J. Blain".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

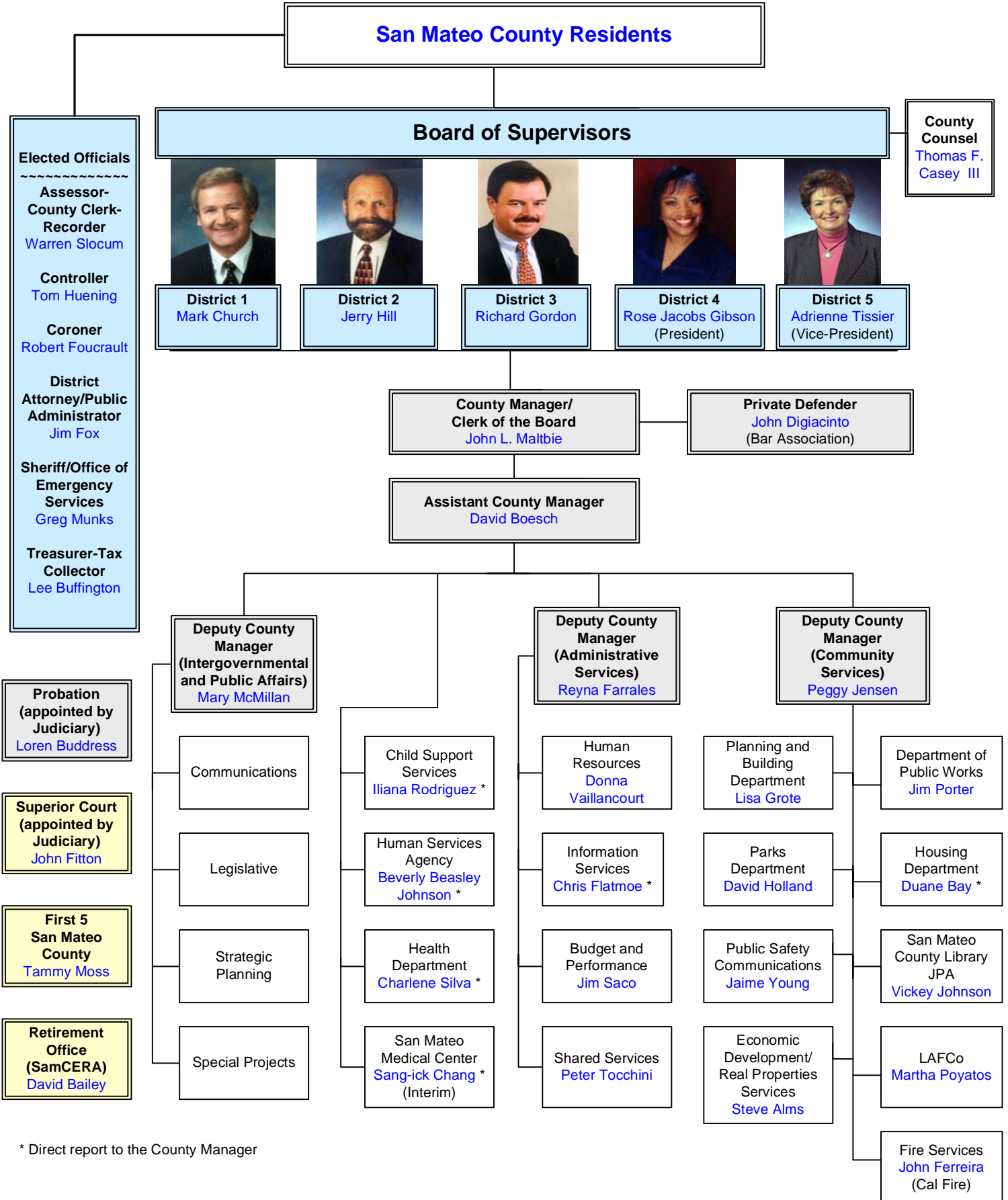
Executive Director



# COUNTY OF SAN MATEO

## Organization Chart

June 30, 2007



\* Direct report to the County Manager

**COUNTY OF SAN MATEO**  
**Public Officials**  
**June 30, 2007**

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**ELECTED OFFICIALS**

---

Board of Supervisors:	
President	Rose Jacobs Gibson
Vice-president	Adrienne Tissier
Supervisor	Mark Church
Supervisor	Jerry Hill
Supervisor	Richard Gordon
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> )	John L. Maltbie
Court Executive Officer/Jury Commissioner ( <i>appointed by Judiciary</i> )	John Fitton
Probation Officer ( <i>appointed by Judiciar</i> )	Loren Buddress

---

**DEPARTMENT DIRECTORS**

---

County Counsel	Thomas F. Casey III
Child Support Services	Iliana Rodriguez
Health Department	Charlene Silva
Housing Department	Duane Bay
Human Resources Department	Donna Vaillancourt
Human Services Agency	Beverly Beasley Johnson
Information Services Department	Chris Flatmoe
Parks Department	David Holland
Planning and Building Department	Lisa Grote
Public Works	Jim Porter
San Mateo Medical Center	Sang-ick Chang (Interim)

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**AFFILIATED ORGANIZATIONS**

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First 5 San Mateo County, Executive Director	Tammy Moss
San Mateo County Housing Authority, Director	Duane Bay
San Mateo County Joint Powers Financing Authority, President	Vacant
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 fiscal year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the County of San Mateo and the San Mateo County Employees' Retirement Association, which represent the following percentages of assets, net assets/fund balances and revenues/additions as of and for the fiscal year ended June 30, 2007:

<b>Opinion Unit</b>	<b>Assets</b>	<b>Net Assets / Fund Balances</b>	<b>Revenues / Additions</b>
Business-type Activities	18.4%	28.1%	28.8%
Each Major Enterprise Fund –			
Housing Authority of the County of San Mateo	100.0%	100.0%	100.0%
Aggregate Remaining Fund Information	42.1%	49.0%	10.8%

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 for the Housing Authority of the County of San Mateo and the San Mateo County Employees' Retirement Association, are based solely on the reports of the other auditors.

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



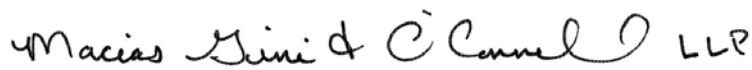
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal 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 statements, effective July 1, 2006, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 50, *Pension Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2007, 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 control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we and the other auditors 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 in the audit of the basic financial statements and, in our opinion, 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 and the other auditors express no opinion on them.

  
Certified Public Accountants

Walnut Creek, California  
December 5, 2007



**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, 2007

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, 2007. 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 2006-07 by \$1,054,940 (*net assets*). Of this amount, \$533,816 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors, \$131,594 is restricted for specific purpose (*restricted net assets*), and \$389,530 is invested in capital assets, net of related debt.

**Fund financial analysis**

Total fund balances for the County's governmental funds amounted to \$481,308 at June 30, 2007, a decrease of \$36,095 from the prior fiscal year. Approximately \$385,134, or 80%, of this total is unreserved and available to meet the County's current and future needs.

Unreserved fund balance in the County's chief operating fund, the General Fund, at year-end was \$324,074, or 45%, of its total expenditures for the year.

**Capital asset and debt administration**

The County's investment in capital assets has increased by \$26,138, or 4%, from \$747,232 to \$773,370. This balance consisted of \$725,550 for the governmental activities and \$47,820 for the business-type activities.

The County's total long-term debt has decreased by \$8,081, or 2%, from \$438,264 to \$430,183. The decrease was primarily due to scheduled retirement of outstanding bonds and certificates of participation.

**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 18-20 of this report.*

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2007

**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 government-wide financial statements, 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 21-24 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 25-28 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 29-30 of this report.*

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

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2007

Association (SamCERA); Housing Authority of the County of San Mateo (Housing Authority); In-Home Support Services Public Authority; County service areas, sewer and sanitation, flood control, lighting and other special districts. First 5 San Mateo County 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 31-63 of this report.*

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

*Required supplementary information can be found on pages 64-75 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 76-120 of this report.*

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets can serve over time as a useful indicator of the County's financial position. County assets exceeded liabilities by \$1,054,940 at June 30, 2007.

**County's Net Assets**

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2007	2006	2007	2006	2007	2006	Amount	Percentage
<b>Assets:</b>								
Current and other assets	\$ 1,008,386	\$ 881,346	\$ 73,320	\$ 43,093	\$ 1,081,706	\$ 924,439	\$ 157,267	17.01%
Capital assets	725,550	703,870	47,820	43,362	773,370	747,232	26,138	3.50%
Total assets	1,733,936	1,585,216	121,140	86,455	1,855,076	1,671,671	183,405	10.97%
<b>Liabilities:</b>								
Long-term liabilities *	514,688	517,345	12,527	10,291	527,215	527,636	(421)	-0.08%
Other liabilities	219,196	187,238	53,725	43,336	272,921	230,574	42,347	18.37%
Total liabilities	733,884	704,583	66,252	53,627	800,136	758,210	41,926	5.53%
<b>Net assets:</b>								
Invested in capital assets, net of related debt	342,916	292,983	46,614	41,223	389,530	334,206	55,324	16.55%
Restricted	131,427	73,053	167	1,506	131,594	74,559	57,035	76.50%
Unrestricted (deficit)	525,709	514,597	8,107	(9,901)	533,816	504,696	29,120	5.77%
Total net assets	\$ 1,000,052	\$ 880,633	\$ 54,888	\$ 32,828	\$ 1,054,940	\$ 913,461	\$ 141,479	15.49%

\* The net Other Post Employment Benefits (OPEB) obligations were reported as current liabilities in FY 2005-06 and reclassified to long-term liabilities in FY 2006-07.

**Assets.** The County's total assets have increased by \$183,405 or 11%. The increase is primarily due to the following:

*Governmental activities.* Total assets for the governmental activities have increased by \$148,720. Key factors include the following:

- The County's Department of Housing (DOH) administers housing programs and issues loans to qualified low-income applicants. This year DOH re-evaluated its methodology for calculating the allowance for uncollectible loans. Management determined that the allowance for uncollectible loans is 3% for non-forgivable loans and 100% for forgivable loans based on historical experience. DOH set the allowance at 100% for both types of loans in prior years. As a result of this change, the net mortgages receivable has increased by \$57,028.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2007

- Total cash and investments increased by \$71,232. The U.S. economy, in general, was relatively strong throughout the year. This condition increased the yield on investments and their fair value for a total of \$17,960. The remaining increase was primarily derived from operations.
- The underlying securities loaned to the counterparty by the County's investment pool increased to \$500,000 this year from \$348,000 last year. This change caused a \$13,766 increase in securities lending collateral, from \$84,297 to \$98,063, for governmental activities.

*Business-type activities.* Total assets for the business-type activities have increased by \$34,685. The increase is primarily due to the following:

- Internal balances, which represent the sum of due to/from and advance to/from other funds, were \$21,733 higher than last year. In FY 2005-06, the General Fund advanced \$20,167 to the Medical Center to cover its operation shortfall. This amount was repaid before the fiscal year ended. Other immaterial interfund activities accounted for the remaining increase.
- The Housing Authority had a \$4,996 increase in cash for unspent housing assistance program revenues, and a \$2,317 increase in receivables from HUD for additional revenues.
- The County contributed \$2,997 to the Medical Center for its information technology projects. With this funding, the Medical Center has increased its investment in software by \$2,843.

**Liabilities.** The County's total liabilities have increased by \$41,926 or 6%. Most of the increase is due to the following:

*Governmental activities.* Total liabilities for the governmental activities have increased by \$29,301, mainly caused by:

- Accounts payable increased by \$10,606 due to the timing difference between when transactions were recorded and payments were made at year-end.
- The underlying securities loaned to the counterparty by the County's investment pool increased to \$500,000 this year from \$348,000 last year. This change caused a \$13,766 increase in securities lending collateral due to borrowers, from \$84,297 to \$98,063, for governmental activities.

*Business-type.* Total liabilities for the business-type activities have increased by \$12,625. Key factors attributed to most of this increase are as follows:

- The Medical Center reported a \$6,406 increase in due to other governmental agencies, primarily resulting from settlement payments determined through their cost report and from third party reimbursement audits.
- The net OPEB obligation of the Medical Center was \$1,759 higher than last year as it continues to fund its retiree healthcare benefits on a pay-as-you-go basis. The increase reflected the difference between the annual required contribution as determined by the actuarial valuation and the actual contribution made.
- The remaining increase in liabilities was in accounts payable and accrued payroll, caused by the dates between when transactions were recorded and payments were made at year-end.

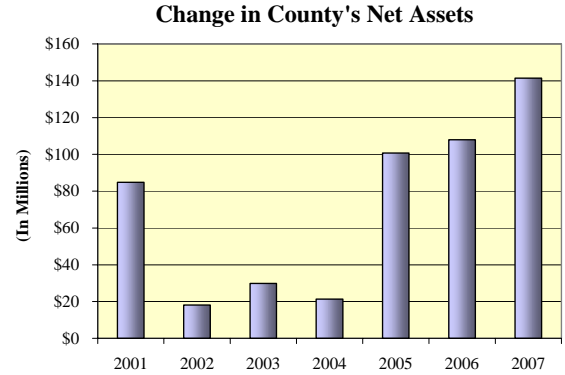
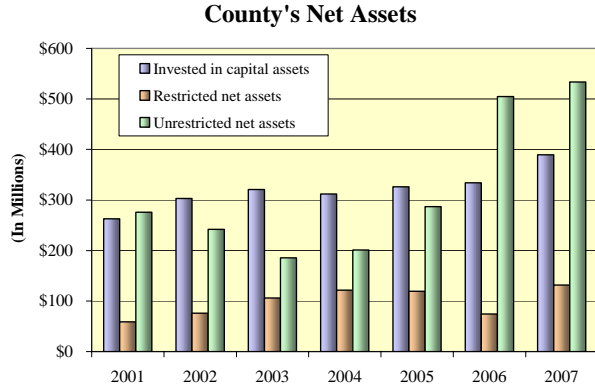
**Net Assets.** The County's overall financial position has improved in FY 2006-07 by \$141,479, or 15%, resulting mainly from increases in unrestricted interest and investment earnings, and operating grants and contributions.

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.



**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2007

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.



**Governmental activities.** Net assets for the governmental activities have increased by \$119,419, accounting for most of the growth in the County's net assets.

**Change in County's Net Assets**

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2007	2006	2007	2006	2007	2006	Amount	Percentage
<b>Revenues:</b>								
Program revenues:								
Charges for services	\$ 123,953	\$ 122,705	\$ 115,795	\$ 128,723	\$ 239,748	\$ 251,428	\$ (11,680)	-4.65%
Operating grants and contributions	414,761	392,847	103,700	73,128	518,461	465,975	52,486	11.26%
Capital grants and contributions	1,769	13,068	8,357	5,385	10,126	18,453	(8,327)	-45.13%
General revenues:								
Property taxes	295,134	298,368	-	-	295,134	298,368	(3,234)	-1.08%
Other taxes	28,033	27,016	-	-	28,033	27,016	1,017	3.76%
Unrestricted interest and investment earnings	40,750	19,059	626	286	41,376	19,345	22,031	113.88%
Security lending activities:								
Securities lending income	4,245	3,689	139	83	4,384	3,772	612	16.22%
Securities lending expenses	(4,139)	(3,569)	(137)	(80)	(4,276)	(3,649)	(627)	17.18%
Miscellaneous	20,301	21,680	2,298	-	22,599	21,680	919	4.24%
<b>Total revenues</b>	<b>924,807</b>	<b>894,863</b>	<b>230,778</b>	<b>207,525</b>	<b>1,155,585</b>	<b>1,102,388</b>	<b>53,197</b>	<b>4.83%</b>
<b>Expenses:</b>								
Program expenses:								
General government	67,730	68,175	-	-	67,730	68,175	(445)	-0.65%
Public protection	277,542	253,800	-	-	277,542	253,800	23,742	9.35%
Public ways and facilities	18,617	19,701	-	-	18,617	19,701	(1,084)	-5.50%
Health and sanitation	200,441	173,311	-	-	200,441	173,311	27,130	15.65%
Public assistance	151,594	195,258	-	-	151,594	195,258	(43,664)	-22.36%
Education	-	142	-	-	-	142	(142)	-100.00%
Recreation	8,302	8,032	-	-	8,302	8,032	270	3.36%
Interest on long-term liabilities	19,244	19,459	-	-	19,244	19,459	(215)	-1.10%
San Mateo Medical Center	-	-	207,729	188,920	207,729	188,920	18,809	9.96%
Airports	-	-	2,146	1,753	2,146	1,753	393	22.42%
Coyote Point Marina	-	-	1,252	1,330	1,252	1,330	(78)	-5.86%
Housing Authority	-	-	59,509	64,615	59,509	64,615	(5,106)	-7.90%
<b>Total expenses</b>	<b>743,470</b>	<b>737,878</b>	<b>270,636</b>	<b>256,618</b>	<b>1,014,106</b>	<b>994,496</b>	<b>19,610</b>	<b>1.97%</b>
Excess (deficiency) before transfers	181,337	156,985	(39,858)	(49,093)	141,479	107,892	33,587	31.13%
Transfers	(61,918)	(49,291)	61,918	49,291	-	-	-	0.00%
<b>Change in net assets</b>	<b>119,419</b>	<b>107,694</b>	<b>22,060</b>	<b>198</b>	<b>141,479</b>	<b>107,892</b>	<b>33,587</b>	<b>31.13%</b>
Net assets - beginning	880,633	772,939	32,828	32,630	913,461	805,569	107,892	13.39%
Net assets - ending	\$ 1,000,052	\$ 880,633	\$ 54,888	\$ 32,828	\$ 1,054,940	\$ 913,461	\$ 141,479	15.49%

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2007

**Revenues for governmental activities.** Key factors accounting for significant changes noted are as follows:

*Operating grants and contributions* increased by \$21,914 or 6%. Several factors attributed to the increase:

- The County's Election Office received a one-time grant totaling \$9,140 from the California Secretary of State Department and the California Voting Modernization Board to purchase a new voting system that complies with federal requirements. On October 29, 2002, the Congress enacted the Help America Vote Act (HAVA) to enhance the accessibility and integrity of elections across the country.
- The Mental Health Division received \$5,964 more in Mental Health Services Act (MHSA) and \$1,777 more in realignment sales tax revenues for mental health youth services due to favorable economic conditions. In November 2004, California voters passed the MHSA that was designed to expand and transform all county mental health services systems within the State. MHSA is funded by an additional 1% on personal taxable income in excess of \$1 million, and is used to support programs for the seriously mentally ill, expand community-based services, and enhance outreach activities targeting under-served ethnic minority and non-English speaking communities.
- The Office of Emergency Services/Homeland Security, a division of the County Sheriff's Department, received an additional \$3,454 in federal funds for homeland security through its continuous efforts to support public safety.
- The Probation Department had a \$1,240 more funding from Title IV-E and \$1,031 from Proposition 172 proceeds. Title IV-E of the federal Social Security Act provides federal reimbursement to states for the costs of children placed in foster homes or other types of out-of-home care under a court order or voluntary placement agreement. Proposition 172, the Local Public Safety Protection and Improvement Act of 1993, imposes a one-half cent sales tax to provide additional funding for public safety. The proceeds from Proposition 172 are collected by the State Board of Equalization and apportioned to each county based on its proportionate share of statewide taxable sales.

*Capital grants and contributions* decreased by \$11,299 or 86%. In 2003, the County was awarded a \$21,105 federal grant administered by the State of California Board of Corrections to finance a portion of the construction costs of the Youth Services Center (YSC). YSC was opened on September 15, 2006, providing comprehensive programs to meet youths' physical, emotional, familial, education, vocational, and social needs. The federal funding received this fiscal year was \$11,299 lower than that of the prior year as a majority of the awarded funding was paid in prior years.

*Unrestricted interest and investment earnings* increased by \$21,691 or 114%. Strong economic conditions significantly improved the return on investments. The average return from the County's investment pool increased to 4.32% this year from 3.53% last year, which accounted for the \$10,637 increase in interest income. The remaining increase resulted from the appreciation in investment fair value.

**Expenses for governmental activities.** The significant changes are primarily a result of the following:

*Public Protection* increased by \$23,742 or 9%. Two major factors contributed to most of the increase:

- Salaries and benefits of the Sheriff Department have increased by \$7,786 when compared to the prior fiscal year. This was primarily due to negotiated increases between the County and related bargaining units. With increased federal funding for homeland security, the department also incurred additional spending of \$1,530 on services and supplies to support its efforts in relation to the homeland security Regional Terrorism Threat Assessment Center (RTTAC) and the Urban Area Security Initiative (UASI). RTTAC is a federal program dedicated to develop collaborative relationships among federal, state, and local jurisdictions to enhance terrorism preparedness and information sharing. UASI is also a federal program that aims to enhance the local governments ability to prepare for and respond to threats or incidents of terrorism.
- Salaries and benefits of the Probation Department increased by \$2,300. This was due to the filling of numerous vacant positions and negotiated increases between the County and related bargaining units. The department also incurred an additional \$1,803 from one-time moving expenses for employees working at the County's new YSC.

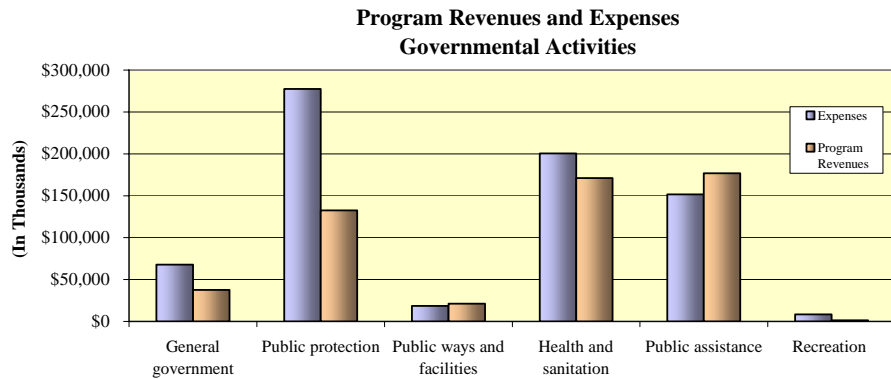
**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2007

*Health and sanitation* increased by \$27,130 or 16%. Two major factors contributed to most of the increase:

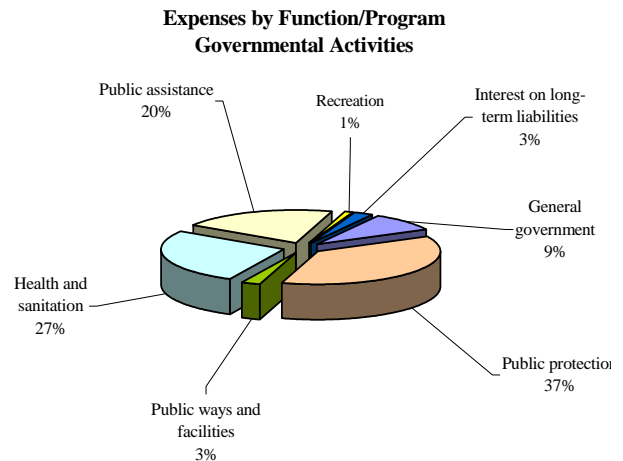
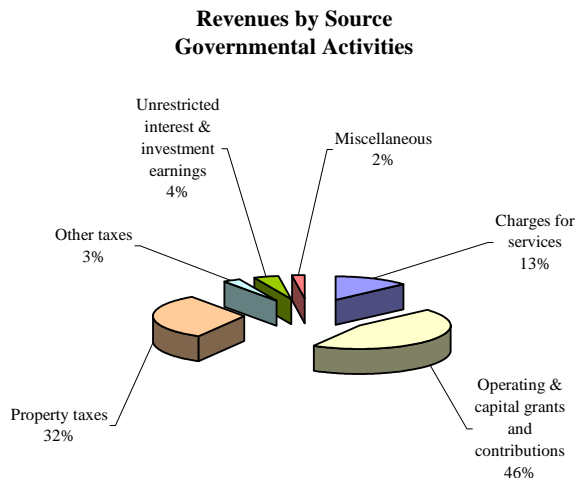
- Salaries and benefits in the Mental Health, Public Health, and Health Policy and Planning divisions increased by \$10,105. On February 28, 2006, the Board approved 65 new positions be added to meet expanded health services for FY 2006-07; 42 positions for the implementation of MHSA and 22 positions for State-mandated programs, laboratory improvements, enhanced disaster preparedness, correctional food services, and the indigent healthcare pilot project.
- Expenses in services and supplies increased by \$10,260. In order to support the implementation of MHSA and various public health programs, there were increases in contractual services and software licenses for the new information technology systems.

*Public assistance* decreased by \$43,664 or 22%. The County's Department of Housing (DOH) administers several housing programs and issues loans to qualified low-income applicants. As previously discussed, the DOH changed its methodology for calculating the allowance for uncollectible loans. As a result of this change in methodology, the public assistance expense was decreased by \$57,208. Part of the decrease was offset by negotiated increases in salaries and benefits incurred by departments providing public assistance such as the Human Services Agency (HSA), which coordinates public and private efforts to ensure that all individuals and families become healthy and productive.

*Transfers-out* increased by \$12,627 or 26%. The increase was entirely due to the increased County subsidy and capital contribution to the Medical Center as its revenues continue to be insufficient to cover the Medical Center's rising costs.



For the fiscal year ended June 30, 2007, revenues and expenses for the governmental activities were as follows:



**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2007

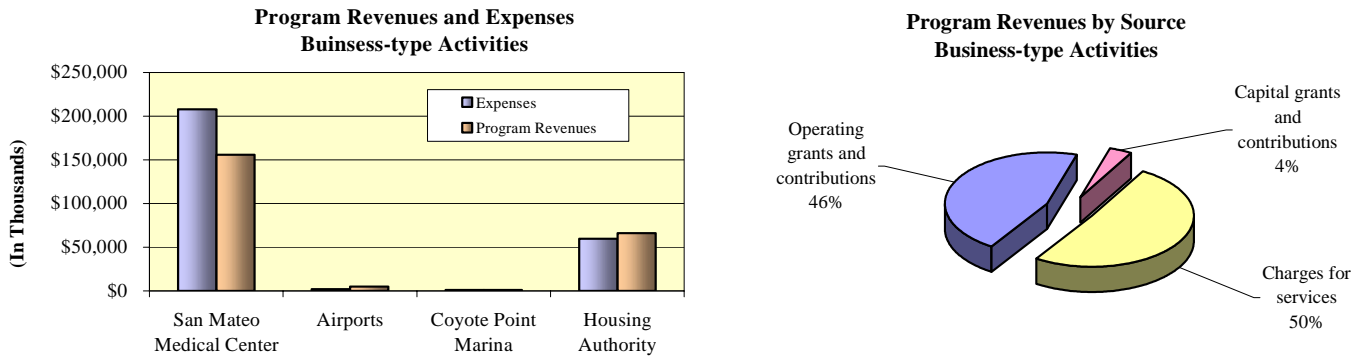
**Business-type activities.** Net assets for the business-type activities have increased by \$22,060. Key factors accounting for this change are as follows:

**Medical Center.** The Medical Center's net assets increased by \$11,291. Its operating loss decreased by \$6,734, from \$64,981 last year to \$58,247 this year. Although operating revenues increased by \$26,400, primarily from a \$16,100 increase in net charges for services and a \$7,447 increase in state supplemental programs, such increase was partly offset by the increase in employee salaries and benefits as well as service and supply costs. Capital contributions from the State and other entities were almost identical to the prior year. Subsidies and capital contributions from the General Fund increased by \$12,666 to continue supporting the Medical Center.

**Housing Authority.** The Housing Authority's net assets have increased by \$7,164. The increase was primarily caused by a \$5,275 decrease in housing assistance payments due to a reduction in the number of housing assistance contracts.

**Nonmajor Enterprise Funds.** Total net assets of the Airports and Coyote Point Marina funds have increased by an aggregate of \$2,894. The Airports realized a surplus of \$2,929, primarily resulting from a \$2,511 additional federal funding from the Federal Aviation Administration for capital improvement projects. The operating results of the Coyote Point Marina were essentially break-even.

For the fiscal year ended June 30, 2007, revenues and expenses for the business-type activities were distributed as follows:



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

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** 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, unreserved 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, 2007, the County's governmental funds reported combined ending fund balances of \$481,308, a decrease of \$36,095, or 7%, in comparison to the prior year. Approximately 80% of this total amount, or \$385,134, constitutes unreserved fund balance that is available to meet the County's current and future needs. The remainder of the fund balance is reserved for specific spending; \$3,209 is committed to liquidate contractual commitments, \$69,893 to meet debt service requirements, \$6,374 to reflect inventories and the amount due from other funds that are long-term in nature and thus do not represent available unrestricted resources, and \$16,698 to finance capital projects.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2007

The *General Fund* is the primary operating fund of the County. At June 30, 2007, unreserved fund balance was \$324,074 while total fund balance reached \$333,226. As a measure of liquidity, both unreserved fund balance and total fund balance can be compared to total fund expenditures. Unreserved fund balance represents 45% of total fund expenditures, while total fund balance represents 46% of the same amount. The fund balance of the County's General Fund has decreased by \$29,082, or 8%. In FY 2006-07, the County subsidy necessary to operate the Medical Center at present levels continued to grow, increased by a total of \$9,669 from \$58,899 to \$68,568. Management is considering a number of options to control continued escalation of the subsidy.

For the fiscal years ended June 30, 2007 and 2006, revenues for the General Fund were distributed as follows:

**General Fund - Revenues by Source**

Revenues by Source	FY 2007		FY 2006		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Taxes	\$ 316,463	38.22%	\$ 305,775	38.25%	\$ 10,688	3.50%
Licenses and permits	6,627	0.80%	7,053	0.88%	(426)	-6.04%
Intergovernmental	375,542	45.36%	351,744	44.00%	23,798	6.77%
Charges for services	77,143	9.32%	88,427	11.06%	(11,284)	-12.76%
Fines, forfeitures, and penalties	8,415	1.02%	8,164	1.02%	251	3.07%
Rents and concessions	1,035	0.13%	833	0.10%	202	24.25%
Investment income	25,697	3.10%	12,383	1.55%	13,314	107.52%
Securities lending income, net	72	0.01%	79	0.01%	(7)	-8.86%
Other	16,914	2.04%	24,902	3.13%	(7,988)	-32.08%
<b>Total</b>	<b>\$ 827,908</b>	<b>100.00%</b>	<b>\$ 799,360</b>	<b>100.00%</b>	<b>\$ 28,548</b>	<b>3.57%</b>

Significant changes in the General Fund's revenues are as follows:

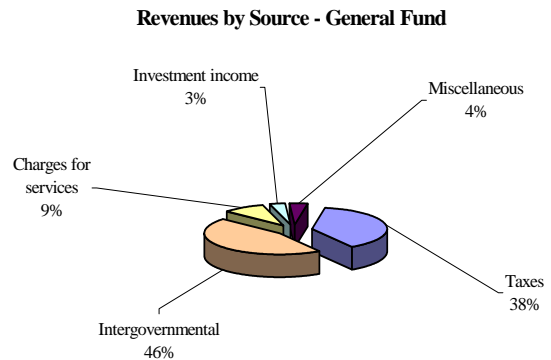
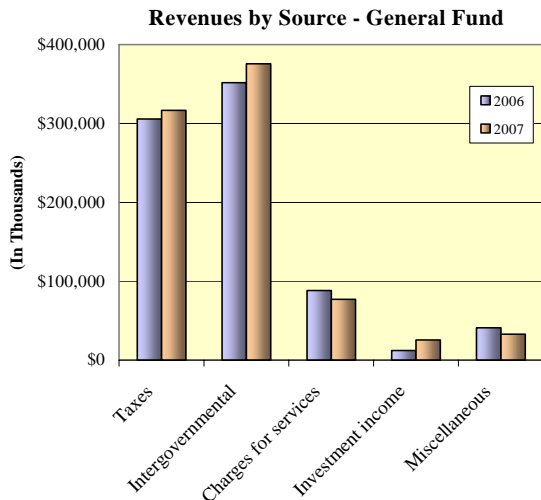
*Taxes* increased by \$10,688 or 4%. The increase was caused by increases in assessed property values.

*Intergovernmental revenues* increased by \$23,798 or 7%. Explanations are provided on pages 8.

*Charges for services* decreased by \$11,284 or 13%. The Mental Health Division recorded a total receivable of \$15,337 from the Federal Financial Participation (FFP) for eligible services provided to Medi-Cal patients. Under the modified accrual basis of accounting, most of these revenues are deferred since they are not available within sixty-days. Although overall charges for services were not significantly different compared to last year, this deferral reduced the revenues reported this year.

*Investment income* increased by \$13,314 or 108%. Explanations are provided on page 8.

*Other revenue* decreased by \$7,988 or 32%. In FY 2005-06, the County received a \$6,611 reimbursement from the JPFA Health Plan Project. This transaction accounted for most of the increase in other revenue.



**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2007

For the fiscal years ended June 30, 2007 and 2006, expenditures for the General Fund were distributed as follows:

**General Fund - Expenditures by Function**

Expenditures by Function	FY 2007		FY 2006		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 54,967	7.66%	\$ 56,412	8.80%	\$ (1,445)	-2.56%
Public protection	261,840	36.48%	239,764	37.39%	22,076	9.21%
Health and sanitation	171,419	23.88%	140,375	21.89%	31,044	22.12%
Public assistance	206,289	28.74%	192,731	30.05%	13,558	7.03%
Education	-	0.00%	141	0.02%	(141)	-100.00%
Recreation	7,609	1.06%	7,310	1.14%	299	4.09%
Capital outlay	15,701	2.18%	4,545	0.71%	11,156	245.46%
Debt service - principal retirement	28	0.00%	26	0.00%	2	7.69%
Debt service - interest charges	3	0.00%	5	0.00%	(2)	-40.00%
<b>Total</b>	<b>\$ 717,856</b>	<b>100.00%</b>	<b>\$ 641,309</b>	<b>100.00%</b>	<b>\$ 76,547</b>	<b>11.94%</b>

Significant changes in the General Fund's expenditures are as follows:

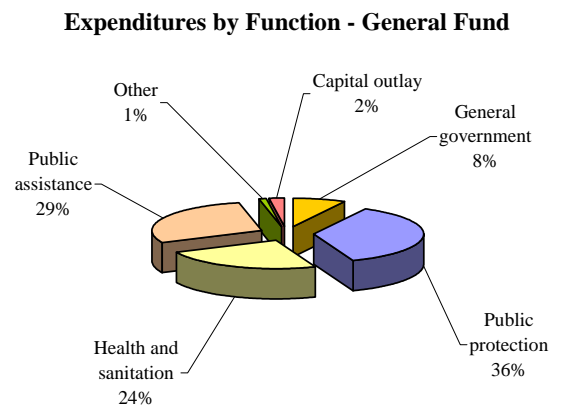
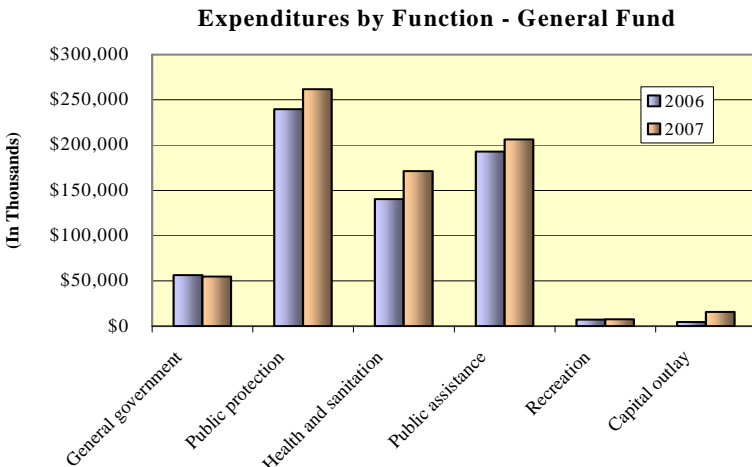
*Public protection* increased by \$22,076 or 9%. Explanations are provided on pages 8.

*Health and sanitation* increased by \$31,044 or 22%. Explanations are provided on page 9.

*Public assistance* increased by \$13,558 or 7%. Key factors contributing to the increase are as follows:

- Due to increased efforts, housing assistance to qualified low and moderate income first-time homebuyers was \$5,050 higher than last year.
- New hires and negotiated increases in labor costs accounted for a \$5,158 increase in HSA's salaries and benefits. Services and supplies also increased by \$2,045, primarily due to one-time expenses such as \$750 for transitional housing for emancipating foster care youth, \$495 for the new receiving home at the YSC, \$255 for the integration of client case management systems, \$146 for one-year funding of seven child care center contracts, and \$138 one-time funding for audit substance abuse treatment services.

*Capital outlay* increased by \$11,156 or 245%. Under HAVA, the County is required to purchase a new voting system to enhance the accessibility and integrity of elections across the country. To comply with HAVA requirements, the County spent \$9,333 on a new voting system with a one-time payment of \$9,140 from the California Secretary of State Department and the California Voting Modernization Board.





**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2007

*Joint Powers Financing Authority* is a major governmental fund. Its key function is to obtain financing for County-sponsored capital projects. The JPFA's fund balance had a net decrease of \$10,951, primarily caused by capital spending on the County's new YSC.

*Nonmajor governmental funds* include all special revenue funds, the debt service fund, and all capital project funds. The net increase in fund balances for these funds was \$3,938, a combined result of the following significant events:

- The State Transportation Congestion Improvement Act requires existing revenues derived from state sales and use taxes on the sale of motor vehicle fuel be used for transportation purposes including road repairs and improvements. This year the Road Fund obtained an additional funding of \$4,825 under this Act to pay for its prior year expenditures.
- Last year the Fair Oaks Sewer District completed a capital improvement project for its sewer systems. With the completion of the project, capital outlay was reduced by \$2,427, the main reason for the \$2,927 net increase in the Sewer and Sanitation Fund balance.
- About a decade ago, the Accumulated Capital Outlay advanced \$3,000 to the General Fund as the startup fund for an Employee Housing Opportunity Program. In FY 2006-07, management decided to forgive this loan and reclassify the advances (assets) to transfers out (expenditures).

**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). Prominent factors concerning the financial activities of these funds have already been addressed in the County's business-type activities section.

*Internal service funds.* Total net assets of internal service funds increased by \$60,625, primarily as a result of the following:

- The County historically financed the retiree healthcare benefits on a pay-as-you-go basis. With the new Governmental Accounting Standards Boards (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)*, the County set aside funds to address its liability for the retiree healthcare benefits. In addition to the \$29,239 transferred in the prior fiscal year, an additional \$49,782 was transferred from the General Fund for the retiree healthcare benefits to the Employee Benefits Fund in November 2006. This \$79,021 is currently invested in the Vanguard Group's Balanced Index Fund and will ultimately be placed in an irrevocable trust fund as required by GASB 45 to reduce the County's OPEB liability when it becomes available.
- The Long-term Disability Fund and Personal Injury and Property Damage Fund recognized a decrement in estimated claims liability, which accounted for the \$2,456 or 84% increase in net assets in these two funds.
- Net assets in the Workers' Compensation Insurance Fund have increased by \$1,948, primarily due to the filing of fewer claims. Net assets in the Fleet Maintenance Fund and Tower Road Fund showed a slight change in the current fiscal year.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2007

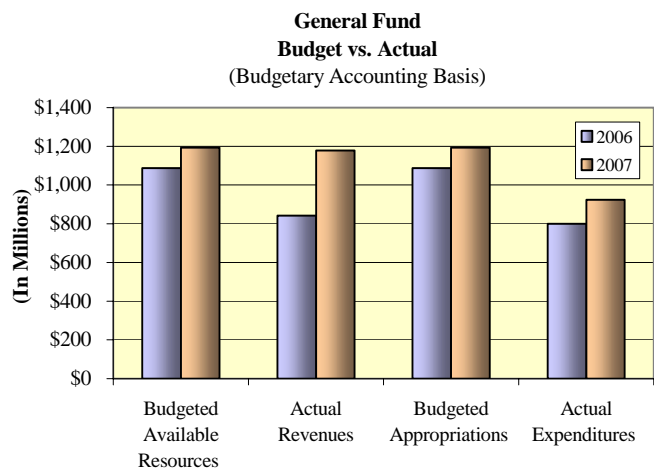
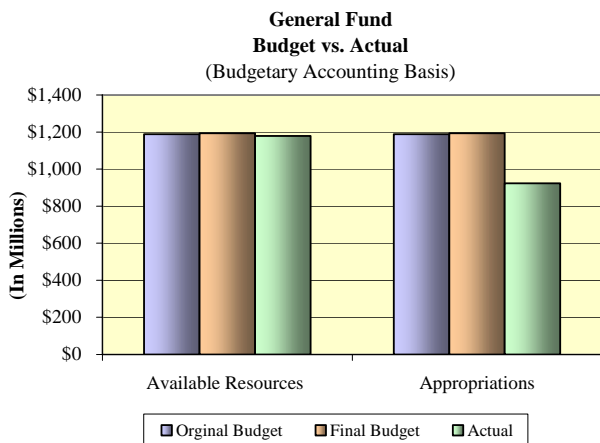
**GENERAL FUND BUDGETARY HIGHLIGHTS**

For FY 2006-07, the General Fund's final budget exceeded its original budget by \$4,976 or 0.6%. Supplemental appropriations were sponsored through unanticipated revenues from various sources, primarily intergovernmental revenues and use of general reserves. The Sheriff's Department, Health Services, and HSA realized a total of \$2,165 unanticipated funding from the state and federal government to support programs dedicated to improving public protection, social welfare, aging and adult services, and environmental protection. The Health Services also recognized \$507 in unanticipated revenues for its Medi-Cal administration activities. In addition \$850 was relieved from general reserves to cover year-end overruns in extra help and election-related activities within the Assessor-Clerk-Recorder's budget units.

Actual General Fund revenues exceeded the total budget estimates by \$4,812. Among other revenue sources, unanticipated increases in property taxes and investment earnings generated more income than budgeted. Most of these increases were offset by lower than budgeted intergovernmental revenues primarily due to reduced reimbursements for social welfare activities, delays in claim reimbursements, and decreased federal funding from HUD.

Actual General Fund expenditures fell below the total budget estimates by \$270,578, as a result of the following:

- Unfilled positions across all functions contributed to a \$22,655 savings in salaries and benefits.
- Improved control over costs resulted in a \$27,696 savings for services and supplies.
- The \$26,868 in unspent appropriations for other charges was primarily caused by reduced demand for welfare assistance and unrealized spending in non-departmental services including a loan to the Town of Portola Valley and the tax equity allocations to disadvantaged jurisdictions.
- The \$8,391 in unspent appropriations for fixed assets was mainly due to delays in certain major projects such as the E-government upgrade and network upgrade.
- Untapped contingency reserves across all functions approximated to \$182,322.
- The remaining \$2,646 unspent appropriations were attributed to the less than expected need for intrafund transfers and other financing uses.



**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2007

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

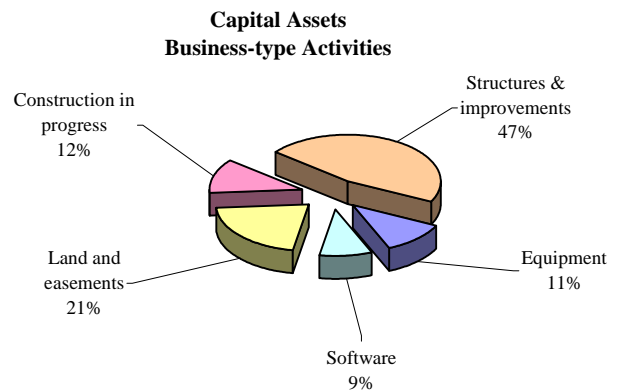
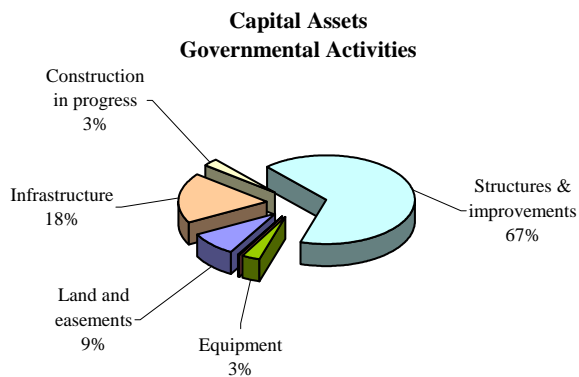
**Capital assets.** The County's capital assets include land and easements, infrastructure, construction in progress, structures and improvements, equipment, and software. At June 30, 2007, the County's investment in capital assets amounted to \$773,370. The County's capital assets have increased by \$26,138, or 4%, compared to the prior fiscal year. The County's YSC, the Colma Creek Flood Control project, and the purchase of a new election voting system attributed to most of the increase.

**County's Capital Assets**  
 (Net of depreciation)

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2007	2006	2007	2006	2007	2006	Amount	Percentage
Land and easements	\$ 64,501	\$ 63,528	\$ 10,147	\$ 10,147	\$ 74,648	\$ 73,675	\$ 973	1.32%
Infrastructure	133,594	114,051	-	-	133,594	114,051	19,543	17.14%
Construction in progress	18,656	153,973	5,604	2,042	24,260	156,015	(131,755)	-84.45%
Structures & improvements	482,327	357,317	22,271	22,959	504,598	380,276	124,322	32.69%
Equipment	25,259	13,882	5,389	5,865	30,648	19,747	10,901	55.20%
Software	1,213	1,119	4,409	2,349	5,622	3,468	2,154	62.11%
<b>Total</b>	<b>\$ 725,550</b>	<b>\$ 703,870</b>	<b>\$ 47,820</b>	<b>\$ 43,362</b>	<b>\$ 773,370</b>	<b>\$ 747,232</b>	<b>\$ 26,138</b>	<b>3.50%</b>

The County's infrastructure assets are recorded at their historical cost in the government-wide financial statements as required by GASB Statement No. 34. The County has elected to use the modified approach to report its maintained road subsystem of the road network of \$75,654. Infrastructure assets reported under the modified approach are not subject to depreciation per this statement.

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 adopted a policy requiring 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 the secondary maintained pavement subsystem (roads without structural sections) at a PCI of 40 or higher. A complete condition assessment is determined every three years. The latest complete condition assessment was completed in FY 2006-07, when the County's maintained pavement subsystem was rated at a PCI of 81 on the average for the primary roads and 62 for the secondary roads. For the fiscal year ended June 30, 2007, the actual maintenance and preservation costs exceeded the estimated amount by \$825. The increase was primarily due to additional funding from Proposition 42 that requires existing revenues from State sales and use taxes on the sale of motor vehicle be used for transportation purposes.



**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)  
 For the Fiscal Year Ended June 30, 2007

For the fiscal year ended June 30, 2007, the County's major capital project activities were as follows:

- To comply with HAVA requirements, the County purchased a new voting system of \$9,333 to improve the accessibility and integrity of the elections.
- JPFA issued certificates of participation in November 2004 to finance certain improvements to the Colma Creek flood control system. The project includes channel improvements from Spruce Avenue to San Mateo Avenue and construction of required mitigation sites. The project was fully completed as of June 30, 2007; the entire project cost of \$15,737 was transferred to infrastructure from construction in progress.
- JPFA issued lease revenue bonds in November 2003 to acquire and construct the YSC, which included a juvenile hall, a girls' camp, a community school, a receiving home, group homes, juvenile courts and probation administration offices for the County. In FY 2006-07, a total of \$12,426 was put into the YSC project. Main facilities of this project were completed in September 2006, and a total of \$121,364 related project costs were transferred to structures and improvements from construction in progress. Remaining facilities, including the group homes and receiving home, will be completed by July 2008, with an estimated total cost of \$15.8 million. Outstanding commitments amounted to \$1,248 as of June 30, 2007.

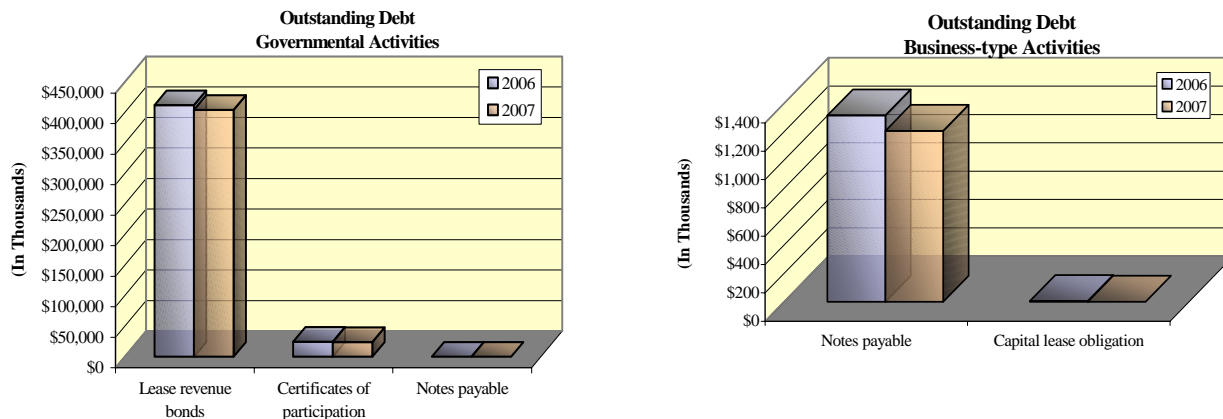
*Additional information on the County's capital assets can be found in Note 8 on pages 50-51 of this report.*

**Long-term debt.** At June 30, 2007, the County had a total outstanding debt of \$430,183. This amount is comprised of \$404,301 in lease revenue bonds, \$24,390 in certificates of participation, \$1,477 in notes payable, and \$15 in capital lease obligations. The County's total debt has decreased by \$8,081, or approximately 2%, mainly due to scheduled retirement of debts.

**County's Outstanding Debt**

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2007	2006	2007	2006	2007	2006	Amount	Percentage
Lease revenue bonds (including accreted interest)	\$ 404,301	\$ 411,942	\$ -	\$ -	\$ 404,301	\$ 411,942	\$ (7,641)	-1.85%
Certificates of participation	24,390	24,687	-	-	24,390	24,687	(297)	-1.20%
Notes payable	271	316	1,206	1,314	1,477	1,630	(153)	-9.39%
Capital lease obligation	15	-	-	5	15	5	10	200.00%
<b>Total</b>	<b>\$ 428,977</b>	<b>\$ 436,945</b>	<b>\$ 1,206</b>	<b>\$ 1,319</b>	<b>\$ 430,183</b>	<b>\$ 438,264</b>	<b>\$ (8,081)</b>	<b>-1.84%</b>

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 2006-07 was \$52,267. The amount applicable to the debt service limit was \$25,403, which was \$26,864, or 51%, less than authorized.



*Additional information on the County's long-term debt can be found in Note 10 on pages 52-56 of this report.*

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)  
For the Fiscal Year Ended June 30, 2007

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

In preparing the County's budget for FY 2007-08, the following factors were considered:

- The local economy is fairly strong overall. Increased consumer spending has contributed to the growth in local tax revenues including sales and transient occupancy. The approval of Virgin America to begin its operations at San Francisco International Airport (SFO) will increase traffic at SFO and visitor-serving businesses.
- The County's annual average unemployment rate has continued to improve, dipping to 3.9% in June 2007 from 5.8% in June 2003. The decrease in unemployment is mainly due to job growth in the County.
- The County annual contributions to the Medical Center continue to rise. Between FY 2003-04 and FY 2005-06, the annual contribution was approximately \$59 million on average. As the County's only public hospital, the Medical Center depends heavily on Medi-Cal payments and Medicaid funding since the majority of the patients are either Medi-Cal recipients or indigent. Beginning in FY 2006-07, reimbursement from Medi-Cal inpatient, disproportionate share hospital, and other federal payments have not kept pace with soaring healthcare costs; including negotiated salaries and benefits, medical supplies and equipment, and additional staffing to meet state mandated nursing ratios and growing caseloads. The County contribution for FY 2007-08 is \$72.2 million, reflecting almost 22% increase in three years.
- The County's final budget for FY 2007-08 is \$1.73 billion, which is slightly higher than the FY 2006-07 revised budget. The budget provides funding for various vital public services, full-year operating and debt service for the new YSC, negotiated employee salary and benefit increases, and additional support to the San Mateo Medical Center. The budget also covers anticipated spending for expanding alcohol and other drug services, increased criminal justice caseloads, new capital improvements, and two general elections.

As of June 30, 2007, unreserved General Fund balance was \$324,074. The County has appropriated the full amount of unreserved fund balance for spending in the FY 2007-08 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, Redwood City, CA 94063. This report is also available online at [www.co.sanmateo.ca.us](http://www.co.sanmateo.ca.us).



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



**COUNTY OF SAN MATEO**  
**Statement of Net Assets**  
**June 30, 2007**  
**(In Thousands)**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 San Mateo County
<b>ASSETS</b>				
Cash and investments	\$ 593,897	\$ 15,749	\$ 609,646	\$ 37,074
Restricted cash and investments	57,466	1,676	59,142	-
Securities lending collateral	98,063	3,226	101,289	6,869
Receivables (net)	118,356	33,628	151,984	838
Due from other governmental agencies	132,429	20,095	152,524	1,686
Inventories	669	894	1,563	-
Other assets	4,509	1,049	5,558	1,390
Internal balances	2,997	(2,997)	-	-
Capital assets:				
Nondepreciable	158,811	15,751	174,562	-
Depreciable, net	566,739	32,069	598,808	-
Total assets	<u>\$ 1,733,936</u>	<u>\$ 121,140</u>	<u>\$ 1,855,076</u>	<u>\$ 47,857</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 36,677	\$ 8,570	\$ 45,247	\$ 3,949
Payable from restricted cash and investments	-	1,676	1,676	-
Accrued interest payable	6,514	43	6,557	-
Accrued salaries and benefits	17,990	5,496	23,486	42
Accrued liabilities	-	264	264	-
Securities lending collateral - due to borrowers	98,063	3,226	101,289	6,869
Due to other governmental agencies	21,416	34,250	55,666	-
Unearned revenues	38,431	196	38,627	46
Deposits	105	4	109	-
Long-term liabilities:				
Claims and judgments - arbitrage, due beyond one year	65	-	65	-
Net OPEB obligation - due beyond one year	12,964	3,218	16,182	26
Lease revenue bonds				
Due within one year	11,008	-	11,008	-
Due beyond one year	393,293	-	393,293	-
Certificates of participation				
Due within one year	307	-	307	-
Due beyond one year	24,083	-	24,083	-
Notes payable				
Due within one year	46	71	117	-
Due beyond one year	225	1,135	1,360	-
Capital lease obligations				
Due within one year	8	-	8	-
Due beyond one year	7	-	7	-
Estimated claims				
Due within one year	9,278	-	9,278	-
Due beyond one year	32,287	729	33,016	-
Compensated absences				
Due within one year	23,367	6,614	29,981	-
Due beyond one year	7,750	760	8,510	63
Total liabilities	<u>733,884</u>	<u>66,252</u>	<u>800,136</u>	<u>10,995</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	342,916	46,614	389,530	-
Restricted for:				
General government	958	-	958	-
Public protection	965	-	965	-
Public ways and facilities	39,394	-	39,394	-
Health and sanitation	2,021	-	2,021	-
Public assistance	46,095	-	46,095	-
Recreation	1,746	-	1,746	-
Debt service	40,248	-	40,248	-
Housing assistance programs	-	167	167	-
Preschool programs	-	-	-	309
Unrestricted	525,709	8,107	533,816	36,553
Total net assets	<u>1,000,052</u>	<u>54,888</u>	<u>1,054,940</u>	<u>36,862</u>
Total liabilities and net assets	<u>\$ 1,733,936</u>	<u>\$ 121,140</u>	<u>\$ 1,855,076</u>	<u>\$ 47,857</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, 2007**  
**(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	\$ 67,730	\$ 28,864	\$ 8,702	\$ -
Public protection	277,542	30,864	99,958	1,769
Public ways and facilities	18,617	2,968	18,126	-
Health and sanitation	200,441	53,143	118,057	-
Public assistance	151,594	6,750	169,918	-
Recreation	8,302	1,364	-	-
Interest on long-term liabilities	19,244	-	-	-
Total governmental activities	743,470	123,953	414,761	1,769
Business-type activities:				
San Mateo Medical Center	207,729	110,826	39,664	5,315
Airports	2,146	2,077	-	2,805
Coyote Point Marina	1,252	1,165	-	-
Housing Authority	59,509	1,727	64,036	237
Total business-type activities	270,636	115,795	103,700	8,357
Total primary government	\$ 1,014,106	\$ 239,748	\$ 518,461	\$ 10,126
<b>Component unit:</b>				
First 5 San Mateo County	\$ 13,374	\$ -	\$ 9,800	\$ -

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

Net assets - ending

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, 2007**  
**(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
\$ (30,164)	\$ -	\$ (30,164)	
(144,951)	-	(144,951)	
2,477	-	2,477	
(29,241)	-	(29,241)	
25,074	-	25,074	
(6,938)	-	(6,938)	
(19,244)	-	(19,244)	
<u>(202,987)</u>	<u>-</u>	<u>(202,987)</u>	
-	(51,924)	(51,924)	
-	2,736	2,736	
-	(87)	(87)	
-	6,491	6,491	
<u>-</u>	<u>(42,784)</u>	<u>(42,784)</u>	
<u>(202,987)</u>	<u>(42,784)</u>	<u>(245,771)</u>	
			\$ (3,574)
295,134	-	295,134	-
8,192	-	8,192	-
13,544	-	13,544	-
4,164	-	4,164	-
842	-	842	-
1,287	-	1,287	-
4	-	4	-
40,750	626	41,376	2,031
4,245	139	4,384	297
(4,139)	(137)	(4,276)	(290)
20,301	2,298	22,599	-
(61,918)	61,918	-	-
<u>322,406</u>	<u>64,844</u>	<u>387,250</u>	<u>2,038</u>
119,419	22,060	141,479	(1,536)
<u>880,633</u>	<u>32,828</u>	<u>913,461</u>	<u>38,398</u>
<u>\$ 1,000,052</u>	<u>\$ 54,888</u>	<u>\$ 1,054,940</u>	<u>\$ 36,862</u>

Functions/Programs:

**Primary government**

Governmental activities:

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

Business-type activities:

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

Total primary government

**Component unit:**

- 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

Net assets - ending



## **Basic Financial Statements -**

**Fund Financial Statements**

**COUNTY OF SAN MATEO**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2007**  
**(In Thousands)**

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and investments	\$ 363,487	\$ -	\$ 100,974	\$ 464,461
Restricted cash and investments	-	57,466	-	57,466
Securities lending collateral	67,648	3,068	18,707	89,423
Receivables (net):				
Accounts	15,160	-	49	15,209
Interest	5,767	729	1,108	7,604
Taxes	15,058	-	971	16,029
Mortgages	57,028	-	-	57,028
Other	21,465	-	81	21,546
Due from other funds	10,394	-	1,132	11,526
Due from other governmental agencies	130,745	-	1,384	132,129
Inventories	86	-	431	517
Other assets	51	-	-	51
Advances to other funds	5,857	-	-	5,857
Total assets	<u>\$ 692,746</u>	<u>\$ 61,263</u>	<u>\$ 124,837</u>	<u>\$ 878,846</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 28,086	\$ 105	\$ 6,540	\$ 34,731
Accrued salaries and benefits	17,460	-	363	17,823
Securities lending collateral - due to borrowers	67,648	3,068	18,707	89,423
Due to other funds	5,942	-	6,742	12,684
Due to other governmental agencies	21,417	-	-	21,417
Advances from other funds	-	-	1,000	1,000
Deferred revenues	218,957	-	1,491	220,448
Deposits	10	-	2	12
Total liabilities	<u>359,520</u>	<u>3,173</u>	<u>34,845</u>	<u>397,538</u>
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	3,209	-	-	3,209
Debt service	-	41,392	28,501	69,893
Inventories and advances	5,943	-	431	6,374
Capital projects	-	16,698	-	16,698
Unreserved, reported in				
General fund - undesignated	324,074	-	-	324,074
Special revenue funds - undesignated	-	-	51,230	51,230
Capital project funds - undesignated	-	-	9,830	9,830
Total fund balances	<u>333,226</u>	<u>58,090</u>	<u>89,992</u>	<u>481,308</u>
Total liabilities and fund balances	<u>\$ 692,746</u>	<u>\$ 61,263</u>	<u>\$ 124,837</u>	<u>\$ 878,846</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, 2007**  
**(In Thousands)**

**Fund balances - total governmental funds (page 21)** \$ 481,308

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. 4,459

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 720,200

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. 182,017

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. 91,311

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. (6,504)

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, net of unamortized discount of \$117, unamortized premium of \$78, and unamortized deferred loss on refunding of \$36	\$ (404,301)	
Certificates of participation, net of unamortized premium of \$70	(24,390)	
Notes payable	(271)	
Capital lease obligations	(15)	
Rebatable arbitrage	(65)	
Net OPEB obligation	(12,869)	
Compensated absences	(30,828)	
	(472,739)	(472,739)

**Net assets of governmental activities (page 18)** \$ 1,000,052

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, 2007**  
**(In Thousands)**

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
<b>Revenues:</b>				
Taxes	\$ 316,463	\$ -	\$ 12,679	\$ 329,142
Licenses and permits	6,627	-	5,273	11,900
Intergovernmental	375,542	4,827	25,086	405,455
Charges for services	77,143	-	14,868	92,011
Fines, forfeitures and penalties	8,415	-	1,391	9,806
Rents and concessions	1,035	-	88	1,123
Investment income	25,697	3,361	4,480	33,538
Securities lending activities:				
Securities lending income	2,929	133	810	3,872
Securities lending expenditures	(2,857)	(130)	(788)	(3,775)
Other	16,914	-	949	17,863
Total revenues	<u>827,908</u>	<u>8,191</u>	<u>64,836</u>	<u>900,935</u>
<b>Expenditures:</b>				
Current:				
General government	54,967	586	5,135	60,688
Public protection	261,840	-	6,478	268,318
Public ways and facilities	-	-	17,962	17,962
Health and sanitation	171,419	-	24,576	195,995
Public assistance	206,289	-	-	206,289
Recreation	7,609	-	-	7,609
Capital outlay	15,701	12,765	12,820	41,286
Debt service:				
Principal	28	8,155	17	8,200
Interest	3	19,008	4	19,015
Total expenditures	<u>717,856</u>	<u>40,514</u>	<u>66,992</u>	<u>825,362</u>
Excess (deficiency) of revenues over (under) expenditures	<u>110,052</u>	<u>(32,323)</u>	<u>(2,156)</u>	<u>75,573</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	2	-	-	2
Capital leases	30	-	-	30
Transfers in	3,481	21,372	35,588	60,441
Transfers out	(142,647)	-	(29,494)	(172,141)
Total other financing sources (uses)	<u>(139,134)</u>	<u>21,372</u>	<u>6,094</u>	<u>(111,668)</u>
<b>Net change in fund balances</b>	(29,082)	(10,951)	3,938	(36,095)
Fund balances - beginning	<u>362,308</u>	<u>69,041</u>	<u>86,054</u>	<u>517,403</u>
Fund balances - ending	<u>\$ 333,226</u>	<u>\$ 58,090</u>	<u>\$ 89,992</u>	<u>\$ 481,308</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, 2007**  
**(In Thousands)**

**Net change in fund balances - total governmental funds (page 23)** \$ (36,095)

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	\$ 41,286	
The net effect of various miscellaneous transactions involving capital assets such as sales, retirements, trade-ins, and donations	(4,100)	
Less current year depreciation	<u>(15,888)</u>	21,298

Governmental fund revenues deferred in the current year due to unavailability were reported in the statement of activities as revenues. 74,117

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:

Lease revenue bonds	7,860	
Certificates of participation	295	
Notes payable	45	
Capital lease obligations	<u>15</u>	8,215

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

Amortization of bond issuance costs	(217)	
Amortization of bond discount	(5)	
Amortization of bond premium	80	
Amortization of deferred loss on refunding	(35)	
Change in claims and judgments - arbitrage	(22)	
Change in accrued interest payable	(12)	
Accretion of capital appreciation bonds	(257)	
Change in net OPEB obligation	(7,410)	
Change in compensated absences	<u>(152)</u>	(8,030)

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

59,914

**Change in net assets of governmental activities (page 20)** \$ 119,419

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, 2007**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 3,025	\$ 9,315	\$ 3,409	\$ 15,749	\$ 129,436
Restricted cash and investments	-	1,676	-	1,676	-
Securities lending collateral	559	2,036	631	3,226	8,640
Receivables (net):					
Accounts	31,343	44	23	31,410	370
Interest	11	115	41	167	570
Other	1,880	171	-	2,051	-
Due from other funds	5,605	-	-	5,605	244
Due from other governmental agencies	17,778	2,317	-	20,095	300
Other assets	-	69	-	69	-
Inventories	894	-	-	894	152
Total current assets	<u>61,095</u>	<u>15,743</u>	<u>4,104</u>	<u>80,942</u>	<u>139,712</u>
Noncurrent assets:					
Notes receivable	200	146	-	346	-
Deposits	634	-	-	634	-
Capital assets:					
Nondepreciable:					
Land	841	1,128	8,178	10,147	-
Construction in progress	944	237	4,423	5,604	-
Depreciable:					
Structures and improvements	4,133	20,567	24,441	49,141	1,046
Software	5,192	-	-	5,192	9
Equipment	11,040	899	189	12,128	18,623
Less accumulated depreciation	<u>(7,443)</u>	<u>(16,370)</u>	<u>(10,579)</u>	<u>(34,392)</u>	<u>(14,328)</u>
Total noncurrent assets	<u>15,541</u>	<u>6,607</u>	<u>26,652</u>	<u>48,800</u>	<u>5,350</u>
Total assets	<u>76,636</u>	<u>22,350</u>	<u>30,756</u>	<u>129,742</u>	<u>145,062</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	7,882	580	108	8,570	1,946
Payable from restricted cash and investments	-	1,676	-	1,676	-
Accrued interest payable	-	-	43	43	10
Accrued salaries and benefits	5,296	146	54	5,496	167
Accrued liabilities	-	164	-	164	-
Securities lending collateral - due to borrowers	559	2,036	631	3,226	8,640
Due to other funds	4,002	-	102	4,104	587
Due to other governmental agencies	34,250	-	-	34,250	-
Unearned revenues	-	142	-	142	-
Other liabilities	-	100	-	100	-
Compensated absences - current	6,321	214	79	6,614	246
Estimated claims - current	-	-	-	-	9,278
Long-term liabilities - current	-	-	71	71	-
Total current liabilities	<u>58,310</u>	<u>5,058</u>	<u>1,088</u>	<u>64,456</u>	<u>20,874</u>
Noncurrent liabilities:					
Advances from other funds	4,042	815	-	4,857	-
Unearned revenues	-	-	54	54	-
Deposits	-	-	4	4	93
Net OPEB obligation	3,117	53	48	3,218	95
Compensated absences - noncurrent	625	93	42	760	43
Estimated claims - noncurrent	-	729	-	729	32,287
Long-term liabilities - noncurrent	-	194	941	1,135	-
Total noncurrent liabilities	<u>7,784</u>	<u>1,884</u>	<u>1,089</u>	<u>10,757</u>	<u>32,518</u>
Total liabilities	<u>66,094</u>	<u>6,942</u>	<u>2,177</u>	<u>75,213</u>	<u>53,392</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	14,707	6,267	25,640	46,614	5,350
Restricted for housing assistance programs	-	167	-	167	-
Unrestricted (deficit)	<u>(4,165)</u>	<u>8,974</u>	<u>2,939</u>	<u>7,748</u>	<u>86,320</u>
Total net assets	<u>\$ 10,542</u>	<u>\$ 15,408</u>	<u>\$ 28,579</u>	<u>\$ 54,888</u>	<u>\$ 91,670</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				359	
Net assets of business-type activities (page 18)				<u>\$ 54,888</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, 2007**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo		Other		Activities
	Medical Center	Housing Authority	Enterprise Funds	Total	Internal Service Funds
<b>Operating revenues:</b>					
Charges for services	\$ 311,156	\$ -	\$ 1,190	\$ 312,346	\$ 100,019
Less:					
Contractual allowances	(196,362)	-	-	(196,362)	-
Provision for doubtful accounts	(14,757)	-	-	(14,757)	-
Net charges for services	<u>100,037</u>	<u>-</u>	<u>1,190</u>	<u>101,227</u>	<u>100,019</u>
Program revenues					
State supplemental programs:					
Medi-Cal Waiver	21,943	-	-	21,943	-
Long-term care supplemental	6,385	-	-	6,385	-
Health Plan of San Mateo	4,748	-	-	4,748	-
Tobacco tax (Proposition 99)	345	-	-	345	-
Sales tax	3,897	-	-	3,897	-
Rent and concessions	-	1,727	2,052	3,779	-
Sales of drugs and medical supplies, fees, and others	10,789	-	-	10,789	-
Miscellaneous	1,951	290	57	2,298	356
Total operating revenues	<u>150,095</u>	<u>2,017</u>	<u>3,299</u>	<u>155,411</u>	<u>100,375</u>
<b>Operating expenses:</b>					
Salaries and benefits	128,449	3,362	1,414	133,225	4,388
Drugs	8,371	-	-	8,371	-
Contract provider services	23,911	-	-	23,911	-
General and administrative	45,790	3,045	1,442	50,277	10,376
Benefits and claims	-	-	-	-	10,910
Insurance premiums	-	-	-	-	69,459
Depreciation and amortization	1,821	324	494	2,639	1,619
Housing assistance payments	-	52,753	-	52,753	-
Total operating expenses	<u>208,342</u>	<u>59,484</u>	<u>3,350</u>	<u>271,176</u>	<u>96,752</u>
Operating income (loss)	<u>(58,247)</u>	<u>(57,467)</u>	<u>(51)</u>	<u>(115,765)</u>	<u>3,623</u>
<b>Nonoperating revenues (expenses):</b>					
State and federal grants	2,346	64,036	-	66,382	-
Loss on disposal of capital assets	(98)	-	-	(98)	(1)
Investment income	57	381	188	626	7,212
Investment expense	-	(25)	(48)	(73)	-
Securities lending activities:					
Securities lending income	24	88	27	139	373
Securities lending expenses	(24)	(86)	(27)	(137)	(364)
Total nonoperating revenues, net	<u>2,305</u>	<u>64,394</u>	<u>140</u>	<u>66,839</u>	<u>7,220</u>
Net income (loss) before capital contributions and transfers	<u>(55,942)</u>	<u>6,927</u>	<u>89</u>	<u>(48,926)</u>	<u>10,843</u>
Capital contributions	5,315	237	2,805	8,357	-
Transfers in	71,809	-	-	71,809	49,782
Transfers out	(9,891)	-	-	(9,891)	-
<b>Change in net assets</b>	<u>11,291</u>	<u>7,164</u>	<u>2,894</u>	<u>21,349</u>	<u>60,625</u>
Net assets - beginning	<u>(749)</u>	<u>8,244</u>	<u>25,685</u>		<u>31,045</u>
Net assets - ending	<u>\$ 10,542</u>	<u>\$ 15,408</u>	<u>\$ 28,579</u>		<u>\$ 91,670</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				711	
Change in net assets of business-type activities (page 20)				<u>\$ 22,060</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, 2007**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo	Housing	Other	Total	Internal Service Funds
	Medical Center	Authority	Enterprise Funds		
<b>Cash flows from operating activities</b>					
Cash receipts from customers	\$ 158,085	\$ 2,144	\$ 3,315	\$ 163,544	\$ -
Cash receipts from interfund services provided	-	-	-	-	100,025
Cash paid to suppliers for goods and services	(76,556)	(3,158)	(1,576)	(81,290)	(78,230)
Cash paid to employees for services	(125,445)	(3,596)	(1,376)	(130,417)	(4,296)
Cash paid for housing assistance	-	(52,322)	-	(52,322)	-
Cash paid for judgments and claims	-	-	-	-	(13,255)
Net cash provided by (used in) operating activities	<u>(43,916)</u>	<u>(56,932)</u>	<u>363</u>	<u>(100,485)</u>	<u>4,244</u>
<b>Cash flows from noncapital financing activities</b>					
County subsidy transfer	68,568	-	-	68,568	-
Transfers out	(9,891)	-	-	(9,891)	-
Transfers in	244	-	-	244	49,782
Short-term advances from the County	(749)	-	84	(665)	-
Repayment of advances from the County	-	(5)	(59)	(64)	-
Advances from the County	(20,293)	-	-	(20,293)	-
State and federal grant receipts	1,997	61,719	-	63,716	-
Net cash provided by noncapital financing activities	<u>39,876</u>	<u>61,714</u>	<u>25</u>	<u>101,615</u>	<u>49,782</u>
<b>Cash flows from capital and related financing activities</b>					
Acquisition of capital assets	(3,465)	(327)	(3,403)	(7,195)	(1,973)
Capital contribution from the County	2,997	-	-	2,997	-
Capital contribution from other governments	4,980	237	2,805	8,022	-
Principal paid on long-term liabilities	(5)	-	(108)	(113)	-
Interest paid on long-term liabilities	-	-	(5)	(5)	-
Net cash provided by (used in) capital and related financing activities	<u>4,507</u>	<u>(90)</u>	<u>(711)</u>	<u>3,706</u>	<u>(1,973)</u>
<b>Cash flows from investing activities</b>					
Investment income received	110	415	215	740	7,615
Investment expense paid	(24)	(111)	(75)	(210)	(503)
Net cash provided by investing activities	<u>86</u>	<u>304</u>	<u>140</u>	<u>530</u>	<u>7,112</u>
Net increase (decrease) in cash and cash equivalents	553	4,996	(183)	5,366	59,165
Cash and cash equivalents, beginning of the year	2,472	5,995	3,592	12,059	70,271
Cash and cash equivalents, end of the year	<u>\$ 3,025</u>	<u>\$ 10,991</u>	<u>\$ 3,409</u>	<u>\$ 17,425</u>	<u>\$ 129,436</u>

(Continued)

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

**COUNTY OF SAN MATEO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	\$ (58,247)	\$ (57,467)	\$ (51)	\$ (115,765)	\$ 3,623
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	1,821	324	494	2,639	1,619
Decrease (increase) in:					
Accounts receivable	(5,572)	(10)	11	(5,571)	(126)
Other receivable	300	3	-	303	-
Due from other funds	-	-	-	-	(223)
Due from other governmental agencies	6,856	-	-	6,856	-
Deposits	(4)	-	-	(4)	-
Inventories	(321)	-	-	(321)	(7)
Other assets	-	(39)	-	(39)	-
Increase (decrease) in:					
Accounts payable	1,841	309	(134)	2,016	1,274
Accrued salaries and benefits	813	25	6	844	20
Accrued liabilities	-	(238)	-	(238)	-
Due to other funds	-	-	-	-	338
Due to other governmental agencies	6,406	-	-	6,406	-
Deposits	-	-	-	-	(1)
Unearned revenues	-	134	5	139	-
Net OPEB obligation	1,759	53	29	1,841	54
Compensated absences	432	(26)	3	409	18
Estimated claims	-	-	-	-	(2,345)
Net cash provided by (used in) operating activities	<u>\$ (43,916)</u>	<u>\$ (56,932)</u>	<u>\$ 363</u>	<u>\$ (100,485)</u>	<u>\$ 4,244</u>
<b>Supplemental disclosure of noncash investing, capital, or financing activities</b>					
Loss on disposal of capital assets	\$ (98)	\$ -	\$ -	\$ (98)	\$ (1)

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, 2007**  
**(In Thousands)**

	SamCERA Pension Trust	Investment Trust	Agency
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and investments (in the County's investment pool)	\$ 3,085	\$ 1,987,646	\$ 185,021
Cash and investments (outside the County's investment pool)	57,945	-	-
Securities lending collateral	561	367,484	33,959
Receivables (net):			
Interest	4,276	23,750	2,406
Taxes	-	-	115,329
Other	56,521	-	-
Contributions	5,547	-	-
Due from other governmental agencies	-	2,096	33,395
Prepaid expense	61	-	-
Investments:			
Fixed income securities - domestic	592,394	-	-
Equities:			
Domestic	944,262	-	-
International	451,952	-	-
Real estate	156,610	-	-
Other assets	-	170	80,591
Total assets	<u>2,273,214</u>	<u>2,381,146</u>	<u>\$ 450,701</u>
<b>LIABILITIES</b>			
Accounts payable	264	2,732	\$ -
Accrued salaries and benefits	63	-	-
Accrued liabilities	140,657	-	-
Securities lending collateral - due to borrowers	561	367,484	33,959
Due to other governmental agencies	-	907	60,568
Other liabilities	-	2,108	-
Net OPEB obligation	54	-	-
Fiduciary liabilities	-	-	356,174
Total liabilities	<u>141,599</u>	<u>373,231</u>	<u>\$ 450,701</u>
<b>NET ASSETS</b>			
Net assets held in trust for pension benefits/investment pool participants	<u>\$ 2,131,615</u>	<u>\$ 2,007,915</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, 2007**  
**(In Thousands)**

	SamCERA Pension Trust	Investment Trust
	<u>          </u>	<u>          </u>
<b>ADDITIONS</b>		
Contributions:		
Employer contributions	\$ 100,550	\$ -
Plan member contributions	42,696	-
Contributions to investment pool	-	3,260,125
Total contributions	<u>143,246</u>	<u>3,260,125</u>
Net investment income:		
Net appreciation in fair value of investments	269,049	11,234
Investment income	39,887	200,579
Investment expense	(10,677)	-
Securities lending activities:		
Securities lending income	24	15,959
Securities lending expenses	(24)	(15,521)
Total net investment income	<u>298,259</u>	<u>212,251</u>
Other additions	<u>27</u>	<u>-</u>
Total additions	<u>441,532</u>	<u>3,472,376</u>
<b>DEDUCTIONS</b>		
Benefits and refunds paid to plan members and beneficiaries:		
Service retirement benefits	82,655	-
Disability retirement benefits	11,349	-
Death and other benefits	784	-
Distributions from investment pool	-	2,977,542
Withdrawals of members' contributions	2,244	-
Total benefits and refunds paid to plan members and beneficiaries	<u>97,032</u>	<u>2,977,542</u>
Administrative expenses	2,582	-
Other expenses	<u>201</u>	<u>-</u>
Total deductions	<u>99,815</u>	<u>2,977,542</u>
<b>Change in net assets</b>	341,717	494,834
Net assets - beginning	<u>1,789,898</u>	<u>1,513,081</u>
Net assets - ending	<u><u>\$ 2,131,615</u></u>	<u><u>\$ 2,007,915</u></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, 2007**  
**(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. 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, 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 membership, and one member from the retired membership. 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, 2007**  
**(In Thousands)**

*Housing Authority of the County of San Mateo*

The 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 Public Authority is programmatically integrated into the County service systems for seniors and persons with disabilities. The County Board serves as the governing body of the Public Authority. Because of its prominent relationship with the County, the 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 these special districts form 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 its 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 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, 2007**  
**(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. 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 instead 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 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, Short Doyle.
- *Housing Authority* accounts for various housing programs primarily funded by contributions from HUD and 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.
- *Pension Trust Fund* accumulates contributions from the County, Mosquito Abatement 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, 2007**  
**(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* account for assets held by the County as an agent for various local governments and individuals.

**(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 and 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, result from exchange transactions associated with the principal activity of each fund. *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*.

*Fiduciary funds* include trust funds and agency funds. All trust funds 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.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

**(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 and Vanguard Balanced Index Fund, to be cash equivalents.

**(d) Restricted Cash and Investments**

The County reports restricted cash and investments in JPFA (governmental fund) and Housing Authority (enterprise fund). Amounts reported in 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 that is managed by the County Treasurer. The Treasurer invests on behalf of most funds of the County and external participants in accordance with the California Government Code and the County's investment policy. The State of California's statutes authorize the County to invest its cash surplus (excluding SamCERA) in U.S. Treasury obligations, obligations of U.S. agencies or government sponsored enterprises, bankers' acceptances, collateralized time deposits within the state of California, negotiable certificates of deposit, commercial paper, repurchase agreements secured by U.S. Treasury or agency obligations, reverse repurchase agreements, corporate bonds, medium term notes, including asset-backed securities, Local Agency Investment Fund, shares of beneficial interest issued by diversified management companies as defined in Government Code section 53601, and mortgage backed securities or collateralized mortgage obligations. SamCERA is subject to 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, 2007, 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 relating to long-term loans arising from 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. The County's Department of Housing (DOH) administers several housing programs and issues loans to qualified applicants. During fiscal year 2006-07, DOH reevaluated its methodology for calculating the allowance for uncollectible loans. Management determined through policy that the allowance for uncollectible loans is 3% for non-forgivable loans and 100% for forgivable loans based on historical experience. DOH set the allowance at 100% for both types of loans in



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

prior fiscal years. As a result of this change in methodology, the County's public assistance program expense was decreased by \$57,028 in the government-wide statement of activities.

In the governmental fund financial statements, the loans were 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 met. As of June 30, 2007, the County's mortgages receivable was \$57,028, net of allowance of \$2,947.

**(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 a fund balance reservation to indicate that portion of fund balance is not available for future appropriation. 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 2006-07 net assessed valuation of the County was \$112 billion, after deducting \$11 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 \$13.7 million at June 30, 2007. The County's management

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

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 \$56.6 million at June 30, 2007.

In accordance with Section 97.2 (D)(4)(i) of the California Revenue and Taxation Code (Code), the County established a trust 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 share of the excess ERAF was \$45.2 million for the fiscal year ended June 30, 2007.

**(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 County’s 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 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 FY2006-07. The condition assessment is completed triennially.

The County’s maintained pavement subsystem has been classified as roads with or without formal structural sections. Each road segment is rated and given a Pavement Condition Index (PCI) value from zero to one hundred (0 – 100). Roads with a PCI of 40 or higher are considered in a “Fair” or better condition and roads with a PCI of 55 or higher in a “Good” or better condition. The County’s policy is to maintain a minimum PCI of 40 for at least 65 percent of roads with no defined structural section (secondary roads) and a minimum PCI of 55 for at least 75 percent of roads with a defined structural section (primary roads). Under the modified approach, depreciation is not reported for this subsystem and all expenditures, except for betterments and major improvements, made to the subsystem are expensed.

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

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

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
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**(k) Other Post Employment 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 post employment 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 40 with at least ten years of service, and others must retire from the County on or after attaining age 50 with at least ten years of service. At June 30, 2006, the County reported a net OPEB obligation of \$5,500 for its governmental activities and \$1,377 for its business-type activities in the statement of net assets as current liabilities. These amounts were reclassified and reported as long-term liabilities this fiscal year. See Note 14 for details related to OPEB expenses and liabilities.

The Housing Authority, a blended component unit and a major Enterprise Fund of the County, has its own employees and maintains a separate OPEB plan. As of June 30, 2007, the Authority reported a net OPEB obligation of \$53, the details of which can be found in the Authority's financial report for the fiscal year ended June 30, 2007. A copy of this report can be obtained by writing to the Housing Authority at 264 Harbor Boulevard, Building A, Belmont, CA 94002.

**(l) Interfund Transactions**

Interfund transactions are reflected as either 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 a fund balance reserve account in applicable governmental funds to indicate that they are not available financial resources and are not available for appropriation.
- 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 Governmental Accounting Standards Board (GASB) Statements**

The County elected to early implement GASB Statement 50, *Pension Disclosures*. This Statement amends note disclosure and required supplementary information (RSI) standards of Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with applicable changes adopted in Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
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Specifically, Statement 50 requires the following additional disclosures for sole employer plans:

- Disclosure of legal or contractual maximum contribution rates, if applicable.
- Disclosure in the notes to the financial statements of pension plans and certain employer governments of the current funded status of the plan – the degree to which the actuarial accrued liabilities for benefits are covered by assets that have been set aside to pay the benefits – as of the most recent actuarial date,.
- Governments that use the aggregate actuarial cost method to disclose the funded status and present a multi-year schedule of funding progress using the entry age actuarial cost method as a surrogate.
- Disclosure by governments participating in multi-employer cost-sharing pension plans of how the contractually required contribution rate is determined.
- Information about actuarial methods and assumptions used in valuations, including (a) disclosure that the required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits; (b) disclosure that the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations, if applicable; and (c) in the disclosure of actuarial methods and significant assumptions required by paragraph 21c of Statement 27, if the assumptions used to determine the annual required contribution for the current year and the information required by paragraph 8a of Statement 50 contemplate different rates for successive years, the rates that should be disclosed are the initial and ultimate rates.

This Statement makes disclosures of pension benefits more informative and understandable. The County's pension plan is disclosed in Note 13 and is presented in accordance with the requirements set forth in Statement 50.

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

**Excess of Expenditures over Appropriation**

For the fiscal year ended June 30, 2007, the "Other Financing Uses" (a legal level of budgetary control) in the Accumulated Capital Outlay (ACO) capital project fund exceeded the budgeted amount by \$2,998. About a decade ago, ACO advanced \$3,000 to the General Fund as the startup fund for an Employee Housing Opportunity Program. In FY 2006-07, management decided to forgive this loan and reclassify the advances (assets) to transfers out (expenditures). Such reclassification has triggered a budget overrun in ACO.

**Deficit Fund Equity**

At June 30, 2007, the following enterprise and internal service funds reported net asset deficits:

*Enterprise fund.* The Medical Center had an unrestricted deficit of \$4,165. The General Fund provides significant subsidies to the Medical Center each year. In FY 2006-07, the County's subsidies to the Medical Center amounted to \$68,568, including \$54,506 budgeted subsidy and \$14,062 additional subsidy. Management is considering a number of options for curing the deficit.

*Internal service funds.* The Tower Road Construction, Workers' Compensation Insurance, and Long-Term Disability funds had a net deficit of \$16, \$12,570, and \$3,332 respectively. In prior years, premium rates collected from departments have not been able to cover the operating expenses for these funds. A multi-year approach will be used to phase in premium rate increases to close the gap between ongoing revenues and expenses. 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.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

**NOTE 4 - CASH AND INVESTMENTS**

The County Treasurer manages an investment pool to increase interest earnings from investment activities. The investment pool includes both voluntary and involuntary participation from external entities. Majority of the County funds invest their monies in the investment pool. Most cash and investments of JPFA and SamCERA are separately managed outside the County. Certain special districts and governmental entities, under state statutes, maintain their cash surplus with the County Treasurer. At June 30, 2007, the net asset value of involuntary participation in the investment pool was \$1.95 billion.

The County's investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and the County's investment policy. The objectives of this policy in order of priority are: safety, liquidity, yield, and public trust. The County has established an oversight committee to monitor the management of public funds in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the County Board review and approve the investment policy annually. Each month the County Treasurer submits a comprehensive investment report to the members of the oversight committee and the investment pool participants. The report covers the type of investments in the pool, maturity dates, par value, actual cost, and fair value. Significant accounting policies for investments can be found in Note 2(e).

As of June 30, 2007, the County's cash and investments, including invested cash collateral from securities lending transactions, were distributed and reported in the basic financial statements as follows:

<i>Cash:</i>	
Cash on hand	\$ 3,386
Money market mutual funds - JPFA	15,410
Mutual funds	362
Money market funds	57,945
Deposit overdrafts	(20,965) *
Total cash	56,138
<i>Investments:</i>	
In Treasurer's pool (including invested cash collateral)	3,284,735
With Fiscal Agents of JPFA	25,495
In Pension portfolio	2,145,218
With others external to the Treasurer's pool	83,353
Total investments	5,538,801
Total cash and investments	\$ 5,594,939

\* At year-end, the carrying amount of the County's cash deposits was (\$20,965) and the bank balance was \$15,544. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

The County's cash and investments, including invested cash collateral from securities lending transactions, were distributed as follows:

Primary government	\$ 770,077
Discretely Presented Component unit	43,943
Pension trust	2,206,809
Investment trust fund	2,355,130
Agency funds	218,980
Total cash and investments	\$ 5,594,939

*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 \$100 must be collateralized at 105% to 150% of the value of the deposit to guarantee the safety of the public funds. The first \$100 of the County's deposits are insured by the Federal Deposit Insurance Corporation and the balance in excess of \$100 is fully collateralized by the Bank Treasury Security Pool at 110%.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

**Investments**

As of June 30, 2007, the County's investments 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	2.625% - 4.75%	5/15/08 - 5/31/12	\$ 203,939	\$ 199,361	0.54
Loaned securities for cash collateral	2.625% - 4.75%	5/15/08 - 5/31/12	496,061	486,627	2.08
U.S. government agency securities:					
Not on securities loan	2.50% - 5.70%	8/1/07 - 4/2/14	399,024	395,014	1.52
Loaned securities for cash collateral	2.50% - 5.125%	10/19/07 - 5/14/10	10,976	10,708	0.04
Negotiable certificates of deposit	5.26% - 5.36%	7/6/07 - 9/26/07	373,000	373,000	0.07
Commerical paper - discount	5.32% - 5.35%	7/2/07	570,000	569,916	0.01
Corporate bonds	2.50% - 4.375%	7/12/07 - 4/1/09	197,800	193,826	1.02
Floating rate securities	5.35% - 5.61%	7/16/07 - 10/3/07	509,000	509,138	0.15
Local Agency Investment fund (LAIF)	5.23%	On Demand	37,000	36,983	0.08
Securities lending collateral - cash received and invested:					
Repurchase agreements	5.32% - 5.38%	07/02/07	321,323	321,484	*
Commerical paper	5.303% - 5.345%	7/2/07-7/31/07	188,603	188,678	*
<b>Total investments in investment pool</b>			<u>3,306,726</u>	<u>3,284,735</u>	0.98
<b>Investments outside of Investment Pool</b>					
<i>San Mateo Joint Powers Financing Authority</i>					
Federal National Mortgage Association (FNMA) - discount note			2,540	2,599	*
Repurchase agreements			938	938	0.72
Investment contracts			21,958	21,958	23.51
Subtotal			<u>25,436</u>	<u>25,495</u>	20.32
<i>Other Individual Investment Accounts</i>					
Balanced index funds			78,969	82,808	**
U.S. government agency securities			500	498	0.71
LAIF			47	47	0.48
Subtotal			<u>79,516</u>	<u>83,353</u>	*
<i>San Mateo County Employees' Retirement Association</i>					
Fixed income securities:					
U.S. Treasuries				49,334	0.26
Collateralized mortgage obligations				97,094	0.14
Commerical mortgage-backed securities				15,165	0.04
Asset backed securities				15,751	0.03
Taxable municipal bonds				7,788	0.04
Corporate bonds				62,504	0.37
Sovereign governments				14,952	0.06
U.S. government agency securities				12,261	0.06
Mortgage pass through				118,019	1.42
Enhanced index funds				184,132	0.63
Private placement				3,155	0.05
Preferred stock				143	**
Convertible				312	**
Commingled funds				11,784	**
Equities:					
Domestic				944,262	**
International				451,952	**
Real estate				156,610	**
Subtotal				<u>2,145,218</u>	3.09
<b>Total investments outside of investment pool</b>				<u>2,254,066</u>	
<b>Total investments</b>				<u>\$ 5,538,801</u>	

\* Weighted average maturity is less than 0.01 year.

\*\* Not applicable or not available

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

**County Investment Pool**

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. Duration is calculated as the weighted average time to receive interest and principal payments. The longer the duration of the portfolio, 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, 2007, the investment pool had a weighted average maturity of 0.98 year and its investment in floating rate securities was \$509 million. These securities are tied to the three-month London Interbank Offered Rate (LIBOR) index.

*Credit Risk.* The 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.

<u>Investment at June 30, 2007</u>	<u>Standard &amp; Poor's Rating</u>	<u>% of Portfolio</u>
<b>U.S. Government Securities</b>		
United States Treasury Notes	Exempt	20.89%
<b>U.S. Government Agency Securities</b>		
Federal Home Loan Mortgage Corporation	AAA	3.14%
Federal Home Loan Bank	AAA	4.70%
Federal National Mortgage Association	AAA	4.51%
<b>Corporate Bonds</b>		
Corporate Bonds	A	0.47%
Corporate Bonds	A+	1.79%
Corporate Bonds	AA	1.36%
Corporate Bonds	AA-	1.49%
Corporate Bonds	AAA	0.79%
Floating Rate Securities	A	1.98%
Floating Rate Securities	A-	0.30%
Floating Rate Securities	A+	8.83%
Floating Rate Securities	AA	0.76%
Floating Rate Securities	AA-	2.43%
Floating Rate Securities	AAA	1.19%
<b>Negotiable Certificates of Deposit</b>	A-1	11.36%
<b>Commercial Paper</b>	A-1	12.22%
<b>Commercial Paper</b>	A-1+	14.92%
<b>Repurchase agreements</b>	Unrated	5.74%
<b>Local Agency Investment Fund</b>	Unrated	1.13%
Total		<u>100.00%</u>

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of County's investment in a single issuer of securities. State law restricts the County's investments in commercial paper to 40% of its investment pool and to 10% per issuer, corporate bonds and medium term notes to 30% of its investment pool and to 10% per issuer, and bankers' acceptances to 15% of its investment pool and to 10% per issuer.



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

**JPFA's Investment Portfolio**

*Interest Rate Risk.* JPFA does not have a specific policy that manages its exposure to declines in fair values arising from increasing interest rates.

*Credit Risk.* Provisions of JPFA's bond trust agreements restrict JPFA's investment in investment agreements with financial institutions that, at the time of investment, have long-term obligations rated in one of the two highest rating categories by Standard & Poor's, Moody's Investors Service, or Fitch Ratings. As of June 30, 2007, JPFA's investment in money market funds was rated AAAM by Standard & Poor's and Aaa by Moody's Investors Service. Its investment in FNMA discount note was rated Aaa by Standard & Poor's and AAA by Moody's Investors Service. JPFA's investment in the County's investment pool and the investment contracts are unrated.

**SamCERA's Investment Portfolio**

*Interest Rate Risk.* SamCERA's investment plan 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 Lehman Brothers 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 (approximately +/- 0.2 year of the Lehman Brothers Aggregate Bond Index). To facilitate this, SamCERA 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 plan 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 invest more than 10% in assets rated below BBB.

At June 30, 2007, the credit quality breakdown of SamCERA's investments in bonds was as follows:

<u>Credit Rating</u>	<u>Active Management</u>	<u>Commingled Management</u>
AAA	45.0%	65.8%
AA	30.1%	8.1%
A	0.0%	10.7%
BBB	21.2%	14.8%
Less than BBB	0.0%	0.6%
Unrated	3.7%	0.0%
	<u>100.0%</u>	<u>100.0%</u>

*Concentration of Credit Risk.* SamCERA's investment plan 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, 2007, SamCERA did not hold any investments in any one issuer that would represent 5% or more of total investments.

*Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, SamCERA will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk, SamCERA requires that all of its managed investments be held in the name of SamCERA except for investments in real estate and pools. As of June 30, 2007, SamCERA had no investments that were subject to the custodial credit risk.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

*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. SamCERA's international equity managers are permitted to invest in authorized countries. Forward currency contracts and currency futures, maturity ranging from at least 30 days and not to exceed one year for either instrument, are permitted for defensive currency hedging.

SamCERA's exposure to foreign currency risk is as follows:

Currency	Common Stock	Foreign Currency	Mutual Fund	Preferred Stock	Rights	Warrants	Total
Australian Dollar	\$ 28,494	\$ 49	\$ -	\$ -	\$ -	\$ -	\$ 28,543
Brazilian Real	-	1	-	-	-	-	1
Canadian Dollar	2,275	-	-	-	-	-	2,275
Czech Koruna	4,417	142	-	-	-	-	4,559
Danish Krone	2,279	98	-	-	-	-	2,377
Euro Currency	186,153	619	4,581	621	8	-	191,982
Hong Kong Dollar	9,886	12	-	-	-	-	9,898
Hungarian Forint	8,541	-	-	-	-	-	8,541
Indonesian Rupiah	-	10	-	-	-	-	10
Japanese Yen	44,254	3,981	-	-	-	-	48,235
Mexican Peso	826	1	-	-	-	-	827
Romanian Leu	720	-	70	-	-	-	790
Russian Ruble	134	-	-	-	-	-	134
Turkish Lira	1,635	-	-	-	-	-	1,635
New Zealand Dollar	2,727	-	-	-	-	-	2,727
Norwegian Krone	3,395	-	-	-	-	-	3,395
Philippine Peso	1	6	-	-	-	-	7
Polish Zloty	7,904	-	-	-	-	-	7,904
Pound Sterling	67,392	58	-	-	-	-	67,450
Singapore Dollar	2,021	-	-	-	-	-	2,021
South Korean Won	607	9	-	-	-	-	616
Swedish Krona	7,989	1	-	-	-	54	8,044
Swiss Franc	22,260	-	-	-	-	-	22,260
Thailand Bhat	285	4	-	-	-	-	289
Total	<u>\$ 404,195</u>	<u>\$ 4,991</u>	<u>\$ 4,651</u>	<u>\$ 621</u>	<u>\$ 8</u>	<u>\$ 54</u>	<u>\$ 414,520</u>

**Local Agency Investment Fund**

The County's investment pool is invested in the State of California Local Agency Investment Fund (LAIF). LAIF is part of the State of California Pooled Money Investment Account (PMIA). At June 30, 2007, the PMIA balance was \$65.6 billion, of which 96.7% is invested in non-derivative financial products with 1.1% in structured notes and 2.2% in asset-backed securities. The total amount invested by all public agencies in LAIF was \$19.7 billion, and the County's investment in LAIF was \$37 million. The value of the pool shares in LAIF is determined on an amortized cost basis, which approximates fair value. PMIA is not SEC-registered, but is required to invest according to California State Code. The average maturity of PMIA investments was 176 days as of June 30, 2007. The Local Investment Advisory Board, which consisted of five members designated by the State statutes, has oversight responsibility for LAIF.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

**Securities Lending Program**

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 borrowers.

The loaned securities, as of June 30, 2007, consisted of U.S. Treasury notes and bonds, and U.S. government agency securities. In return, the County receives collateral in the form of cash or securities equal to at least 102% of the transferred securities plus accrued interest for reinvestment. The County authorized Bank of New York, the County's Custodian, to invest and reinvest cash collateral in the following investments:

- (a) Securities issued or fully guaranteed by the United States Government and any agency, instrumentality, or establishment of the United States 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 1933, 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 Bank of New York, with respect to approved investments.

At June 30, 2007, all of the County's collateral were invested in repurchase agreements and commercial paper with a weighted average maturity of eight days. Commercial paper is rated at least A-1 by Standard & Poor's and P-1 by Moody's. The County does not match the maturities of investments made with cash collateral with the securities on loan.

As of June 30, 2007, the underlying securities loaned by the County's investment pool amounted to approximately \$500 million. The cash collateral from the counterparty was \$510 million, \$321 million was invested in repurchase agreements and \$189 million in commercial paper. The County has no exposure to credit risk related to the securities lending transactions as of June 30, 2007, because the market value of the invested cash collateral exceeds that of the borrowed securities.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(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, 2007:

<b>Assets:</b>	
U.S. government securities	\$ 685,988
U.S. government agency securities	405,722
Negotiable certificates of deposit	373,000
Commercial paper - discount	569,916
Corporate bonds	193,826
Floating rate securities	509,138
Local Agency Investment Fund	36,983
Securities lending collateral	510,162
Total investments	3,284,735
Other assets	26,016
Pool deposits	15,544
Total assets	3,326,295
<b>Liabilities:</b>	
Unfunded checks and warrants	36,509
Securities lending collateral - due to borrowers	510,162
Other liabilities	5,747
Total liabilities	552,418
<b>Net Assets:</b>	
Equity of internal pool participants	765,962
Equity of individual investment accounts	498
Equity of external pool participants	2,007,417
Total net assets	\$ 2,773,877
<b>Statement of Changes in Net Assets</b>	
Net assets at July 1, 2006	\$ 2,281,195
Net change in investments by pool participants	492,682
Net assets at June 30, 2007	\$ 2,773,877
The net asset composition of the equity of external pool participants is as follows:	
Participant units outstanding (\$1 par)	\$ 1,996,241
Undistributed and unrealized gain	11,176
Net assets at June 30, 2007	\$ 2,007,417
Participant net asset value at fair value price per share (\$2,007,417 divided by 1,996,241 units)	\$ 1.0056

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

**NOTE 5 - RECEIVABLES**

At June 30, 2007, 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 \$114,478, of which \$59,525 is not expected to be collected within the next twelve months.

<u>Governmental Activities</u>	General Fund	JPFA	Nonmajor Funds	Internal Service Funds	Total
Accounts	\$ 145,249	\$ -	\$ 209	\$ 370	\$ 145,828
Interest	5,767	729	1,108	570	8,174
Taxes	22,752	-	1,466	-	24,218
Mortgages	59,975	-	-	-	59,975
Other	21,466	-	82	-	21,548
Gross receivables	255,209	729	2,865	940	259,743
Less: allowances for uncollectible:	(140,731)	-	(656)	-	(141,387)
Total receivables, net	<u>\$ 114,478</u>	<u>\$ 729</u>	<u>\$ 2,209</u>	<u>\$ 940</u>	<u>\$ 118,356</u>

<u>Business-type Activities</u>	Medical Center	Housing Authority	Nonmajor Funds	Total
Accounts	\$ 118,854	\$ 44	\$ 423	\$ 119,321
Interest	12	115	41	168
Other	1,880	171	-	2,051
Gross receivables	120,746	330	464	121,540
Less: allowances for uncollectible:	(87,512)	-	(400)	(87,912)
Total receivables, net	<u>\$ 33,234</u>	<u>\$ 330</u>	<u>\$ 64</u>	<u>\$ 33,628</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.

At June 30, 2007, components of deferred revenues and unearned revenues reported were as follows:

	Unavailable	Unearned	Total
<b>Governmental activities</b>			
General fund:			
Property taxes receivable	\$ 2,854	\$ 11,324	\$ 14,178
Mortgages receivable	57,028	-	57,028
Grant drawdowns prior to meeting all eligibility requirements	-	12,475	12,475
Due from other governmental agencies	117,714	-	117,714
Other receivables and advances	3,981	13,581	17,562
Subtotal - General fund	<u>181,577</u>	<u>37,380</u>	<u>218,957</u>
Nonmajor funds:			
Property taxes receivable	184	730	914
Due from other governmental agencies	256	-	256
Other receivables and advances	-	321	321
Subtotal - Nonmajor funds	<u>440</u>	<u>1,051</u>	<u>1,491</u>
Total governmental activities	<u>\$ 182,017</u>	<u>\$ 38,431</u>	<u>\$ 220,448</u>
<b>Business-type activities</b>			
Revenues received but not earned			
Housing Authority		\$ 142	
Nonmajor enterprise funds		54	
Total business-type activities		<u>\$ 196</u>	

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

**NOTE 7 – INTERFUND TRANSACTIONS**

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

On behalf of the Medical Center, the General Fund remitted \$4,000 to the California Department of Health Services as intergovernmental transfer payment. The Medical Center expects to extinguish this short-term loan within the next twelve months. All remaining interfund balances 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. The composition of interfund balances is presented below.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 5,953
	Medical Center	4,002
	Nonmajor Enterprise Funds	102
	Internal Service Funds	337
		<u>10,394</u>
Nonmajor Governmental Funds	General Fund	490
	Nonmajor Governmental Funds	392
	Internal Service Funds	250
		<u>1,132</u>
Medical Center	General Fund	5,361
	Nonmajor Governmental Funds	244
		<u>5,605</u>
Internal Service Funds	General Fund	91
	Nonmajor Governmental Funds	153
		<u>244</u>
Total		<u><u>\$ 17,375</u></u>

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

In FY 1999-2000, the General Fund advanced a long-term loan of \$4,042 to the Medical Center for its renovation project. The Medical Center is not intended to repay this loan within the next twelve months.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 1,000
	Medical Center	4,042
	Housing Authority	815
Total		<u><u>\$ 5,857</u></u>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(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	\$ 54,506	Transfer budgeted subsidy to Medical Center.
General Fund	Medical Center	14,062	Transfer additional subsidy to Medical Center.
General Fund	Medical Center	2,997	Contribute funds to support Medical Center's capital projects.
Nonmajor Governmental Funds	Medical Center	244	Allocate transportation subsidy to various programs.
Medical Center	Nonmajor Governmental Funds	<u>9,891</u>	Transfer funds to cover lease payments.
	Total	<u>\$ 81,700</u>	

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

Transfer from	Transfer To	Amount	Purpose
General Fund	Internal service funds	\$ 49,782	Transfer funds earmarked for retiree healthcare benefits.
	Nonmajor Governmental Funds	4,488	Provide subsidy to finance in-home support services.
	Nonmajor Governmental Funds	9,102	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	<u>7,710</u>	Transfer funds to finance capital projects.
		<u>71,082</u>	
Nonmajor Governmental Funds	General Fund	3,000	Provide working capital for an employee opportunity housing program.
	General Fund	481	Allocate transportation subsidy to various programs.
	JPFA	21,372	Transfer funds to cover debt service payments.
	Nonmajor Governmental Funds	3,146	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	<u>1,251</u>	Transfer funds to finance capital projects.
		<u>29,250</u>	
	Total	<u>\$ 100,332</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, 2007**  
**(In Thousands)**

**NOTE 8 – CAPITAL ASSETS**

Capital asset activities for the fiscal year ended June 30, 2007, were as follows:

	Balance July 1, 2006	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2007
<b>Governmental activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land and easements	\$ 63,528	\$ 973	\$ -	\$ -	\$ 64,501
Infrastructure - maintained road subsystem	73,504	1,316	-	834	75,654
Construction in progress	153,973	16,201	(174)	(151,344)	18,656
Total capital assets, not being depreciated	291,005	18,490	(174)	(150,510)	158,811
<i>Capital assets, being depreciated:</i>					
Infrastructure	57,693	164	-	18,459	76,316
Structures and improvements	432,722	3,213	-	131,422	567,357
Equipment	61,084	17,044	(2,395)	540	76,273
Software	1,332	433	-	142	1,907
Total capital assets, being depreciated	552,831	20,854	(2,395)	150,563	721,853
<i>Less accumulated depreciation for:</i>					
Infrastructure	(17,146)	(1,230)	-	-	(18,376)
Structures and improvements	(75,405)	(9,625)	-	-	(85,030)
Equipment	(47,202)	(6,171)	2,392	(33)	(51,014)
Software	(213)	(481)	-	-	(694)
Total accumulated depreciation	(139,966)	(17,507)	2,392	(33)	(155,114)
Total capital assets, being depreciated, net	412,865	3,347	(3)	150,530	566,739
<b>Governmental activities capital assets, net</b>	<b>\$ 703,870</b>	<b>\$ 21,837</b>	<b>\$ (177)</b>	<b>\$ 20</b>	<b>\$ 725,550</b>
<b>Business-type activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 10,147	\$ -	\$ -	\$ -	\$ 10,147
Construction in progress	2,042	3,692	-	(130)	5,604
Total capital assets, not being depreciated	12,189	3,692	-	(130)	15,751
<i>Capital assets, being depreciated:</i>					
Structures and improvements	49,012	-	-	129	49,141
Equipment	11,802	660	(334)	-	12,128
Software	2,349	2,843	-	-	5,192
Total capital assets, being depreciated	63,163	3,503	(334)	129	66,461
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(26,053)	(818)	-	1	(26,870)
Equipment	(5,937)	(1,038)	236	-	(6,739)
Software	-	(783)	-	-	(783)
Total accumulated depreciation	(31,990)	(2,639)	236	1	(34,392)
Total capital assets, being depreciated, net	31,173	864	(98)	130	32,069
<b>Business-type activities capital assets, net</b>	<b>\$ 43,362</b>	<b>\$ 4,556</b>	<b>\$ (98)</b>	<b>\$ -</b>	<b>\$ 47,820</b>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

**Depreciation**

Depreciation expense was charged to various functions as follows:

<u>Governmental Activities</u>		<u>Business-type Activities</u>	
General government	\$ 4,602	Medical Center	\$ 1,821
Public protection	5,951	Housing Authority	324
Public ways and facilities	608	Airports	257
Health and sanitation	3,157	Coyote Point Marina	237
Public assistance	1,012	Total depreciation - business-type activities	<u>\$ 2,639</u>
Recreation	558		
Depreciation on capital assets held by the County's internal service fund are charged to various functions based on their usage of the assets.	<u>1,619</u>		
Total depreciation - governmental activities	<u>\$ 17,507</u>		

**Capital Project Commitments**

The JPFA issued lease revenue bonds in November 2003 to acquire and construct a new County Youth Services Center including a juvenile hall, a girls' camp, a community school, a receiving home, group homes, juvenile courts, and probation administration offices for the County. Main facilities were completed in September 2006. Remaining facilities, including the group homes and receiving home, will be completed by July 2008, with an estimated total cost of \$15.8 million. There were outstanding commitments of \$1,248 as of June 30, 2007.

**NOTE 9 – LEASES**

**Operating Leases**

The County has occupied a number of non-County owned office buildings and facilities to conduct its business under non-cancelable operating leases. Total rental expenses paid for these leases were \$6,934 for the fiscal year ended June 30, 2007, and the future minimum lease payments are as follows:

Fiscal year ending June 30,	
2008	\$ 5,941
2009	3,178
2010	2,894
2011	2,409
2012	2,326
2013-2017	7,487
2018-2022	920
2023-2024	124
Total	<u>\$ 25,279</u>

The County has leased various properties under non-cancelable operating leases to other entities. Income from these rental activities was \$560 for the fiscal year ended June 30, 2007.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

**NOTE 10 - LONG-TERM LIABILITIES**

As of June 30, 2007, the County's long-term liabilities were as follows:

<u>Type of Indebtedness (Purpose)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2007</u>
<b><u>Governmental Activities</u></b>					
<i>Lease Revenue Bonds:</i>					
<b>1993 Issue</b> (defeased 1991 Certificates of Participation and financed the costs of a parking garage and jail):					
Serial Current Interest Bonds	7/1/16 - 7/1/19	6% - 6.5%	\$3,975 - \$4,675	\$ 19,050	\$ 8,650
Term Current Interest Bonds	7/1/13 - 7/1/21	5% - 6.5%	\$7,235 - \$14,560	40,640	40,640
1993 Issue				<u>59,690</u>	<u>49,290</u>
<b>1993 Issue - Satellite Clinic</b> (financed a portion of the costs of constructing and equipping North County Satellite Clinic and 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	2,411
1994 Issue - Satellite Clinic				<u>11,026</u>	<u>4,496</u>
<b>1997 Issue</b> (financed the costs of construction, furnishing and equipping an office building, and partial defeasance of the 1994 Issue - Satellite Clinic):					
Serial Current Interest Bonds	7/15/07 - 7/15/14	4.5% - 5.5%	\$3,220 - \$4,720	40,010	31,420
Term Current Interest Bonds	7/15/15 - 7/15/18	5%	\$680 - \$845	3,045	3,045
Term Current Interest Bonds	7/15/19 - 7/15/22	5%	\$910 - \$1,115	4,040	4,040
Term Current Interest Bonds	7/15/23 - 7/15/28	5.125%	\$1,190 - \$1,640	8,440	8,440
Term Current Interest Bonds	7/15/29 - 7/15/32	5.125%	\$1,745 - \$2,095	7,670	7,670
1997 Issue				<u>63,205</u>	<u>54,615</u>
<b>1999 Issue</b> (financed a portion of the costs of completing the Health Center and partial defeasance of the 1993, 1994 and 1995 Issues):					
Serial Current Interest Bonds	7/15/07 - 7/15/19	3.9% - 5%	\$1,125 - \$6,570	47,565	43,030
Term Current Interest Bonds	7/15/20 - 7/15/23	4.75%	\$6,890 - \$7,560	29,250	29,250
Term Current Interest Bonds	7/15/24 - 7/15/29	5%	\$2,405 - \$8,375	36,325	36,325
1999 Issue				<u>113,140</u>	<u>108,605</u>
<b>2001 Issue</b> (financed a portion of costs of acquisition of a microwave and law enforcement mutual aid communications system and a sheriff's radio system; and the costs of the acquisition and construction of a forensics laboratory and coroner's office):					
Series A Current Interest Bonds	7/15/07 - 7/15/21	3.2% - 4.75%	\$210 - \$1,665	21,470	16,380
Series A Term Interest Bonds	7/15/22 - 7/15/31	4.75%	\$230 - \$355	2,900	2,900
Series B Current Interest Bonds	7/15/07 - 7/15/21	3.125% - 4.75%	\$180 - \$320	4,270	3,760
Series B Term Interest Bonds	7/15/22 - 7/15/26	4.875%	\$340 - \$410	1,865	1,865
Series B Term Interest Bonds	7/15/27 - 7/15/31	5%	\$430 - \$525	2,385	2,385
2001 Issue				<u>32,890</u>	<u>27,290</u>
<b>2003 Issue</b> (financed the costs of acquisition and construction of a new Youth Services Center):					
Series A Current Interest Bonds	7/15/07 - 7/15/36	Auction Rate	\$1,250 - \$3,625	66,725	66,725
Series B Current Interest Bonds	7/15/07 - 7/15/36	Auction Rate	\$1,200 - \$3,625	66,825	66,825
Series C Current Interest Bonds	7/15/07 - 7/15/36	Auction Rate	\$325 - \$1,475	21,800	21,800
2003 Issue				<u>155,350</u>	<u>155,350</u>
<b>2004 Issue</b> (refunded a portion of the 1993 Issue):					
Series A Current Interest Bonds	7/1/07 - 7/1/08	2.5% - 4%	\$2,340 - \$2,390	7,805	4,730
<b>Total lease revenue bonds and accreted interest on capital appreciation bonds</b>				<u>443,106</u>	<u>404,376</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

<u>Type of Indebtedness (Purpose)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2007</u>
<i>Certificates of Participation:</i>					
<b>1997 Issue</b> (financed the design, construction and installation of storm water, and flood control improvements located in the Colma Creek Flood Control Zone):					
Series Certificates	8/1/07 - 8/1/12	4.6% - 5%	\$270 - \$345	3,635	1,830
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	13,975
<b>2004 Issue</b> (financed the acquisition, design, construction, improvement, and installation of certain improvements to the flood control system):					
Series Certificates	8/1/07 - 8/1/25	2.5% - 4.5%	\$35 - \$70	975	940
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	10,345
<b>Total certificates of participation</b>				26,160	24,320
<i>Notes Payable:</i>					
<b>Department of Housing and Community Development:</b>					
Housing Development Loan	8/2013	-	-	124	124
<b>California Energy Commission:</b>					
Energy Partnership Program Loan	6/22 & 12/22 through 2008	4.68%	\$15 - \$30	225	45
<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	102
<b>Total notes payable</b>				645	271
<b>Total governmental activities</b>				\$ 469,911	\$ 428,967
<b><u>Business-type activities</u></b>					
<i>Notes Payable:</i>					
Department of Boating and Waterways	8/1/07 - 8/1/29	4.5%	\$14 - \$71	\$ 3,090	\$ 1,012
California Housing Finance Agency	5/20/57	-	-	49	46
Downey Savings and Loan Bank <sup>a</sup>	2/28/2016	-	-	148	148
<b>Total business-type activities</b>				\$ 3,287	\$ 1,206

<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 Project, 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, 2007**  
**(In Thousands)**

The table below summarizes changes in the County's long-term liabilities for the fiscal year ended June 30, 2007:

	Balance July 1, 2006 (as restated)	Additions/ Accretions	Retirements	Balance June 30, 2007	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Accreted interest on capital appreciation bonds	\$ 2,154	\$ 257	\$ -	\$ 2,411	\$ -
Lease revenue bonds	409,825	-	(7,860)	401,965	10,970
Add: unamortized premium	156	-	(78)	78	78
Less: unamortized discount	(122)	-	5	(117)	(4)
Less: unamortized deferred loss on refunding	(71)	-	35	(36)	(36)
Lease revenue bonds, net	<u>411,942</u>	<u>257</u>	<u>(7,898)</u>	<u>404,301</u>	<u>11,008</u>
Certificates of participation	24,615	-	(295)	24,320	305
Add: unamortized premium	72	-	(2)	70	2
Certificates of participation, net	<u>24,687</u>	<u>-</u>	<u>(297)</u>	<u>24,390</u>	<u>307</u>
Notes payable	316	-	(45)	271	46
Capital lease obligations	-	30	(15)	15	8
Net OPEB Obligation	5,500	7,464	-	12,964	-
Estimated claims	43,910	10,910	(13,255)	41,565	9,278
Claims and judgments - arbitrage	43	22	-	65	-
Compensated absences	30,947	22,920	(22,750)	31,117	23,367
<b>Total Governmental Activities</b>	<u>\$ 517,345</u>	<u>\$ 41,603</u>	<u>\$ (44,260)</u>	<u>\$ 514,688</u>	<u>\$ 44,014</u>
<b>Business-Type Activities:</b>					
Notes payable	\$ 1,314	\$ -	\$ (108)	\$ 1,206	\$ 71
Capital lease obligations	5	-	(5)	-	-
Net OPEB Obligation	1,377	1,841	-	3,218	-
Estimated claims	630	99	-	729	-
Compensated absences	6,965	6,516	(6,107)	7,374	6,614
<b>Total Business-Type Activities</b>	<u>\$ 10,291</u>	<u>\$ 8,456</u>	<u>\$ (6,220)</u>	<u>\$ 12,527</u>	<u>\$ 6,685</u>

Resources used to liquidate long-term liabilities of governmental activities are as follows: Retirement of *Lease revenue bonds* and related interest payments are funded by lease payments made by departments on leased facilities. Retirement of *Certificates of participation* and related interest payments are funded by installment payments from the Colma Creek Flood Control District. *Notes payable* to the Department of Housing and Community Development, California Energy Commission, and Department of Water Resources are funded by the General Fund and County Service Area special revenue fund. *Capital lease obligations, 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. *Claims and judgments - arbitrage* is funded by JPFA.

As of June 30, 2007, annual debt service requirements of governmental activities were summarized as follows:

Fiscal Year Ending June 30,	Lease Revenue Bonds			Certificates of Participation		Notes Payable	
	Principal	Interest Accretion	Interest *	Principal	Interest	Principal	Interest
2008	\$ 10,970	\$ -	\$ 17,877	\$ 305	\$ 1,207	\$ 46	\$ 5
2009	11,360	-	17,424	320	1,194	34	3
2010	9,580	-	16,962	330	1,179	18	2
2011	9,895	-	16,539	350	1,163	19	2
2012	10,465	-	16,088	365	1,146	20	1
2013-2017	83,630	-	68,743	2,130	5,429	134	-
2018-2022	89,174	3,881	48,247	2,720	4,819	-	-
2023-2027	76,041	5,060	28,954	3,485	4,042	-	-
2028-2032	58,505	-	13,080	4,460	3,040	-	-
2033-2037	42,345	-	3,212	5,710	1,883	-	-
2038-2040	-	-	-	4,145	421	-	-
Total requirements	<u>401,965</u>	<u>8,941</u>	<u>247,126</u>	<u>\$ 24,320</u>	<u>\$ 25,523</u>	<u>\$ 271</u>	<u>\$ 13</u>
Less: unaccreted interest	-	(6,530)	-				
Total	<u>\$ 401,965</u>	<u>\$ 2,411</u>	<u>\$ 247,126</u>				

\* Projected interest payments for the variable rate series of bonds are based on the following rates in effect on June 30, 2007: Lease revenue bonds: 2003 Series A (3.7%), 2003 Series B (3.75%), and 2003 Series C (3.55%).

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

As of June 30, 2007, annual debt service requirements of business-type activities to maturity were as follows:

Fiscal Year Ending June 30,	Notes Payable	
	Principal	Interest
2008	\$ 71	\$ 47
2009	75	44
2010	77	41
2011	81	37
2012	55	34
2013-2017	316	138
2018-2022	167	103
2023-2027	208	62
2028-2032	110	14
2033-2037	-	-
2038-2042	-	-
2043-2047	-	-
2048-2052	-	-
2053-2057	-	-
2058-2061	46	-
Total	\$ 1,206	\$ 520

**Interest Rate Swap Agreements**

In November 2003, JPFA issued lease revenue bonds, 2003 Series A, 2003 Series B, and 2003 Series C in the amount of \$66,725, \$66,825, and \$21,800, respectively. The bonds were issued to acquire and construct a new County Youth Services Center including a juvenile hall, a girls' camp, a community school, a receiving home, group homes, juvenile courts, and probation administration offices for the County.

*Objective of the Interest Rate Swaps.* As a means to lower its borrowing costs, when compared against fixed-rate 4.78% bonds at the time of issuance in November 2003, JPFA entered into interest rate swap agreements with Citibank N.A. (Citibank) and AIG Financial Products (AIG) in connection with its \$66,725 Series A and \$66,825 Series B variable rate lease revenue bonds (the 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%.

*Significant Terms.* The bonds and related swap agreements mature on July 15, 2036, and the swaps' notional amount of \$133,550 matches the \$133,550 par amount of the variable rate bonds. JPFA entered into two swaps with Citibank with a total notional amount of \$93,450 and one swap with AIG with a notional amount of \$40,100. The swaps were entered into at the same time the bonds were issued in November 2003. Starting in fiscal year 2008, the notional value of the swaps will decline as the principal amount of the associated debt begins to amortize. Under the swaps, JPFA pays the counterparties a fixed payment of 3.33% and receives a variable payment computed as 55.5% of LIBOR plus 0.29%.

*Fair Value.* The swaps had a combined aggregate fair value of \$1,739 at June 30, 2007. Since coupons on the JPFA's auction rate securities adjust to changing interest rates, they have a corresponding fair value increase. The fair value is the net present value of the swaps using market data and the terms of the swaps, which include the expectations of the probability of occurrence of certain underlying events as defined in the swaps' documentation.

*Credit Risk.* The aggregate fair value of the swaps represented the JPFA's credit exposure to the counterparties as of June 30, 2007. Should the counterparties fail to perform according to terms of the swap contracts, JPFA faced a maximum possible loss equivalent to the aggregate fair value of \$1,739. To mitigate the potential credit risk, the counterparties are required to post collateral, in the form of government securities, within 10 business days if their credit ratings for long-term unsecured debt obligations fall below "A" by Moody's Investors Service or "A" by Standard and Poor's or Fitch Ratings. As of June 30, 2007, Citibank N.A.'s ratings were Aaa by Moody's, AA+ by Standard and Poor's, and AA+ by Fitch Ratings. AIG Financial Products was rated Aa2 by Moody's, AA by Standard and Poor's, and AA by Fitch Ratings.

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*Basis Risk.* The swaps expose JPFA to basis risk should the relationship between LIBOR and weekly auction rates converge, changing the synthetic rate on the bonds. As a result of changing basis between LIBOR and the rate on the JPFA's bonds during the course of the year, the synthetic fixed rate for the fiscal year ended June 30, 2007 was 3.79% for the Series A bonds and 3.84% for the Series B bonds.

*Termination Risk.* JPFA or the counterparties may terminate the swaps if the other party fails to perform under the terms of the contract. The swaps may be terminated by JPFA if the counterparties' credit quality rating falls below "A-" as issued by Fitch Ratings or Standard and Poor's, or "A3" as issued by Moody's Investors Service. If the swaps are terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination the swaps have a negative fair value, JPFA would be liable to the counterparties for a payment equal to the swaps' fair value.

*Swap Payments and Associated Debt.* Using rates as of June 30, 2007, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are provided below. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	2003 Lease Revenue Bonds (Series A)				2003 Lease Revenue Bonds (Series B)				Total Interest
	Principal	Variable	Interest Rate	Subtotal	Principal	Variable	Interest Rate	Subtotal	
		Rate	Swaps, Net			Rate	Swaps, Net		
	Interest *	Interest/Swap	Interest	Interest*	Interest/Swap	Interest	Interest		
2008	\$ 1,250	\$ 2,423	\$ 59	\$ 2,482	\$ 1,200	\$ 2,461	\$ 59	\$ 2,520	\$ 5,002
2009	1,300	2,374	58	2,432	1,300	2,412	58	2,470	4,902
2010	1,350	2,325	57	2,382	1,350	2,361	57	2,418	4,800
2011	1,375	2,274	55	2,329	1,400	2,309	55	2,364	4,693
2012	1,400	2,222	54	2,276	1,450	2,255	54	2,309	4,585
2013-2017	8,025	10,238	249	10,487	8,000	10,399	250	10,649	21,136
2018-2022	9,650	8,579	209	8,788	9,650	8,715	209	8,924	17,712
2023-2027	11,600	6,585	160	6,745	11,625	6,690	161	6,851	13,596
2028-2032	13,975	4,181	102	4,283	14,000	4,249	102	4,351	8,634
2033-2037	16,800	1,289	31	1,320	16,850	1,310	31	1,341	2,661
	<u>\$ 66,725</u>	<u>\$ 42,490</u>	<u>\$ 1,034</u>	<u>\$ 43,524</u>	<u>\$ 66,825</u>	<u>\$ 43,161</u>	<u>\$ 1,036</u>	<u>\$ 44,197</u>	<u>\$ 87,721</u>

\* Projected interest payments for the variable rate series of bonds are based on the following rates in effect on June 30, 2007: Lease revenue bonds: 2003 Series A (3.7%) and 2003 Series B (3.75%).

**Arbitrage Rebate**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The County calculated excess investment earnings on various bonds and financing. At June 30, 2007, the arbitrage liability was \$65 and was reported as claims and judgments on the government-wide statement of net assets.

**Legal Debt Service Limit**

Under the County's Ordinance No. 3773, 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 \$52,267 for the fiscal year ended June 30, 2007.

**COUNTY OF SAN MATEO**  
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**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. 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, 2007, restricted net assets for the governmental activities were \$131,427 as reported on the government-wide statement of net assets, \$66,646 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 – RESERVED AND DESIGNATED FUND BALANCES**

Fund balances are considered reserved if they are not available for appropriation or are not expendable financial resources. As of June 30, 2007, major components of reserved fund balances included the following:

- *Encumbrances* – to reflect outstanding contractual obligations for which goods and services have not been received.
- *Advances to other funds* – to reflect amounts due from other funds that are long-term in nature. Such amounts do not represent available spendable resources.
- *Inventories* – to reflect portion of assets that do not represent available spendable resources.
- *Debt service* – to reflect funds held by trustees or fiscal agents for future payment of bond principal and interest. These funds are not available for general operations.
- *Capital projects* – to reflect funds that are exclusively for capital projects and improvements.

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies. Such plans are subject to change and have not been legally authorized or may not result in expenditures. At June 30, 2007, the County had not established any designations of fund balance.

**NOTE 13 – EMPLOYEES' RETIREMENT PLAN**

**(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 Abatement 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, 2007, the total number of plan participants was 10,422, of which 10,397 were County employees and 25 were Mosquito Abatement 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.



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*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 covers members classified as general, safety, or probation. Annual cost-of-living adjustments upon retirement are provided 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.

**(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.

*Method Used to Value Investments.* The Board of Retirement has exclusive control of SamCERA's investments. Government Code Section 31595 of the 1937 Act authorizes the Board of Retirement to invest, or delegate the authority to invest, the assets of SamCERA in any investment allowed by statutes and deemed prudent in the informed opinion of the Board of Retirement. SamCERA records investment transactions on the trade date. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. An independent appraisal is obtained once a year to determine the fair market value of the real estate assets. Interest income is recognized as it accrues. Dividend income is recognized when the dividends are declared. Realized and unrealized gains (or losses) on investments are combined and reported together as the net appreciation (or depreciation) in the fair value of investments.

**(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. The Mosquito Abatement District contributes a lower percentage of covered payroll than the County, due to lower benefits provided to the Mosquito Abatement employees. For the fiscal year ended June 30, 2007, the average employer contribution rate was 23.76% of the covered payroll and the average member contribution rate was 9.7%,

**(d) Annual Pension Cost**

For the fiscal year ended June 30, 2007, the County's annual pension cost was equal to the County's required contributions of \$100,500. The required contribution was determined by the actuarial valuation as of June 30, 2005, 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 (4%) and adjustment for merit and longevity (1.2%). For financial reporting purposes, the projection of benefits does not explicitly incorporate the potential effects of the legal limit on the County's contributions disclosed above under "Funding Policy." The actuarial value of assets was determined 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 UAAL is being amortized as a level percentage of projected payroll on a closed basis over the period ending June 30, 2022. The table below presents three-year trend information:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2005	\$ 76,931	100.0%
6/30/2006	76,090	100.0%
6/30/2007	100,550	100.0%

**COUNTY OF SAN MATEO**  
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*(e) Funded Status and Funding Progress*

As of June 30, 2007, the most recent actuarial valuation date, the plan was 77.4% funded. The actuarial accrued liability for benefits was \$2,555,504, and the actuarial value of assets was \$1,976,731, resulting in an unfunded actuarial accrued liability (UAAL) of \$578,773. The annual covered payroll (annual payroll of active employees covered by the plan) was \$407,812, and the ratio of the UAAL to the annual covered payroll was 141.92%.

The schedule of funding progress, presented as RSI 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.

**NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Plan Description.** The County administers a single-employer defined benefit post employment healthcare plan (“the Retiree Health Plan”). The Retiree Health 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.

The County contracts with Kaiser, Aetna, Blue Shield, and Trades Health Plans to provide health coverage to its actives and pre-Medicare retirees (under age 65). These insurers charge the same premium for actives and pre-Medicare retirees; therefore, an implicit County subsidy of retiree premiums exists. The County also contracts with Kaiser, Secure Horizons, and Blue Shield to provide supplemental health coverage for retirees enrolled in Medicare (age 65 and above). Medical premiums for retirees enrolled in Medicare are not based on blended active experience; therefore, no premium subsidy exists for retirees enrolled in Medicare. Dental and vision premiums for retirees over age 65 are based on blended active experience; therefore, implicit dental and vision premium subsidy exists for those who enrolled in these plans.

Benefit provisions are established and may be amended through negotiations between the County and the bargaining units during each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

**Funding Policy.** Contribution requirements of the Retiree Health Plan members and the County are also established and may be amended through negotiations between the County and the bargaining units. The contribution is based on pay-as-you-go financing requirements. For fiscal year 2006-07, the County contributed \$6,615, or 42%, of the actuarially required contributions, to the Retiree Health Plan.

**Annual OPEB Cost and Net OPEB Obligation.** The County’s annual other post employment benefits (OPEB) cost is equal to (a) the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, plus (b) one year’s interest on the beginning balance of the net OPEB obligation, and minus (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 thirty years.

The prior valuation was performed as of July 1, 2005. In its recent labor negotiation, the County agreed to enhance the sick leave conversion benefits for certain members effective January 1, 2007. As the new benefit provisions significantly change the results of the valuation as of July 1, 2005, the County performed a new valuation as of January 1, 2007. The next valuation will be performed biennially as of January 1, 2009, assuming that no other significant changes occur.

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**Notes to the Basic Financial Statements (Continued)**  
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The following table shows the components of the County's annual OPEB cost for the year, the amount contributed to the plan, and changes in the County's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 15,799
Interest on prior year net OPEB obligation	501
Adjustment to annual required contribution	(386)
Annual OPEB cost (expense)	15,914
Contribution made	(6,615)
Increase in net OPEB obligation	9,299
Net OPEB obligation - beginning of year	6,910
Net OPEB obligation - end of year	\$ 16,209

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2006	\$ 12,730	45.7%	\$ 6,910
6/30/2007	15,914	41.6%	16,209

**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. As of January 1, 2007, the most recent actuarial valuation date, the funded status of the Retiree Health Plan was as follows:

Actuarial accrued liability (AAL)	\$ 169,683
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 169,683
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Annual covered payroll (active plan members)	\$ 372,648
UAAL as a percentage of annual covered payroll	45.5%

**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 and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation as of January 2007, the entry age normal cost method was used. 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 6.9% investment rate of return on investment; an annual healthcare cost trend rate of 9% in 2007, reduced by 1% each year to an ultimate rate of 5% in the fifth year and beyond; annual dental and vision cost trend rate of 5%; negotiated annual increase in county-paid benefits; and a 4% annual increase in projected payroll. The salary scale and demographic assumptions (including termination, disability,

**COUNTY OF SAN MATEO**  
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**(In Thousands)**

retirement, mortality, and probability of marriage) were based on the latest experience study used by SamCERA in its pension valuation as of June 30, 2006. This experience study was conducted prior to the adoption of new sick leave conversion benefit provisions. While the new provisions may affect future patterns, sufficient experience is not available yet to observe any changes. The County's actuary will monitor the emerging experience and make adjustments to such assumptions, if appropriate, in the next valuation.

**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 \$250,000.
- 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 \$300 per incident, but limited to a maximum of \$29,750.
- Workers' compensation in excess of \$1,000 per incident, but limited to a statutory amount.
- Auto liability in excess of \$300 per incident, but limited to a maximum of \$29,750.
- Malpractice in excess of \$10 per incident, but limited to a maximum of \$30,000 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 2006-07.

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 \$41,565, as reported in the internal service funds at June 30, 2007, 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 \$41,565 estimated claims liability at June 30, 2007, approximately \$36,168 was actuarially determined at a discount rate of 4.64%. The actuarially determined liability covers workers' compensation losses, general liability, and automobile liability; and includes allocated expenses and a provision for incurred but not reported claims.

Changes to the claims liability for FY2005-06 and FY2006-07 were as follows:

Liability at June 30, 2005	\$	40,646
Current year claims and changes in estimates		18,218
Payments on claims		<u>(14,954)</u>
Liability at June 30, 2006		43,910
Current year claims and changes in estimates		10,910
Payments on claims		<u>(13,255)</u>
Liability at June 30, 2007	\$	<u><u>41,565</u></u>

As of June 30, 2007, the Long-term Disability and the Personal Injury and Property Damage funds recognized a negative increment of \$1,085 and \$1,371 in estimated claims liability. As a result, these funds reported a negative expense of \$476 and \$323, respectively.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
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**NOTE 16 – RELATED PARTY TRANSACTIONS**

For the fiscal year ended June 30, 2007, the County received a \$1,025 salary and benefit reimbursement from First 5, a discretely presented component unit of the County, for the services provided by the County's employees.

**NOTE 17 - 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.

**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, 2007, revenues from Medicare and Medi-Cal programs accounted for approximately 24% and 64% 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.

**Medi-Cal Waiver**

In FY 2005-06, the State implemented a new payment program, entitled "Medi-Cal Hospital/Uninsured Care Waiver," to pay selected hospitals, including the Medical Center, for hospital care provided to Medi-Cal and uninsured patients. This new payment program covers the period from July 1, 2005 to June 30, 2010.

Under this program, payments for public hospitals are comprised of: (1) fee-for service cost-based reimbursement for inpatient hospital services (exclusive of physician component); (2) Disproportionate Share Hospital (DSH) payments; and (3) distribution from a newly created pool of federal funding for uninsured care known as the Safety Net Care Pool (SNCP). The nonfederal share of these three types of payments will be provided by the public hospitals, primarily through certified public expenditures (CPE). The hospital would expend its local funding for services to draw down the federal financial participation currently provided at a 50% match. For the inpatient hospital cost-based reimbursement, each hospital will provide its own CPE and receive 100% of the resulting federal match. For the DSH and SNCP distributions, the CPEs of all the public hospitals will be used in the aggregate to draw down the federal match. One hospital may receive the federal match resulting from another hospital's CPE.

All CPEs reported by each hospital will be subject to the State and federal audit and final reconciliation. If the final reconciliation indicates that a hospital's claimed CPEs resulted in an overpayment to the State, the hospital may be required to return the overpayment whether or not they receive the federal matching funds. There is a reasonable possibility that the Medical Center claimed CPEs may result in an overpayment to the State.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
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**Housing Authority of the County of San Mateo**

The Housing Authority (Authority) is a party, among several other potentially responsible entities, to a claim by the State of California, Department of Toxic Substances Control, for clean-up costs for the Midway Village and Bayshore Park in Daly City, California. The total outstanding clean-up costs approximate \$3,643 plus interest. Based upon expenses incurred by the State, the Authority's liability is about 20% of the final settlement amount. A \$729 estimated liability has been accrued to reflect such obligation. The Authority intends to seek funding from HUD to cover the related expenses once realized.

**Airline Litigation Settlement**

In 2001, a number of the 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 continue 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 \$1,357. Under the terms of the settlement agreements, the County will distribute tax credits to the Airlines over eight years through FY 2012-13. In FY 2006-07, the County has distributed a total of \$518 tax credits to all the Airlines named in the settlement agreements.

**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, such 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 \$2,880.



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

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**For the Fiscal Year Ended June 30, 2007**  
**(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 \$75,654 at June 30, 2007, 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 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 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 2006-07. Per the assessment report, the County's maintained pavement subsystem was rated at a PCI of 81 on the average for the primary roads and 62 for the secondary roads. The condition of the primary and secondary road subsystems were improved when compared to that of FY 2003-04.

PCI Condition Rating	Primary		Primary		Secondary		Secondary	
	2007	2007	2004	2004	2007	2007	2004	2004
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
<b>Primary:</b>								
Good to excellent (55-100)	137.62	87.7%	122.45	78.9%				
Substandard to fair (0-54)	19.22	12.3%	32.66	21.1%				
<b>Secondary:</b>								
Fair to excellent (40-100)					118.16	75.0%	117.03	72.5%
Substandard to fair (0-39)					39.41	25.0%	44.49	27.5%
Total	<u>156.84</u>	<u>100.0%</u>	<u>155.11</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, 2007, the actual maintenance and preservation costs exceeded the estimated amount by \$825. The increase was primarily due to additional funding from Proposition 42 that requires existing revenues from State sales and use taxes on the sale of motor vehicle be used for transportation purposes.

Fiscal Year Ended June 30,	Maintenance and Perservation Cost		Variance
	Estimated	Acutal	
2001	\$ 13,750	\$ 7,786	\$ 5,964
2002	7,859	12,675	(4,816)
2003	6,400	6,615	(215)
2004	6,292	6,347	(55)
2005	6,000	4,803	1,197
2006	5,000	4,450	550
2007	2,900	3,725	(825)



**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited) – (Continued)**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

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

Schedule of funding progress presents a consolidated snapshot of SamCERA’s ability to meet current and future liabilities with the 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.

The table below presents six-year historical information about the funding status of the 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)
6/30/2002	\$ 1,416,821	\$ 1,660,566	\$ 243,745	85.3%	\$ 301,891	80.74%
6/30/2003	1,353,941	1,781,544	427,603	76.0%	323,896	132.02%
6/30/2004	1,452,621	1,921,328	468,707	75.6%	365,385	128.28%
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%

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

Schedule of funding progress presented below provides a consolidated snapshot of a County’s ability to meet current and future liabilities with the 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 prior actuarial valuation was performed as of July 1, 2005. Due to significant changes to the plan benefits, a new valuation was performed as of January 1, 2007 and covered the fiscal year ended June 30, 2007. The next valuation will be performed biennially as of January 1, 2009 assuming that no other significant changes occur.

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	-	169,683	169,683	0.0%	372,648	45.5%



General Fund

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	<b>\$ 315,173</b>	<b>\$ 315,173</b>	<b>\$ -</b>	<b>\$295,239</b>	<b>\$ (19,934)</b>
<b>Resources (inflows):</b>					
Taxes	273,137	273,137	-	314,998	41,861
Licenses and permits	5,878	5,878	-	6,570	692
Fines, forfeitures and penalties	7,514	7,576	62	8,085	509
Use of money and property	11,553	11,553	-	24,983	13,430
Intergovernmental revenues	395,837	398,002	2,165	365,545	(32,457)
Charges for services	84,920	86,468	1,548	76,961	(9,507)
Interfund revenue	68,218	68,622	404	66,924	(1,698)
Miscellaneous revenue	26,082	26,880	798	15,602	(11,278)
Other financing sources	582	581	(1)	3,841	3,260
Amounts available for appropriation	<b>873,721</b>	<b>878,697</b>	<b>4,976</b>	<b>883,509</b>	<b>4,812</b>
<b>Charges to appropriations (outflows):</b>					
<b><u>General Government</u></b>					
<b>Board of Supervisors - District 1</b>					
Salaries and benefits	489	489	-	363	126
Services and supplies	45	45	-	41	4
Other charges	31	31	-	31	-
Contingencies	11	11	-	-	11
Total Board of Supervisors - District 1	<b>576</b>	<b>576</b>	<b>-</b>	<b>435</b>	<b>141</b>
<b>Board of Supervisors - District 2</b>					
Salaries and benefits	478	459	(19)	459	-
Services and supplies	28	43	15	40	3
Other charges	29	33	4	32	1
Contingencies	11	11	-	-	11
Total Board of Supervisors - District 2	<b>546</b>	<b>546</b>	<b>-</b>	<b>531</b>	<b>15</b>
<b>Board of Supervisors - District 3</b>					
Salaries and benefits	482	472	(10)	451	21
Services and supplies	39	49	10	46	3
Other charges	30	30	-	30	-
Contingencies	11	11	-	-	11
Total Board of Supervisors - District 3	<b>562</b>	<b>562</b>	<b>-</b>	<b>527</b>	<b>35</b>
<b>Board of Supervisors - District 4</b>					
Salaries and benefits	488	484	(4)	371	113
Services and supplies	57	57	-	45	12
Other charges	31	35	4	32	3
Contingencies	12	12	-	-	12
Total Board of Supervisors - District 4	<b>588</b>	<b>588</b>	<b>-</b>	<b>448</b>	<b>140</b>
<b>Board of Supervisors - District 5</b>					
Salaries and benefits	511	504	(7)	470	34
Services and supplies	31	34	3	34	-
Other charges	31	35	4	33	2
Contingencies	12	12	-	-	12
Total Board of Supervisors - District 5	<b>585</b>	<b>585</b>	<b>-</b>	<b>537</b>	<b>48</b>

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>County Manager/Clerk of the Board</b>					
Salaries and benefits	5,186	5,183	(3)	4,509	674
Services and supplies	1,183	1,183	-	1,087	96
Other charges	2,354	2,357	3	2,292	65
Intrafund transfers	(724)	(724)	-	(640)	(84)
Contingencies	249	249	-	-	249
Total County Manager/Clerk of the Board	<u>8,248</u>	<u>8,248</u>	<u>-</u>	<u>7,248</u>	<u>1,000</u>
<b>Special Services</b>					
Salaries and benefits	698	698	-	615	83
Services and supplies	320	339	19	99	240
Other charges	10,815	11,480	665	11,464	16
Intrafund transfers	(8,659)	(9,235)	(576)	(9,238)	3
Contingencies	33	33	-	-	33
Total Special Services	<u>3,207</u>	<u>3,315</u>	<u>108</u>	<u>2,940</u>	<u>375</u>
<b>Public Safety Communication</b>					
Salaries and benefits	7,138	7,118	(20)	6,787	331
Services and supplies	425	445	20	437	8
Other charges	450	450	-	416	34
Fixed Assets	390	390	-	-	390
Intrafund transfers	(159)	(159)	-	(159)	-
Total Public Safety Communication	<u>8,244</u>	<u>8,244</u>	<u>-</u>	<u>7,481</u>	<u>763</u>
<b>Assessor-Clerk-Recorder</b>					
Salaries and benefits	13,146	13,346	200	13,283	63
Services and supplies	4,243	5,028	785	4,661	367
Other charges	1,815	1,877	62	1,876	1
Fixed assets	9,995	9,995	-	9,945	50
Contingencies	123	-	(123)	-	-
Total Assessor-Clerk-Recorder	<u>29,322</u>	<u>30,246</u>	<u>924</u>	<u>29,765</u>	<u>481</u>
<b>Controller's Office</b>					
Salaries and benefits	4,569	4,544	(25)	4,441	103
Services and supplies	550	575	25	512	63
Other charges	963	963	-	963	-
Fixed assets	94	94	-	1	93
Intrafund transfers	(8)	(8)	-	-	(8)
Contingencies	538	538	-	-	538
Total Controller's Office	<u>6,706</u>	<u>6,706</u>	<u>-</u>	<u>5,917</u>	<u>789</u>
<b>Tax Collector/Treasurer</b>					
Salaries and benefits	6,005	6,005	-	5,626	379
Services and supplies	2,956	2,928	(28)	1,569	1,359
Other charges	921	980	59	980	-
Fixed assets	483	492	9	370	122
Intrafund transfers	(2,947)	(2,947)	-	(2,591)	(356)
Contingencies	1,493	1,457	(36)	-	1,457
Total Tax Collector/Treasurer	<u>8,911</u>	<u>8,915</u>	<u>4</u>	<u>5,954</u>	<u>2,961</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>County Counsel</b>					
Salaries and benefits	6,578	6,578	-	6,564	14
Services and supplies	387	387	-	361	26
Other charges	360	360	-	338	22
Intrafund transfers	(921)	(921)	-	(1,219)	298
Contingencies	154	154	-	-	154
Total County Counsel	6,558	6,558	-	6,044	514
<b>Human Resources</b>					
Salaries and benefits	6,676	6,676	-	6,017	659
Services and supplies	1,923	1,926	3	1,469	457
Other charges	652	652	-	650	2
Fixed assets	26	26	-	-	26
Intrafund transfers	(1,397)	(1,397)	-	(1,167)	(230)
Contingencies	631	631	-	-	631
Total Human Resources	8,511	8,514	3	6,969	1,545
<b>Information Services</b>					
Salaries and benefits	17,773	17,773	-	16,800	973
Services and supplies	25,419	25,419	-	24,355	1,064
Other charges	1,179	1,179	-	1,124	55
Fixed assets	3,384	3,885	501	1,603	2,282
Other financing uses	324	324	-	287	37
Intrafund transfers	(29,081)	(29,582)	(501)	(29,485)	(97)
Contingencies	6,438	6,438	-	-	6,438
Total Information Services	25,436	25,436	-	14,684	10,752
<b>Message Switch</b>					
Services and supplies	447	447	-	353	94
Other charges	493	493	-	479	14
Intrafund transfers	(115)	(115)	-	(123)	8
Contingencies	287	287	-	-	287
Total Message Switch	1,112	1,112	-	709	403
<b>Public Works</b>					
Salaries and benefits	16,460	16,110	(350)	15,800	310
Services and supplies	13,209	14,674	1,465	14,674	-
Other charges	4,483	4,334	(149)	3,891	443
Fixed assets	86	86	-	33	53
Other financing uses	3,847	3,936	89	3,869	67
Intrafund transfers	(20,983)	(20,982)	1	(19,227)	(1,755)
Total Public Works	17,102	18,158	1,056	19,040	(882)
<b>Non-Departmental Services</b>					
Salaries and benefits	5,000	5,000	-	234	4,766
Services and supplies	14,499	14,327	(172)	10,322	4,005
Other charges	11,480	16,494	5,014	5,947	10,547
Fixed assets	3,075	3,075	-	-	3,075
Other financing uses	60,971	63,571	2,600	62,364	1,207
Intrafund transfers	(409)	(409)	-	(403)	(6)
Contingencies	135,029	122,158	(12,871)	-	122,158
Total Non-Departmental Services	229,645	224,216	(5,429)	78,464	145,752

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Contingencies</b>					
Contingencies	28,243	28,045	(198)	-	28,045
Total Contingencies	28,243	28,045	(198)	-	28,045
<b>Total General Government</b>	384,102	380,570	(3,532)	187,693	192,877
<b><u>Public Protection</u></b>					
<b>Grand Jury</b>					
Salaries and benefits	72	72	-	39	33
Services and supplies	466	466	-	430	36
Other charges	10	10	-	2	8
Total Grand Jury	548	548	-	471	77
<b>Criminal Division</b>					
Salaries and benefits	18,282	18,162	(120)	16,790	1,372
Services and supplies	993	1,113	120	841	272
Other charges	1,531	1,531	-	1,522	9
Fixed assets	7	7	-	7	-
Contingencies	2,503	2,503	-	-	2,503
Total Criminal Division	23,316	23,316	-	19,160	4,156
<b>Child Support Services</b>					
Salaries and benefits	9,473	9,223	(250)	8,759	464
Services and supplies	591	641	50	633	8
Other charges	1,438	1,638	200	1,607	31
Total Child Support Services	11,502	11,502	-	10,999	503
<b>County Support of Courts</b>					
Salaries and benefits	360	360	-	347	13
Services and supplies	992	1,042	50	1,030	12
Other charges	19,901	19,913	12	19,160	753
Total County Support of Courts	21,253	21,315	62	20,537	778
<b>Private Defender Program</b>					
Services and supplies	14,623	14,623	-	14,623	-
Other charges	1	11	10	1	10
Intrafund transfers	(98)	(98)	-	-	(98)
Total Private Defender Program	14,526	14,536	10	14,624	(88)
<b>Sheriff</b>					
Salaries and benefits	99,625	102,684	3,059	102,640	44
Services and supplies	12,889	12,951	62	11,925	1,026
Other charges	17,425	17,119	(306)	16,952	167
Fixed assets	2,319	2,781	462	1,976	805
Other financing uses	905	959	54	908	51
Intrafund transfers	(782)	(782)	-	(879)	97
Contingencies	887	887	-	-	887
Total Sheriff	133,268	136,599	3,331	133,522	3,077

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Probation</b>					
Salaries and benefits	49,439	50,020	581	50,020	-
Services and supplies	13,104	13,366	262	13,168	198
Other charges	8,896	8,307	(589)	8,235	72
Fixed assets	553	343	(210)	4	339
Intrafund transfers	(7,421)	(7,430)	(9)	(7,398)	(32)
Contingencies	420	420	-	-	420
Total Probation	<u>64,991</u>	<u>65,026</u>	<u>35</u>	<u>64,029</u>	<u>997</u>
<b>Coroner's Office</b>					
Salaries and benefits	1,713	1,743	30	1,742	1
Services and supplies	637	607	(30)	562	45
Other charges	251	251	-	229	22
Fixed assets	50	50	-	50	-
Contingencies	103	103	-	-	103
Total Coroner's Office	<u>2,754</u>	<u>2,754</u>	<u>-</u>	<u>2,583</u>	<u>171</u>
<b>Environmental Services Administration</b>					
Salaries and benefits	413	413	-	285	128
Services and supplies	23	23	-	6	17
Other charges	18	18	-	16	2
Intrafund transfers	(98)	(98)	-	-	(98)
Contingencies	8	8	-	-	8
Total Environmental Services Administration	<u>364</u>	<u>364</u>	<u>-</u>	<u>307</u>	<u>57</u>
<b>Local Agency Formation Commission</b>					
Salaries and benefits	176	176	-	176	-
Services and supplies	46	46	-	18	28
Other charges	41	41	-	16	25
Intrafund transfers	(77)	(77)	-	(71)	(6)
Total Local Agency Formation Commission	<u>186</u>	<u>186</u>	<u>-</u>	<u>139</u>	<u>47</u>
<b>Fire Protection</b>					
Salaries and benefits	2	2	-	2	-
Services and supplies	6,047	6,047	-	5,677	370
Other charges	200	200	-	188	12
Fixed assets	55	55	-	50	5
Total Fire Protection	<u>6,304</u>	<u>6,304</u>	<u>-</u>	<u>5,917</u>	<u>387</u>
<b>Planning</b>					
Salaries and benefits	6,020	5,970	(50)	5,471	499
Services and supplies	5,132	5,767	635	4,865	902
Other charges	893	893	-	825	68
Other financing uses	800	800	-	754	46
Intrafund transfers	(3,131)	(3,131)	-	(3,133)	2
Contingencies	3,604	3,604	-	-	3,604
Total Planning	<u>13,318</u>	<u>13,903</u>	<u>585</u>	<u>8,782</u>	<u>5,121</u>
<b>Total Public Protection</b>	<u>292,330</u>	<u>296,353</u>	<u>4,023</u>	<u>281,070</u>	<u>15,283</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b><u>Health and Sanitation</u></b>					
<b>Health Services Administration</b>					
Salaries and benefits	2,221	2,221	-	2,151	70
Services and supplies	1,270	1,395	125	1,395	-
Other charges	1,064	3,264	2,200	3,255	9
Intrafund transfers	(2,989)	(5,131)	(2,142)	(5,217)	86
Contingencies	638	580	(58)	-	580
Total Health Services Administration	<u>2,204</u>	<u>2,329</u>	<u>125</u>	<u>1,584</u>	<u>745</u>
<b>Health Policy Plan Promotion</b>					
Salaries and benefits	2,593	2,637	44	2,548	89
Services and supplies	8,912	9,436	524	9,364	72
Other charges	149	182	33	177	5
Intrafund transfers	(4,412)	(4,412)	-	(4,612)	200
Contingencies	3	3	-	-	3
Total Health Policy Plan Promotion	<u>7,245</u>	<u>7,846</u>	<u>601</u>	<u>7,477</u>	<u>369</u>
<b>Emergency Medical Services</b>					
Salaries and benefits	738	738	-	641	97
Services and supplies	1,444	1,444	-	1,207	237
Other charges	56	71	15	60	11
Fixed assets	100	85	(15)	19	66
Intrafund transfers	(513)	(513)	-	(551)	38
Total Emergency Medical Services	<u>1,825</u>	<u>1,825</u>	<u>-</u>	<u>1,376</u>	<u>449</u>
<b>Contributions to Medical Center</b>					
Other financing uses	70,286	72,568	2,282	68,568	4,000
Total Contributions to Medical Center	<u>70,286</u>	<u>72,568</u>	<u>2,282</u>	<u>68,568</u>	<u>4,000</u>
<b>Environmental Health Services</b>					
Salaries and benefits	8,505	8,505	-	8,498	7
Services and supplies	2,894	2,894	-	2,720	174
Other charges	694	694	-	688	6
Other financing uses	55	55	-	54	1
Contingencies	1,962	1,962	-	-	1,962
Total Environmental Health Services	<u>14,110</u>	<u>14,110</u>	<u>-</u>	<u>11,960</u>	<u>2,150</u>
<b>Mental Health Services</b>					
Salaries and benefits	36,367	36,385	18	33,767	2,618
Services and supplies	49,758	50,748	990	46,870	3,878
Other charges	15,195	15,195	-	13,636	1,559
Intrafund transfers	(1,945)	(1,963)	(18)	(1,942)	(21)
Contingencies	5,900	4,910	(990)	-	4,910
Total Mental Health Services	<u>105,275</u>	<u>105,275</u>	<u>-</u>	<u>92,331</u>	<u>12,944</u>

(Continued)



**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Public Health Services</b>					
Salaries and benefits	12,833	12,443	(390)	11,871	572
Services and supplies	9,282	10,193	911	9,950	243
Other charges	4,338	4,033	(305)	3,052	981
Fixed Assets	439	1,028	589	679	349
Other financing uses	185	185	-	20	165
Intrafund transfers	(1,340)	(1,340)	-	(1,060)	(280)
Contingencies	1,789	984	(805)	-	984
Total Public Health Services	<u>27,526</u>	<u>27,526</u>	<u>-</u>	<u>24,512</u>	<u>3,014</u>
<b>Family Health Services</b>					
Salaries and benefits	17,046	17,098	52	16,319	779
Services and supplies	4,448	4,462	14	3,827	635
Other charges	1,423	1,423	-	1,398	25
Intrafund transfers	(398)	(398)	-	(425)	27
Contingencies	40	40	-	-	40
Total Family Health Services	<u>22,559</u>	<u>22,625</u>	<u>66</u>	<u>21,119</u>	<u>1,506</u>
<b>Correctional Health Services</b>					
Salaries and benefits	10,177	9,977	(200)	9,681	296
Services and supplies	5,774	5,778	4	5,205	573
Other charges	515	715	200	669	46
Fixed Assets	223	223	-	-	223
Intrafund transfers	(9,377)	(9,377)	-	(9,085)	(292)
Contingencies	92	92	-	-	92
Total Correctional Health Services	<u>7,404</u>	<u>7,408</u>	<u>4</u>	<u>6,470</u>	<u>938</u>
<b>Agriculture Commission/Sealer</b>					
Salaries and benefits	2,875	2,960	85	2,959	1
Services and supplies	1,104	1,058	(46)	70	988
Other charges	358	443	85	429	14
Intrafund transfers	(973)	(973)	-	-	(973)
Contingencies	36	36	-	-	36
Total Agriculture Commission/Sealer	<u>3,400</u>	<u>3,524</u>	<u>124</u>	<u>3,458</u>	<u>66</u>
<b>Total Health and Sanitation</b>	<u>261,834</u>	<u>265,036</u>	<u>-</u>	<u>238,855</u>	<u>26,181</u>
<b>Public Assistance</b>					
<b>Aging &amp; Adult Services</b>					
Salaries and benefits	12,186	12,412	226	11,923	489
Services and supplies	4,697	4,745	48	4,045	700
Other charges	4,433	5,045	612	5,030	15
Intrafund transfers	(1,617)	(1,675)	(58)	(1,386)	(289)
Contingencies	992	645	(347)	-	645
Total Aging & Adult Services	<u>20,691</u>	<u>21,172</u>	<u>481</u>	<u>19,612</u>	<u>1,560</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>

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Human Services Agency</b>					
Salaries and benefits	82,544	82,733	189	76,507	6,226
Services and supplies	54,013	54,023	10	44,851	9,172
Other charges	86,693	86,248	(445)	72,646	13,602
Fixed assets	743	743	-	324	419
Other financing uses	312	1,312	1,000	1,312	-
Intrafund transfers	(24,504)	(24,504)	-	(22,453)	(2,051)
Contingencies	4,654	4,627	(27)	-	4,627
Total Human Services Agency	204,455	205,182	727	173,187	31,995
<b>Department of Housing</b>					
Salaries and benefits	2,217	2,217	-	2,010	207
Services and supplies	829	829	-	530	299
Other charges	9,137	9,137	-	7,929	1,208
Contingencies	826	826	-	22	804
Total Department of Housing	13,009	13,009	-	10,491	2,518
<b>Total Public Assistance</b>	242,643	243,851	1,208	207,778	36,073
<b><u>Recreation</u></b>					
<b>Parks &amp; Recreation</b>					
Salaries and benefits	5,975	6,035	60	6,034	1
Services and supplies	905	973	68	963	10
Other charges	958	941	(17)	941	-
Fixed assets	-	94	94	-	94
Other financing uses	50	5	(45)	-	5
Intrafund transfers	(55)	(55)	-	(42)	(13)
Contingencies	152	67	(85)	-	67
Total Parks & Recreation	7,985	8,060	75	7,896	164
<b>Total Recreation</b>	7,985	8,060	75	7,896	164
Total charges to appropriations	1,188,894	1,193,870	4,976	923,292	270,578
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 255,456	\$ 255,456

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (page 66)	\$ 883,509
Differences - budget to GAAP:	
Reimbursements are inflows of budgetary resources but are used to offset expenditures for financial reporting purposes.	(66,924)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(3,481)
Receipts from sub-funds reclassified from County Agency Fund, not budgeted.	<u>14,804</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 23)	<u><u>\$ 827,908</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 73)	\$ 923,292
Differences - budget to GAAP:	
Expenditures offset by reimbursements for financial reporting purposes are outflows of budgetary appropriations.	(66,924)
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.	528
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(142,647)
Disbursements from sub-funds reclassified from County Agency Fund, not budgeted.	<u>3,607</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 23)	<u><u>\$ 717,856</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, 2007**  
**(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 (the 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 Board.

In late May of each year, the County Manager prepares and submits the recommended budget document to the 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 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 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 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 JPFA. 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 Board. Supplemental appropriations, normally financed by unanticipated revenues during the year, require the Board's approval as well. Pursuant to the 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 Board.

The County uses an encumbrance system as an extension of normal budgetary accounting for all governmental funds except 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 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; 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, 2007**  
**(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	\$ 58,777	\$ 28,209	\$ 13,988	\$ 100,974
Securities lending collateral	10,890	5,226	2,591	18,707
Receivables (net):				
Accounts	23	-	26	49
Interest	691	292	125	1,108
Taxes	971	-	-	971
Other	81	-	-	81
Due from other funds	1,049	-	83	1,132
Due from other governmental agencies	1,384	-	-	1,384
Inventories	431	-	-	431
Total assets	<u>\$ 74,297</u>	<u>\$ 33,727</u>	<u>\$ 16,813</u>	<u>\$ 124,837</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,336	\$ -	\$ 4,204	\$ 6,540
Accrued salaries and benefits	363	-	-	363
Securities lending collateral - due to borrowers	10,890	5,226	2,591	18,707
Due to other funds	6,580	-	162	6,742
Advances from other funds	1,000	-	-	1,000
Deferred revenues	1,465	-	26	1,491
Deposits	2	-	-	2
Total liabilities	<u>22,636</u>	<u>5,226</u>	<u>6,983</u>	<u>34,845</u>
<b>Fund balances:</b>				
Reserved for:				
Debt service	-	28,501	-	28,501
Inventories	431	-	-	431
Unreserved, reported in				
Special revenue funds - undesignated	51,230	-	-	51,230
Capital projects funds - undesignated	-	-	9,830	9,830
Total fund balances	<u>51,661</u>	<u>28,501</u>	<u>9,830</u>	<u>89,992</u>
Total liabilities and fund balances	<u>\$ 74,297</u>	<u>\$ 33,727</u>	<u>\$ 16,813</u>	<u>\$ 124,837</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, 2007**  
**(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	\$ 12,679	\$ -	\$ -	\$ 12,679
Licenses and permits	5,273	-	-	5,273
Intergovernmental	25,061	-	25	25,086
Charges for services	12,197	-	2,671	14,868
Fines, forfeitures and penalties	1,383	-	8	1,391
Rents and concessions	88	-	-	88
Investment income	2,792	1,240	448	4,480
Securities lending activities:				
Securities lending income	473	226	111	810
Securities lending expenditures	(458)	(221)	(109)	(788)
Other	798	-	151	949
Total revenues	<u>60,286</u>	<u>1,245</u>	<u>3,305</u>	<u>64,836</u>
<b>Expenditures:</b>				
Current:				
General government	5,107	28	-	5,135
Public protection	6,478	-	-	6,478
Public ways and facilities	17,962	-	-	17,962
Health and sanitation	24,576	-	-	24,576
Capital outlay	2,689	-	10,131	12,820
Debt service:				
Principal	17	-	-	17
Interest	4	-	-	4
Total expenditures	<u>56,833</u>	<u>28</u>	<u>10,131</u>	<u>66,992</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,453</u>	<u>1,217</u>	<u>(6,826)</u>	<u>(2,156)</u>
<b>Other financing sources (uses):</b>				
Transfers in	4,488	22,139	8,961	35,588
Transfers out	(2,240)	(21,372)	(5,882)	(29,494)
Total other financing sources	<u>2,248</u>	<u>767</u>	<u>3,079</u>	<u>6,094</u>
<b>Net change in fund balances</b>	5,701	1,984	(3,747)	3,938
Fund balances - beginning	<u>45,960</u>	<u>26,517</u>	<u>13,577</u>	<u>86,054</u>
Fund balances - ending	<u>\$ 51,661</u>	<u>\$ 28,501</u>	<u>\$ 9,830</u>	<u>\$ 89,992</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.

**COUNTY OF SAN MATEO**

**Nonmajor Governmental Funds**

**Special Revenue Funds (Continued)**

*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 the activities of several Special Revenue Funds, which include the following:

- Fish and Game
- Off-Highway Vehicle License Fees
- Highlands Landscape Maintenance District
- Water District
- Redevelopment Agency
- Drainage Districts

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2007**  
**(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	\$ 8,002	\$ 588	\$ 5,098	\$ 7,394	\$ 11,533	\$ 6,462	\$ 1,844
Securities lending collateral	1,483	109	944	1,370	2,137	1,197	342
Receivables (net):							
Accounts	-	-	10	-	-	-	12
Interest	79	41	68	86	133	75	20
Taxes	-	372	219	40	255	78	-
Other	70	11	-	-	-	-	-
Due from other funds	642	129	-	-	-	-	93
Due from other governmental agencies	-	176	1	63	66	122	54
Inventories	431	-	-	-	-	-	-
Total assets	<u>\$ 10,707</u>	<u>\$ 1,426</u>	<u>\$ 6,340</u>	<u>\$ 8,953</u>	<u>\$ 14,124</u>	<u>\$ 7,934</u>	<u>\$ 2,365</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 779	\$ -	\$ 211	\$ 32	\$ 1	\$ 172	\$ -
Accrued salaries and benefits	268	-	-	29	-	-	-
Securities lending collateral - due to borrowers	1,483	109	944	1,370	2,137	1,197	342
Due to other funds	1,625	694	69	231	78	9	5
Advances from other funds	-	-	-	1,000	-	-	-
Deferred revenues	193	462	200	100	297	192	12
Deposits	-	-	2	-	-	-	-
Total liabilities	<u>4,348</u>	<u>1,265</u>	<u>1,426</u>	<u>2,762</u>	<u>2,513</u>	<u>1,570</u>	<u>359</u>
<b>Fund Balances:</b>							
Reserved for:							
Inventories	431	-	-	-	-	-	-
Unreserved:							
Undesignated	5,928	161	4,914	6,191	11,611	6,364	2,006
Total fund balances	<u>6,359</u>	<u>161</u>	<u>4,914</u>	<u>6,191</u>	<u>11,611</u>	<u>6,364</u>	<u>2,006</u>
Total liabilities and fund balances	<u>\$ 10,707</u>	<u>\$ 1,426</u>	<u>\$ 6,340</u>	<u>\$ 8,953</u>	<u>\$ 14,124</u>	<u>\$ 7,934</u>	<u>\$ 2,365</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2007**  
**(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>	
\$ 340	\$ 4,078	\$ 9,657	\$ 2,943	\$ 838	\$ 58,777	<b>ASSETS</b>
63	756	1,789	545	155	10,890	Cash and investments
-	-	-	-	1	23	Securities lending collateral
7	47	114	11	10	691	Receivables (net):
-	-	-	-	7	971	Accounts
-	-	-	-	-	81	Interest
-	-	-	185	-	1,049	Taxes
-	-	-	899	3	1,384	Other
-	-	-	-	-	431	Due from other funds
<u>\$ 410</u>	<u>\$ 4,881</u>	<u>\$ 11,560</u>	<u>\$ 4,583</u>	<u>\$ 1,014</u>	<u>\$ 74,297</u>	Due from other governmental agencies
						Inventories
						Total assets
						<b>LIABILITIES AND FUND BALANCES</b>
						<b>Liabilities:</b>
\$ 2	\$ -	\$ 66	\$ 1,045	\$ 28	\$ 2,336	Accounts payable
22	-	29	15	-	363	Accrued salaries and benefits
63	756	1,789	545	155	10,890	Securities lending collateral - due to borrowers
323	471	3,075	-	-	6,580	Due to other funds
-	-	-	-	-	1,000	Advances from other funds
-	-	-	-	9	1,465	Deferred revenues
-	-	-	-	-	2	Deposits
<u>410</u>	<u>1,227</u>	<u>4,959</u>	<u>1,605</u>	<u>192</u>	<u>22,636</u>	Total liabilities
						<b>Fund Balances:</b>
-	-	-	-	-	431	Reserved for:
-	3,654	6,601	2,978	822	51,230	Inventories
<u>-</u>	<u>3,654</u>	<u>6,601</u>	<u>2,978</u>	<u>822</u>	<u>51,661</u>	Unreserved:
						Undesignated
						Total fund balances
<u>\$ 410</u>	<u>\$ 4,881</u>	<u>\$ 11,560</u>	<u>\$ 4,583</u>	<u>\$ 1,014</u>	<u>\$ 74,297</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, 2007**  
**(In Thousands)**

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
<b>Revenues</b>							
Taxes	\$ -	\$ 4,461	\$ 2,618	\$ 689	\$ 2,747	\$ 1,023	\$ -
Licenses and permits	-	-	51	-	-	-	-
Intergovernmental	18,096	38	22	17	24	7	9
Charges for services	1,592	1,113	1,006	6,231	681	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	1,381
Rents and concessions	45	34	-	-	9	-	-
Investment income	281	74	253	335	525	347	78
Securities lending activities:							
Securities lending income	64	5	41	59	92	52	15
Securities lending expenditures	(62)	(5)	(40)	(57)	(90)	(50)	(14)
Other	75	194	143	-	-	-	338
Total revenues	<u>20,091</u>	<u>5,914</u>	<u>4,094</u>	<u>7,274</u>	<u>3,988</u>	<u>1,379</u>	<u>1,807</u>
<b>Expenditures</b>							
Current:							
General government	-	-	3,413	-	-	1,682	-
Public protection	-	5,917	-	-	561	-	-
Public ways and facilities	14,778	-	-	-	-	-	-
Health and sanitation	-	-	-	4,333	-	-	1,302
Capital outlay	2,343	-	-	14	104	-	-
Debt service:							
Principal	-	-	17	-	-	-	-
Interest	-	-	4	-	-	-	-
Total expenditures	<u>17,121</u>	<u>5,917</u>	<u>3,434</u>	<u>4,347</u>	<u>665</u>	<u>1,682</u>	<u>1,302</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,970</u>	<u>(3)</u>	<u>660</u>	<u>2,927</u>	<u>3,323</u>	<u>(303)</u>	<u>505</u>
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(96)	-	(1,515)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(96)</u>	<u>-</u>	<u>(1,515)</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>2,970</u>	<u>(3)</u>	<u>564</u>	<u>2,927</u>	<u>1,808</u>	<u>(303)</u>	<u>505</u>
Fund balances - beginning	<u>3,389</u>	<u>164</u>	<u>4,350</u>	<u>3,264</u>	<u>9,803</u>	<u>6,667</u>	<u>1,501</u>
Fund balances - ending	<u>\$ 6,359</u>	<u>\$ 161</u>	<u>\$ 4,914</u>	<u>\$ 6,191</u>	<u>\$ 11,611</u>	<u>\$ 6,364</u>	<u>\$ 2,006</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, 2007**  
**(In Thousands)**

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	IHSS Public Authority	Other Special Revenue	Total	
\$ 1,065	\$ -	\$ -	\$ -	\$ 76	\$ 12,679	<b>Revenues</b>
-	-	5,222	-	-	5,273	Taxes
-	-	26	6,791	31	25,061	Licenses and permits
690	640	97	135	12	12,197	Intergovernmental
-	-	-	-	2	1,383	Charges for services
-	-	-	-	-	88	Fines, forfeitures and penalties
54	216	513	72	44	2,792	Rents and concessions
3	33	78	24	7	473	Investment income
(2)	(32)	(76)	(23)	(7)	(458)	Securities lending activities:
-	-	26	-	22	798	Securities lending income
1,810	857	5,886	6,999	187	60,286	Securities lending expenditures
						Other
						Total revenues
-	-	-	-	12	5,107	<b>Expenditures</b>
-	-	-	-	-	6,478	Current:
2,402	721	-	-	61	17,962	General government
-	-	7,596	11,263	82	24,576	Public protection
-	-	228	-	-	2,689	Public ways and facilities
-	-	-	-	-	17	Health and sanitation
-	-	-	-	-	4	Capital outlay
2,402	721	7,824	11,263	155	56,833	Debt service:
						Principal
						Interest
						Total expenditures
(592)	136	(1,938)	(4,264)	32	3,453	Excess (deficiency) of revenues over (under) expenditures
-	-	-	4,488	-	4,488	<b>Other financing sources (uses)</b>
(552)	-	(77)	-	-	(2,240)	Transfers in
(552)	-	(77)	4,488	-	2,248	Transfers out
						Total other financing sources (uses)
(1,144)	136	(2,015)	224	32	5,701	<b>Net change in fund balances</b>
1,144	3,518	8,616	2,754	790	45,960	Fund balances - beginning
\$ -	\$ 3,654	\$ 6,601	\$ 2,978	\$ 822	\$ 51,661	Fund balances - ending

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Road Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	\$ 3,028	\$ 3,028	\$ -	\$ 2,958	\$ (70)
<b>Resources (inflows):</b>					
Licenses and permits	90	90	-	-	(90)
Use of money and property	119	119	-	328	209
Intergovernmental revenues	15,109	16,297	1,188	18,096	1,799
Charges for services	49	49	-	587	538
Interfund revenue	622	622	-	1,005	383
Miscellaneous revenue	138	138	-	75	(63)
Amounts available for appropriation	16,127	17,315	1,188	20,091	2,776
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Salaries and benefits	7,455	7,455	-	7,199	256
Services and supplies	12,109	11,313	(796)	9,558	1,755
Other charges	912	912	-	749	163
Fixed assets	1,207	3,502	2,295	2,343	1,159
Intrafund transfers	(2,839)	(2,839)	-	(2,728)	(111)
Contingencies	311	-	(311)	-	-
Total charges to appropriations	19,155	20,343	1,188	17,121	3,222
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 5,928	\$ 5,928

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Fire Protection Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	\$ 166	\$ 166	\$ -	\$ 164	\$ (2)
<b>Resources (inflows):</b>					
Taxes	4,634	4,634	-	4,461	(173)
Use of money and property	32	32	-	108	76
Intergovernmental revenues	40	40	-	38	(2)
Charges for services	145	169	24	173	4
Interfund revenue	736	829	93	940	111
Miscellaneous revenue	47	47	-	194	147
Amounts available for appropriation	5,634	5,751	117	5,914	163
<b>Charges to appropriations (outflows):</b>					
Public protection					
Services and supplies	5,800	5,917	117	5,917	-
Total charges to appropriations	5,800	5,917	117	5,917	-
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 161	\$ 161



**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Service Area Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	\$ 4,430	\$ 4,451	\$ 21	\$ 4,350	\$ (101)
<b>Resources (inflows):</b>					
Taxes	2,410	2,410	-	2,618	208
Licenses and permits	63	63	-	51	(12)
Use of money and property	111	111	-	254	143
Intergovernmental revenues	20	20	-	22	2
Charges for services	1,013	1,013	-	1,006	(7)
Miscellaneous revenue	106	106	-	143	37
Amounts available for appropriation	3,723	3,723	-	4,094	371
<b>Charges to appropriations (outflows):</b>					
General government					
Services and supplies	3,538	3,538	-	3,212	326
Other charges	272	293	21	222	71
Other financing uses	35	35	-	96	(61)
Contingencies	3,496	3,496	-	-	3,496
Non-general fund reserves	812	812	-	-	812
Total charges to appropriations	8,153	8,174	21	3,530	4,644
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 4,914	\$ 4,914

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,530
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(96)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 3,434

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Sewer and Sanitation Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	\$ 5,347	\$ 5,755	\$ 408	\$ 3,264	\$ (2,491)
<b>Resources (inflows):</b>					
Taxes	73	73	-	689	616
Use of money and property	186	186	-	337	151
Intergovernmental revenues	4	4	-	17	13
Charges for services	5,010	5,010	-	5,448	438
Interfund revenue	831	831	-	783	(48)
Amounts available for appropriation	<u>6,104</u>	<u>6,104</u>	<u>-</u>	<u>7,274</u>	<u>1,170</u>
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	709	709	-	633	76
Services and supplies	6,487	6,487	-	4,205	2,282
Other charges	119	527	408	74	453
Fixed assets	1,100	1,100	-	14	1,086
Intrafund transfers	(499)	(499)	-	(579)	80
Contingencies	3,535	3,535	-	-	3,535
Total charges to appropriations	<u>11,451</u>	<u>11,859</u>	<u>408</u>	<u>4,347</u>	<u>7,512</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,191</u>	<u>\$ 6,191</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Flood Control Zone Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	\$ 9,982	\$ 10,227	\$ 245	\$ 9,803	\$ (424)
<b>Resources (inflows):</b>					
Taxes	2,042	2,042	-	2,747	705
Use of money and property	189	189	-	536	347
Intergovernmental revenues	22	22	-	24	2
Charges for services	-	-	-	681	681
Other financing sources	1,610	1,610	-	-	(1,610)
Amounts available for appropriation	3,863	3,863	-	3,988	125
<b>Charges to appropriations (outflows):</b>					
Public protection					
Services and supplies	1,149	1,149	-	260	889
Other charges	1,185	1,430	245	301	1,129
Fixed assets	500	500	-	104	396
Other financing uses	3,125	3,125	-	1,515	1,610
Contingencies	7,886	7,886	-	-	7,886
Total charges to appropriations	13,845	14,090	245	2,180	11,910
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 11,611	\$ 11,611

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,180
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(1,515)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 665

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Lighting Districts Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	\$ 6,786	\$ 6,810	\$ 24	\$ 6,667	\$ (143)
<b>Resources (inflows):</b>					
Taxes	599	599	-	1,023	424
Use of money and property	183	183	-	349	166
Intergovernmental revenues	6	6	-	7	1
Amounts available for appropriation	<u>788</u>	<u>788</u>	<u>-</u>	<u>1,379</u>	<u>591</u>
<b>Charges to appropriations (outflows):</b>					
General government					
Services and supplies	550	550	-	550	-
Other charges	-	24	24	-	24
Intrafund transfers	(40)	(40)	-	(66)	26
Contingencies	7,064	7,064	-	1,198	5,866
Total charges to appropriations	<u>7,574</u>	<u>7,598</u>	<u>24</u>	<u>1,682</u>	<u>5,916</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,364</u>	<u>\$ 6,364</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Emergency Medical Services Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	\$ 1,525	\$ 1,525	\$ -	\$ 1,501	\$ (24)
<b>Resources (inflows):</b>					
Fines, forfeitures and penalties	1,156	1,156	-	1,381	225
Use of money and property	40	40	-	79	39
Intergovernmental revenues	-	-	-	9	9
Miscellaneous revenue	335	335	-	338	3
Amounts available for appropriation	<u>1,531</u>	<u>1,531</u>	<u>-</u>	<u>1,807</u>	<u>276</u>
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Services and supplies	1,644	1,644	-	1,302	342
Non-general fund reserves	1,412	1,412	-	-	1,412
Total charges to appropriations	<u>3,056</u>	<u>3,056</u>	<u>-</u>	<u>1,302</u>	<u>1,754</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,006</u>	<u>\$ 2,006</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Half-Cent Transportation Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	\$ 1,091	\$ 1,091	\$ -	\$ 1,144	\$ 53
<b>Resources (inflows):</b>					
Taxes	1,492	1,492	-	1,065	(427)
Use of money and property	80	80	-	55	(25)
Charges for services	600	600	-	690	90
Amounts available for appropriation	<u>2,172</u>	<u>2,172</u>	<u>-</u>	<u>1,810</u>	<u>(362)</u>
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Salaries and benefits	845	640	(205)	640	-
Services and supplies	1,110	1,480	370	1,478	2
Other charges	735	570	(165)	284	286
Other financing uses	573	573	-	552	21
Total charges to appropriations	<u>3,263</u>	<u>3,263</u>	<u>-</u>	<u>2,954</u>	<u>309</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,954
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(552)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 2,402</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County-wide Road Improvement Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	\$ 3,597	\$ 3,597	\$ -	\$ 3,518	\$ (79)
<b>Resources (inflows):</b>					
Use of money and property	100	100	-	217	117
Charges for services	600	600	-	640	40
Amounts available for appropriation	<u>700</u>	<u>700</u>	<u>-</u>	<u>857</u>	<u>157</u>
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Services and supplies	750	750	-	721	29
Fixed assets	550	550	-	-	550
Non-general fund reserves	2,997	2,997	-	-	2,997
Total charges to appropriations	<u>4,297</u>	<u>4,297</u>	<u>-</u>	<u>721</u>	<u>3,576</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,654</u>	<u>\$ 3,654</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Solid Waste Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 8,778	\$ 8,778	\$ -	\$ 8,616	\$ (162)
<b>Resources (inflows):</b>					
Licenses and permits	5,315	5,315	-	5,222	(93)
Use of money and property	300	300	-	515	215
Intergovernmental revenues	9	9	-	26	17
Charges for services	75	75	-	97	22
Interfund revenue	-	30	30	-	(30)
Miscellaneous revenue	25	25	-	26	1
Amounts available for appropriation	<u>5,724</u>	<u>5,754</u>	<u>30</u>	<u>5,886</u>	<u>132</u>
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	939	939	-	795	144
Services and supplies	8,003	8,033	30	4,891	3,142
Other charges	1,984	1,984	-	1,910	74
Fixed assets	240	240	-	228	12
Other financing uses	110	110	-	77	33
Contingencies	390	390	-	-	390
Non-general fund reserves	2,836	2,836	-	-	2,836
Total charges to appropriations	<u>14,502</u>	<u>14,532</u>	<u>30</u>	<u>7,901</u>	<u>6,631</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,601</u>	<u>\$ 6,601</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,901
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(77)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 7,824</u>



**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**In-Home Supportive Services Public Authority Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	\$ 3,130	\$ 3,130	\$ -	\$ 2,750	\$ (380)
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	73	73
Intergovernmental revenues	7,943	7,943	-	6,791	(1,152)
Charges for services	-	-	-	135	135
Interfund revenue	4,488	4,488	-	-	(4,488)
Other financing sources	-	-	-	4,488	4,488
Amounts available for appropriation	12,431	12,431	-	11,487	(944)
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	480	480	-	367	113
Services and supplies	2,391	2,591	200	2,606	(15)
Other charges	9,432	9,232	(200)	8,286	946
Non-general fund reserves	3,258	3,258	-	-	3,258
Total charges to appropriations	15,561	15,561	-	11,259	4,302
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 2,978	\$ 2,978

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 11,487
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	\$ 6,999

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 11,259
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received are reported in the year the orders are placed for budgetary purposes, but in the year the supplies and services are received for financial reporting purposes.	4
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 11,263

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	\$ 80	\$ 80	\$ -	\$ 87	\$ 7
Resources (inflows):					
Fines, forfeitures and penalties	5	5	-	2	(3)
Use of money and property	2	2	-	4	2
Amounts available for appropriation	<u>7</u>	<u>7</u>	<u>-</u>	<u>6</u>	<u>(1)</u>
Charges to appropriations (outflows):					
General government					
Services and supplies	20	20	-	10	10
Non-general fund reserves	67	67	-	-	67
Total charges to appropriations	<u>87</u>	<u>87</u>	<u>-</u>	<u>10</u>	<u>77</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83</u>	<u>\$ 83</u>
<b><u>Off-Highway Vehicle License Fees Fund</u></b>					
<b>Budgetary fund balances, July 1</b>	\$ 241	\$ 241	\$ -	\$ 249	\$ 8
Resources (inflows):					
Use of money and property	8	8	-	19	11
Intergovernmental revenue	-	-	-	30	30
Amounts available for appropriation	<u>8</u>	<u>8</u>	<u>-</u>	<u>49</u>	<u>41</u>
Charges to appropriations (outflows):					
Public ways and facilities					
Services and supplies	68	68	-	62	6
Non-general fund reserves	181	181	-	-	181
Total charges to appropriations	<u>249</u>	<u>249</u>	<u>-</u>	<u>62</u>	<u>187</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236</u>	<u>\$ 236</u>
<b><u>Highlands Landscape Maintenance District</u></b>					
<b>Budgetary fund balances, July 1</b>	\$ 343	\$ 343	\$ -	\$ 95	\$ (248)
Resources (inflows):					
Taxes	53	53	-	76	23
Use of money and property	7	7	-	13	6
Intergovernmental revenue	1	1	-	1	-
Charges for services	-	-	-	12	12
Amounts available for appropriation	<u>61</u>	<u>61</u>	<u>-</u>	<u>102</u>	<u>41</u>
Charges to appropriations (outflows):					
General government					
Services and supplies	211	211	-	83	128
Intrafund transfers	(100)	(100)	-	-	(100)
Contingencies	258	258	-	-	258
Non-general fund reserves	35	35	-	-	35
Total charges to appropriations	<u>404</u>	<u>404</u>	<u>-</u>	<u>83</u>	<u>321</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114</u>	<u>\$ 114</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	\$ 664	\$ 664	\$ -	\$ 431	\$ (233)
Resources (inflows)	76	76	-	157	81
Charges to appropriations (outflows)	<u>(740)</u>	<u>(740)</u>	-	<u>(155)</u>	<u>585</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 433</u>	<u>\$ 433</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 157
Differences - budget to GAAP:	
Receipts from other special revenue funds, not budgeted.	<u>30</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 187</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, 2007**  
**(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>	\$ 20,395	\$ 20,395	\$ -	\$ 26,517	\$ 6,122
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	1,245	1,245
Other financing sources	21,227	21,227	-	22,139	912
Amount available for appropriation	<u>21,227</u>	<u>21,227</u>	<u>-</u>	<u>23,384</u>	<u>2,157</u>
<b>Charges to appropriations (outflows):</b>					
Other charges	1,002	1,002	-	28	974
Other financing uses	21,372	21,372	-	21,372	-
Non-general fund reserves	19,248	19,248	-	-	19,248
Total charges to appropriations	<u>41,622</u>	<u>41,622</u>	<u>-</u>	<u>21,400</u>	<u>20,222</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,501</u>	<u>\$ 28,501</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 23,384
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(22,139)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ 1,245</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 21,400
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(21,372)</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 Project Funds

Capital Project 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 and 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, 2007**  
**(In Thousands)**

	Parks Acquisition	Accumulated Capital Outlay	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
<b>ASSETS</b>						
Cash and investments	\$ 2,305	\$ 6	\$ 1,626	\$ 3,531	\$ 6,520	\$ 13,988
Securities lending collateral	427	1	301	654	1,208	2,591
Accounts receivable	-	-	13	13	-	26
Interest receivable	28	-	29	39	29	125
Due from other funds	-	-	-	-	83	83
Total assets	<u>\$ 2,760</u>	<u>\$ 7</u>	<u>\$ 1,969</u>	<u>\$ 4,237</u>	<u>\$ 7,840</u>	<u>\$ 16,813</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 42	\$ -	\$ -	\$ -	\$ 4,162	\$ 4,204
Securities lending collateral - due to borrowers	427	1	301	654	1,208	2,591
Due to other funds	-	-	-	-	162	162
Deferred revenues	-	-	13	13	-	26
Total liabilities	<u>469</u>	<u>1</u>	<u>314</u>	<u>667</u>	<u>5,532</u>	<u>6,983</u>
<b>Fund Balances:</b>						
Unreserved - undesignated	2,291	6	1,655	3,570	2,308	9,830
Total fund balances	<u>2,291</u>	<u>6</u>	<u>1,655</u>	<u>3,570</u>	<u>2,308</u>	<u>9,830</u>
Total liabilities and fund balances	<u>\$ 2,760</u>	<u>\$ 7</u>	<u>\$ 1,969</u>	<u>\$ 4,237</u>	<u>\$ 7,840</u>	<u>\$ 16,813</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Project Funds**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

	Parks Acquisition	Accumulated Capital Outlay	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
<b>Revenues:</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 25	\$ 25
Charges for services	18	-	1,257	1,263	133	2,671
Fines, forfeitures and penalties	-	-	8	-	-	8
Investment income	125	1	100	158	64	448
Securities lending activities:						
Securities lending income	18	-	13	28	52	111
Securities lending expenditures	(18)	-	(13)	(27)	(51)	(109)
Other	12	-	-	-	139	151
Total revenues	<u>155</u>	<u>1</u>	<u>1,365</u>	<u>1,422</u>	<u>362</u>	<u>3,305</u>
<b>Expenditures:</b>						
Capital outlay	<u>1,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,098</u>	<u>10,131</u>
Total expenditures	<u>1,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,098</u>	<u>10,131</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(878)</u>	<u>1</u>	<u>1,365</u>	<u>1,422</u>	<u>(8,736)</u>	<u>(6,826)</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	8,961	8,961
Transfers out	<u>(860)</u>	<u>(3,000)</u>	<u>(1,100)</u>	<u>(922)</u>	<u>-</u>	<u>(5,882)</u>
Total other financing sources (uses)	<u>(860)</u>	<u>(3,000)</u>	<u>(1,100)</u>	<u>(922)</u>	<u>8,961</u>	<u>3,079</u>
<b>Net change in fund balances</b>	<b>(1,738)</b>	<b>(2,999)</b>	<b>265</b>	<b>500</b>	<b>225</b>	<b>(3,747)</b>
Fund balances - beginning	<u>4,029</u>	<u>3,005</u>	<u>1,390</u>	<u>3,070</u>	<u>2,083</u>	<u>13,577</u>
Fund balances- ending	<u>\$ 2,291</u>	<u>\$ 6</u>	<u>\$ 1,655</u>	<u>\$ 3,570</u>	<u>\$ 2,308</u>	<u>\$ 9,830</u>



**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Parks Acquisition Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	\$ 4,068	\$ 4,068	\$ -	\$ 4,022	\$ (46)
<b>Resources (inflows):</b>					
Use of money and property	60	60	-	125	65
Intergovernmental revenues	3,029	3,049	20	-	(3,049)
Charges for services	-	-	-	18	18
Miscellaneous revenue	1,720	1,732	12	12	(1,720)
Amounts available for appropriation	4,809	4,841	32	155	(4,686)
<b>Charges to appropriations (outflows):</b>					
Services and supplies	525	557	32	546	11
Fixed assets	3,212	3,212	-	480	2,732
Other financing uses	5,045	5,045	-	860	4,185
Non-general fund reserves	95	95	-	-	95
Total charges to appropriations	8,877	8,909	32	1,886	7,023
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 2,291	\$ 2,291

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,886
<b>Differences - budget to GAAP:</b>	
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.	7
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(860)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital project funds	\$ 1,033

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Accumulated Capital Outlay Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(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	\$ -	\$ 3,005	\$ 2,999
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	1	1
Amounts available for appropriation	-	-	-	1	1
<b>Charges to appropriations (outflows):</b>					
Other financing uses	2	2	-	3,000	(2,998)
Contingenices	4	4	-	-	4
Total charges to appropriations	6	6	-	3,000	(2,994)
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 6</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 3,000
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(3,000)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital project funds	<u>\$ -</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Criminal Facility Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	\$ 1,416	\$ 1,416	\$ -	\$ 1,390	\$ (26)
<b>Resources (inflows):</b>					
Fines, forfeitures and penalties	-	-	-	8	8
Use of money and property	40	40	-	100	60
Charges for services	1,200	1,200	-	1,257	57
Amounts available for appropriation	1,240	1,240	-	1,365	125
<b>Charges to appropriations (outflows):</b>					
Other charges	-	901	901	-	901
Other financing uses	1,114	1,114	-	1,100	14
Non-general fund reserves	1,542	641	(901)	-	641
Total charges to appropriations	2,656	2,656	-	1,100	1,556
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 1,655	\$ 1,655

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

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

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Courthouse Construction Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	\$ 3,125	\$ 3,125	\$ -	\$ 3,070	\$ (55)
<b>Resources (inflows):</b>					
Use of money and property	60	60	-	159	99
Charges for services	1,200	1,200	-	1,263	63
Amounts available for appropriation	1,260	1,260	-	1,422	162
<b>Charges to appropriations (outflows):</b>					
Other financing uses	1,260	1,260	-	922	338
Non-general fund reserves	3,125	3,125	-	-	3,125
Total charges to appropriations	4,385	4,385	-	922	3,463
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 3,570	\$ 3,570

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 922
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(922)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital project funds	\$ -

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2007**  
**(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>	\$ 2,112	\$ 2,812	\$ 700	\$ 2,083	\$ (729)
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	65	65
Intergovernmental revenues	3,868	3,868	-	25	(3,843)
Charges for services	3,444	3,444	-	133	(3,311)
Miscellaneous revenue	3,444	3,444	-	139	(3,305)
Other financing sources	14,904	17,858	2,954	8,961	(8,897)
Amounts available for appropriation	<u>25,660</u>	<u>28,614</u>	<u>2,954</u>	<u>9,323</u>	<u>(19,291)</u>
<b>Charges to appropriations (outflows):</b>					
Services and supplies	-	5	5	-	5
Other charges	-	2,000	2,000	2,000	-
Fixed assets	25,884	27,533	1,649	7,098	20,435
Contingencies	1,888	1,888	-	-	1,888
Total charges to appropriations	<u>27,772</u>	<u>31,426</u>	<u>3,654</u>	<u>9,098</u>	<u>22,328</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,308</u>	<u>\$ 2,308</u>

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

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

\$ 9,323

Differences - budget to GAAP:

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

(8,961)

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

\$ 362



## 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, 2007**  
**(In Thousands)**

	Airports	Coyote Point Marina	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 2,775	\$ 634	\$ 3,409
Securities lending collateral	514	117	631
Receivables (net):			
Accounts	5	18	23
Interest	32	9	41
Total current assets	3,326	778	4,104
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	6,844	1,334	8,178
Construction in progress	3,767	656	4,423
Depreciable:			
Structures and improvements	12,728	11,713	24,441
Equipment	73	116	189
Less accumulated depreciation	(5,998)	(4,581)	(10,579)
Total noncurrent assets	17,414	9,238	26,652
Total assets	20,740	10,016	30,756
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	89	19	108
Accrued interest payable	-	43	43
Accrued salaries and benefits	36	18	54
Securities lending collateral - due to borrowers	514	117	631
Due to other funds	102	-	102
Compensated absences - current	52	27	79
Long-term liabilities - current	-	71	71
Total current liabilities	793	295	1,088
Noncurrent liabilities:			
Unearned revenues	47	7	54
Deposits	1	3	4
Net OPEB obligation	24	24	48
Compensated absences - noncurrent	9	33	42
Long-term liabilities - noncurrent	-	941	941
Total noncurrent liabilities	81	1,008	1,089
Total liabilities	874	1,303	2,177
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	17,414	8,226	25,640
Unrestricted	2,452	487	2,939
Total net assets	\$ 19,866	\$ 8,713	\$ 28,579



**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, 2007**  
**(In Thousands)**

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services	\$ 47	\$ 1,143	\$ 1,190
Rent and concessions	2,030	22	2,052
Miscellaneous	57	-	57
Total operating revenues	<u>2,134</u>	<u>1,165</u>	<u>3,299</u>
<b>Operating expenses:</b>			
Salaries and benefits	893	521	1,414
General and administrative	992	450	1,442
Depreciation and amortization	257	237	494
Total operating expenses	<u>2,142</u>	<u>1,208</u>	<u>3,350</u>
Operating loss	<u>(8)</u>	<u>(43)</u>	<u>(51)</u>
<b>Nonoperating revenues (expenses):</b>			
Investment income	132	56	188
Interest expenses	-	(48)	(48)
Securities lending activities:			
Securities lending income	22	5	27
Securities lending expenses	(22)	(5)	(27)
Total nonoperating revenues	<u>132</u>	<u>8</u>	<u>140</u>
Net income before capital contributions	124	(35)	89
Capital contributions	<u>2,805</u>	<u>-</u>	<u>2,805</u>
<b>Change in net assets</b>	2,929	(35)	2,894
Net assets - beginning	<u>16,937</u>	<u>8,748</u>	<u>25,685</u>
Net assets - ending	<u>\$ 19,866</u>	<u>\$ 8,713</u>	<u>\$ 28,579</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

	Airports	Coyote Point Marina	Total
<b>Cash flows from operating activities</b>			
Cash receipts from customers	\$ 2,150	\$ 1,165	\$ 3,315
Cash paid to suppliers for goods and services	(1,126)	(450)	(1,576)
Cash paid to employees for services	(871)	(505)	(1,376)
Net cash provided by operating activities	<u>153</u>	<u>210</u>	<u>363</u>
<b>Cash flows from noncapital financing activities</b>			
Short-term advances from the County	84	-	84
Repayment of short-term advances from the County	-	(59)	(59)
Net cash provided by (used in) noncapital financing activities	<u>84</u>	<u>(59)</u>	<u>25</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	(2,787)	(616)	(3,403)
Capital contribution from other governments	2,805	-	2,805
Principal paid on long-term liabilities	-	(108)	(108)
Interest paid on long-term liabilities	-	(5)	(5)
Net cash provided by (used in) capital and related financing activities	<u>18</u>	<u>(729)</u>	<u>(711)</u>
<b>Cash flows from investing activities</b>			
Investment income received	154	61	215
Investment expense paid	(27)	(48)	(75)
Net cash provided by investing activities	<u>127</u>	<u>13</u>	<u>140</u>
Net increase (decrease) in cash and cash equivalents	382	(565)	(183)
Cash and cash equivalents, beginning of the year	<u>2,393</u>	<u>1,199</u>	<u>3,592</u>
Cash and cash equivalents, end of the year	<u>\$ 2,775</u>	<u>\$ 634</u>	<u>\$ 3,409</u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>			
<b>Operating loss</b>	\$ (8)	\$ (43)	\$ (51)
Adjustments to reconcile operating loss to cash flows from operating activities:			
Depreciation	257	237	494
Decrease in:			
Accounts receivable	11	-	11
Increase (decrease) in:			
Accounts payable	(134)	-	(134)
Accrued salaries and benefits	7	(1)	6
Unearned revenues	5	-	5
Net OPEB obligation	15	14	29
Compensated absences	-	3	3
Net cash provided by operating activities	<u>\$ 153</u>	<u>\$ 210</u>	<u>\$ 363</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, 2007**  
**(In Thousands)**

	Fleet Maintenance	Tower Road Construction	Workers' Compensation Insurance	Long-Term Disability	Personal Injury and Property Damage	Employee Benefits	Total
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 7,276	\$ 112	\$ 21,405	\$ 1,622	\$ 2,498	\$ 96,523	\$ 129,436
Securities lending collateral	1,348	21	3,966	301	463	2,541	8,640
Receivables (net):							
Accounts	18	352	-	-	-	-	370
Interest	96	-	264	24	31	155	570
Due from other funds	71	153	18	-	2	-	244
Due from other governmental agencies	-	-	-	-	-	300	300
Inventories	152	-	-	-	-	-	152
Total current assets	<u>8,961</u>	<u>638</u>	<u>25,653</u>	<u>1,947</u>	<u>2,994</u>	<u>99,519</u>	<u>139,712</u>
Noncurrent assets:							
Depreciable:							
Structures and improvements	1,046	-	-	-	-	-	1,046
Software	9	-	-	-	-	-	9
Equipment	18,553	70	-	-	-	-	18,623
Less accumulated depreciation	(14,266)	(62)	-	-	-	-	(14,328)
Total noncurrent assets	<u>5,342</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,350</u>
Total assets	<u>14,303</u>	<u>646</u>	<u>25,653</u>	<u>1,947</u>	<u>2,994</u>	<u>99,519</u>	<u>145,062</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	177	107	8	18	115	1,521	1,946
Accrued interest payable	-	10	-	-	-	-	10
Accrued salaries and benefits	49	118	-	-	-	-	167
Securities lending collateral - due to borrowers	1,348	21	3,966	301	463	2,541	8,640
Due to other funds	392	169	26	-	-	-	587
Compensated absences - current	77	169	-	-	-	-	246
Estimated claims - current	-	-	7,369	441	1,091	377	9,278
Total current liabilities	<u>2,043</u>	<u>594</u>	<u>11,369</u>	<u>760</u>	<u>1,669</u>	<u>4,439</u>	<u>20,874</u>
Noncurrent liabilities:							
Deposits	93	-	-	-	-	-	93
Net OPEB obligation	30	65	-	-	-	-	95
Compensated absences - noncurrent	40	3	-	-	-	-	43
Estimated claims - noncurrent	-	-	26,854	4,519	914	-	32,287
Total noncurrent liabilities	<u>163</u>	<u>68</u>	<u>26,854</u>	<u>4,519</u>	<u>914</u>	<u>-</u>	<u>32,518</u>
Total liabilities	<u>2,206</u>	<u>662</u>	<u>38,223</u>	<u>5,279</u>	<u>2,583</u>	<u>4,439</u>	<u>53,392</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	5,342	8	-	-	-	-	5,350
Unrestricted	6,755	(24)	(12,570)	(3,332)	411	95,080	86,320
Total net assets (deficit)	<u>\$ 12,097</u>	<u>\$ (16)</u>	<u>\$ (12,570)</u>	<u>\$ (3,332)</u>	<u>\$ 411</u>	<u>\$ 95,080</u>	<u>\$ 91,670</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, 2007**  
**(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	\$ 5,598	\$ 4,132	\$ 11,520	\$ 607	\$ 6,533	\$ 71,629	\$ 100,019
Miscellaneous	104	17	185	-	50	-	356
Total operating revenues	<u>5,702</u>	<u>4,149</u>	<u>11,705</u>	<u>607</u>	<u>6,583</u>	<u>71,629</u>	<u>100,375</u>
<b>Operating expenses:</b>							
Salaries and benefits	1,292	3,096	-	-	-	-	4,388
General and administrative	3,651	969	2,345	629	756	2,026	10,376
Benefits and claims	-	-	7,281	(476)	(323)	4,428	10,910
Insurance premiums	-	-	1,247	-	3,938	64,274	69,459
Depreciation	1,617	2	-	-	-	-	1,619
Total operating expenses	<u>6,560</u>	<u>4,067</u>	<u>10,873</u>	<u>153</u>	<u>4,371</u>	<u>70,728</u>	<u>96,752</u>
Operating income (loss)	<u>(858)</u>	<u>82</u>	<u>832</u>	<u>454</u>	<u>2,212</u>	<u>901</u>	<u>3,623</u>
<b>Non operating revenues (expenses)</b>							
Loss on disposal of capital assets	(1)	-	-	-	-	-	(1)
Investment income (loss)	436	(28)	1,112	118	125	5,449	7,212
Securities lending activities:							
Securities lending income	58	1	171	13	20	110	373
Securities lending expenses	(57)	(1)	(167)	(13)	(19)	(107)	(364)
Total nonoperating revenues (expenses)	<u>436</u>	<u>(28)</u>	<u>1,116</u>	<u>118</u>	<u>126</u>	<u>5,452</u>	<u>7,220</u>
Net income (loss) before transfers	(422)	54	1,948	572	2,338	6,353	10,843
Transfers in	-	-	-	-	-	49,782	49,782
<b>Change in net assets</b>	<u>(422)</u>	<u>54</u>	<u>1,948</u>	<u>572</u>	<u>2,338</u>	<u>56,135</u>	<u>60,625</u>
Net assets (deficit) - beginning	<u>12,519</u>	<u>(70)</u>	<u>(14,518)</u>	<u>(3,904)</u>	<u>(1,927)</u>	<u>38,945</u>	<u>31,045</u>
Net assets (deficit) - ending	<u>\$ 12,097</u>	<u>\$ (16)</u>	<u>\$ (12,570)</u>	<u>\$ (3,332)</u>	<u>\$ 411</u>	<u>\$ 95,080</u>	<u>\$ 91,670</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2007**  
**(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	\$ 5,618	\$ 3,903	\$ 11,687	\$ 607
Cash payment to suppliers for goods and services	(3,502)	(775)	(3,708)	(629)
Cash payment to employees for services	(1,239)	(3,057)	-	-
Cash payment for judgments and claims	-	-	(7,079)	(609)
Net cash provided by (used in) operating activities	<u>877</u>	<u>71</u>	<u>900</u>	<u>(631)</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers in	-	-	-	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition of capital assets	(1,973)	-	-	-
Net cash used in capital and related financing activities	<u>(1,973)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>				
Investment income received	494	-	1,283	134
Investment expense paid	(66)	(18)	(220)	(13)
Net cash provided by (used in) investing activities	<u>428</u>	<u>(18)</u>	<u>1,063</u>	<u>121</u>
Net increase (decrease) in cash and cash equivalents	(668)	53	1,963	(510)
Cash and cash equivalents, beginning of year	7,944	59	19,442	2,132
Cash and cash equivalents, end of year	<u>\$ 7,276</u>	<u>\$ 112</u>	<u>\$ 21,405</u>	<u>\$ 1,622</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
<b>Operating income (loss)</b>	\$ (858)	\$ 82	\$ 832	\$ 454
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,617	2	-	-
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(12)	(114)	-	-
Due from other funds	(71)	(132)	(18)	-
Inventories	(7)	-	-	-
Increase (decrease) in:				
Accounts payable	(16)	54	(142)	-
Accrued salaries and benefits	8	12	-	-
Due to other funds	172	140	26	-
Deposits	(1)	-	-	-
Net OPEB obligation	18	36	-	-
Compensated absences	27	(9)	-	-
Estimated claims	-	-	202	(1,085)
Net cash provided by (used in) operating activities	<u>\$ 877</u>	<u>\$ 71</u>	<u>\$ 900</u>	<u>\$ (631)</u>
<b>Supplemental disclosure of noncash investing, capital, or financing activities:</b>				
Loss on disposal of capital assets	\$ (1)	\$ -	\$ -	\$ -

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

Personal Injury and Property Damage	Employee Benefits	Total
\$ 6,581	\$ 71,629	\$ 100,025
(4,695)	(64,921)	(78,230)
-	-	(4,296)
(1,048)	(4,519)	(13,255)
<u>838</u>	<u>2,189</u>	<u>4,244</u>
-	49,782	49,782
-	<u>49,782</u>	<u>49,782</u>
-	-	(1,973)
-	-	<u>(1,973)</u>
145	5,559	7,615
(38)	(148)	(503)
<u>107</u>	<u>5,411</u>	<u>7,112</u>
945	57,382	59,165
1,553	39,141	70,271
<u>\$ 2,498</u>	<u>\$ 96,523</u>	<u>\$ 129,436</u>

**Cash flows from operating activities**

Cash received from interfund services provided  
Cash payment to suppliers for 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 in  
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 of year

Cash and cash equivalents, end of year

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

\$ 2,212	\$ 901	\$ 3,623
-	-	1,619
-	-	(126)
(2)	-	(223)
-	-	(7)
(1)	1,379	1,274
-	-	20
-	-	338
-	-	(1)
-	-	54
-	-	18
(1,371)	(91)	(2,345)
<u>\$ 838</u>	<u>\$ 2,189</u>	<u>\$ 4,244</u>

**Operating income (loss)**

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

Depreciation  
Changes in operating assets and liabilities:

Decrease (increase) in:  
Accounts receivable  
Due from other funds  
Inventories

Increase (decrease) in:  
Accounts payable  
Accrued salaries and benefits  
Due to other funds  
Deposits  
Net OPEB obligation  
Compensated absences  
Estimated claims

Net cash provided by (used in) operating activities:

**Supplemental disclosure of noncash investing, capital, or financing activities:**

\$ -	\$ -	\$ (1)	Loss on disposal of capital assets
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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 Abatement 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. The County is obligated to disburse monies from these funds on demand.
- *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, 2007**  
**(In Thousands)**

	<u>External Investment Pool</u>					<u>Total</u>
	<u>Special Districts under Local Board</u>	<u>School Districts</u>	<u>Other Investment Trust</u>	<u>Subtotal</u>	<u>Individual Investment Account</u>	
<b>ASSETS</b>						
Cash and investments	\$ 150,979	\$1,172,784	\$ 663,385	\$1,987,148	\$ 498	\$1,987,646
Securities lending collateral	27,304	217,277	122,903	367,484	-	367,484
Interest receivable	1,752	13,659	8,339	23,750	-	23,750
Due from other governmental agencies	2,093	3	-	2,096	-	2,096
Other assets	167	3	-	170	-	170
Total assets	<u>182,295</u>	<u>1,403,726</u>	<u>794,627</u>	<u>2,380,648</u>	<u>498</u>	<u>2,381,146</u>
<b>LIABILITIES</b>						
Accounts payable	2,732	-	-	2,732	-	2,732
Securities lending collateral - due to borrowers	27,304	217,277	122,903	367,484	-	367,484
Due to other governmental agencies	-	-	907	907	-	907
Other liabilities	2,108	-	-	2,108	-	2,108
Total liabilities	<u>32,144</u>	<u>217,277</u>	<u>123,810</u>	<u>373,231</u>	<u>-</u>	<u>373,231</u>
<b>NET ASSETS</b>						
Net assets held in trust for investment pool participants	<u>\$ 150,151</u>	<u>\$1,186,449</u>	<u>\$ 670,817</u>	<u>\$2,007,417</u>	<u>\$ 498</u>	<u>\$2,007,915</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Investment Trust Funds**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

	<u>External Investment Pool</u>					<u>Total</u>
	<u>Special Districts under Local Board</u>	<u>School Districts</u>	<u>Other Investment Trust</u>	<u>Subtotal</u>	<u>Individual Investment Account</u>	
<b>ADDITIONS</b>						
Contributions:						
Contributions to investment pool	\$ 224,845	\$ 2,533,911	\$ 500,869	\$ 3,259,625	\$ 500	\$ 3,260,125
Net investment income:						
Net appreciation in fair value of investments	974	4,398	5,804	11,176	58	11,234
Investment income	5,751	39,595	155,232	200,578	1	200,579
Securities lending activities:						
Securities lending income	1,182	9,456	5,321	15,959	-	15,959
Securities lending expenses	(1,153)	(9,177)	(5,191)	(15,521)	-	(15,521)
Total net investment income	6,754	44,272	161,166	212,192	59	212,251
Total additions	231,599	2,578,183	662,035	3,471,817	559	3,472,376
<b>DEDUCTIONS</b>						
Distribution from investment pool	202,919	2,169,757	601,818	2,974,494	3,048	2,977,542
Change in net assets	28,680	408,426	60,217	497,323	(2,489)	494,834
Net assets - beginning	121,471	778,023	610,600	1,510,094	2,987	1,513,081
Net assets - ending	\$ 150,151	\$ 1,186,449	\$ 670,817	\$ 2,007,417	\$ 498	\$ 2,007,915

**COUNTY OF SAN MATEO**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

	Balance July 1, 2006	Addition	Deletion	Balance June 30, 2007
<b><u>COUNTY LIBRARY</u></b>				
Assets:				
Cash and investments	\$ 8,514	\$ 20,356	\$ 19,955	\$ 8,915
Securities lending collateral	1,342	310	-	1,652
Interest receivable	92	111	92	111
Taxes receivable, net	1,078	1,233	1,078	1,233
Due from other governmental agencies	846	653	813	686
Other assets	646	1,652	1,652	646
Total assets	<u>\$ 12,518</u>	<u>\$ 24,315</u>	<u>\$ 23,590</u>	<u>\$ 13,243</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 1,342	\$ 310	\$ -	\$ 1,652
Due to other governmental agencies	26	-	26	-
Fiduciary liabilities	11,150	45,459	45,018	11,591
Total liabilities	<u>\$ 12,518</u>	<u>\$ 45,769</u>	<u>\$ 45,044</u>	<u>\$ 13,243</u>
 <b><u>UNAPPORTIONED TAXES</u></b>				
Assets:				
Cash and investments	\$ 89,523	\$ 3,288,204	\$ 3,273,871	\$ 103,856
Securities lending collateral	14,115	5,126	-	19,241
Interest receivable	686	750	686	750
Due from other governmental agencies	-	9	-	9
Other assets	-	19,250	19,250	-
Total assets	<u>\$ 104,324</u>	<u>\$ 3,313,339</u>	<u>\$ 3,293,807</u>	<u>\$ 123,856</u>
Liabilities:				
Securities lending collateral- due to borrowers	\$ 14,115	\$ 5,126	\$ -	\$ 19,241
Due to other governmental agencies	59,959	55,150	57,415	57,694
Fiduciary liabilities	30,250	3,336,041	3,319,370	46,921
Total liabilities	<u>\$ 104,324</u>	<u>\$ 3,396,317</u>	<u>\$ 3,376,785</u>	<u>\$ 123,856</u>
 <b><u>TRIAL COURTS OPERATION</u></b>				
Assets:				
Cash and investments	\$ 11,151	\$ 59,344	\$ 65,666	\$ 4,829
Securities lending collateral	1,758	-	863	895
Interest receivable	131	143	131	143
Due from other governmental agencies	575	1,067	588	1,054
Other assets	953	1,041	885	1,109
Total assets	<u>\$ 14,568</u>	<u>\$ 61,595</u>	<u>\$ 68,133</u>	<u>\$ 8,030</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 1,758	\$ -	\$ 863	\$ 895
Fiduciary liabilities	12,810	119,961	125,636	7,135
Total liabilities	<u>\$ 14,568</u>	<u>\$ 119,961</u>	<u>\$ 126,499</u>	<u>\$ 8,030</u>
 <b><u>PUBLIC ADMINISTRATOR</u></b>				
Assets:				
Cash and investments	\$ 8,575	\$ 9,924	\$ 12,429	\$ 6,070
Securities lending collateral	1,352	-	228	1,124
Interest receivable	91	63	92	62
Other assets	668	1,937	-	2,605
Total assets	<u>\$ 10,686</u>	<u>\$ 11,924</u>	<u>\$ 12,749</u>	<u>\$ 9,861</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 1,352	\$ -	\$ 228	\$ 1,124
Fiduciary liabilities	9,334	22,064	22,661	8,737
Total liabilities	<u>\$ 10,686</u>	<u>\$ 22,064</u>	<u>\$ 22,889</u>	<u>\$ 9,861</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2007**  
**(In Thousands)**

	Balance July 1, 2006	Addition	Deletion	Balance June 30, 2007
<b><u>PUBLIC GUARDIAN</u></b>				
Assets:				
Cash and investments	\$ 20,885	\$ 51,963	\$ 49,671	\$ 23,177
Securities lending collateral	3,292	1,001	-	4,293
Interest receivable	224	278	224	278
Other assets	36,439	7,151	49	43,541
Total assets	<u>\$ 60,840</u>	<u>\$ 60,393</u>	<u>\$ 49,944</u>	<u>\$ 71,289</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 3,292	\$ 1,001	\$ -	\$ 4,293
Due to other governmental agencies	1,097	1,302	1,097	1,302
Fiduciary liabilities	56,451	64,620	55,377	65,694
Total liabilities	<u>\$ 60,840</u>	<u>\$ 66,923</u>	<u>\$ 56,474</u>	<u>\$ 71,289</u>
<b><u>OTHER AGENCY</u></b>				
Assets:				
Cash and investments	\$ 46,029	\$ 4,362,617	\$ 4,370,472	\$ 38,174
Securities lending collateral	7,249	-	495	6,754
Interest receivable	903	1,260	1,101	1,062
Taxes receivable, net	115,356	136,045	137,305	114,096
Due from other governmental agencies	28,339	30,096	26,789	31,646
Other assets	31,958	42,934	42,202	32,690
Total assets	<u>\$ 229,834</u>	<u>\$ 4,572,952</u>	<u>\$ 4,578,364</u>	<u>\$ 224,422</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 7,249	\$ -	\$ 495	\$ 6,754
Due to other governmental agencies	1,992	846	1,266	1,572
Fiduciary liabilities	220,593	4,974,932	4,979,429	216,096
Total liabilities	<u>\$ 229,834</u>	<u>\$ 4,975,778</u>	<u>\$ 4,981,190</u>	<u>\$ 224,422</u>
<b><u>TOTALS</u></b>				
Assets:				
Cash and investments	\$ 184,677	\$ 7,792,408	\$ 7,792,064	\$ 185,021
Securities lending collateral	29,108	6,437	1,586	33,959
Receivables:				
Interest	2,127	2,605	2,326	2,406
Taxes, net	116,434	137,278	138,383	115,329
Due from other governmental agencies	29,760	31,825	28,190	33,395
Other assets	70,664	73,965	64,038	80,591
Total assets	<u>\$ 432,770</u>	<u>\$ 8,044,518</u>	<u>\$ 8,026,587</u>	<u>\$ 450,701</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 29,108	\$ 6,437	\$ 1,586	\$ 33,959
Due to other governmental agencies	63,074	57,298	59,804	60,568
Fiduciary liabilities	340,588	8,563,077	8,547,491	356,174
Total liabilities	<u>\$ 432,770</u>	<u>\$ 8,626,812</u>	<u>\$ 8,608,881</u>	<u>\$ 450,701</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, the 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**

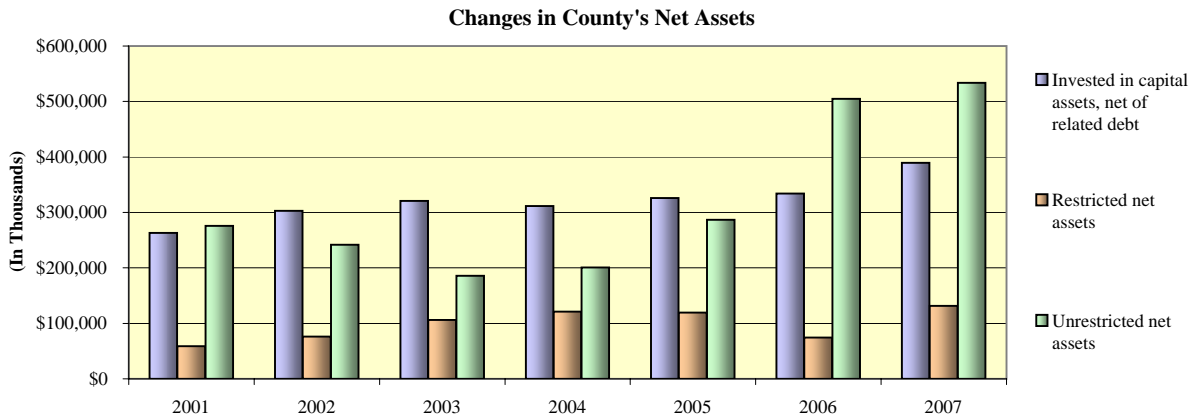
This segment displays service and capital asset data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

**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 Seven Fiscal Years**  
*(accrual basis of accounting)*  
**(In Thousands)**

	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
<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
Restricted for:							
Government programs <sup>3</sup>	-	953	49,533	45,207	60,012	68,414	91,179
Debt service	55,235	72,592	34,505	71,958	58,217	65	40,248
Capital projects	-	-	18,917	-	-	4,574	-
Unrestricted	285,608	259,093	197,799	219,281	302,777	514,597	525,709
Subtotal governmental activities net assets	549,919	596,889	582,489	608,318	708,271	880,633	1,000,052
<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
Restricted for:							
Housing assistance programs	3,731	2,638	3,219	4,167	1,127	1,506	167
Unrestricted (Deficit)	(10,010)	(17,361)	(12,045)	(18,445)	(16,007)	(9,901)	8,107
Subtotal business-type activities net assets	47,533	23,998	30,010	25,519	23,891	32,828	54,888
<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
Restricted for:							
Government programs	-	953	49,533	45,207	60,012	68,414	91,179
Debt service	55,235	72,592	34,505	71,958	58,217	65	40,248
Capital projects	-	-	18,917	-	-	4,574	-
Housing assistance programs	3,731	2,638	3,219	4,167	1,127	1,506	167
Total restricted	58,966	76,183	106,174	121,332	119,356	74,559	131,594
Unrestricted	275,598	241,732	185,754	200,836	286,770	504,696 <sup>4</sup>	533,816
Total primary government net assets <sup>2</sup>	\$ 597,452	\$ 620,887	\$ 612,499	\$ 633,837	\$ 732,162	\$ 913,461	\$ 1,054,940
Percent of increase (decrease) in primary government net assets	-	3.92%	-1.35%	3.48%	15.51%	24.76%	15.49%



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, and equipment.
- <sup>2</sup> Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when an external party, such as the state or federal government, places a restriction on how the resources may be used, or through enabling legislation enacted by the County.
- <sup>3</sup> Net assets are restricted for specific programs at various functional levels such as general government, public protection, public ways and facilities, health and sanitation, public assistance, and recreation.
- <sup>4</sup> Substantial increase in net assets for 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.

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

	Fiscal Year Ended June 30,						
	2001	2002	2003	2004	2005	2006	2007
<b>Expenses</b>							
<u>Governmental activities:</u>							
General government	\$ 50,942	\$ 61,071	\$ 60,667	\$ 60,845	\$ 60,798	\$ 68,175	\$ 67,730
Public protection	191,195	204,037	224,777	242,405	243,797	253,800	277,542
Public ways and facilities	15,611	24,925	21,546	22,657	19,938	19,701	18,617
Health and sanitation	142,654	154,955	152,449	157,452	170,679	173,311	200,441
Public assistance	149,934	169,021	172,014	182,914	184,150	195,258	151,594
Education	179	194	190	145	151	142	-
Recreation	7,277	8,011	7,685	7,397	7,401	8,032	8,302
Interest on long-term debt	13,866	14,677	14,603	17,023	19,019	19,459	19,244
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>Business-type activities:</u>							
San Mateo Medical Center	158,606	142,399	131,243	164,972	178,500	188,920	207,729
Airports	1,591	1,525	1,744	1,706	1,654	1,753	2,146
Coyote Point Marina	1,260	1,027	1,153	1,250	1,045	1,330	1,252
Housing Authority	34,052	48,314	68,695	71,776	69,899	64,615	59,509
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>
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>
<b>Program Revenues</b>							
<u>Governmental activities:</u>							
Charges for services							
General government	\$ 30,167	\$ 24,229	\$ 30,544	\$ 33,083	\$ 33,089	\$ 31,903	\$ 28,864
Public protection	23,460	22,941	24,441	28,093	30,603	29,831	30,864
Public ways and facilities	2,338	2,386	3,812	3,047	3,544	3,451	2,968
Health and sanitation	47,334	42,985	42,777	44,528	47,634	49,094	53,143
Public assistance	6,188	6,412	5,406	4,953	4,297	7,160	6,750
Recreation	1,185	1,168	1,224	1,361	1,262	1,266	1,364
Operating grants and contributions	320,699	339,288	343,808	368,896	382,115	392,847	414,761
Capital grants and contributions	140	17	18	3,304	10,130	13,068	1,769
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>Business-type activities:</u>							
Charges for services							
San Mateo Medical Center	88,784	73,075	67,948	97,307	112,751	123,695	110,826
Airports	1,536	1,819	1,768	1,817	1,888	1,904	2,077
Coyote Point Marina	1,036	1,087	1,123	1,047	1,101	1,192	1,165
Housing Authority	1,140	1,173	1,309	1,444	1,979	1,932	1,727
Operating grants and contributions	83,204	83,099	102,962	75,280	75,310	73,128	103,700
Capital grants and contributions	147	-	5,839	3,680	8,618	5,385	8,357
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>
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>
<b>Net (Expense)/Revenue<sup>1</sup></b>							
Governmental activities	\$ (140,147)	\$ (197,465)	\$ (201,901)	\$ (203,573)	\$ (193,259)	\$ (209,258)	\$ (202,987)
Business-type activities	<u>(19,662)</u>	<u>(33,012)</u>	<u>(21,886)</u>	<u>(59,129)</u>	<u>(49,451)</u>	<u>(49,382)</u>	<u>(42,784)</u>
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>

Source: County's Comprehensive Annual Financial Reports

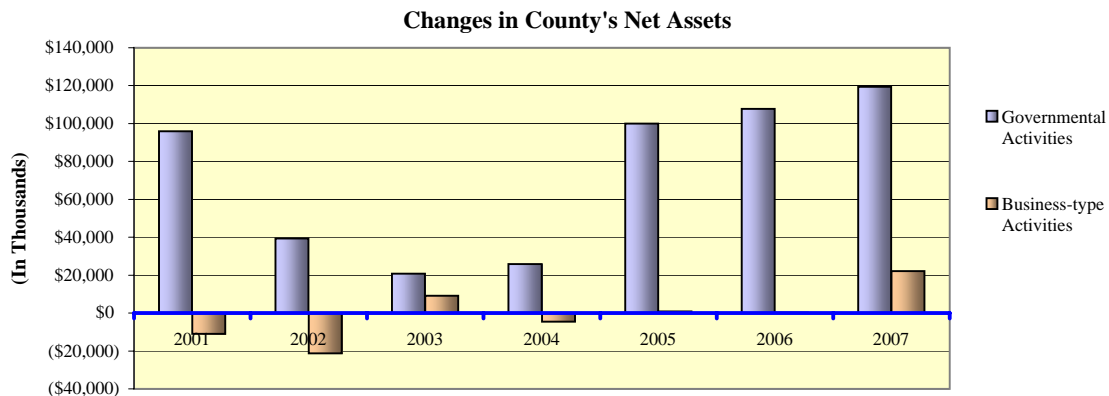
Notes:

<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 Seven Fiscal Years**  
*(accrual basis of accounting)*  
**(In Thousands)**

	Fiscal Year Ended June 30,						
	2001	2002	2003	2004	2005	2006	2007
<b>General Revenues and Other Changes in Net Assets</b>							
<u>Governmental activities:</u>							
Taxes:							
Property taxes	\$ 130,871	\$ 139,879	\$ 141,582	\$ 176,853	\$ 218,188	\$ 298,368	\$ 295,134
Property transfer taxes	5,534	4,984	5,849	7,003	8,111	8,487	8,192
Sales and use taxes	18,243	16,155	15,882	15,762	16,061	12,986	13,544
Property tax in-lieu of sales taxes	-	-	-	-	-	3,878	4,164 <sup>2</sup>
Transient occupancy taxes	766	666	590	632	815	839	842
Aircraft taxes	1,166	1,336	1,123	1,017	814	821	1,287
Other taxes	1,776	-	-	-	2	5	4
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 <sup>4</sup>
Securities lending activities:							
Securities lending income	-	-	588	850	1,895	3,689	4,245
Securities lending expenses	-	-	(525)	(720)	(1,761)	(3,569)	(4,139)
Miscellaneous	11,819	18,660	13,890	20,293	20,707	21,680	20,301
Special items	495	(1,598)	-	-	-	-	-
Transfers	(7,528)	(12,225)	(29,403)	(52,082)	(50,022)	(49,291)	(61,918)
Total governmental activities	236,005	236,776	222,690	229,402	293,212	316,952	322,406
<u>Business-type activities:</u>							
Unrestricted interest and investment earnings	847	896	719	252	258	286	626
Securities lending activities:							
Securities lending income	-	-	31	16	30	83	139
Securities lending expenses	-	-	(27)	(12)	(27)	(80)	(137)
Miscellaneous	268	10,059	849	2,300	-	-	2,298
Special items	-	(11,445)	-	-	-	-	-
Transfers	7,528	12,225	29,403	52,082	50,022	49,291	61,918
Total business-type activities	8,643	11,735	30,975	54,638	50,283	49,580	64,844
Total primary government	\$ 244,648	\$ 248,511	\$ 253,665	\$ 284,040	\$ 343,495	\$ 366,532	\$ 387,250
<b>Change in Net Assets</b>							
Governmental activities	\$ 95,858	\$ 39,311	\$ 20,789	\$ 25,829	\$ 99,953	\$ 107,694	\$ 119,419
Business-type activities	(11,019)	(21,277)	9,089	(4,491)	832	198	22,060
Total primary government	\$ 84,839	\$ 18,034	\$ 29,878	\$ 21,338	\$ 100,785	\$ 107,892	\$ 141,479



**Notes:**

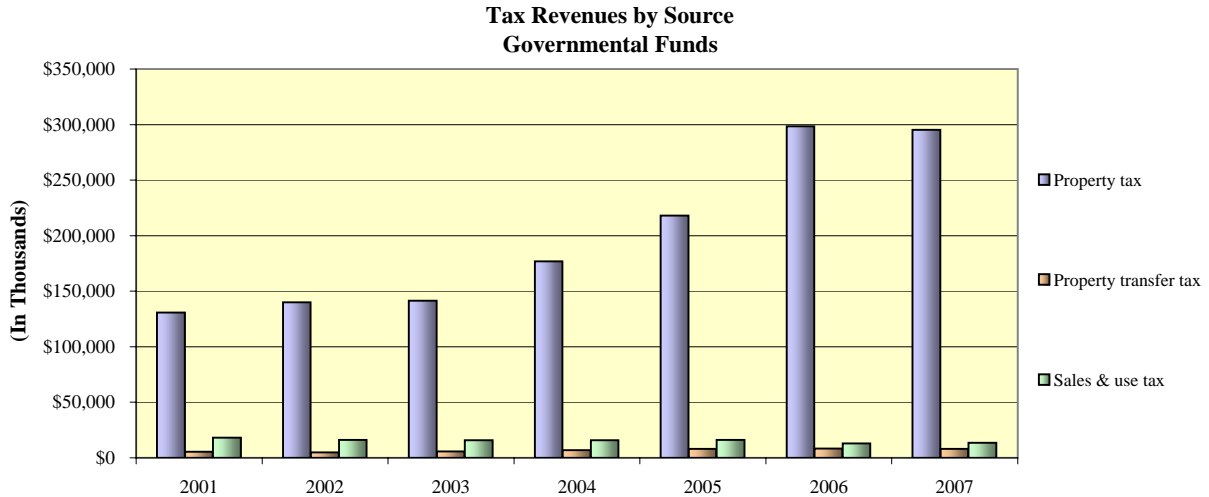
<sup>2</sup> This amount reflected the County's share of revenues from "Triple Flip", a State legislation enacted to replace 0.25% sales tax revenue to local governments via a temporary reduction to ERAF until the State's recovery loan is fully paid.

<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.

**COUNTY OF SAN MATEO**  
**Governmental Activities Tax Revenues by Source**  
**Last Seven 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
<b>Change</b>								
<b>2001 - 2007</b>	125.5%	48.0%	-25.8%	n/a	9.9%	10.4%	-99.8%	104.1%



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 2004, 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 this year, which accounted for most of the increase.

<sup>3</sup>

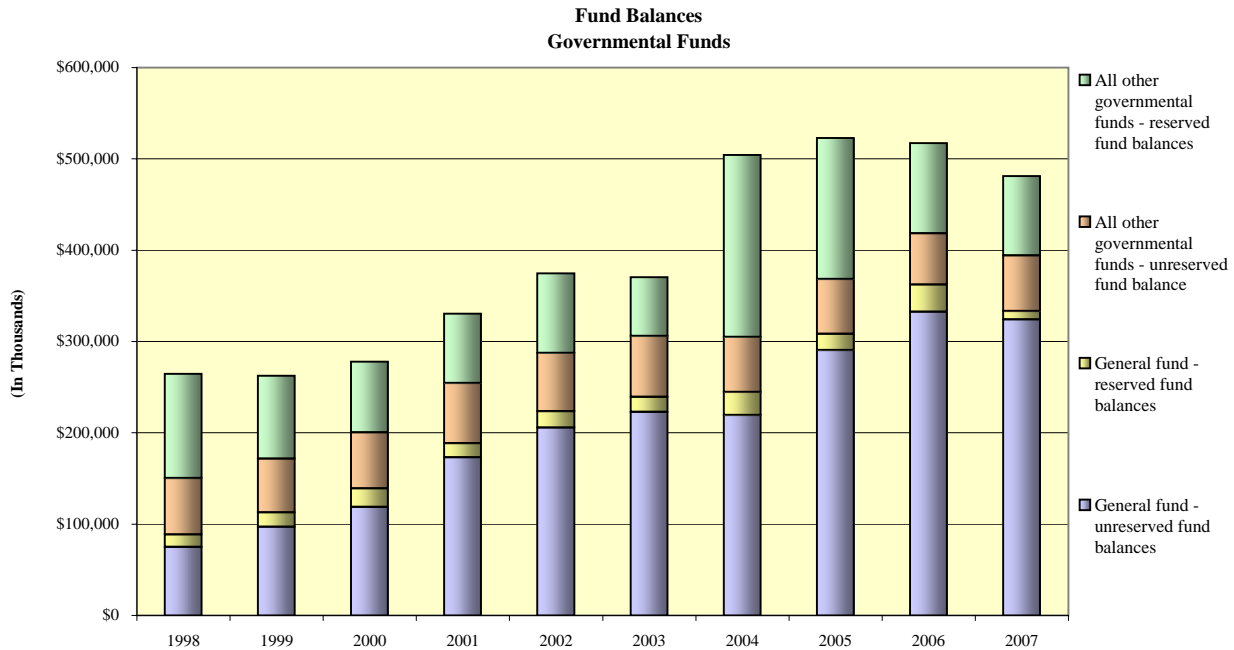
In FY 2004-05, vehicle license fee (VLF) was based on the original VLF and reported as intergovernmental revenues. Starting in FY 2005-06, VLF is calculated using the prior year's VLF amount plus the local increases in the assessed valuations of property and is reported as property tax revenue.

<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)**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 <sup>1</sup>
<b>General Fund</b>										
Reserved for:										
Encumbrances	\$ 6,465	\$ 8,655	\$ 9,943	\$ 9,977	\$ 12,609	\$ 11,274	\$ 2,902	\$ 3,070	\$ 3,737	\$ 3,209
Inventories and advances	7,133	6,948	10,516	5,218	5,173	5,099	22,141	14,771	26,092	5,943
Unreserved	<u>75,172</u>	<u>97,223</u>	<u>118,691</u>	<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>
Total general fund	<u>88,770</u>	<u>112,826</u>	<u>139,150</u>	<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>
<b>All Other Governmental Funds</b>										
Reserved for:										
Encumbrances	5,760	9,425	11,339	15,221	11,245	7,768	2,373	287	21	-
Debt service	104,745	77,546	62,240	57,255	72,592	34,505	71,958	58,217	65,244	69,893
Inventories and advances	3,805	3,900	3,789	3,603	3,569	3,369	3,393	3,420	3,404	431
Capital projects	-	-	-	-	-	18,917	121,796	92,606	30,314	16,698
Unreserved:										
Special revenue	52,259	53,219	56,125	59,771	56,690	60,015	51,132	51,073	45,542	51,230
Debt service	533	257	-	-	-	-	-	-	-	-
Capital projects	8,792	5,252	5,172	6,191	7,011	6,775	9,187	8,939	10,570	9,830
Total all other governmental funds	<u>175,894</u>	<u>149,599</u>	<u>138,665</u>	<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>
<b>Total Governmental Funds<sup>2</sup></b>										
Reserved for:										
Encumbrances	12,225	18,080	21,282	25,198	23,854	19,042	5,275	3,357	3,758	3,209
Debt service	104,745	77,546	62,240	57,255	72,592	34,505	71,958	58,217	65,244	69,893
Inventories and advances	10,938	10,848	14,305	8,821	8,742	8,468	25,534	18,191	29,496	6,374
Capital projects	-	-	-	-	-	18,917	121,796	92,606	30,314	16,698
Unreserved:										
General Fund	75,172	97,223	118,691	173,189	205,836	222,896	219,529	290,471	332,479	324,074
Special revenue	52,259	53,219	56,125	59,771	56,690	60,015	51,132	51,073	45,542	51,230
Debt service	533	257	-	-	-	-	-	-	-	-
Capital projects	8,792	5,252	5,172	6,191	7,011	6,775	9,187	8,939	10,570	9,830
Total governmental funds	<u>\$ 264,664</u>	<u>\$ 262,425</u>	<u>\$ 277,815</u>	<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>



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 project funds.

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

	Fiscal Year										10 Year % of Increase/ Decrease
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 <sup>1</sup>	
<b>Revenues</b>											
Taxes	\$ 123,070	\$ 125,733	\$ 135,970	\$ 152,469	\$ 165,309	\$ 166,717	\$ 200,766	\$ 225,830	\$ 317,504	\$ 329,142	167.44%
Licenses and permits	3,162	3,716	6,079	7,786	8,419	8,306	8,829	11,683	12,814	11,900	276.34%
Intergovernmental	314,056	331,205	363,420	351,795	391,521	393,075	406,135	437,231	386,003	405,455	29.10%
Charges for services	63,717	72,386	66,842	90,972	84,090	90,071	89,131	91,147	102,524	92,011	44.41%
Fines, forfeitures and penalties	7,110	8,330	11,626	11,127	10,445	8,789	9,589	8,831	9,285	9,806	37.92%
Rents and concessions	1,792	1,994	1,826	1,710	1,813	2,449	1,017	1,005	914	1,123	-37.33%
Investment income	22,324	15,306	22,128	25,615	21,456	20,660	6,983	19,359	18,267	33,538	50.23%
Securities lending activities:											
Securities lending income	-	-	-	-	-	588	783	1,894	3,203	3,872	n/a
Securities lending expenditures	-	-	-	-	-	(525)	(663)	(1,760)	(3,098)	(3,775)	n/a
Other revenues	15,545	16,027	22,363	12,882	15,635	14,760	30,537	29,885	26,300	17,863	14.91%
Total revenues	<u>550,776</u>	<u>574,697</u>	<u>630,254</u>	<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>	63.58%
<b>Expenditures</b>											
<b>Current:</b>											
General government	44,811	43,233	44,420	49,311	53,959	53,134	55,000	58,591	62,912	60,688	35.43%
Public protection	162,311	166,206	177,912	187,004	197,230	215,660	231,717	236,522	246,166	268,318	65.31%
Public ways and facilities	20,033	15,044	15,921	20,505	25,758	22,606	21,434	18,852	18,829	17,962	-10.34%
Health and sanitation	108,679	118,811	134,028	141,622	152,896	148,363	153,376	166,250	168,658	195,995	80.34%
Public assistance	151,800	156,236	171,723	149,100	166,134	170,225	181,075	181,769	192,731	206,289	35.90%
Education	9,194	5,274	185	183	197	192	145	118	141	-	-100.00%
Recreation	5,501	5,914	6,182	6,773	7,241	7,018	6,682	6,566	7,310	7,609	38.32%
Capital outlay	25,948	46,107	38,414	29,126	50,986	42,169	34,802	72,262	77,000	41,286	59.11%
Debt service:											
Principal	2,213	7,480	5,902	6,656	5,693	5,440	7,756	7,172	7,052	8,200	270.54%
Interest	14,614	15,023	16,336	13,365	14,177	14,707	16,892	18,515	19,804	19,015	30.11%
Bond issuance costs	-	-	-	-	703	-	4,077	480	-	-	n/a
Total expenditures	<u>545,104</u>	<u>579,328</u>	<u>611,023</u>	<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>	51.41%
Excess of revenues over (under) expenditures	<u>5,672</u>	<u>(4,631)</u>	<u>19,231</u>	<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>	1232.39%
<b>Other financing sources (uses)</b>											
Issuance of lease revenue bonds/ certificates of participation (COP)	78,985	113,140	-	-	32,890	-	155,350	10,380	-	-	n/a
Issuance of refunding bonds	-	-	560	-	-	-	7,805	-	-	-	n/a
Premium on lease revenue bonds/COP	-	-	-	-	-	-	342	75	-	-	n/a
Discount on lease revenue bonds/COP	-	-	-	-	(146)	-	-	-	-	-	n/a
Payment to refunded bond escrow agent	(33,203)	(108,856)	-	-	-	-	(7,823)	-	-	-	n/a
Proceeds from sale of capital assets	-	-	-	1,500	134	-	-	2	46	2	n/a
Capital leases	-	-	-	-	-	-	-	-	-	30	n/a
Transfers in	34,020	34,389	47,045	50,445	72,563	40,379	57,790	53,485	53,632	60,441	77.66%
Transfers out	(32,613)	(35,302)	(52,075)	(58,038)	(84,855)	(69,862)	(119,822)	(103,507)	(132,242)	(172,141)	427.83%
Total other financing sources (uses)	<u>47,189</u>	<u>3,371</u>	<u>(4,470)</u>	<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>	-336.64%
<b>Net change in fund balances</b>	<u>\$ 52,861</u>	<u>\$ (1,260)</u>	<u>\$ 14,761</u>	<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>	-168.28%
<b>Debt service as a percentage of noncapital expenditures</b>	3.24%	4.22%	3.88%	3.48%	3.30%	3.16%	4.24%	3.77%	3.71%	3.47%	

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

Notes:

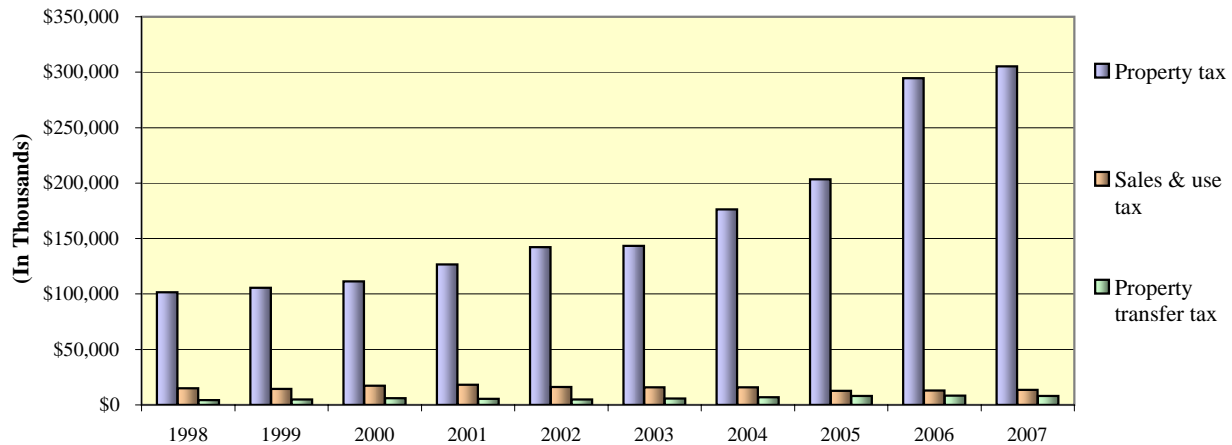
<sup>1</sup> See the Management's Discussion and Analysis for reasons attributed to significant changes in revenues, expenditures, and fund balances.

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>Transient Occupancy</b>	<b>Total</b>
1998	\$ 101,514	\$ 14,933	\$ 454	\$ 4,336	\$ 1,833	\$ 123,070
1999	105,664	14,477	474	4,790	328	125,733
2000	111,292	17,280	784	6,074	540	135,970
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 <sup>1</sup>	15,762	1,017	7,003	632	200,765
2005	203,499 <sup>1</sup>	12,706	814	8,111	700	225,830
2006	294,569 <sup>1</sup>	12,855	821	8,487	772	317,504
2007	305,146	13,607	1,289	8,193	907	329,142
<b>10 year % of change</b>	200.6%	-8.9%	183.9%	89.0%	-50.5%	167.4%

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



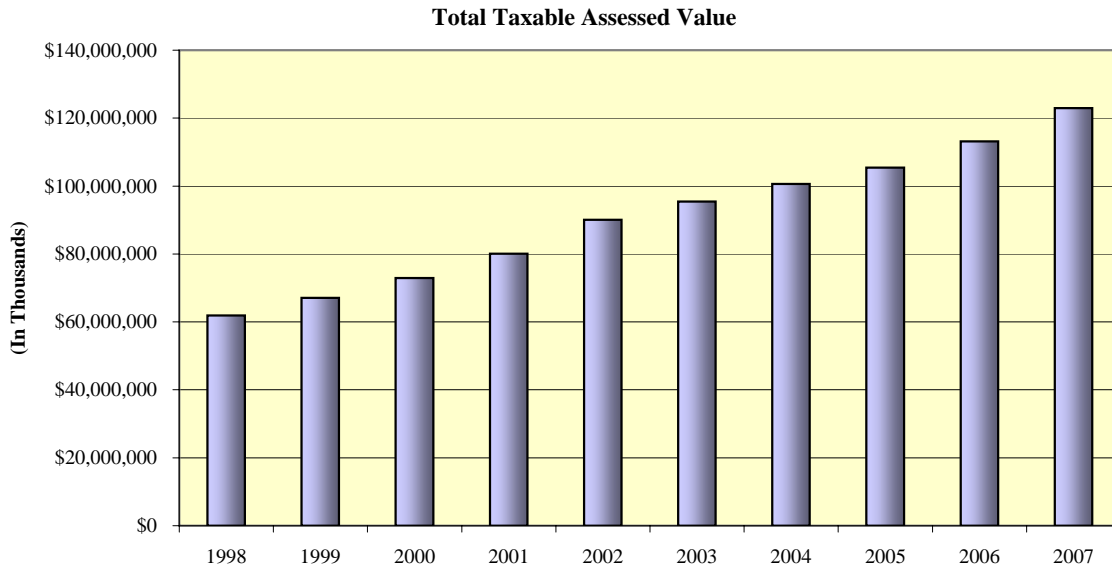
Source: Controller's Office - County of San Mateo, California

Note:

<sup>1</sup> Property tax from excess Educational Revenue Augmentation Fund account for most of the increase during the fiscal year.

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

<u>Fiscal Year</u>	<u>Real Property<sup>2</sup></u>	<u>Personal Property</u>	<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value<sup>1</sup></u>	<u>Total Direct Tax Rate</u>
1998	\$ 58,534,192	\$ 5,866,439	\$ 2,502,633	\$ 61,897,998	1%
1999	62,862,243	6,795,063	2,542,875	67,114,431	1%
2000	68,989,934	6,594,451	2,669,020	72,915,365	1%
2001	75,398,222	7,450,029	2,727,954	80,120,297	1%
2002	84,984,729	8,043,961	2,920,396	90,108,294	1%
2003	90,740,193	7,787,859	3,073,046	95,455,006	1%
2004	96,465,383	7,468,918	3,271,733	100,662,568	1%
2005	102,268,521	6,406,818	3,222,916	105,452,423	1%
2006	110,747,828	6,034,679	3,626,924	113,155,583	1%
2007	120,723,432	6,178,495	3,952,784	122,949,143	1%
<b>10 year % of C</b>	106.24%	5.32%	57.95%	98.63%	



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

Notes:

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

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

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



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

<u>Fiscal Year</u>	<u>General Rate <sup>3</sup></u>	<u>Debt Service Tax Rate</u>			<u>Total</u>
		<u>Overlapping Governments <sup>2</sup></u>			
		<u>Local Special Districts</u>	<u>Schools</u>	<u>Cities</u>	
	<u>County</u>				
1998	1.0000	0.0004	0.0261	0.0022	1.0287
1999	1.0000	0.0004	0.0269	0.0021	1.0294
2000	1.0000	0.0003	0.0325	0.0020	1.0348
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 <sup>4</sup>
2007	1.0000	0.0030	0.0679	0.0046	1.0755

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) 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.

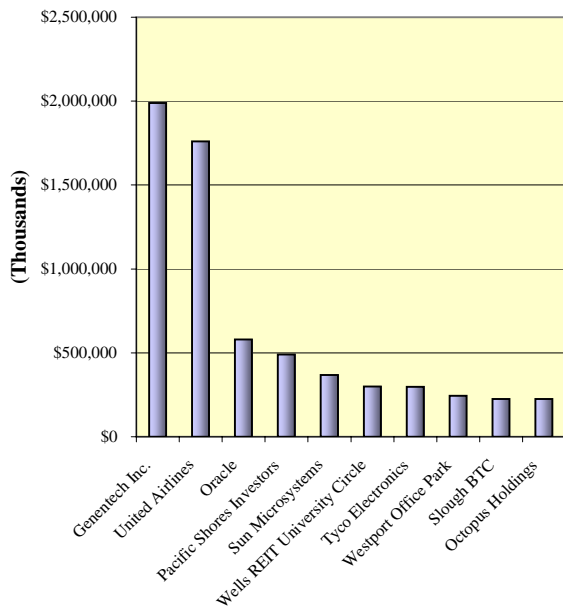
<sup>3</sup> Proposition 13 allows each county to levy a maximum tax of \$1 per \$100 of full cash value. Full cash value is equivalent to assessed value pursuant to Statutes of 1978, Senate Bill 1656.

<sup>4</sup> Data are restated to reflect retroactively adjustment to the property tax rates for FY 2005-06.

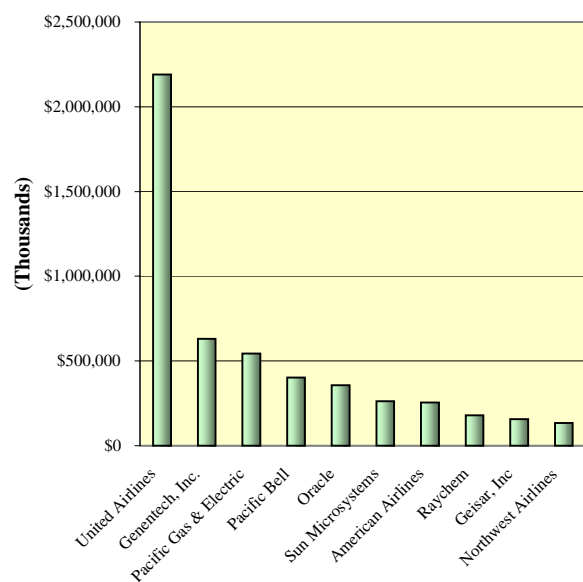
**COUNTY OF SAN MATEO**  
**Principal Property Assesseees**  
**Current Fiscal Year and Nine Fiscal Years Ago**  
**(In Thousands)**

Assessee	Fiscal Year 2007			Fiscal Year 1998		
	Taxable Assessed Value <sup>1</sup>	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value <sup>1</sup>	Rank	Percentage of Total Taxable Assessed Value
Genentech Inc.	\$ 1,989,793	1	1.62%	\$ 630,605	2	1.02%
United Airlines	1,760,548	2	1.43%	2,190,211	1	3.54%
Oracle	580,136	3	0.47%	357,443	5	0.58%
Pacific Shores Investors	490,900	4	0.40%	---	---	---
Sun Microsystems	368,615	5	0.30%	261,549	6	0.42%
Wells REIT University Circle	298,860	6	0.24%	---	---	---
Tyco Electronics	297,347	7	0.24%	---	---	---
Westport Office Park	244,494	8	0.20%	---	---	---
Slough BTC	225,687	9	0.18%	---	---	---
Octopus Holdings	224,177	10	0.18%	---	---	---
Pacific Gas & Electric	---	---	---	543,003	3	0.88%
AT&T (Pacific Bell)	---	---	---	402,716	4	0.65%
American Airlines	---	---	---	254,203	7	0.41%
Raychem	---	---	---	179,828	8	0.29%
Geisar, Inc	---	---	---	155,965	9	0.25%
Northwest Airlines	---	---	---	134,607	10	0.22%
<b>Total</b>	<b>\$ 6,480,557</b>		<b>5.27%</b>	<b>\$ 5,110,130</b>		<b>8.26%</b>

**Principal Property Assesseees**  
**FY 2007**



**Principal Property Assesseees**  
**FY 1998**



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

Notes:

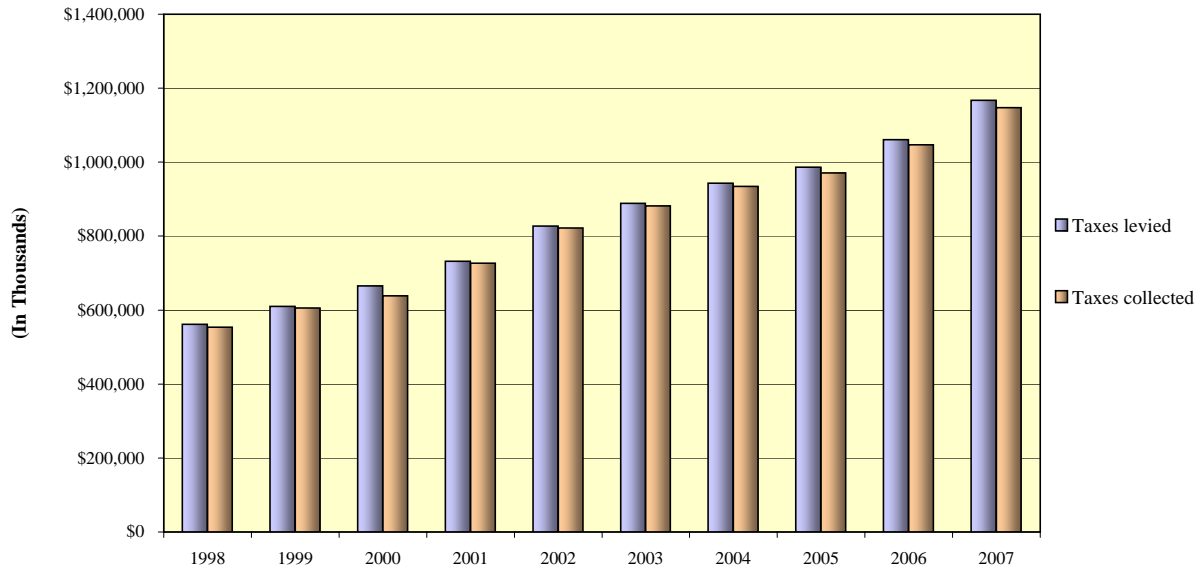
<sup>1</sup> Taxable assessed value includes both real and personal properties.

<sup>2</sup> Total taxable assessed value for FY 2006-07 was about \$123 million.

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

Fiscal Year	Total Tax Levy for the Fiscal Year					Collected within the Fiscal Year of the Levy		Total Collections to Date		
	General Levy <sup>1</sup>	Debt Service Levy <sup>2</sup>				Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
		County	Local Special Districts	Schools	Cities					
1998	\$ 544,959	\$ 194	\$ 14,982	\$ 1,324	\$ 561,459	\$ 553,732	98.62%	\$ 433	\$ 554,165	98.70%
1999	590,190	217	18,375	1,342	610,124	605,415	99.23%	675	606,090	99.34%
2000	640,788	186	23,307	1,356	665,637	638,601	95.94%	244	638,845	95.97%
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%	n/a	1,147,755	98.33%

**Property Tax Levies and Collections**



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	Capital Lease Obligations <sup>3</sup>	Subtotal	Notes Payable	Capital Lease Obligations	Subtotal			
1998	\$ 251,623	\$ 17,135	\$ 4,727	\$ 2,045	\$ 275,530	\$ 1,270	\$ 1,161	\$ 2,431	\$ 277,961	0.89%	\$ 385
1999	260,058	15,780	5,318	1,580	282,736	1,178	1,194	2,372	285,108	0.80%	392
2000	255,560	15,585	4,430	1,544	277,119	1,757	904	2,661	279,780	0.67%	394
2001	254,364	15,385	389	913	271,051	1,796	1,251	3,047	274,098	0.70%	384
2002	282,296	15,175	353	251	298,075	1,645	655	2,300	300,375	0.82%	420
2003	277,234	14,955	315	131	292,635	1,523	117	1,640	294,275	0.81%	410
2004	425,932 <sup>4</sup>	14,725	399	-	441,056	1,591	27	1,618	442,674	1.12%	616
2005	419,323	24,939 <sup>5</sup>	358	-	444,620	1,455	30	1,485	446,105	1.07%	618
2006	411,942	24,687	316	-	436,945	1,314	5	1,319	438,264	n/a	603
2007	404,301	24,390	271	15	428,977	1,206	-	1,206	430,183	n/a	586

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 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 JPFA. These tax-exempt certificates are sold publicly or privately to investors.

<sup>3</sup> Capital lease obligations arise from lease agreements which are in-substance like purchases. The agreements convey property rights to the lessee and the lessee assumes substantially all of the risks and benefits of ownership.

<sup>4</sup> The County issued \$155 million of lease revenue bonds to finance the construction of the Youth Services Center.

<sup>5</sup> The County issued \$10.38 million of certificates of participation to finance the construction of a flood control zone at Colma Creek.

n/a - Information is unavailable.

**COUNTY OF SAN MATEO**  
**Direct and Overlapping Debt**  
**As of June 30, 2007**  
**(In Thousands)**

Assessed valuation (including unitary utility valuation)	\$ 123,884,991
Less: Redevelopment incremental valuation <sup>1</sup>	10,908,740
Adjusted assessed valuation	<u>\$ 112,976,251</u>

<b>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Direct General Fund Obligation Debt</b>			
San Mateo County General Fund Obligations	\$ 404,301	100.00%	404,301
San Mateo County Flood Control District Certificates of Participation	24,390	100.00%	24,390
<b>Total direct debt</b>	<b>428,691</b>		<b>428,691</b>
<b>Overlapping General Fund Obligation Debt</b>			
<i>Cities</i>			
City of Burlingame General Fund and Pension Obligations	56,820	100.00%	56,820
City of Daly City Certificates of Participation and Pension Obligations	37,690	100.00%	37,690
City of Redwood City General Fund Obligations	24,675	100.00%	24,675
City of San Mateo General Fund Obligations	34,495	100.00%	34,495
Other City General Fund Obligations	70,901	100.00%	70,901
<i>Special Districts</i>			
Midpeninsula Regional Open Space Park General Fund Obligations	108,465	31.18%	33,823
San Mateo County Mosquito Abatement District Certificate of Participation	1,040	100.00%	1,040
Granada Sanitary District Certificates of Participation	751	100.00%	751
<i>School Districts</i>			
Cabrillo Unified School District General Fund Obligations	11,550	100.00%	11,550
Belmont School District General Fund Obligations	5,905	100.00%	5,905
San Mateo County Board of Education Certificates of Participation	13,680	100.00%	13,680
San Mateo Union High School District Certificates of Participation	74,516	100.00%	74,516
Other School Districts General Fund Obligations	6,120	100.00%	6,120
<b>Total overlapping general fund obligation debt</b>	<b>446,608</b>		<b>371,966</b>
<b>Overlapping Tax and Assessment Debt</b>			
<i>Cities</i>			
	69,130	100.00%	69,130
<i>Special Districts</i>			
Estero Municipal Improvement District	915	100.00%	915
Redwood City General Improvement District No. 1-64	800	100.00%	800
Montara Sanitary District	16,510	100.00%	16,510
Community Facilities Districts	36,905	100.00%	36,905
Other Special Districts (1915 Act Bonds)	33,400	100.00%	33,400
<i>School Districts</i>			
Jefferson and San Mateo Union High School Districts	200,420	100.00%	200,420
Cabrillo Unified School District	23,296	100.00%	23,296
South San Francisco School District	36,825	100.00%	36,825
Sequoia Union High School District	198,340	100.00%	198,340
Hillsborough School District	39,476	100.00%	39,476
Jefferson School District	51,225	100.00%	51,225
Laguna Salada School District	28,512	100.00%	28,512
Menlo Park City School District	52,610	100.00%	52,610
Redwood City School District	58,934	100.00%	58,934
San Carlos School District	53,194	100.00%	53,194
San Mateo - Foster City School District	98,126	100.00%	98,126
San Mateo Community College District	662,865	100.00%	662,865
Other School District	133,171	100.00%	133,171
<b>Total overlapping tax and assessment debt</b>	<b>1,794,654</b>		<b>1,794,654</b>
<b>Total overlapping debt</b>	<b>2,241,262</b>		<b>2,166,620</b>
<b>Total direct and overlapping debt</b>	<b>\$ 2,669,953 <sup>2</sup></b>		<b>\$ 2,595,311</b>
Ratio of total direct and overlapping debt to adjusted assessed value:	2.36%		
Direct debt per capita (in absolute dollars)	\$ 584		
Total net direct and overlapping debt per capita (in absolute dollars)	\$ 3,640		

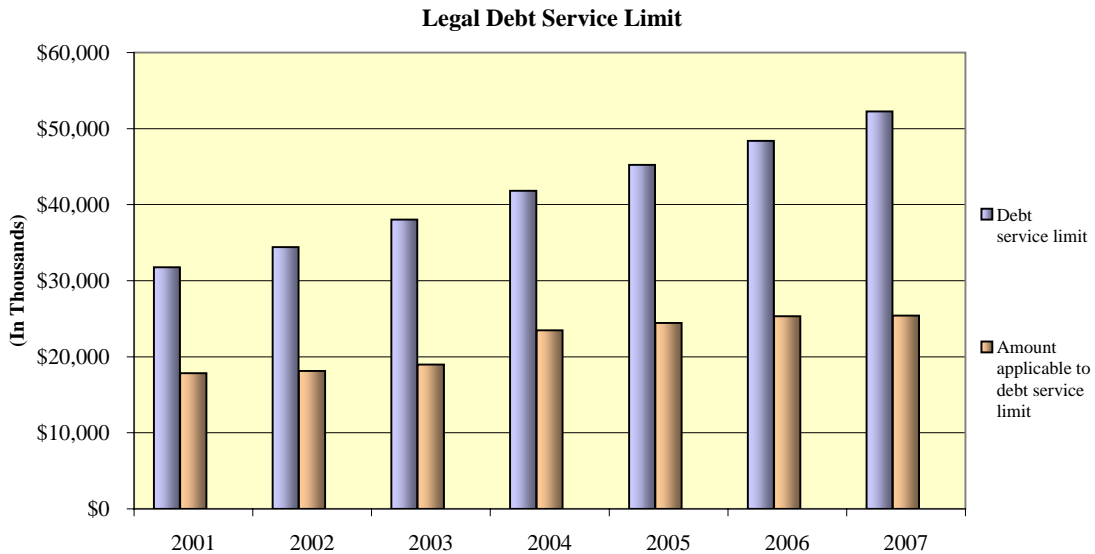
Source: California Municipal Statistics, Inc.

<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 the redevelopment agency was established.

<sup>2</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 Seven 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>
<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
<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
Less: Amount applicable to debt service limit <sup>3</sup>	<u>(17,834)</u>	<u>(18,143)</u>	<u>(18,991)</u>	<u>(23,486)</u>	<u>(24,448)</u>	<u>(25,328)</u>	<u>(25,403)</u>
Legal debt service margin	<u>\$ 13,935</u>	<u>\$ 16,268</u>	<u>\$ 19,028</u>	<u>\$ 18,329</u>	<u>\$ 20,792</u>	<u>\$ 23,067</u>	<u>\$ 26,864</u>
Legal debt service margin as a percentage of debt service limit	43.86%	47.28%	50.05%	43.83%	45.96%	47.66%	51.40%



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. Prior year information was revised to exclude debt service payments towards certificates of participation for the Colma Creek Flood Control District.

**COUNTY OF SAN MATEO**

**Pledged Revenue Coverage**

**Last Seven 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

**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

**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

**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

Sources:  
 Available revenue - based on contributions made by responsible funds/departments.  
 Principle and interest - based on debt service schedules.

**Purpose:** 2003 Lease Revenue Bonds  
 Financed the costs of acquisition and construction of a new Youth Services Center.

**Funding Source:** County departments occupying the facilities.

Fiscal Year	Available	Debt Service		Coverage ratio
	Revenue	Principal <sup>2</sup>	Interest	
2001	\$ -	\$ -	\$ -	-
2002	-	-	-	-
2003	-	-	-	-
2004	2,738	-	2,738	1.00
2005	3,946	-	3,946	1.00
2006	5,183	-	5,183	1.00
2007	5,274	-	5,383	0.98

**Purpose:** 2004 Refunding Bonds  
 Refunded a portion of the 1993 Issue.

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

Fiscal Year	Available	Debt Service		Coverage ratio
	Revenue	Principal	Interest	
2001	\$ -	\$ -	\$ -	-
2002	-	-	-	-
2003	-	-	-	-
2004	-	-	-	-
2005	592	375	217	1.00
2006	657	430	227	1.00
2007	2,494	2,270	188	1.01

**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. 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

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

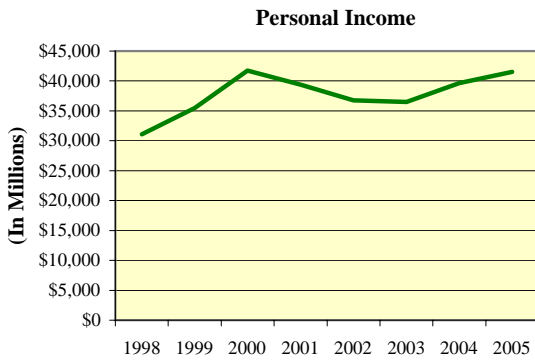
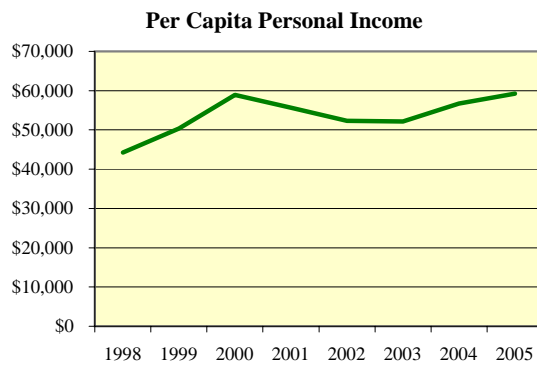
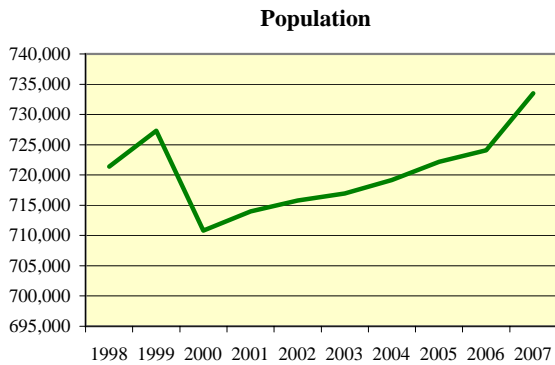
**Funding Source:** Colma Creek Flood Control District.

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

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> Retirement of principal begins in fiscal year 2008.

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

<b>Year</b>	<b>Population</b> <sup>1</sup>	<b>Personal Income</b> <sup>5</sup> <i>(amounts expressed 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>
1998	721,400	\$ 31,074	\$ 44,223	n/a	92,763	2.5%
1999	727,300	35,486	50,368	n/a	92,901	2.0%
2000	710,836	41,731	58,888	36.9	92,285	2.9%
2001	713,958	39,395	55,634	36.8	91,205	3.8%
2002	715,763	36,737	52,289	37.4	89,415	5.7%
2003	716,943	36,467	52,114	38.7	88,991	5.8%
2004	719,154	39,626	56,697	38.6	88,477	4.9%
2005	722,160	41,518	59,213	39.2	88,273	4.3%
2006	726,336	n/a	n/a	n/a	88,350	3.7%
2007	733,496	n/a	n/a	n/a	88,360	3.9%



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 2007'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.

n/a - Information is unavailable.

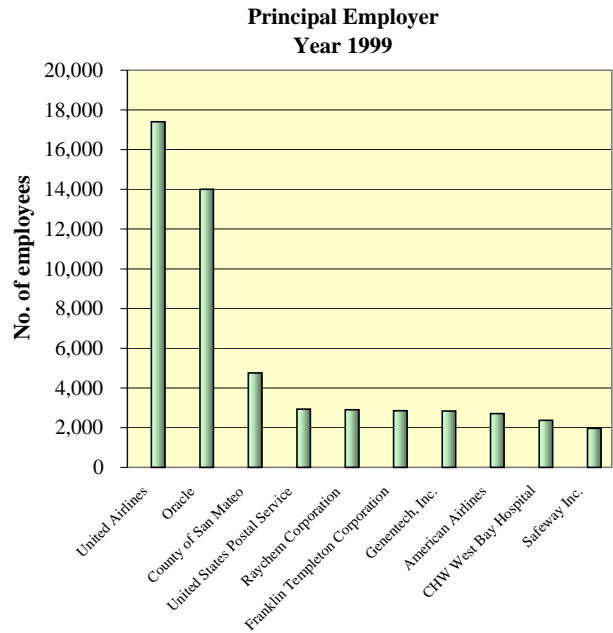
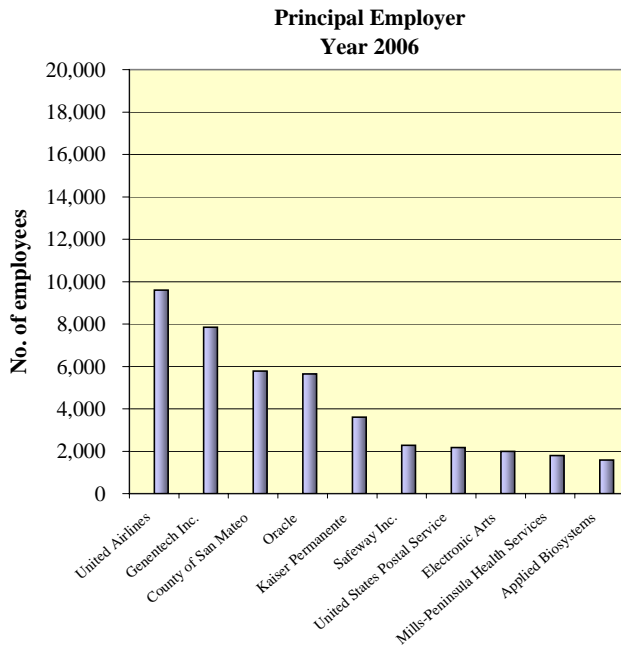
Note:

All data are presented in calendar year except for the average unemployment rate, which is presented in fiscal year.



**COUNTY OF SAN MATEO  
Principal Employers  
Last Year and Eight Years Ago**

Employer	Business Type	2006			1999 <sup>1</sup>		
		Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
United Airlines	Airline	9,600	1	2.73%	17,400	1	4.46%
Genentech Inc.	Biotechnology	7,845	2	2.23%	2,839	7	0.73%
County of San Mateo	Government	5,777	3	1.64%	4,761	3	1.22%
Oracle	Software	5,642	4	1.61%	14,000	2	3.59%
Kaiser Permanente	Health care	3,609	5	1.03%	---	---	---
Safeway Inc.	Supermarket	2,280	6	0.65%	1,973	10	0.51%
United States Postal Service	Postal service	2,174	7	0.62%	2,937	4	0.75%
Electronic Arts	Interactive Entertainment	2,000	8	0.57%	---	---	---
Mills-Peninsula Health Services	Health care	1,800	9	0.51%	---	---	---
Applied Biosystems	Biotechnology	1,578	10	0.45%	---	---	---
Raychem Corporation	Electronics	---	---	---	2,900	5	0.74%
American Airlines	Airline	---	---	---	2,700	8	0.69%
Franklin Templeton Corporation	Investment management	---	---	---	2,849	6	0.73%
CHW West Bay Hospital	Health care	---	---	---	2,373	9	0.61%
<b>Total</b>		<b>42,305</b>		<b>12.04%</b>	<b>54,732</b>		<b>14.03%</b>



Source: San Francisco Business Times - Book of Lists.

Notes:

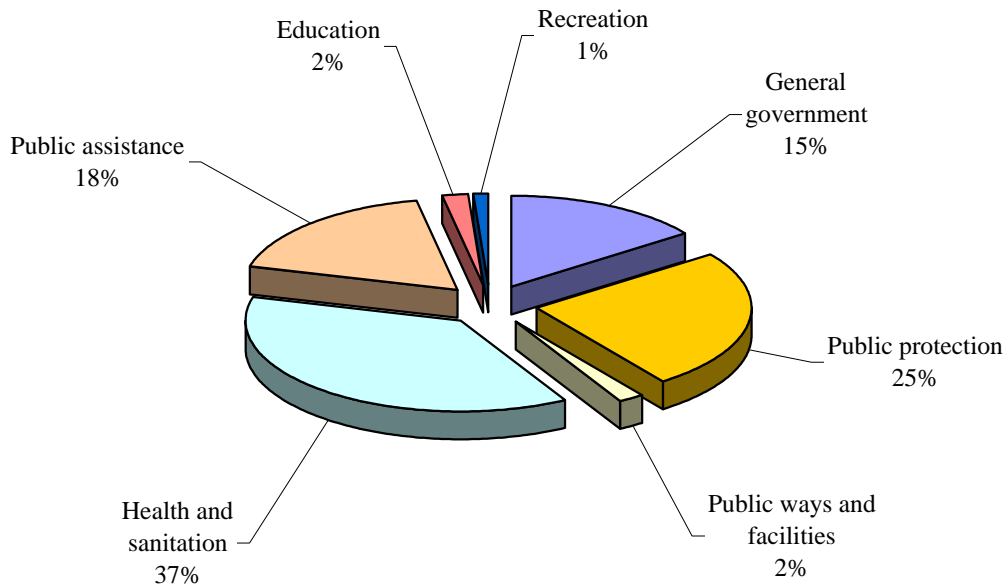
<sup>1</sup> Principal employer information for year 1998 and 2007 is not available.

<sup>2</sup> Total County employment for 2006 was 351,300.

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government	775	808	816	842	893	897	828	813	820	820
Public protection	1,206	1,277	1,299	1,317	1,378	1,386	1,353	1,318	1,379	1,380
Public ways and facilities	83	84	90	91	81	93	97	92	92	92
Health and sanitation	1,331	1,379	1,418	1,409	1,522	1,528	1,809	1,807	1,889	2,050 <sup>3</sup>
Public assistance	715	759	759	796	829	840	859	870	924	971
Education	93	106	105	107	108	111	109	109	116	112
Recreation	56	60	59	61	63	58	55	55	55	56
Total full-time equivalent employees <sup>2</sup>	4,259	4,473	4,546	4,623	4,874	4,913	5,110 <sup>1</sup>	5,064	5,275	5,481

**Full-time Equivalent County Employees by Function**  
**FY 2006-07**



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. The addition of BLTC increased the County's number of employees.

<sup>2</sup> The full-time equivalent (FTE) employee count was based on the information available in the County's Budget System before the year-end.

<sup>3</sup> The increase in FTE was primarily caused by extended services provided by the Public Health and Mental Health divisions.

**COUNTY OF SAN MATEO**  
**Operating Indicators by Function**  
**Fiscal Years 2000-2006**

Function:	Fiscal Year <sup>3</sup>						
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>General Government</u></b>							
<i>County Counsel</i>							
Number of litigation cases	n/a <sup>1</sup>	1,316	1,316	1,571	1,567	1,628	1,658
Percent of general litigation cases won or resolved with approval of client	n/a	n/a	n/a	89%	92%	95%	100%
Attorney per capita	1:34,495	1:30,746	1:32,438	1:32,593	1:32,734	1:33,051	1:33,554
<i>Public Safety Communication</i>							
Number of calls received	n/a	481,623	746,500 <sup>2</sup>	687,629	634,044	650,683	563,922
Number of calls processed annually by category:							
High priority	n/a	71,864	68,434	65,193	63,578	69,529	73,138
Other dispatched	n/a	184,935	207,910	207,160	200,348	181,261	174,939
Informational	n/a	224,824	470,156	415,276	370,118	399,893	315,845
<i>Utilities</i>							
Number of streetlights maintained	2,638	2,643	2,900	2,900	2,885	2,894	2,920
Number of properties served by County sewer districts	11,283	11,289	11,376	11,300	11,310	11,354	11,376
<b><u>Public Protection</u></b>							
<i>District Attorney</i>							
Number of felony cases with victims	1,387	1,307	1,323	1,202	1,232	1,423	1,470
Number of Public Administrator cases opened	49	61	68	61	68	64	44
Number of Public Administrator cases closed	54	39	64	86	66	61	65
Percent of Public Administrator cases closed within 12 months	72%	60%	64%	67%	100%	85%	71%
<i>Sheriff's Office</i>							
Investigative services							
Number of investigations performed annually	n/a	n/a	5,848	6,358	6,000	6,994	7,578
Multi-jurisdictional investigative service							
Number of investigations performed annually	809	768	820	724	710	554	494
Number of arrests made annually	489	413	286	306	397	372	255
Patrol Bureau							
Number of dispatched calls for service	60,057	59,049	70,668	63,547	59,999	61,972	62,806
Number of citations issued - patrol services	8,482	9,084	10,278	9,857	11,185	11,453	9,189
Number of total traffic activities by Patrol Deputies (non-citation)	19,211	17,388	18,092	15,237	16,096	15,298	16,681
Average response time for priority dispatched calls (in minutes):							
Urbanized service areas	2.63	3.15	3.70	3.26	2.64	3.20	3.30
Rural service areas	13.03	8.40	9.75	8.27	9.67	9.60	10.49
<b><u>Public Ways and Facilities</u></b>							
<i>Road maintenance:</i>							
Number of service hours:							
Asphalt and concrete pavement	32,100	31,470	38,688	27,281	22,714	20,224	17,208
Traffic signs, striping and legends	6,764	4,635	4,921	3,073	3,728	2,626	4,552
Drainage facilities	20,661	21,986	18,099	18,724	12,525	12,176	15,808
Vegetation management	15,426	20,469	22,015	19,403	15,568	14,569	13,763
<i>Number of lane miles:</i>							
Sealed	n/a	n/a	26.10	32.30	17.00	82.00	53.00
Resurfaced	n/a	n/a	34.24	41.70	23.00	14.00	14.00
Reconstructed	n/a	n/a	2.68	4.70	2.90	0.30	1.20
<b><u>Health and Sanitation</u></b>							
<i>Emergency Medical Services (EMS)</i>							
Number of 9-1-1 calls for medical response	38,121	40,013	37,028	41,504	40,851	39,068	40,222
Percent of EMS calls responded to on time							
Ambulance	94%	94%	95%	95%	94%	93%	91%
Fire first reponse	98%	98%	98%	98%	98%	98%	99%

Source: County's Adopted Budget Books.

(Continued)

Notes:

<sup>1</sup> n/a - Information 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 retroactively adjustment as needed. The statistics for FY 2006-07 are not yet available.

**COUNTY OF SAN MATEO**  
**Operating Indicators by Function**  
**Fiscal Years 2000-2006**

Function:	Fiscal Year <sup>3</sup>						
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><i>Mental Health Adult Services</i></b>							
Number of clients served:							
Intensive level of service	2,680	2,676	2,575	2,578	2,631	2,446	2,409
Outpatient level of service	7,207	7,442	7,582	7,309	7,218	7,280	7,497
Lanterman Petris Short Conservatorship	477	437	392	369	374	381	392
<b><i>Mental Health Youth Services</i></b>							
Number of clients served:							
Intensive	685	700	719	784	711	637	937
Non-intensive	1,220	1,328	1,292	1,408	1,451	1,322	1,374
Early intervention	155	213	246	459	452	359	466
<b><i>Family Health Services</i></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
Prenatal to three	5,503	6,316	6,764	3,336	3,575	3,645	3,714
Women, infants and children	22,600	22,600	19,050	22,231	25,599	21,688	17,976
California children services	3,446	3,327	4,480	1,747 <sup>4</sup>	2,541	2,788	2,724
Child health and disability prevention	3,900	7,862	3,732	3,101 <sup>4</sup>	2,696	2,074	1,881
Lead	65	140	185	69	76	82	102
California nutrition network	6,872	8,015	10,938	15,750	12,532	13,152	27,411 <sup>7</sup>
<b><i>Health Promotion and Disease Control</i></b>							
Number of clients served:							
AIDS program clinical services	549	554	576	546	565	559	576
Mobile clinic clinical services	n/a	n/a	2,975	1,463	3,024	2,713	3,534
STD Control	1,035	1,301	1,872	1,325	1,674	1,636	2,951 <sup>8</sup>
TB Control	n/a	237	641	811	508	901	1,100
<b><u>Public Assistance</u></b>							
<b><i>Community Capacity Building</i></b>							
Number of clients served by community based providers contracting with the Human Services Agency:							
Individuals	n/a	n/a	25,013	28,242	28,127	22,553	29,313
Families	n/a	n/a	9,137	9,582	9,580	8,271	10,558
<b><i>Economic Self-Sufficiency</i></b>							
Number of participants using PeninsulaWorks Centers	n/a	n/a	14,308	22,460	24,426 <sup>5</sup>	24,794	20,089
Number of enrolled participants in PeninsulaWorks Intensive & Training Services	603	466	1,817	2,458	2,431	1,003	954
Percent of PeninsulaWorks enrolled participants employed six months after leaving Intensive & Training services	n/a	90%	78%	89%	83%	80%	77%
<b><i>Family Strength</i></b>							
Number of children receiving child care assistance:							
Human Services Agency	n/a	n/a	1,598	1,578	1,520	1,600	533 <sup>9</sup>
Child Care Coordinating Council/PACE	n/a	n/a	1,562	1,800	2,144	1,841	2,267
<b><i>Housing &amp; Community Development</i></b>							
Number of affordable housing units developed and occupied	n/a	n/a	n/a	n/a	104	53	158
<b><u>Recreation</u></b>							
<b><i>Parks &amp; Recreation</i></b>							
Number of park reservation calls taken	2,420	2,480	3,102	3,794	3,479	5,291 <sup>6</sup>	5,011
Number of special events processed	113	100	95	64	106	78	87

Notes:

<sup>4</sup> The decrease reflected changes in collection methodology.

<sup>5</sup> The measure included Workforce Investment Act participants only.

<sup>6</sup> Park reservations staff began making reservations for Fitzgerald Marine Reserve docent-led tours, a task previously performed by others.

<sup>7</sup> Staff attended a larger number of health fairs increasing the number of customer served.

<sup>8</sup> The increase in number of clients served was caused by increased capacity in STD clinic stabilized workforce.

<sup>9</sup> The Human Services Agency changed its method in calculating the number of children served.

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

Function/Program <sup>1</sup>	Fiscal Year						
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b><u>Governmental Activities:</u></b>							
<b>General government</b>							
Child care centers	2	2	2	2	2	2	2
Fairground	1	1	1	1	1	1	1
Grant yards	6	6	6	6	6	6	6
Law library	1	1	1	1	1	1	1
<b>Public protection</b>							
Fire stations	4	4	4	4	4	4	4
Sheriff stations	1	1	2	2	2	2	2
Jail	1	1	1	1	1	1	1
Youth services center	1	1	1	1	1	1	1 <sup>2</sup>
<b>Public ways and facilities</b>							
Road							
Pavement (miles)	316.5	316.6	316.7	316.8	316.6	316.2	314.4
Bridges	28	28	28	28	28	28	28
Traffic signals	17	17	17	18	19	19	19
Sewer and water							
Sewer:							
Sanitary sewers (miles)	148.45	148.45	148.45	148.45	148.51	149.47	149.47
Water:							
Water mains (miles)	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Fire hydrants	20	20	20	20	20	20	20
Storage capacity (thousands of gallons)	710	710	710	710	710	710	710
Lighting							
Street lights	2,847	2,906	2,898	2,889	2,927	2,920	2,921
Flood control							
Channels (miles)	4.69	4.69	5.89	5.89	6.40	7.70	7.70
<b>Health and sanitation</b>							
Warehouse	1	1	1	1	1	1	1
Psychiatric center	1	1	1	1	1	1	1
Satellite clinic	1	1	1	1	1	1	1
<b>Public assistance</b>							
Drug treatment center	1	1	1	1	1	1	1
Employment and training center	1	1	1	1	1	1	1
<b>Recreation</b>							
Parks	21	21	22	22	22	22	22
Boating recreation center	1	1	1	1	1	1	1
<b><u>Business-type Activities:</u></b>							
Medical center	1	1	1	1	1	1	1

Sources:

County Capital Asset Master File  
Department of Public Works

Notes:

<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.