



**COUNTY OF SAN MATEO, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2005**

**Tom Huening, Controller**



# **County of San Mateo, California**



## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2005**

**Tom Huening  
Controller**

**Cover photograph: Butano State Park by Bob Adler**

**COUNTY OF SAN MATEO, CALIFORNIA**

**Comprehensive Annual Financial Report**

**Prepared by the Controller's Office**

**For the Fiscal Year Ended June 30, 2005**

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**COUNTY OF SAN MATEO  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Fiscal Year Ended June 30, 2005**

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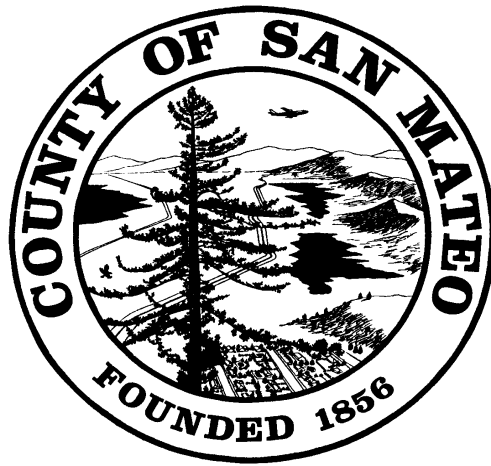
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## **INTRODUCTORY SECTION**

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COUNTY OF SAN MATEO  
OFFICE OF CONTROLLER

TOM HUENING, CONTROLLER

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To The Members of the Board of Supervisors and the  
Citizens of San Mateo County:

November 8, 2005

In accordance with California Government Code Section 25250 and 25253, we present the County of San Mateo (County) comprehensive annual financial report (CAFR) for the fiscal year (FY) ended June 30, 2005. This report contains a complete set of audited financial statements presented in conformity with generally accepted accounting principles. Our auditor, Macias Gini & Company LLP, has issued an unqualified opinion on the County's financial statements for the fiscal year ended June 30, 2005. The independent auditor's report is located in the financial section of this report.

Management asserts that this financial report is complete and reliable based upon an established comprehensive internal control framework. The framework is designed to compile sufficient reliable information and provide reasonable rather than absolute assurance that the County's financial statements are free from material misstatements. This letter is intended to complement the Management's Discussion and Analysis (MD&A) on pages 3-15 of this report and should be read in conjunction with it.

### GOVERNMENT PROFILE

The County is one of the nine counties in the San Francisco Bay Area. The 449 square mile County is on a peninsula with San Francisco Bay on the east and the Pacific Ocean on the west, with 54 miles of coastline bluffs and beaches. It is located in the middle of an urban area stretching from Santa Clara County in the south to San Francisco County in the north. The coastal Santa Cruz Mountain range bisects the County. Approximately 90% of the population lives on 20% of the land, mainly in the eastern half of the County, leaving the western side to more rural uses such as agriculture, game preserves, watershed, parks, and undeveloped lands.

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. The County's powers are exercised through an elected Board of Supervisors (Board). The Board, as the governing body, legislates and set policies for County government activity by ordinances and regulations. The Board makes policy 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 maintenance, sanitation, health and social services, elections and records, planning, zoning, and tax collection.

#### Blended Component Units

The governmental reporting entity consists of the County (Primary Government) and its blended and discretely presented component units. Component units are legally separate entities for which the primary government is financially accountable or the nature and significance of their relationship with the primary government is such that exclusion of these entities would make the CAFR misleading or incomplete. The County has the following four independent fiscal agencies that are considered blended component units:

- The **San Mateo County Joint Powers Financing Authority (JPFA)** assists the County in the financing of public capital improvements. The JPFA is reported as a major governmental fund in the County's 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 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 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 financial statements.

**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 First 5 has a different governing body than the County and does not provide services entirely to the County, it is considered a discretely presented component unit of the County.

**Budget**

In accordance with California Government Code Section 29000 and 29143, the County prepares a budget for all governmental funds except for the JPFA on a modified accrual basis. The annual budget serves as the foundation for the County's financial planning and control of expenditures. The legal level of budgetary control is maintained at the object level within budget units for the County. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance.

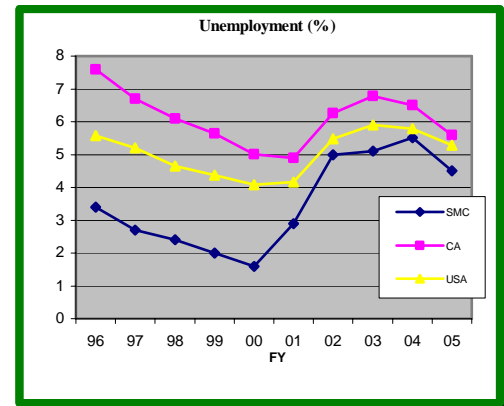
The ordinance sets limit on expenditures, which cannot be changed except by subsequent amendments to the budget. The Board must approve amendments or transfers of appropriations between object levels within the same budget unit or between departments or funds for amounts above \$50,000. The County Manager's 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**

**Employment**

Jobs are expected to increase by 30,300 or 8% from 2001 to 2008. The projected job growth comes primarily from computer and mathematical sciences (24%), sales and related occupations (13%), management (8%), and life, physical, and social sciences (7%). The County's job base is diversified among several industries and company sizes, which may explain why the unemployment rate has been consistently less than the State and national rates.

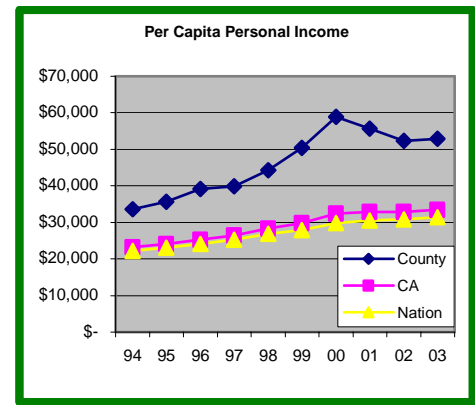
As of August 2004, the five largest employers in the County were United Airlines, Oracle Corporation, County of San Mateo, Genentech Inc., and Kaiser Permanente.



**Income**

The County's median family income continues to be one of the highest in the nation. The median family income was \$83,021 in 2001 and \$80,827 in 2002. For 2003, the median family income was \$84,171, the highest in California and the 11<sup>th</sup> highest in the nation.

Per capita personal income continues to increase in San Mateo County, but a great deal of disparity exists in the incomes of the County's households. In 2003, about 35% of the County's households earned less than \$50,000 per year while 34% earned more than \$100,000 or more. A family of three needed an estimated \$58,920 in 2003 to remain self sufficient, which meant more than one third of the households in the County earned less than the self sufficiency level. At the very lower and upper end brackets, about 14% of households earned less than \$25,000 per year while 17% earned more than \$150,000. The wide disparity in household income distribution is not improving.

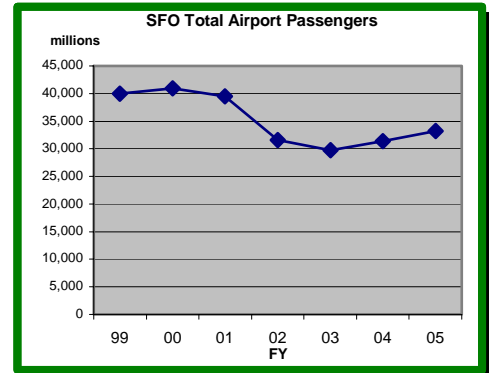


**Tourism**

San Francisco International Airport (SFO) is located in an unincorporated area of the County. Although SFO is owned and operated by the City and County of San Francisco, it plays a significant part in the County's economy. Air transportation is the County's single largest industry. The number of employees in the air transportation industry in the San Francisco Metropolitan Area (San Francisco, San Mateo and Marin) as of June 30, 2005 was 16,300, a 0.6% decrease when compared to the prior fiscal year.

Since FY 2002-03, traffic at SFO has gradually rebounded. In FY 2004-05, SFO was the 12<sup>th</sup> largest airport in the nation for passenger travel. When compared to the prior fiscal year, total passenger volume increased by 1.8 million (6%), parking lot usage slightly declined (0.3%), and cargo and mail traffic increased by 587,518 metric tons (6%).

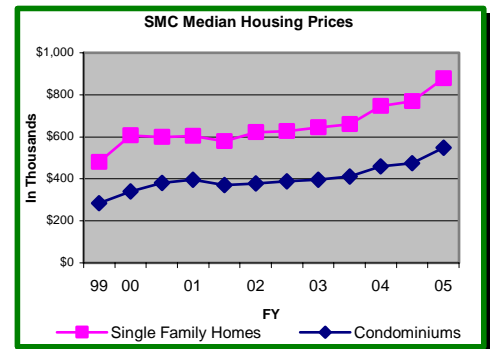
*Hotel Industry* The hotel industry continues to show positive signs toward economic recovery as well. Average occupancy rate was 65% compared to 62% in the prior fiscal year. Total room revenue was \$318.9 million, a \$26.8 million (9.2%) increase compared to the prior fiscal year.



**Real Estate**

*Commercial* The County has 34.5 million square feet of net rentable office space. At the end of the fiscal year, vacancy rates were below 20% for the first time in three years. Increases in occupancy levels continue to boost investor confidence in the area. Genentech is currently in the process of building a 160,000 square feet Class A office building in South San Francisco, with intentions to occupy the entire space upon completion.

*Residential* The Bay Area remains one of the highest priced regions in the State and among the highest in the nation for home prices. On average, home sellers received 100% of the listed price. Compared to last year, the number of single-family homes on the market increased by 1%, and condominiums decreased by 4%. Affordable housing remains a significant challenge for residents, employers and policymakers. Homes are least affordable in Atherton, Hillsborough, Portola Valley, Woodside and Burlingame and most affordable in East Palo Alto, Brisbane, Daly City, South San Francisco, Pacifica and San Bruno.



According to the Tri-County Apartment Association, average rent and occupancy rate for rentals were comparable to last year. Average rent was \$1,392 per month while occupancy rates for rentals averaged 94.3% during FY 2004-05.

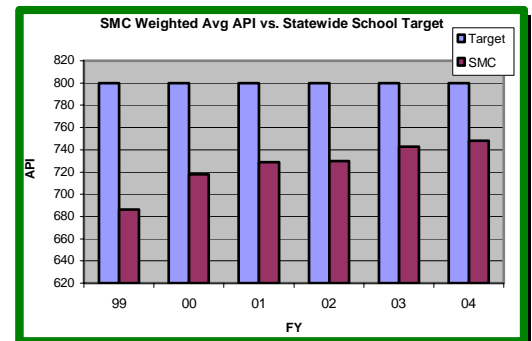
**Harbor Transportation**

The Port of Redwood City located in Redwood City has a deep-water channel that handles bulk cargo. Demand for construction materials from around the world (Far East, Australia, Mexico, Canada and Pacific Northwest) resulted in a record 1.9 million metric tons of cargo for FY 2004-05. The Port's three major cargos (cement, gypsum, and recycled scrap metal) all achieved record volumes and contributed significantly to the Port's tonnage growth.

**Education**

A schools Academic Performance Index (API) score is an indicator of its academic performance level. The statewide API performance target for all schools is 800. According to the California Department of Education (CDE), the weighted average API for the County's public schools increased 9% in five years from 686 in 1999 to 748 in 2004. In 2004, 33% of the County's public schools had an API index of 800 or greater compared to 18% in 1999.

The latest statistics from the CDE indicate that, in 2004-05, the average class size was 26.4 for the County and 27.3 for the State. In 2003-04, the 4-year high school dropout rate for the County was 6.1% and 13.3% for the State. However, perhaps the most accurate and meaningful rates are of those students who begin with 9<sup>th</sup> grade and who actually graduate. In San Mateo County, using that test, only 76% of 9<sup>th</sup>-graders enrolled in 2000-01 graduated in 2003-04. For the State as a whole, the rate was 71%.



## LONG-TERM FINANCIAL PLANNING

The Board, County Manager, and departments have been proactive in their response to the downturn in the economy and the State budget crisis. The countywide hiring freeze first placed on all vacant positions in mid-November 2001 continues, but restrictions of adding new positions during the budget process were eased due to improving economic conditions at the State and local levels. The County added 165 positions in the Recommended Budget for FY 2005-06 and FY 2006-07. With public safety and health issues at the forefront, the most significant increases occurred in the Sheriff's Office (14), the Probation Department (15), Mental Health Services (15), the Medical Center (88) and the Human Services Agency (29). The Recommended Budget also included \$7 million in one-time start-up costs for the \$155 million Youth Services Center project scheduled for completion in June 2006. The Board adopted the final budget in September 2005.

### Tax Revenues

In FY 2004-05, property in the County was valued at \$105.5 billion or \$4.8 billion (4.8%) more than last fiscal year. Total property tax revenue was \$218 million in FY 2004-05 compared to \$177 million in the prior fiscal year. Assessed property values in FY 2005-06 are estimated to be \$113.2 billion, an increase of 7.3%.

### Retirement

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, 2005, *SamCERA*'s total net assets held in trust for pension benefits totaled \$1.6 billion, which represents an increase of \$163.9 million or 11.4% over the prior fiscal year. Net assets increased during the fiscal year primarily due to market appreciation on investments.

From June 1994 to June 2004, the funded ratio steadily improved from 65.46% to 98.61%. As of June 30, 2004 declining equity markets and the County granting enriched benefits in the 2002 Memorandum of Understanding caused a 75.6% funded ratio or 24.4% unfunded ratio. This unfunded actuarial accrued liability (UAAL), results from actuarial accrued liabilities exceeding the actuarially determined value of assets. *SamCERA* is funding the UAAL over a 20-year amortization period, which is scheduled to end on June 30, 2022.

### Workers' Compensation Insurance

Risk Management collected \$10.2 million in premiums from departments during FY 2004-05, enabling revenues to surpass expenses by \$487,000. Fund reserves meet the Controller's recommended 55% reserve ratio (actual reserves/all projected claims). In FY 2006-07, the County will implement a new departmental charge system, factoring in actual claims cost attributed to each department, providing increased incentives for departmental safety and savings. The County will continue to participate in workers' compensation reform efforts, actively manage claims and work with departments to reduce future claims so that growth in these costs is minimized.

### Development of Fee Policy

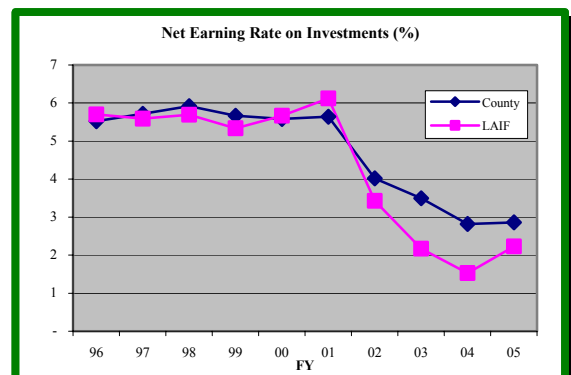
The County is currently developing a Fee Policy. A group of Fiscal Officers from various departments will develop a policy using models already in effect in other jurisdictions, such as the City of San Luis Obispo, and identify County services where full cost recovery is possible to generate additional revenues for future budgets.

## RELEVANT FINANCIAL POLICIES

### Investment Policy

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

The County's pooled investments had a net earning rate of 2.86% for FY 2004-05, a slight increase from the net earning rate of 2.82% for FY 2003-04. In comparison, California's Local Agency Investment Fund (LAIF) had a net earning yield of 2.23% in FY 2004-05 and 1.53% in FY 2003-04





### **Debt Service Limit Policy**

In 1997 the Board adopted the Debt Limit Ordinance, which states that the Board will establish the County debt service limit for the fiscal year at the time of approving the County budget. The debt service limit is applicable to non-voter approved debt that is the obligation of the County, including lease revenue bonds. It does not include any voter approved debt or any debts of agencies, whether governed by the Board or not, other than the County. It also excludes any debt, which is to be totally repaid from the current fiscal year budget. The annual debt service limit shall not exceed 4% of the average annual County budget for the current and the preceding four fiscal years. Once approved, the annual debt service limit can be exceeded only through a 4/5 vote of the Board and upon a finding that such action is necessary in the best interest of the County and its citizens.

### **Reserve Policy**

The Board approved the County Reserves Policy in April 1999 to help reduce the negative impact on the County during times of economic uncertainty and potential losses of funding from other governmental agencies. Departmental reserves, which are established through appropriations, are viewed as one-time sources of funding that can only be used for one-time purposes or as part of a specific multi-year financial plan to balance the budget. The policy establishes minimum requirements for departmental reserves for contingencies, capital improvements, and automation projects and provides guidelines for the use of these funds. The policy has helped the County maintain fiscal stability and continue the provision of critical programs and services during periods of economic uncertainty. The County Reserves Policy requires general fund departments to maintain a minimum reserves amount equivalent to 2% of net appropriations.

## **MAJOR INITIATIVES**

### **Youth Services Center**

Construction of the new Youth Services Center began in the prior fiscal year to replace the 55-year old Hillcrest Juvenile Hall. The project includes the construction of a new 180-bed juvenile hall, probation office, juvenile court, community school, 30-bed girls camp, and 24-bed group home. Project costs are funded with the sale of \$155 million lease revenue bonds and federal funding of \$21.6 million. The move-in is scheduled for July 2006.

### **Local Coastal Plan**

In January 2005, the Board began a series of public hearings to consider a proposal to revise land use policy affecting the unincorporated mid-coast and update the Local Coastal Plan (LCP). The main objectives are to avoid development permit appeals, update baseline data and policies, and improve the LCP Coastal Act. The visioning process is designed to attain a prepared statement of principles that guide mid-coast growth and provide a framework for future action.

### **Housing Department**

In March 2005, the Board established the Department of Housing. The mission of the department is to serve as a catalyst for increasing access to affordable rental housing, supporting community development, and forging partnerships that increase the supply of housing. The department has 78 full time employees and encompasses the existing Housing Authority and other State and Federal affordable entitlement programs. The department will provide long-range planning for housing in the County as well as redevelopment and economic development in the unincorporated areas.

### **HEART**

The Board established the Housing Endowment and Regional Trust (HEART) to better coordinate financial resources of public and private entities interested in addressing the critical, regional need of affordable housing. HEART received \$3 million from the Board and \$2 million from the State Housing Bond.

### **Partners For Safe And Healthy Children**

Through a collaborative effort of the Health and Human Services Agencies, Partners for Safe and Healthy Children was created with the intent to improve the health and well being of children. This program has a systematic, coordinated, and integrated approach to providing high-risk and vulnerable young children and their families with appropriate assessment, case management and treatment services. The County has continued the successful growth trend in County-wide health insurance enrollments for children. In 2004-05, health insurance was provided to approximately 35,000 children.

### **Mental Health**

In a process co-chaired by Supervisor Richard S. Gordon and Raja Mitry, Chair of the Mental Health Board, the Mental Health Services Division is engaged in a community planning process to determine needs for mental health services that might be addressed under the Mental Health Services Act (Proposition 63). Over 100 focus groups and community meetings have been held throughout the County reaching over 1,000 people and revealing a variety of unmet needs. The Board will receive a proposal for review in November 2005.

### **San Mateo County Network of Care**

San Mateo County Network of Care expanded its website, <http://sanmateo.networkofcare.org>, to include Aging and Adult Services division of Health Services. This website was developed for entities seeking information about issues and services for older adults and people with disabilities. It also provides information about services, laws, related news, communication tools, and other features. Through the collaborative effort of various interested parties, the 2005-2009 Strategic Plan for Services available to older adults and adults with disabilities was updated. The issues of health, housing and transportation continue to be a major focus in the Strategic Plan. The plan places emphasis on planning for the growing aging population and services that take into consideration the cultural diversity of the County.

### **Measure A**

The reauthorization of Measure A, whose proceeds are earmarked for transportation projects, passed during the November 2004 election. The new measure extends the half-cent sales tax for an additional 25 years through 2033 after the old measure expires in 2008.

## **OTHER INFORMATION**

### **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, 2004. 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 accounting principles generally accepted 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, 2003 and the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2004.

### **Acknowledgments**

It is my goal 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 CAFR by the following fiscal personnel: Bob Adler, Assistant Controller; Tat-Ling Chow, Controller's Office Information Systems Division, Shirley Mathew and Susan Tumang, Controller's Office's Internal Audit Division. I wish to also thank the Grand Jury Auditors, Macias Gini & Company LLP.

Most importantly, I would like to thank the Board of Supervisors, 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,



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, 2004

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.



*Nancy L. Zjelke*

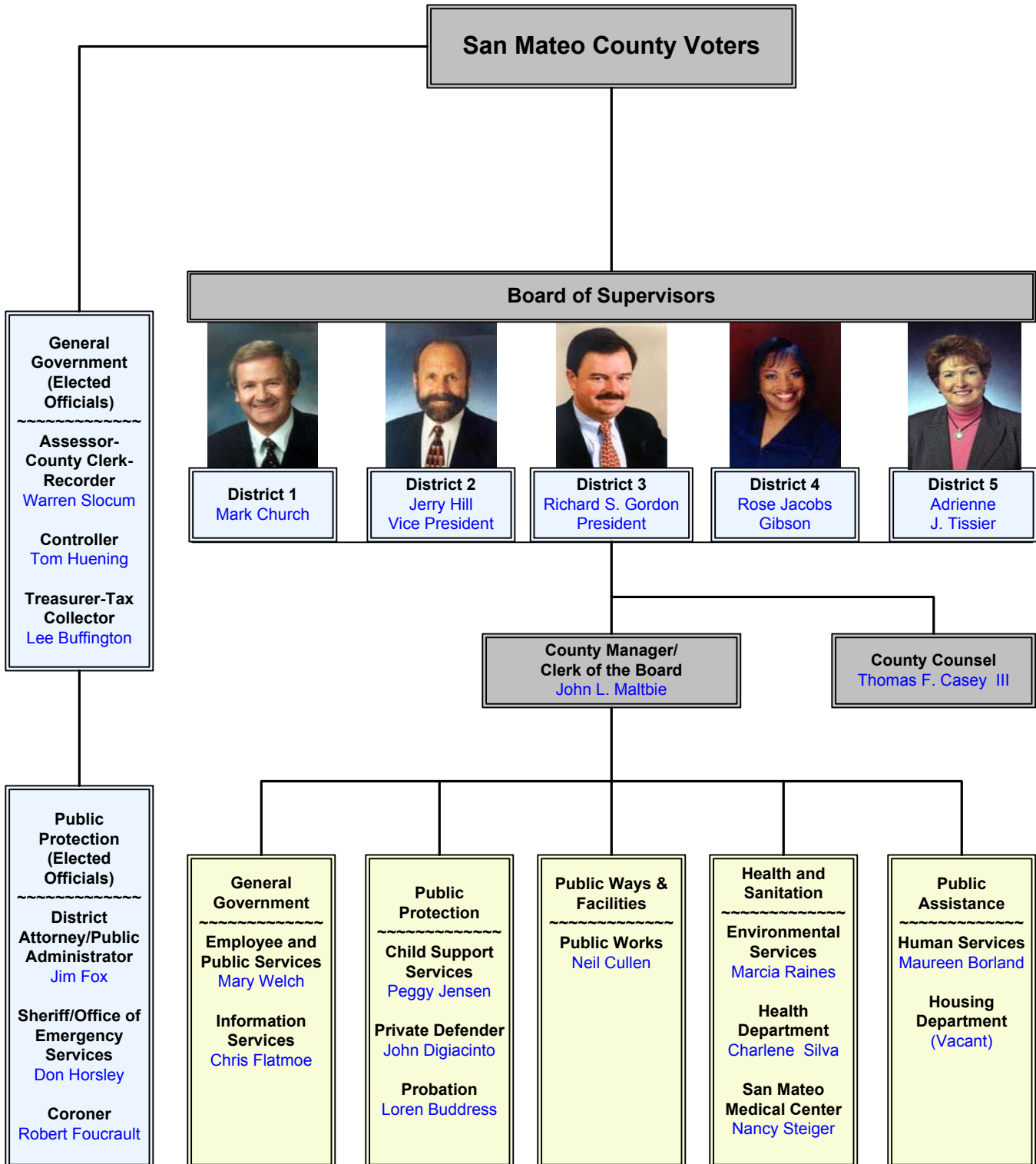
President

*Jeffrey R. Emer*

Executive Director

# COUNTY OF SAN MATEO

(As of June 30, 2005)



## COUNTY OF SAN MATEO

### Public Officials June 30, 2005

#### ELECTED OFFICIALS

---

Supervisor, District 1	Mark Church
Supervisor, District 2	Jerry Hill, Vice President
Supervisor, District 3	Richard S. Gordon, President
Supervisor, District 4	Rose Jacobs Gibson
Supervisor, District 5	Adrienne J. Tissier
Assessor-County Clerk-Recorder	Warren Slocum
Controller	Tom Huening
Coroner	Robert Foucrault
District Attorney/Public Administrator	Jim Fox
Sheriff/Office of Emergency Services	Don Horsley
Treasurer-Tax Collector	Lee Buffington

#### APPOINTED OFFICIALS

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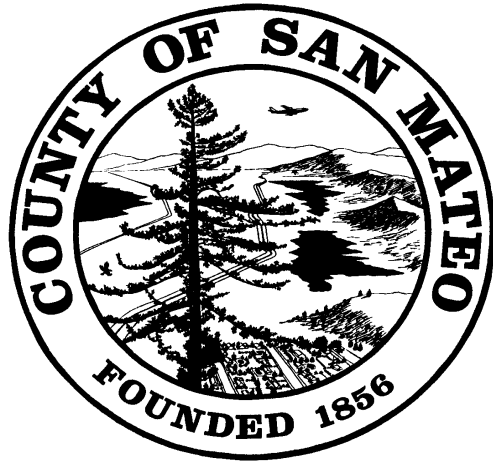
County Manager/Clerk of the Board	John L. Maltbie
County Counsel	Thomas F. Casey III
Court Executive Officer/Jury Commissioner ( <i>appointed by the Judiciary</i> )	John Fitton
County Probation Officer ( <i>appointed by the Judiciary</i> )	Loren Buddress
Child Support Services Director	Peggy Jensen
Employee and Public Services Director	Mary Welch
Environmental Services Director	Marcia Raines
Health Department Director	Charlene Silva
Housing Department Director	(Vacant)
Human Services Director	Maureen Borland
Information Services Director	Chris Flatmoe
Private Defender ( <i>appointed by the Bar Association</i> )	John Digiacinto
Public Works Director	Neil Cullen
San Mateo Medical Center Director	Nancy Steiger

#### AFFILIATED ORGANIZATIONS

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Chief Executive Officer, San Mateo County Retirement Association	David Bailey
Director, Housing Authority of San Mateo County	Steve Cervantes
Director, In-Home Supportive Services Public Authority	Lisa Mancini
President, San Mateo County Joint Powers Financing Authority	Lee Mitchell
Executive Director, First 5 San Mateo County	Kris Perry

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## **FINANCIAL SECTION**

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







MACIAS GINI & COMPANY<sub>LLP</sub>

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Walnut Creek, California 94596

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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, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the San Mateo County Housing Authority and the San Mateo Employees' Retirement Association, which represent the following percentages of assets and revenues/additions as of and the for the year ended June 30, 2005:

<b>Opinion Unit</b>	<b>Assets</b>	<b>Revenues/ Additions</b>
Business-type Activities	16.8%	33.7%
Each Major Enterprise Fund – San Mateo County Housing Authority	100.0%	100.0%
Aggregate Remaining Fund Information	41.0%	8.0%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as they relate to the amounts included for the San Mateo County Housing Authority and the San Mateo Employees' Retirement Association, is based on the reports of the other auditors.

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

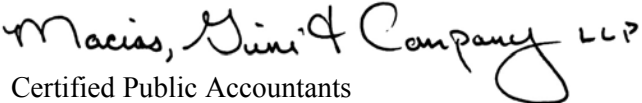
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1(d) to the basic financial statements, effective July 1, 2004, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.

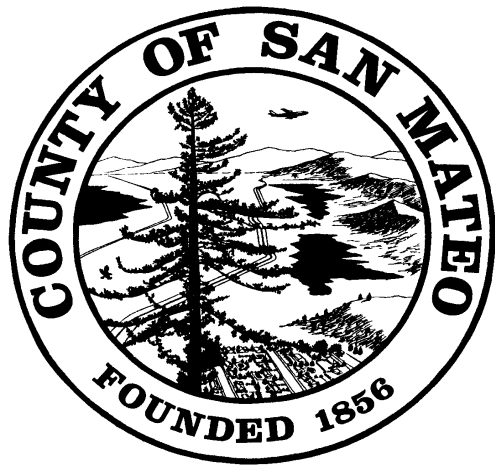
In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2005, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and 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 audits.

The management's discussion and analysis, infrastructure assets reported using the modified approach, the schedule of funding progress and the budgetary comparison schedule – general fund 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 fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

  
Certified Public Accountants  
Walnut Creek, California

November 8, 2005



**Management's Discussion and Analysis**  
**(Unaudited)**



**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis**  
Required Supplementary Information (Unaudited)

This section of the County of San Mateo's (County's) comprehensive annual financial report presents an overview and analysis of the County's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the transmittal letter 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**

- The assets of the County exceeded its liabilities at the close of the fiscal year 2004-05 by \$732,162 (*net assets*). Of this amount, \$287,897 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors, \$118,229 is restricted for specific purpose (*restricted net assets*), and \$326,036 is invested in capital assets, net of related debt.
- The County's total net assets increased by \$100,785. Governmental activities increased the County's net assets by \$99,953 and business-type activities increased the County's net assets by \$832.
- The County's governmental funds reported combined ending fund balances of \$522,854 as of June 30, 2005, an increase of \$18,443 in comparison with the prior fiscal year. Approximately 67% of this total amount, \$350,483, is unreserved and *available* to meet the County's current and future needs.
- Unreserved fund balance in the General Fund at year-end was \$290,471, or 47% of total expenditures of the General Fund.

**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
- 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 as soon as 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 in part 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, education and recreation. The business-type activities of the County include primarily the San Mateo Medical Center (SMMC), and also the Airports, Coyote Point Marina, and Housing Authority operations.

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 San Mateo Joint Powers Financing Authority (JPFA), San Mateo County Employees' Retirement Association (SamCERA), San Mateo County Housing Authority, and In-Home Support Services (IHSS) Public Authority. First 5 San Mateo County (First 5) does not meet the requirements for blending and thus it is reported as a discretely presented component unit.

*The government-wide financial statements can be found on pages 16-18 of this report.*

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)

**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 finance-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 is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and JPFA. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of *combining statements* elsewhere in this report.

*The governmental fund financial statements can be found on pages 19-22 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, employee benefits, personal injury and property damage, fleet maintenance and Tower Road construction functions. Because these services predominantly benefit governmental rather than business-type functions, they have been 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 SMMC and 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 23-26 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 much like that used for proprietary funds.

*The fiduciary fund financial statements can be found on pages 27-28 of this report.*

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

*The notes can be found on pages 29-57 of this report.*

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

*Required supplementary information can be found on pages 58-70 of this report.*

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)

**Combining and individual fund statements and schedules** referred to earlier 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 71-115 of this report.*

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets can over time serve as a useful indicator of the County's financial position. County assets exceeded liabilities by \$732,162 at June 30, 2005.

**County's Net Assets**

	Governmental Activities		Business-type Activities		Total		Variance
	2005	2004	2005	2004	2005	2004	
<b>Assets:</b>							
Current and other assets	\$ 848,028	\$ 774,186	\$ 34,024	\$ 15,211	\$ 882,052	\$ 789,397	11.74%
Capital assets	639,207	577,954	41,081	41,217	680,288	619,171	9.87%
Total assets	1,487,235	1,352,140	75,105	56,428	1,562,340	1,408,568	10.92%
<b>Liabilities:</b>							
Current and other liabilities	200,413	178,584	33,771	18,597	234,184	197,181	18.77%
Long-term liabilities	578,551	565,238	17,443	14,772	595,994	580,010	2.76%
Total liabilities	778,964	743,822	51,214	33,369	830,178	777,191	6.82%
<b>Net assets:</b>							
Invested in capital assets, net of related debt	287,265	271,872	38,771	39,797	326,036	311,669	4.61%
Restricted	118,229	117,165	-	4,167	118,229	121,332	-2.56%
Unrestricted (Deficit)	302,777	219,281	(14,880)	(20,905)	287,897	198,376	45.13%
Total net assets (as restated)	\$ 708,271	\$ 608,318	\$ 23,891	\$ 23,059	\$ 732,162	\$ 631,377	15.96%

**Assets.** The County's total assets have increased by \$153,772 or 11%. The increase is mainly caused by the following:

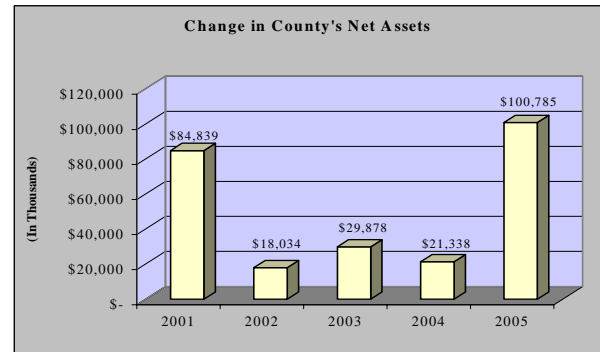
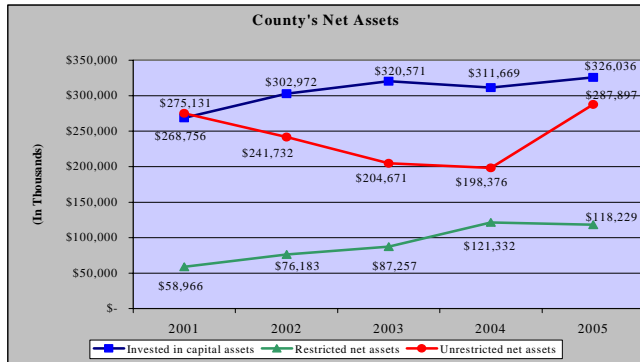
- Receivables from other governmental agencies and securities lending collateral were \$33,965 and \$12,781 higher than last year. Overall, these increases added a total of \$46,746 to the County's current assets.
- In November 2004, the JPFA issued certificates of participation to finance certain improvements in the Colma Creek Flood Control District. The proceeds from the debt financing added \$10,380 to the County's current assets.
- Capital assets used to support governmental activities increased by \$61,253 for the year. Of this amount, \$49,847 related to non-depreciable capital assets such as land, infrastructure, and construction in progress, and \$11,406 related to depreciable capital assets such as structures and improvements, equipment, and software.
- The SMMC's total assets increased by \$10,064 or 24%. A significant portion of this increase was caused by a \$9,699 increase in current assets, which included \$7,589 due from the County to provide the SMMC with additional subsidies of \$4,549 and reimburse project costs of \$3,000; and approximately \$5,000 increase in net patient accounts receivable related to patient census at Burlingame Long-Term Care.

**Liabilities.** The County's total liabilities have increased by \$52,987 or 7%. The increase is mainly caused by the following:

- Liabilities from securities lending activity were \$12,781 higher than last year. The increase accounted for most of the increase in the County's current liabilities.
- Increased compensated absences, which include vacation, holiday, compensation time, retiree benefits, and postemployment healthcare benefits, increased the County's long-term liabilities by \$16,538.
- In November 2004, the JPFA issued certificates of participation to finance certain improvements in the Colma Creek Flood Control District. The debt increased the County's long-term liabilities by \$10,380.
- The SMMC's total liabilities increased by \$12,376. The overall increase related to current liabilities; primarily a result of a \$14,413 increase in due to other governmental agencies for settlement payments determined through audits related to cost reports and third party reimbursements.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)

**Net Assets.** The County's overall financial position has improved during the current fiscal year. Its net assets have increased by \$98,325 or 16%. This growth largely reflects increases in property taxes, charges for services, investment earnings, and operating as well as capital grants and contributions. When compared to the prior fiscal year, the County's overall financial position has improved. County's total net assets are divided into three portions: A portion of the County's net assets, 39%, is *unrestricted net assets* that may be used to meet the County's ongoing obligations to citizens and creditors. Another 45% of the County's net assets reflect its *investment in capital assets* (e.g., land, buildings and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that 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. The remaining portion of the County's net assets, 16%, is *restricted net assets* that are subject to external restrictions on how they may be used.



**Governmental activities.** Governmental activities increased the County's net assets by \$99,953, thereby accounting for substantially all the growth in the net assets of the County.

**County's Change in Net Assets**

	Governmental Activities		Business-type Activities		Total		Variance
	2005	2004	2005	2004	2005	2004	
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 120,429	\$ 115,065	\$ 117,719	\$ 101,615	\$ 238,148	\$ 216,680	9.91%
Operating grants and contributions	382,115	368,896	75,310	75,280	457,425	444,176	2.98%
Capital grants and contributions	10,130	3,304	8,618	3,680	18,748	6,984	168.44%
General revenues:							
Property taxes	218,188	176,853	-	-	218,188	176,853	23.37%
Other taxes	25,803	24,414	-	-	25,803	24,414	5.69%
Motor vehicle in-lieu taxes	58,033	52,799	-	-	58,033	52,799	9.91%
Unrestricted interest and investment earnings	20,369	6,995	258	252	20,627	7,247	184.63%
Security lending activities:							
Securities lending income	1,895	850	30	16	1,925	866	122.29%
Securities lending expenses	(1,761)	(720)	(27)	(12)	(1,788)	(732)	144.26%
Miscellaneous	20,707	20,293	-	2,300	20,707	22,593	-8.35%
<b>Total revenues</b>	<b>855,908</b>	<b>768,749</b>	<b>201,908</b>	<b>183,131</b>	<b>1,057,816</b>	<b>951,880</b>	<b>11.13%</b>
<b>Expenses:</b>							
General government	60,798	60,845	-	-	60,798	60,845	-0.08%
Public protection	243,797	242,405	-	-	243,797	242,405	0.57%
Public ways and facilities	19,938	22,657	-	-	19,938	22,657	-12.00%
Health and sanitation	170,679	157,452	-	-	170,679	157,452	8.40%
Public assistance	184,150	182,914	-	-	184,150	182,914	0.68%
Education	151	145	-	-	151	145	4.14%
Recreation	7,401	7,397	-	-	7,401	7,397	0.05%
Interest on long-term liabilities	19,019	17,023	-	-	19,019	17,023	11.73%
San Mateo Medical Center	-	-	178,500	164,972	178,500	164,972	8.20%
Airports	-	-	1,654	1,706	1,654	1,706	-3.05%
Coyote Point Marina	-	-	1,045	1,250	1,045	1,250	-16.40%
Housing Authority	-	-	69,899	71,776	69,899	71,776	-2.62%
<b>Total expenses</b>	<b>705,933</b>	<b>690,838</b>	<b>251,098</b>	<b>239,704</b>	<b>957,031</b>	<b>930,542</b>	<b>2.85%</b>
Change in net assets before transfers	149,975	77,911	(49,190)	(56,573)	100,785	21,338	372.33%
Transfers	(50,022)	(52,082)	50,022	52,082	-	-	0.00%
<b>Change in net assets</b>	<b>99,953</b>	<b>25,829</b>	<b>832</b>	<b>(4,491)</b>	<b>100,785</b>	<b>21,338</b>	<b>372.33%</b>
Net assets - beginning (as restated)	608,318	582,489	23,059	27,550	631,377	610,039	3.50%
<b>Net assets - ending</b>	<b>\$ 708,271</b>	<b>\$ 608,318</b>	<b>\$ 23,891</b>	<b>\$ 23,059</b>	<b>\$ 732,162</b>	<b>\$ 631,377</b>	<b>15.96%</b>



**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)

**Revenues for governmental activities.** Key factors contributing to increases/decreases in areas showing significant changes are as follows:

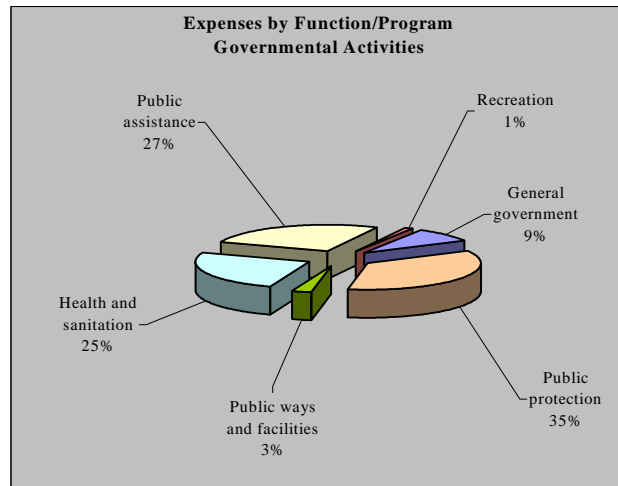
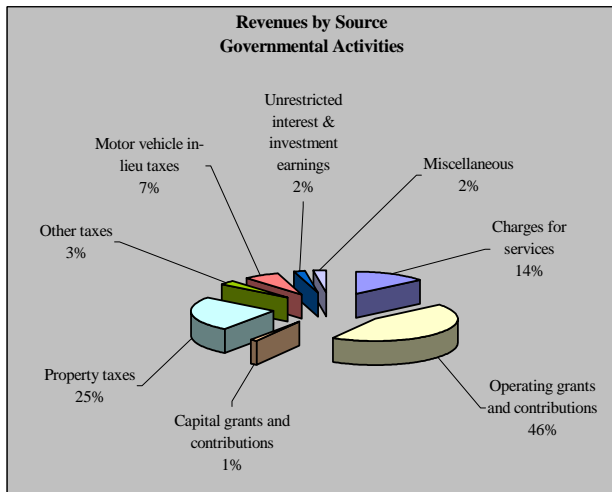
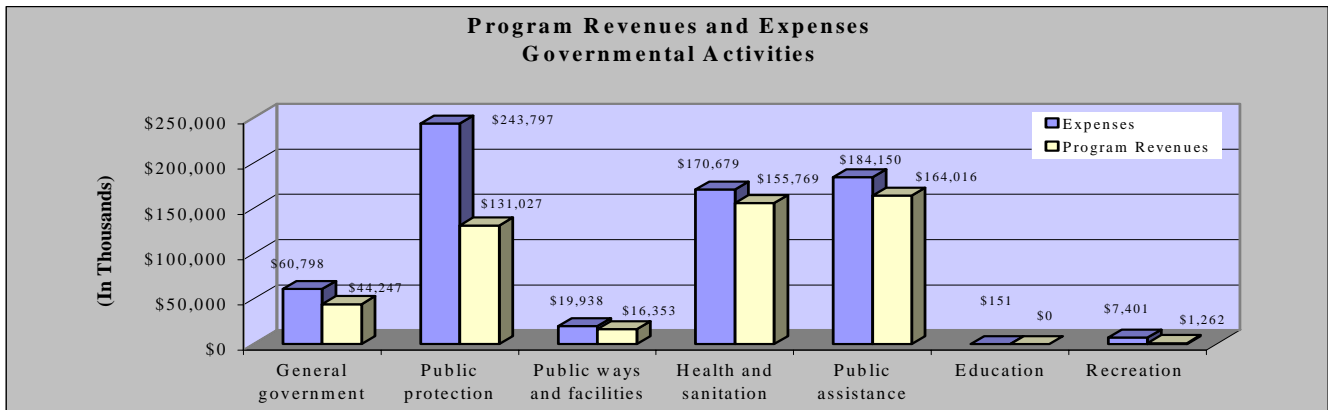
- *Charges for services* increased by \$5,364 or 5%. Increased construction activity in single-family dwellings and three large construction projects resulted in a \$760 increase in building permit fees and \$691 in plan checking fees. Expanded health services increased service charges from mental health adult patients by \$779 and from Prenatal-to-Three Initiative participants by \$551. Property tax administration fees attained by the Assessor office increased by \$784 due to higher tax collections this year.
- *Operating grants and contributions* increased by \$13,219 or 4%. Overall, realignment sales tax and federal funding for the Child Protective Services program increased by \$3,616; state funding for the CalWORKs program increased by \$2,401 due to increased caseload; federal funding for the Workforce Investment Act program increased by \$1,274 due to expanded services; and realignment sales tax for mental health programs increased by \$3,301 due to increased sales tax collections.
- *Capital grants and contributions* increased by \$6,826 or 207%. 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. The grant is disbursed to the County in quarterly installments with the final 20% paid after occupancy. The County received the first installment of \$6,907 this year.
- *Property taxes* increased by \$41,335 or 23%. Property tax refunds from the Education Revenue Augmentation Fund, determined under the accrual basis of accounting, were \$41,497 higher than last year.
- *Motor vehicle in-lieu taxes* increased by \$5,234 or 10%. The increase was mainly caused by an increased number of vehicle registrations.
- *Unrestricted interest and investment earnings* increased by \$13,374 or 191%. Improved market conditions caused interest income to increase by \$3,143 and the fair value of investments to increase by \$10,231.

**Expenses for governmental activities.** Key factors contributing to increases/decreases in areas showing significant changes are as follows:

- *Public ways and facilities* decreased by \$2,719 or 12%. Dedicated funding for road construction and maintenance continues at reduced levels as the State continues to suspend the allocation of Proposition 42 sales tax on fuel to cities and counties. This factor resulted in deferring projects and decreased spending in this year.
- *Health and sanitation* expenses increased by \$13,227 or 8%. Several factors contributed to most of the increase:
  - The County's supplemental contributions to the Disproportionate Share Hospital (DSH) program increased by \$4,548 this year. The supplemental contributions are determined by the State Department of Health Services, based on the levels of participation by other hospitals in the program. These contributions are paid to the State by the General Fund that will eventually be reimbursed by the DSH proceeds from the State.
  - The Public Health Services added new positions to support programs for disease control and prevention as well as bioterrorism. New positions caused a \$2,073 increase in salaries and benefits.
  - The Aging and Adult Service expenses increased by \$1,859 because of increases in pharmacy drugs costs and patient services.
  - The County's Healthy Kids Program expenses increased by \$1,642 due to higher enrollment and higher premiums to insurance providers.
  - Medical expenses climbed by \$987, mainly due to unanticipated medical costs and expansion of inpatient mental health services to inmates.
- *Interest on long-term liabilities* increased by \$1,996 or 12%. The increase is mainly caused by extended interest payments to the lease revenue bondholders for the Youth Services Center project. The bonds were issued in November 2003 and, accordingly, this year's interest payments covered a full period of twelve months rather than seven months last year.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)



**Business-type activities.** Business-type activities increased the County's net assets by \$832. Key elements accounting for increases/decreases in revenues and expenses are as follows:

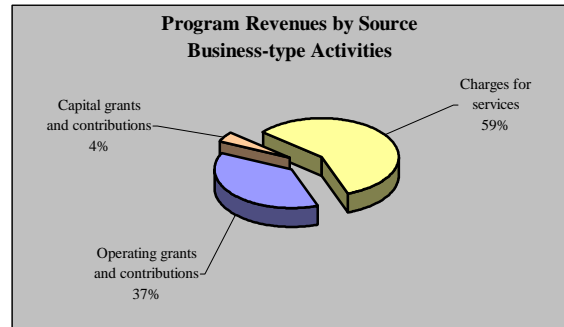
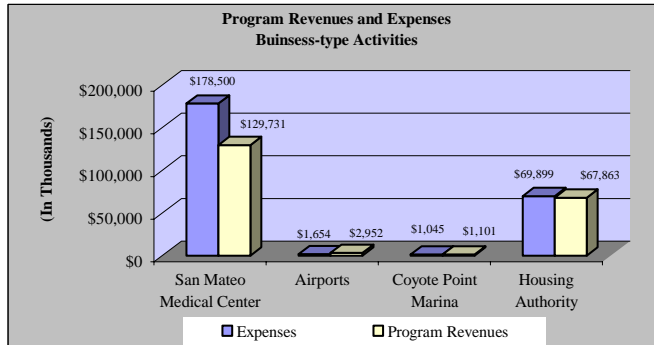
**SMMC.** The SMMC's net assets decreased by \$2,312 or 39% in FY 2004-05. The decrease was mainly resulted from a prior period adjustment of \$2,387 to correct overstatement of SB-855 revenues in prior years. For the fiscal year ended June 30, 2005, the SMMC realized a net income of \$75. The operating loss of the SMMC was \$349 lower than the prior year. The decrease in operating loss was mainly due to increased funding from the State supplemental programs such as SB-855, SB-1255, and long-term care supplemental programs.

The SMMC's total assets increased by \$10,064 or 24%. A significant portion of this increase was caused by a \$9,699 increase in current assets, which included \$7,589 due from the County to provide the SMMC with additional subsidies of \$4,549 and reimburse project costs of \$3,000; and approximately \$5,000 increase in net patient accounts receivable related to patient census at Burlingame Long-Term Care. The increase in current assets was partially offset by approximately \$2,300 decrease in amounts due from the State's SB-855 funding.

The SMMC's total liabilities increased by \$12,376 or 26%. The overall increase was associated with current liabilities; primarily a result of approximately \$14,000 increase in due to other governmental agencies for settlement payments determined through audits related to cost reports and third party reimbursements.

**Housing Authority.** The Housing Authority's net assets decreased by \$2,003 or 22% during FY 2004-05, primarily due to a sizable decrease in cash and a moderate decrease in capital assets through depreciation. Compared to the prior fiscal year, the Authority's net loss has declined by \$1,602 or 45%. The decline was mainly caused by \$1,767 decrease in housing assistance payments to low-income families, a combined result of reduced number of assistance contracts and lower payment standards.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)



**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 contained in the general, special revenue, debt service, and capital projects funds. Included in these funds are various special districts governed by the Board of Supervisors 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 spendable 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, 2005, the County's governmental funds reported combined ending fund balances of \$522,854, an increase of \$18,443, or 4%, in comparison to the prior year. Approximately 67% of this total amount or \$350,483 constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of the fund balance is reserved for specific spending; \$58,217 is committed to pay debt service, \$18,191 to reflect inventories and the amount due from other funds that are long-term in nature and thus do not represent available spendable resources, \$3,357 to liquidate contractual commitments, and \$92,606 to finance capital projects.

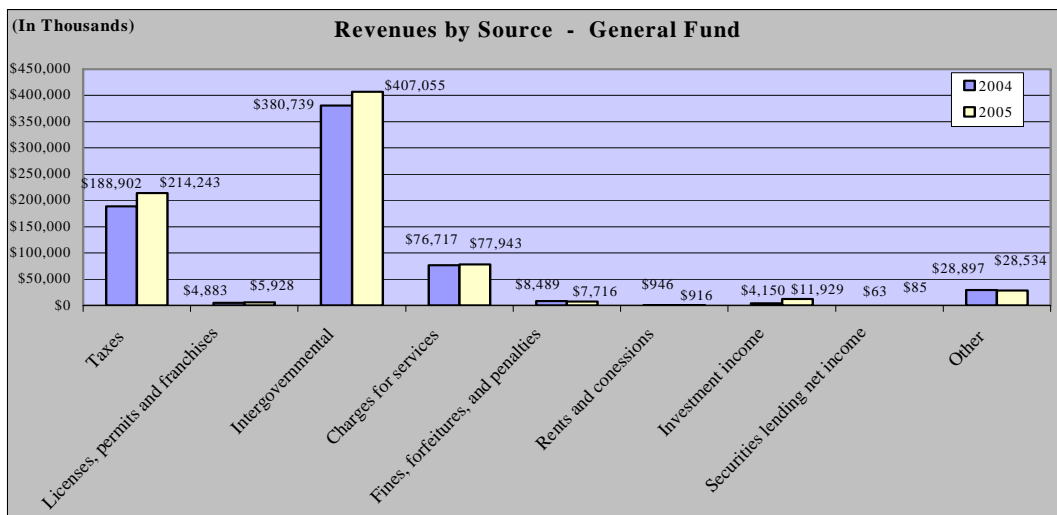
The **General Fund** is the chief operating fund of the County. At June 30, 2005, unreserved fund balance was \$290,471 while total fund balance reached \$308,312. As a measure of liquidity, both unreserved fund balance and total fund balance can be compared to total fund expenditures. Unreserved fund balance represents 47% of total fund expenditures, while total fund balance represents 50% of the same amount. The fund balance of the County's General Fund increased by \$63,740, or 26%, during the current fiscal year.

**General Fund's revenues.** Key factors contributing to increases/decreases in areas showing significant changes are as follows:

Revenues by Source	FY 2005		FY 2004		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 214,243	28.40%	\$ 188,902	27.23%	\$ 25,341	13.41%
Licenses, permits and franchises	5,928	0.79%	4,883	0.70%	1,045	21.40%
Intergovernmental	407,055	53.96%	380,739	54.88%	26,316	6.91%
Charges for services	77,943	10.33%	76,717	11.06%	1,226	1.60%
Fines, forfeitures, and penalties	7,716	1.02%	8,489	1.22%	(773)	-9.11%
Rents and concessions	916	0.12%	946	0.14%	(30)	-3.17%
Investment income	11,929	1.58%	4,150	0.60%	7,779	187.45%
Securities lending income, net	85	0.01%	63	0.01%	22	34.92%
Other	28,534	3.78%	28,897	4.17%	(363)	-1.26%
<b>Total</b>	<b>\$ 754,349</b>	<b>100.00%</b>	<b>\$ 693,786</b>	<b>100.00%</b>	<b>\$ 60,563</b>	<b>8.73%</b>

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)

- *Taxes* increased by \$25,341 or 13%. Property tax refunds from the Education Revenue Augmentation Fund, determined under the modified accrual basis of accounting, were \$22,685 higher than last year. The remaining increase was due to anticipated growth in property assessments and supplemental property tax payments.
- *Licenses, permits and franchises* increased by \$1,045 or 21%. Increased construction activity in single-family dwellings and three large construction projects resulted in a \$760 increase in building permit fees and \$691 in plan checking fees.
- *Intergovernmental* increased by \$26,316 or 7%. Overall, realignment sales tax and federal funding for the Child Protective Services program increased by \$3,616; state funding for the CalWORKs program increased by \$2,401 due to increased caseload; federal funding for the Workforce Investment Act program increased by \$1,274 due to expanded services; and realignment sales tax for mental health programs increased by \$3,301 due to increased sales tax collections. In addition, the General Fund received from the State full repayment of the \$14,772 vehicle license fee backfill loan.
- *Investment income* increased by \$7,779 or 187%. Improved market conditions caused interest income to increase by \$1,580 and the fair value of investments to increase by \$6,199.



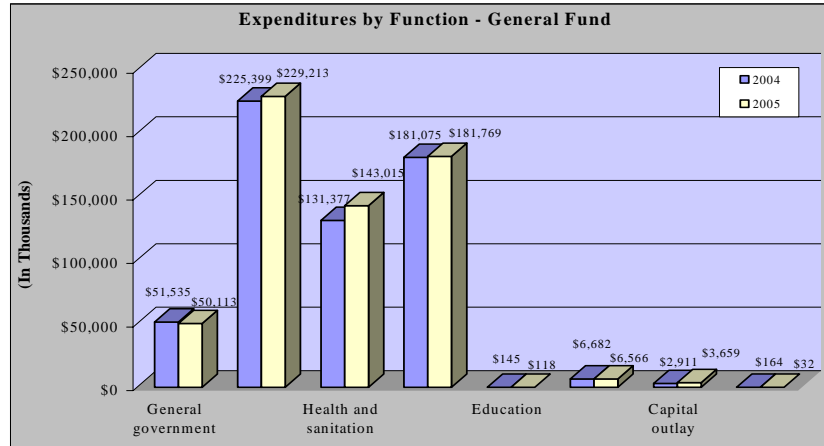
**General Fund's expenditures.** Key factors contributing to increases/decreases in areas showing significant changes are as follows:

**General Fund - Expenditures by Function**

Expenditures by Function	FY 2005		FY 2004		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 50,113	8.16%	\$ 51,535	8.60%	\$ (1,422)	-2.76%
Public protection	229,213	37.30%	225,399	37.61%	3,814	1.69%
Health and sanitation	143,015	23.27%	131,377	21.92%	11,638	8.86%
Public assistance	181,769	29.58%	181,075	30.22%	694	0.38%
Education	118	0.02%	145	0.02%	(27)	-18.62%
Recreation	6,566	1.07%	6,682	1.11%	(116)	-1.74%
Capital outlay	3,659	0.60%	2,911	0.49%	748	25.70%
Debt service - principal retirement	26	0.00%	156	0.03%	(130)	-83.33%
Debt service - interest charges	6	0.00%	8	0.00%	(2)	-25.00%
<b>Total</b>	<b>\$ 614,485</b>	<b>100.00%</b>	<b>\$ 599,288</b>	<b>100.00%</b>	<b>\$ 15,197</b>	<b>2.54%</b>

- *Public Protection* increased by \$3,814 or 2%. Salaries and benefits increased significantly over the year, partly because of negotiated increases as defined in the memorandum of understanding and partly due to increased vacation and compensation time payouts to those retired from the County this year.
- *Health and sanitation* increased by \$11,638 or 9%. Factors attributed to most of this increase are discussed on page 7.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)



The **Joint Powers Financing Authority (JPFA)** is a major governmental fund. Its key function is to obtain financing for County-sponsored capital projects. The JPFA's fund balance showed a net decrease of \$44,740, primarily caused by a \$42,551 increase in capital spending on a new Youth Services Center.

The **nonmajor governmental funds** include all special revenue funds, the debt service fund, and all capital project funds. Fund balances for the nonmajor governmental funds decreased by \$557 or 1%. Increased activities in the Courthouse Construction capital project fund is the predominant factor for this decrease.

**Proprietary funds.** The County's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Unrestricted net assets (deficit) amounted to \$ (19,088) for the SMMC and \$1,400 for the Housing Authority at June 30, 2005. The total increase (decrease) in net assets for these funds was \$75 and \$(1,930). Factors concerning the finances of these major funds have already been addressed in the discussion of the County's business-type activities.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

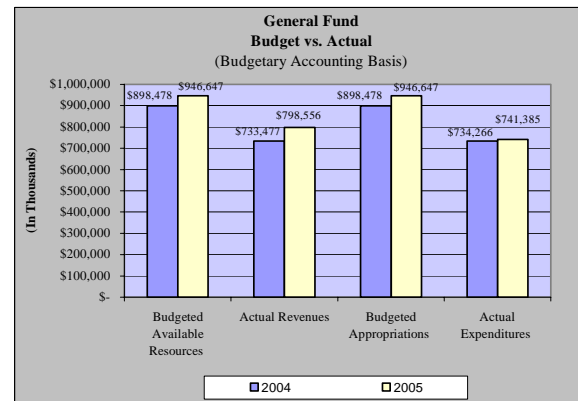
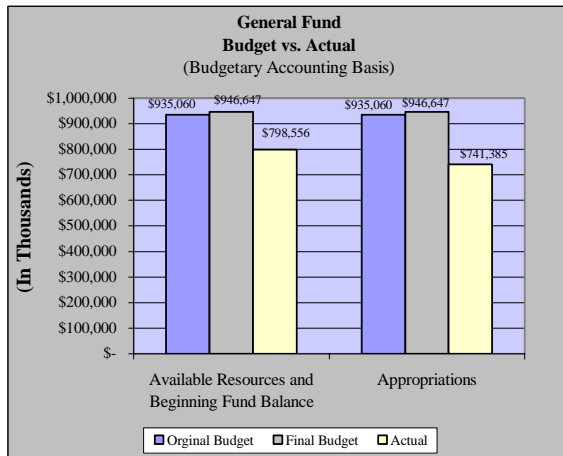
The County's final budget for the fiscal year 2005 exceeded its original budget by \$11,587 or 1.6%. The changes in resources and appropriations are summarized as follows:

- The County provided an additional funding of \$6,341 to the Disproportionate Share Hospital (DSH) budget unit to increase the base DSH payment to the State as matching funds to draw down federal funds.
- The Probation Department realized unanticipated revenues of \$1,536 from federal grants tailored to provide temporary assistance to needy families. The additional funding was appropriated to cover increased payroll expenses and food services costs.
- The Assessor-County Clerk-Recorder Office allocated its \$1,381 unanticipated revenues over various areas, which included \$665 to cover increased costs to conduct the November 2004's Presidential General Election, \$581 to finance overruns in operating expenses, and \$135 to finance the study of its electronic document strategy implementation project.
- The Aging and Adult Services Division recognized a total of \$962 federal and state grants, which was comprised of the following: (a) \$324 augmentation fund from the State Department of Social Services, of which \$121 was allocated to cover ongoing payroll expenses and \$203 to finance one-time expenses for infrastructure improvements, and supplies and equipment for new employees; (b) \$107 from the State Department of Aging for Multipurpose Senior Services to purchase computers, new management software, client field services, and replace old telephones; (c) \$488 from the State Department of Aging for the Title III and VI programs; and (d) \$43 from the U.S. Department of Health and Human Services to help in the development of a uniform assessment tool for home and community-based services.
- The Environmental Services Agency received a \$250 federal grant from the Department of Homeland Security. The funding was distributed to the Structural Fire Protection Unit to acquire safety equipment.
- The Public Health Division received \$221 in state funding for bioterrorism preparedness.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)

- The Planning Division recognized unanticipated revenues of \$205 from Environmental Science Associates for the preparation of draft and final environmental impact reports for the Clos de la Tech Winery.
- Other immaterial changes accounted for the remaining \$691 increase in unanticipated revenues and appropriations.

During the year, actual revenues for the County's General Fund were \$47,880 higher than the final budgetary estimates. While intergovernmental revenues, charges for services, and interfund revenues came in lower than estimated, all the other sources of revenues: taxes, licenses, permits and franchises, fines, forfeitures and penalties, rents and concessions, investment income, and miscellaneous revenues exceeded their estimates. Actual expenditures were \$205,262 lower than the final budgetary appropriations. The bulk of these cost savings resulted from the unspent appropriations of (a) \$134,667 in contingency reserves, (b) \$14,812 in salaries and benefits, (c) \$46,648 in services & supplies and (d) \$9,135 in other expenditures for government programs including general government, public protection, health and sanitation, public assistance, education and recreation. These savings eliminated the need to draw upon the existing fund balance.



**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of June 30, 2005 amounted to \$680,288, net of accumulated depreciation of \$158,393. The investment in capital assets includes land and easements, infrastructure, construction in progress, structures and improvements, equipment, and software.

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

	Governmental Activities		Business-type Activities		Total		Variance
	2005	2004	2005	2004	2005	2004	
Land and easements	\$ 63,536	\$ 61,524	\$ 10,147	\$ 10,147	\$ 73,683	\$ 71,671	2.81%
Infrastructure	113,987	111,823	-	-	113,987	111,823	1.94%
Construction in progress	86,142	40,091	917	64	87,059	40,155	116.81%
Structures & improvements	362,650	350,988	23,469	24,224	386,119	375,212	2.91%
Equipment	12,593	13,528	6,548	6,782	19,141	20,310	-5.76%
Software	299	-	-	-	299	-	-
<b>Total</b>	<b>\$ 639,207</b>	<b>\$ 577,954</b>	<b>\$ 41,081</b>	<b>\$ 41,217</b>	<b>\$ 680,288</b>	<b>\$ 619,171</b>	<b>9.87%</b>

The total increase in the County's investment in capital assets for the current period was \$61,117 or 10%, which was comprised of a \$61,253 increase in capital assets for governmental activities and a \$136 decrease for business-type activities. In June 2004, the Sheriff's Radio System capital project was completed. Construction in progress of \$7,545 associated with this project was transferred to infrastructure.

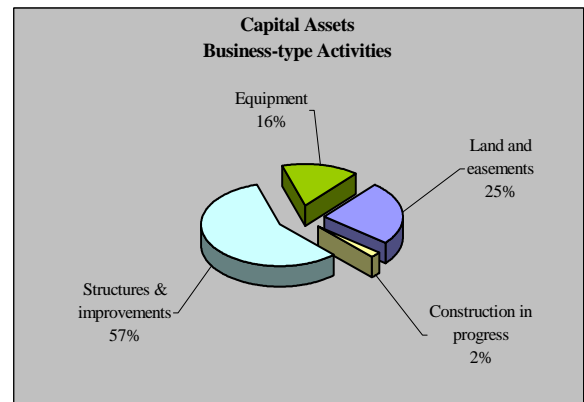
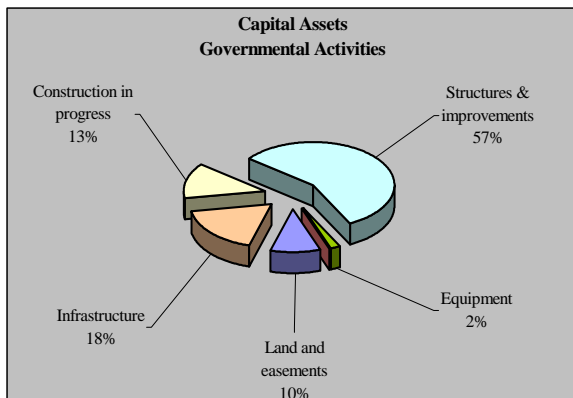
The County's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by the Governmental Accounting Standards Board (GASB) Statement No. 34. The County has elected to use the modified approach to report its maintained road subsystem of the road network of \$72,422. Infrastructure assets reported under the modified approach are not subject to depreciation per GASB Statement No. 34.

**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)

The County manages its maintained pavement subsystem of the road network using the Metropolitan Transportation Commission's Pavement Management Program (Program). The Program establishes a Pavement Condition Index (PCI) on a scale from zero to one hundred (0 – 100) for each road segment being maintained by the Department of Public Works. The Program has defined the pavement of roads with PCI of 40 or higher to be in a "Fair" or better condition and roads with PCI of 55 or higher to be in "Good" or better condition. A complete condition assessment is determined every three years.

In FY 2000-01, 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 the secondary maintained pavement subsystem (roads without structural sections) at a PCI of 40 or higher. In FY 2004-05, the County revised its policy to maintain at least 65 percent of its secondary maintained pavement subsystem at a PCI of 40 or higher.

The last complete condition assessment was completed in FY 2003-04, and the County's maintained pavement subsystem was rated at a PCI of 75 on the average for the primary roads and 54 for secondary roads. For the fiscal year ended June 30, 2005, the actual maintenance and preservation costs amounted to \$4,803, which was less than the estimated amount by \$1,197 or 20%.



As of June 30, 2005, the County's capital project commitments were as follows:

- The JPFA issued lease revenue bonds in November 2003 to construct a new County Youth Services Center, which include a juvenile hall, a juvenile court, girl's camp, community school, receiving home, group home, and probation offices for the County. The project will be completed in July 2006. The commitments outstanding were \$73,164 as of June 30, 2005.
- The Colma Creek Flood Control Project (1997 Project) was 96% complete at June 30, 2005. The 1997 Project includes the following sub-projects: South Airport Boulevard Bridge, Old Mission Road Box Culvert, Mainline Railroad Bridge, El Camino Real Box Culvert, San Mateo Avenue Bridge, and Open Channel Over Bart. Management believes this project will be completed by June 30, 2006. The commitments outstanding totaled \$316 as of June 30, 2005.
- The JPFA issued Certificates of Participation for the Colma Creek Flood Control District (2004 Project) in November 2004. The 2004 Project was 71% complete as of June 30, 2005 and includes: channel improvements from Spruce Avenue to San Mateo Avenue and construction of required mitigations sites. Management believes the channel improvement project and construction of the mitigation sites will be completed by June 30, 2006. The commitments outstanding totaled \$3,570 as of June 30, 2005.

*Additional information on the County's capital assets can be found in Note 7 on pages 45-46 of this report.*

**Long-term debt.** At June 30, 2005, the County had total debt outstanding of \$446,219. Of this amount, \$419,323 was comprised of lease revenue bonds, \$24,939 of certificates of participation, \$1,813 of notes payable, \$30 of capital lease obligations, and \$114 of state settlement.

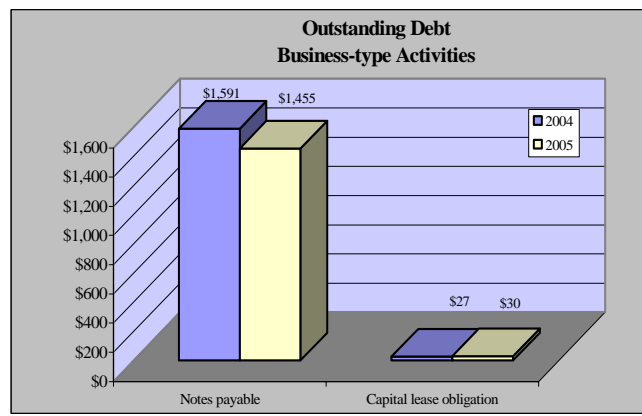
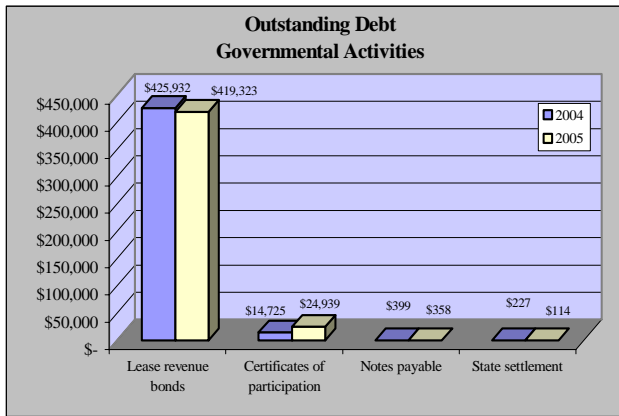
**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
 Required Supplementary Information (Unaudited)

**County's Outstanding Debt**

	Governmental Activities		Business-type Activities		Total		
	2005	2004	2005	2004	2005	2004	Variance
Lease revenue bonds (including accreted interest)	\$ 419,323	\$ 425,932	\$ -	\$ -	\$ 419,323	\$ 425,932	-1.55%
Certificates of participation	24,939	14,725	-	-	24,939	14,725	69.37%
Notes payable	358	399	1,455	1,591	1,813	1,990	-8.89%
Capital lease obligation	-	-	30	27	30	27	11.11%
State settlement	114	227	-	-	114	227	-49.78%
<b>Total</b>	<b>\$ 444,734</b>	<b>\$ 441,283</b>	<b>\$ 1,485</b>	<b>\$ 1,618</b>	<b>\$ 446,219</b>	<b>\$ 442,901</b>	<b>0.75%</b>

The County's total debt was increased by \$3,318 or 1%. The increase represents a combined result of issuing \$10,380 of certificate of participation to finance certain improvements for the Colma Creek Flood Control project and scheduled retirement of debts.

The County's 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 2005 fiscal year's debt service limit is \$48,395. The amount applicable to the debt service limit is \$25,372, which is \$23,023 less than authorized.



Additional information on the County's long-term debt can be found in Note 9 on pages 47-52 of this report.

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

- The County's financial outlook is improving from recent years. County's revenue from property taxes continues to grow due to the strong local real estate market. The passenger traffic at the San Francisco International Airport is rebounding, though still not at pre-9/11 levels, bringing in higher sales revenue to the County as the passenger volume continues to climb. The County's unemployment rate is improving, dropping to 4.5 percent in June 2005 from 5.5 percent in June 2004.
- In November 2004, California voters passed Proposition 1A to prevent the State from taking and using tax dollars that local governments use for fire and paramedic response, law enforcement, healthcare and other vital services. The Statewide proposition will help stabilize revenues in future years.
- In the May revision of the State budget, the Governor proposed accelerating the repayment of the vehicle license fee loan to cities and counties. This results in an additional \$7.4 million to the County in the 2005-06 fiscal year.
- The County's operation of the San Mateo Medical Center (SMMC) continues to increase costs. Healthcare costs have increased at an average rate of 5.9% nationwide; the budget for SMMC increased 7.9% for the 2005-06 fiscal year. For the fiscal year ended June 30, 2005, the General Fund subsidies to SMMC were \$56 million. For fiscal year 2005-06, the General Fund subsidies to SMMC are projected to be \$54 million.



**COUNTY OF SAN MATEO**  
**Management's Discussion and Analysis (Continued)**  
Required Supplementary Information (Unaudited)

The County's General Fund subsidy to SMMC continues to be between \$55 million and \$60 million. Research and analysis by the Grand Jury and Controller's Office indicate that the County's obligation to provide medical care for the County's indigent population should only be approximately \$30 million to \$35 million. The additional General Fund costs of \$26 million represent the County's use of General Fund dollars to subsidize charity care that other local hospitals do not provide.

Many counties now fulfill their indigent health care obligation by buying services from private non-profit hospitals due to the high cost of running their own hospitals. The proposed implementation of a Labor and Delivery Center may result in an increase in the General Fund subsidy in future years.

- The fiscal year 2005-06 recommended budget for all County funds totals \$1.45 billion, a \$111 million or 8.3% increase over the current fiscal year. Major increases include: addition of 152 positions to address the workload and safety needs for the Medical Center's Burlingame Long Term Care unit, one-time cost of \$29.2 million to reduce the County's unfunded liability for post-employment healthcare benefits, and one-time start-up funds of \$6.98 million for the opening of the Youth Services Center in July 2006.

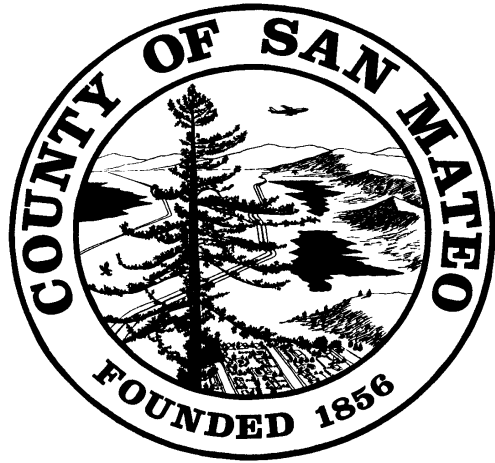
All of these factors were considered in preparing the County's budget for the fiscal year 2005-06.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$290,471. The County has appropriated the full amount of unreserved fund balance for spending in the 2006 fiscal year budget.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in 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 entire report is available online at [www.co.sanmateo.ca.us](http://www.co.sanmateo.ca.us).

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



**COUNTY OF SAN MATEO**  
**Statement of Net Assets**  
**June 30, 2005**  
**(Dollars in Thousands)**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 San Mateo County
<b>Assets:</b>				
Cash and investments	\$ 429,946	\$ 7,008	\$ 436,954	\$ 34,637
Restricted cash and investments	137,903	1,127	139,030	-
Securities lending collateral	93,309	1,485	94,794	6,328
Receivables (net)	57,159	21,335	78,494	652
Due from other governmental agencies	114,605	9,763	124,368	2,169
Inventories	662	643	1,305	-
Other assets	4,958	1,395	6,353	1,573
Internal balances	8,732	(8,732)	-	-
Receivable from external parties	754	-	754	-
Capital assets:				
Nondepreciable	222,100	11,064	233,164	-
Depreciable, net	417,107	30,017	447,124	-
Total assets	<u>\$ 1,487,235</u>	<u>\$ 75,105</u>	<u>\$ 1,562,340</u>	<u>\$ 45,359</u>
<b>Liabilities:</b>				
Accounts payable	\$ 33,362	\$ 7,748	\$ 41,110	\$ 650
Payable from restricted cash and investments	-	1,127	1,127	-
Accrued interest payable	6,501	-	6,501	-
Accrued salaries and benefits	13,749	3,951	17,700	30
Accrued liabilities	-	279	279	-
Securities lending collateral - due to borrowers	93,309	1,485	94,794	6,328
Due to other governmental agencies	33,390	19,057	52,447	-
Unearned revenues	19,998	120	20,118	100
Deposits	104	4	108	-
Long-term liabilities				
Claims and judgments - arbitrage	22	-	22	-
Compensated absences:				
Due within one year	23,071	5,740	28,811	26
Due beyond one year	70,078	9,588	79,666	16
Estimated claims:				
Due within one year	8,676	-	8,676	-
Due beyond one year	31,970	630	32,600	-
Other long-term liabilities:				
Due within one year	8,032	170	8,202	-
Due beyond one year	436,702	1,315	438,017	-
Total liabilities	<u>778,964</u>	<u>51,214</u>	<u>830,178</u>	<u>7,150</u>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	287,265	38,771	326,036	-
Restricted for:				
Debt service	58,217	-	58,217	-
Other purposes	60,012	-	60,012	1,251
Unrestricted (Deficit)	302,777	(14,880)	287,897	36,958
Total net assets	<u>708,271</u>	<u>23,891</u>	<u>732,162</u>	<u>38,209</u>
Total liabilities and net assets	<u>\$ 1,487,235</u>	<u>\$ 75,105</u>	<u>\$ 1,562,340</u>	<u>\$ 45,359</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, 2005**  
**(Dollars 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	\$ 60,798	\$ 33,089	\$ 1,028	\$ 10,130
Public protection	243,797	30,603	100,424	-
Public ways and facilities	19,938	3,544	12,809	-
Health and sanitation	170,679	47,634	108,135	-
Public assistance	184,150	4,297	159,719	-
Education	151	-	-	-
Recreation	7,401	1,262	-	-
Interest on long-term liabilities	19,019	-	-	-
Total governmental activities	705,933	120,429	382,115	10,130
Business-type activities:				
San Mateo Medical Center	178,500	112,751	8,362	8,618
Airports	1,654	1,888	1,064	-
Coyote Point Marina	1,045	1,101	-	-
Housing Authority	69,899	1,979	65,884	-
Total business-type activities	251,098	117,719	75,310	8,618
Total primary government	\$ 957,031	\$ 238,148	\$ 457,425	\$ 18,748
<b>Component unit:</b>				
First 5 San Mateo County	\$ 10,396	\$ -	\$ 11,883	\$ -

General revenues:

Taxes:

Property taxes

Property transfer taxes

Sales and use taxes

Transient occupancy taxes

Aircraft taxes

Other taxes

Motor vehicle in-lieu 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

Prior period adjustment

Net assets - beginning (as restated)

Net assets - ending

**COUNTY OF SAN MATEO**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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
\$ (16,551)	\$ -	\$ (16,551)	
(112,770)	-	(112,770)	
(3,585)	-	(3,585)	
(14,910)	-	(14,910)	
(20,134)	-	(20,134)	
(151)	-	(151)	
(6,139)	-	(6,139)	
(19,019)	-	(19,019)	
<u>(193,259)</u>	<u>-</u>	<u>(193,259)</u>	
-	(48,769)	(48,769)	
-	1,298	1,298	
-	56	56	
-	(2,036)	(2,036)	
<u>-</u>	<u>(49,451)</u>	<u>(49,451)</u>	
<u>(193,259)</u>	<u>(49,451)</u>	<u>(242,710)</u>	
			\$ 1,487
218,188	-	218,188	-
8,111	-	8,111	-
16,061	-	16,061	-
815	-	815	-
814	-	814	-
2	-	2	-
58,033	-	58,033	-
20,369	258	20,627	945
1,895	30	1,925	139
(1,761)	(27)	(1,788)	(129)
20,707	-	20,707	-
(50,022)	50,022	-	-
<u>293,212</u>	<u>50,283</u>	<u>343,495</u>	<u>955</u>
99,953	832	100,785	2,442
608,318	25,519	633,837	35,767
-	(2,460)	(2,460)	-
<u>608,318</u>	<u>23,059</u>	<u>631,377</u>	<u>35,767</u>
<u>\$ 708,271</u>	<u>\$ 23,891</u>	<u>\$ 732,162</u>	<u>\$ 38,209</u>

Functions/Programs:

**Primary government**

Governmental activities:

- General government
- Public protection
- Public ways and facilities
- Health and sanitation
- Public assistance
- Education
- 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
- Transient occupancy taxes
- Aircraft taxes
- Other taxes

Motor vehicle in-lieu 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

Prior period adjustment

Net assets - beginning (as restated)

Net assets - ending

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## **Basic Financial Statements -**

Fund Financial Statements



**COUNTY OF SAN MATEO**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2005**  
**(Dollars in Thousands)**

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
<b>Assets:</b>				
Cash and investments	\$ 303,847	\$ -	\$ 86,128	\$ 389,975
Restricted cash and investments	-	137,903	-	137,903
Securities lending collateral	55,500	14,771	15,735	86,006
Receivables (net):				
Accounts	12,559	-	93	12,652
Interest	3,076	1,303	608	4,987
Taxes	13,647	-	932	14,579
Other	24,283	-	149	24,432
Due from other funds	9,839	-	154	9,993
Due from other governmental agencies	112,034	-	2,271	114,305
Inventories	55	-	420	475
Other assets	60	-	7	67
Advances to other funds	14,716	-	3,000	17,716
Total assets	\$ 549,616	\$ 153,977	\$ 109,497	\$ 813,090
<b>Liabilities:</b>				
Accounts payable	\$ 22,839	\$ 8,116	\$ 989	\$ 31,944
Accrued salaries and benefits	13,308	-	308	13,616
Securities lending collateral - due to borrowers	55,500	14,771	15,735	86,006
Due to other funds	7,706	5,000	2,456	15,162
Due to other governmental agencies	33,390	-	-	33,390
Advances from other funds	3,000	-	-	3,000
Deferred revenues	105,551	-	1,555	107,106
Deposits	10	-	2	12
Total liabilities	241,304	27,887	21,045	290,236
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	3,070	-	287	3,357
Debt service	-	33,484	24,733	58,217
Inventories and advances	14,771	-	3,420	18,191
Capital projects	-	92,606	-	92,606
Unreserved, reported in				
General fund - undesignated	290,471	-	-	290,471
Special revenue funds - undesignated	-	-	51,073	51,073
Capital project funds - undesignated	-	-	8,939	8,939
Total fund balances	308,312	126,090	88,452	522,854
Total liabilities and fund balances	\$ 549,616	\$ 153,977	\$ 109,497	\$ 813,090

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, 2005**  
**(Dollars in Thousands)**

**Fund balances - total governmental funds (page 19)** \$ 522,854

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.	4,893
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	634,685
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	87,108
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.	2,599
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.	(6,501)
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 \$127, unamortized premium of \$233, and unamortized deferred loss on refunding of \$105	(419,323)
Certificates of participation, net of unamortized premium	(24,939)
Notes payable	(358)
Compensated absences	(92,611)
Rebatable Arbitrage	(22)
State settlement	(114)
	(537,367)

**Net assets of governmental activities (page 16)** \$ 708,271

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, 2005**  
**(Dollars in Thousands)**

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
<b>Revenues:</b>				
Taxes	\$ 214,243	\$ -	\$ 11,587	\$ 225,830
Licenses and permits	5,928	-	5,755	11,683
Intergovernmental	407,055	6,907	23,269	437,231
Charges for services	77,943	-	13,204	91,147
Fines, forfeitures and penalties	7,716	-	1,115	8,831
Rents and concessions	916	-	89	1,005
Investment income	11,929	5,250	2,180	19,359
Securities lending activities:				
Securities lending income	1,222	325	347	1,894
Securities lending expenditures	(1,137)	(302)	(321)	(1,760)
Other	28,534	187	1,164	29,885
Total revenues	<u>754,349</u>	<u>12,367</u>	<u>58,389</u>	<u>825,105</u>
<b>Expenditures:</b>				
Current:				
General government	50,113	5,820	2,658	58,591
Public protection	229,213	-	7,309	236,522
Public ways and facilities	-	-	18,852	18,852
Health and sanitation	143,015	-	23,235	166,250
Public assistance	181,769	-	-	181,769
Education	118	-	-	118
Recreation	6,566	-	-	6,566
Capital outlay	3,659	56,400	12,203	72,262
Debt service:				
Principal	26	7,131	15	7,172
Interest	6	18,504	5	18,515
Bond issuance costs	-	480	-	480
Total expenditures	<u>614,485</u>	<u>88,335</u>	<u>64,277</u>	<u>767,097</u>
Excess (deficiency) of revenues over (under) expenditures	<u>139,864</u>	<u>(75,968)</u>	<u>(5,888)</u>	<u>58,008</u>
<b>Other financing sources (uses):</b>				
Issuance of certificates of participation	-	10,380	-	10,380
Premium on certificates of participation	-	75	-	75
Proceeds from sale of capital assets	2	-	-	2
Transfers in	789	20,773	31,923	53,485
Transfers out	(76,915)	-	(26,592)	(103,507)
Total other financing sources (uses)	<u>(76,124)</u>	<u>31,228</u>	<u>5,331</u>	<u>(39,565)</u>
<b>Net change in fund balances</b>	63,740	(44,740)	(557)	18,443
Fund balances - beginning	<u>244,572</u>	<u>170,830</u>	<u>89,009</u>	<u>504,411</u>
Fund balances - ending	<u>\$ 308,312</u>	<u>\$ 126,090</u>	<u>\$ 88,452</u>	<u>\$ 522,854</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, 2005**  
**(Dollars in Thousands)**

**Net change in fund balances- total governmental funds (page 21)** \$ 18,443

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	71,998	
The net effect of various miscellaneous transactions involving capital assets such as sales, retirements, trade-ins, and donations	1,633	
Less current year depreciation	<u>(11,995)</u>	61,636

Governmental fund revenues deferred in the current year due to unavailability were reported in the statement of activities as revenues. 33,107

Issuance of certificates of participation provides current financial resources to the governmental funds but the bonds are reported as long-term liabilities in the government-wide financial statements. (10,380)

Bond issuance costs are expenditures in the governmental funds but deferred and amortized over the life of the bonds. 480

Bond premiums are other financing sources in the governmental funds but deferred and amortized over the life of the bonds. (75)

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

Principal repayments:		
Lease revenue bonds	6,129	
Certificate of participation	240	
Notes payable	41	
Payment of accreted interest on capital accretion bonds	762	
Repayment to a settlement claim with State	<u>113</u>	7,285

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	(213)	
Amortization of bond discount	(5)	
Amortization of bond premium	78	
Amortization of loss on early retirement of debt	(34)	
Claims and judgments - arbitrage	(22)	
Change in accrued interest payable	(159)	
Accretion of capital appreciation bonds	(320)	
Change in compensated absences	<u>(8,405)</u>	(9,080)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expenses of certain activities of the internal service funds are reported with governmental activities (1,463)

**Change in net assets of governmental activities (page 18)** \$ 99,953

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, 2005**  
**(Dollars in Thousands)**

	Business-type Activities - Enterprise Funds				Governmental Activities
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
<b>Assets:</b>					
Current assets:					
Cash and investments	\$ 635	\$ 2,984	\$ 3,389	\$ 7,008	\$ 39,971
Restricted cash and investments	-	1,127	-	1,127	-
Securities lending collateral	115	751	619	1,485	7,303
Receivables (net):					
Accounts	19,727	378	34	20,139	206
Interest	60	43	26	129	303
Other	846	221	-	1,067	-
Due from other funds	7,589	-	2	7,591	5
Due from other governmental agencies	9,763	-	-	9,763	300
Other assets	-	86	-	86	-
Inventories	643	-	-	643	187
Total current assets	<u>39,378</u>	<u>5,590</u>	<u>4,070</u>	<u>49,038</u>	<u>48,275</u>
Noncurrent assets:					
Notes receivable	500	150	-	650	-
Deposits	659	-	-	659	-
Capital assets:					
Nondepreciable:					
Land	841	1,128	8,178	10,147	-
Construction in progress	754	-	163	917	-
Depreciable:					
Structures and improvements	3,678	20,568	24,423	48,669	1,046
Software	-	-	-	-	9
Equipment	10,664	874	189	11,727	16,555
Less accumulated depreciation	(5,082)	(15,704)	(9,593)	(30,379)	(13,088)
Total noncurrent assets	<u>12,014</u>	<u>7,016</u>	<u>23,360</u>	<u>42,390</u>	<u>4,522</u>
Total assets	<u>\$ 51,392</u>	<u>\$ 12,606</u>	<u>\$ 27,430</u>	<u>\$ 91,428</u>	<u>\$ 52,797</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable	\$ 7,279	\$ 384	\$ 85	\$ 7,748	\$ 1,418
Payable from restricted cash and investments	-	1,127	-	1,127	-
Accrued salaries and benefits	3,805	110	36	3,951	133
Accrued liabilities	-	185	-	185	-
Securities lending collateral - due to borrowers	115	751	619	1,485	7,303
Due to other funds	1,355	-	4	1,359	314
Due to other governmental agencies	19,057	-	-	19,057	-
Unearned revenues	-	60	-	60	-
Other liabilities	-	94	-	94	-
Compensated absences - current	5,063	536	141	5,740	209
Estimated claims - current	-	-	-	-	8,676
Long-term liabilities - current	30	-	140	170	-
Total current liabilities	<u>36,704</u>	<u>3,247</u>	<u>1,025</u>	<u>40,976</u>	<u>18,053</u>
Noncurrent liabilities:					
Advances from other funds	13,890	826	-	14,716	-
Unearned revenues	-	-	60	60	-
Deposits	-	-	4	4	94
Compensated absences - noncurrent	9,061	462	65	9,588	329
Estimated claims - noncurrent	-	630	-	630	31,970
Long-term liabilities - noncurrent	-	195	1,120	1,315	-
Total noncurrent liabilities	<u>22,951</u>	<u>2,113</u>	<u>1,249</u>	<u>26,313</u>	<u>32,393</u>
Total liabilities	<u>59,655</u>	<u>5,360</u>	<u>2,274</u>	<u>67,289</u>	<u>50,446</u>
<b>Net assets:</b>					
Invested in capital assets, net of related debt	10,825	5,846	22,100	38,771	4,522
Unrestricted (Deficit)	(19,088)	1,400	3,056	(14,632)	(2,171)
Total net assets (deficit)	<u>(8,263)</u>	<u>7,246</u>	<u>25,156</u>	<u>24,139</u>	<u>2,351</u>
Total liabilities and net assets	<u>\$ 51,392</u>	<u>\$ 12,606</u>	<u>\$ 27,430</u>	<u>\$ 91,428</u>	<u>\$ 52,797</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(248)	
Net assets of business-type activities (page 16)				<u>\$ 23,891</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, 2005**  
**(Dollars in Thousands)**

	Business-type Activities - Enterprise Funds				Governmental Activities
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
<b>Operating revenues:</b>					
Charges for services	\$ 283,366	\$ -	\$ 1,121	\$ 284,487	\$ 83,082
Less:					
Contractual allowances	(162,699)	-	-	(162,699)	-
Provision for doubtful accounts	(33,012)	-	-	(33,012)	-
Net charges for services	87,655	-	1,121	88,776	83,082
Program revenues:					
State supplemental programs	11,564	-	-	11,564	-
Tobacco tax	161	-	-	161	-
Sales tax	3,615	-	-	3,615	-
Rent and concessions	-	1,481	1,831	3,312	-
Sales of drugs and medical supplies, fees, and other	7,920	-	-	7,920	-
Miscellaneous	1,836	498	37	2,371	528
Total operating revenues	112,751	1,979	2,989	117,719	83,610
<b>Operating expenses:</b>					
Professional, nursing and ancillary services	45,065	-	-	45,065	-
Emergency and clinic	70,708	-	-	70,708	-
General and administrative	43,011	6,384	2,174	51,569	12,151
Support services	13,802	-	-	13,802	-
Rehabilitation program	5,253	-	-	5,253	-
Benefits and claims	-	-	-	-	15,905
Insurance premiums	-	-	-	-	55,057
Depreciation and amortization	910	762	483	2,155	1,658
Housing assistance payments	-	62,722	-	62,722	-
Total operating expenses	178,749	69,868	2,657	251,274	84,771
Operating income (loss)	(65,998)	(67,889)	332	(133,555)	(1,161)
<b>Nonoperating revenues (expenses):</b>					
State and federal grants	8,362	65,884	1,064	75,310	-
Loss from disposal of capital assets	(1,000)	-	-	(1,000)	(31)
Investment income	76	104	78	258	994
Interest expenses	(5)	(31)	(64)	(100)	-
Securities lending activities:					
Securities lending income	-	17	13	30	161
Securities lending expenses	-	(15)	(12)	(27)	(150)
Total nonoperating revenues, net	7,433	65,959	1,079	74,471	974
Net income (loss) before capital contributions and transfers	(58,565)	(1,930)	1,411	(59,084)	(187)
Capital contributions	8,618	-	-	8,618	-
Transfers in	59,631	-	-	59,631	-
Transfers out	(9,609)	-	-	(9,609)	-
<b>Change in net assets</b>	75	(1,930)	1,411	(444)	(187)
Net assets - beginning	(5,951)	9,249	23,745		2,538
Prior period adjustment	(2,387)	(73)	-		-
Net assets - beginning (as restated)	(8,338)	9,176	23,745		2,538
Net assets - ending	\$ (8,263)	\$ 7,246	\$ 25,156		\$ 2,351
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				1,276	
Change in net assets of business-type activities (page 18)				\$ 832	

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, 2005**  
**(Dollars in Thousands)**

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other	Total	Internal
			Enterprise Funds		Service Funds
<b>Cash flows from operating activities</b>					
Cash receipts from customers and users	\$ 102,772	\$ 2,064	\$ 3,004	\$ 107,840	\$ 83,650
Cash paid to suppliers for goods and services	(46,429)	(3,169)	(1,155)	(50,753)	(62,091)
Cash paid to employees for services	(106,208)	(3,568)	(1,059)	(110,835)	(3,759)
Cash paid for housing assistance	-	(62,255)	-	(62,255)	-
Cash paid for judgments and claims	-	-	-	-	(14,610)
Net cash provided by (used in) operating activities	<u>(49,865)</u>	<u>(66,928)</u>	<u>790</u>	<u>(116,003)</u>	<u>3,190</u>
<b>Cash flows from noncapital financing activities</b>					
County subsidies	50,870	-	-	50,870	-
Lease payments to County	(9,609)	-	-	(9,609)	-
Repayments of advances and loans from County	(5,902)	-	(2)	(5,904)	-
State and federal grant receipts	8,322	65,511	1,064	74,897	-
Net cash provided by noncapital financing activities	<u>43,681</u>	<u>65,511</u>	<u>1,062</u>	<u>68,993</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>					
Proceeds from disposal of capital assets	64	-	-	64	22
Acquisition of capital assets	(1,802)	(28)	(1,221)	(3,051)	(1,329)
Capital contribution from other governments	7,897	-	-	7,897	-
Principal paid on long-term liabilities	(27)	(2)	(134)	(163)	-
Interest paid on long-term liabilities	(4)	(6)	(64)	(74)	-
Net cash provided by (used in) capital and related financing activities	<u>6,128</u>	<u>(36)</u>	<u>(1,419)</u>	<u>4,673</u>	<u>(1,307)</u>
<b>Cash flows from investing activities</b>					
Interest and investment income received	99	170	84	353	873
Interest and investment expenses paid	-	-	(12)	(12)	-
Net cash provided by investing activities	<u>99</u>	<u>170</u>	<u>72</u>	<u>341</u>	<u>873</u>
Net increase (decrease) in cash and cash equivalents	43	(1,283)	505	(735)	2,756
Cash and cash equivalents, beginning of the year	592	5,394	2,884	8,870	37,215
Cash and cash equivalents, end of the year	<u>\$ 635</u>	<u>\$ 4,111</u>	<u>\$ 3,389</u>	<u>\$ 8,135</u>	<u>\$ 39,971</u>

(Continued)

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

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2005**  
**(Dollars in Thousands)**

	Business-type Activities - Enterprise Funds				Governmental
				Total	Activities
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds		Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>					
<b>Operating income (loss)</b>	\$ (65,998)	\$ (67,889)	\$ 332	\$ (133,555)	\$ (1,161)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	910	762	483	2,155	1,658
Decrease (increase) in:					
Accounts receivable	(5,000)	266	27	(4,707)	5
Other receivable	(4)	(150)	-	(154)	-
Due from other funds	(7,240)	-	-	(7,240)	35
Due from other governmental agencies	2,260	-	-	2,260	-
Deposits	-	-	-	-	-
Inventories	(181)	-	-	(181)	(75)
Other assets	-	(3)	-	(3)	-
Increase (decrease) in:					
Accounts payable	1,254	1,338	(27)	2,565	1,143
Accrued salaries and benefits	2,594	178	(13)	2,759	164
Accrued liabilities	-	(1,202)	-	(1,202)	-
Due to other funds	-	-	(2)	(2)	126
Due to other governmental agencies	21,535	(197)	-	21,338	-
Advances from other funds					
Unearned revenue	-	60	(10)	50	-
Deposits	5	(91)	-	(86)	-
Estimated claims	-	-	-	-	1,295
Net cash provided by (used in) operating activities:	<u>\$ (49,865)</u>	<u>\$ (66,928)</u>	<u>\$ 790</u>	<u>\$ (116,003)</u>	<u>\$ 3,190</u>
<b>Supplemental disclosure of noncash investing, capital, or financing activities</b>					
Decrease in fair value of investments	\$ (5)	\$ (30)	\$ (25)	\$ (60)	\$ (294)
Loss on disposal of capital assets	(1,000)	-	-	(1,000)	-
Borrowing under capital leases	30	-	-	30	-
	<u>\$ (975)</u>	<u>\$ (30)</u>	<u>\$ (25)</u>	<u>\$ (1,030)</u>	<u>\$ (294)</u>

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

**COUNTY OF SAN MATEO**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2005**  
**(Dollars in Thousands)**

	SamCERA Pension Trust	Investment Trust	Agency
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and investments	\$ 42,839	\$ 1,476,574	\$ 198,100
Securities lending collateral	14	269,191	36,227
Receivables (net):			
Interest	3,094	12,005	1,640
Taxes	-	-	114,176
Other	68,120	550	-
Contributions	3,869	-	-
Due from other governmental agencies	-	2,416	65,090
Prepaid expense	8	-	-
Investments:			
Fixed income securities:			
Domestic	468,022	-	-
Equities:			
Domestic	803,519	-	-
International	248,765	-	-
Real estate	59,219	-	-
Other assets	-	105	72,809
Capital assets, net of accumulated depreciation	19	-	-
Total assets	<u>1,697,488</u>	<u>1,760,841</u>	<u>\$ 488,042</u>
<b>Liabilities:</b>			
Accounts payable	148	1,595	\$ -
Accrued salaries and benefits	145	-	-
Accrued liabilities	97,767	-	-
Securities lending collateral - due to borrowers	14	269,192	36,227
Due to other funds	-	754	-
Due to other governmental agencies	-	109	88,099
Other liabilities	144	2,128	-
Fiduciary liabilities	-	-	363,716
Total liabilities	<u>98,218</u>	<u>273,778</u>	<u>\$ 488,042</u>
<b>Net assets:</b>			
Net assets held in trust for pension benefits/investment pool participants	<u>\$ 1,599,270</u>	<u>\$ 1,487,063</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, 2005**  
**(Dollars in Thousands)**

	SamCERA Pension Trust	Investment Trust
	<u>          </u>	<u>          </u>
<b>Additions:</b>		
Contributions:		
Employer contributions	\$ 76,931	\$ -
Plan member contributions	33,648	-
Contributions to investment pool	-	2,641,917
Total contributions	<u>110,579</u>	<u>2,641,917</u>
Net investment income:		
Net appreciation (depreciation) in fair value of investments	123,910	(1,487)
Investment income	22,586	112,247
Real estate income	917	-
Investment expense	(7,282)	-
Securities lending activities:		
Securities lending income	-	5,929
Securities lending expenses	-	(5,656)
Total net investment income	<u>140,131</u>	<u>111,033</u>
Other additions	<u>79</u>	<u>-</u>
Total additions	<u>250,789</u>	<u>2,752,950</u>
<b>Deductions:</b>		
Benefits and refunds paid to members and beneficiaries:		
Service retirement benefits	71,218	-
Disability retirement benefits	10,933	-
Death and other benefits	1,032	-
Distributions from investment pool	-	2,878,887
Withdrawals of members' contributions	1,458	-
Total benefits and refunds paid to members and beneficiaries	<u>84,641</u>	<u>2,878,887</u>
Administrative expenses	<u>2,213</u>	<u>-</u>
Total deductions	<u>86,854</u>	<u>2,878,887</u>
<b>Change in net assets</b>	163,935	(125,937)
Net assets - beginning	<u>1,435,335</u>	<u>1,613,000</u>
Net assets - ending	<u>\$ 1,599,270</u>	<u>\$ 1,487,063</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, 2005**  
**(Dollars 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 (Board), which is the governing body of the County. The Board 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, education, 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 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, although legally separate entities, in substance 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 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's 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) is a joint exercise of powers agency organized under the laws of the State of California by agreements dated May 15, 1993 and entered into by the County. The JPFA was formed to assist the County in the financing of public capital improvements.

The JPFA and the County have a financial and operational relationship, which requires that the JPFA's financial statements be blended into the County's financial statements. A five-member board appointed by the County Board determines the JPFA's policies. The JPFA has no employees and all staff work is done by the County staff or by consultants to the JPFA.

*San Mateo County Employees' Retirement Association*

The financial activities of the County's pension plan are reported in the pension trust fund of the basic financial statements because it is an integral part of the County. A nine-member Retirement Board controls the San Mateo County Employees' Retirement Association (SamCERA). The Retirement Board is comprised of the County Treasurer, two general members of SamCERA, four members appointed by the County Board, one member from SamCERA's safety membership and one member from the retired membership. The Retirement Board has administrative and fiduciary responsibility over the pension plan. The Retirement Board utilizes third-party banking institutions as custodians over the plan's assets.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

*Housing Authority*

The Housing Authority was established pursuant to the State Health and Safety Code by the County Board to provide 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's Board. Decisions affecting the Housing Authority are addressed as part of the Board's overall meeting. As such, the activities of the Housing Authority are blended with the primary government.

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

The IHSS Public Authority, primarily funded by State grants, maintains a registry and referral system to assist consumers in finding qualified in-home supportive services personnel as well as training of and support for providers and recipients of IHSS. The County's Board is the governing body for the IHSS Public Authority. As such, the activities of the IHSS Public Authority are blended with the primary government.

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

The County's 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's Board approves the budgets, special taxes and fees of the special districts. The special districts are reported as nonmajor special revenue funds in the governmental fund financial statements.

**(c) Discretely Presented Component Unit**

*First 5 San Mateo County*

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 First 5 has a different governing body from the County and does not provide services entirely to the County, it is considered a discretely presented component unit of the County.

**(d) Implementation of Governmental Accounting Standards Board (GASB) Statement**

*GASB Statement No. 42*

In November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement establishes accounting and financial reporting standards for impairment of capital assets, requiring governments to evaluate prominent events or changes in circumstances affecting capital assets and report the effects of capital impairments in the financial statements when occurred.

This statement also clarifies and establishes accounting requirements for insurance recoveries. In the current fiscal year, the County did not notice any prominent events or changes resulting in impairment of capital assets. The insurance recoveries used to restore or replace capital assets are reported in conformance with established standards as separate transactions.



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

**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. Eliminations have been made to minimize the double counting of internal activities. 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.

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.

When both restricted and unrestricted net assets are available, restricted resources are depleted first before the unrestricted resources are used.

***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:

- The *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 through other funds. For the County, the General Fund includes such activities as general government, public protection, health and sanitation, public assistance, education and recreation services.
- The *Joint Powers Financing Authority (JPFA)* accounts for the lease revenue bonds and Certificates of Participation issued to generate funds for County-sponsored capital improvements and debt service payments to creditors. The JPFA's revenues primarily come from the base rental payments paid by the County pursuant to Master Facility Leases.

The County reports the following major enterprise funds:

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

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

The County also reports the following additional fund types:

- The *Internal Service Funds* account for the County's fleet maintenance and road construction services provided to departments or other governments, and self-insurance programs including workers' compensation, long-term disability, employee benefits, and personal injury and property damage on a cost-reimbursement basis.
- The *Pension Trust Fund* accumulates contributions from the County and its employees as well as Mosquito Abatement District and its employees. Earnings from the fund's investments are credited to and disbursements are made from the fund for retirement, disability, and death benefits (based on a defined benefit formula) and administrative expenses. This fund includes all assets of the SamCERA.
- The *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 is obligated to disburse monies from these funds on demand.
  - *Individual Investment Account* accounts for specific investments acquired for 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.
- The *Agency Funds* account for assets held by the County as an agent for various local governments and individuals.

**(b) 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. On an accrual basis, revenue from property taxes is 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 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 a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments and compensated absences are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

*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 economic measurement focus and accrual basis of accounting. Agency funds are reported using accrual basis of accounting to recognize receivables and payables.

**(c) Cash and Cash Equivalents**

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

**(d) 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 State Government Code and the County's investment policy. The State of California's (State) statutes authorize the County to invest its cash surplus (excluding SamCERA) in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, medium term notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. SamCERA investments are made subject to guidelines of its investment plan approved by the Board of Retirement (See Note 11).

Investment transactions are recorded on the trade date. Investments in nonparticipating interest-earning investment contracts are reported at cost, commercial paper that have 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 obtained 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. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements, on an annual basis, as unrealized gains or losses are not apportioned to pool participants. During the fiscal year ended June 30, 2005, 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 the individual funds or external participants based on the fund or participants' average daily cash balance at quarter end in relation to the total pool investments. Interest income earned in agency funds where there are no interest earning requirements are assigned to the General Fund per County Policy. Income from nonpooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earned the interest.

**(e) Mortgages Receivable**

For the purpose of the fund financial statements, General Fund expenditures relating to long-term mortgages receivable arising from mortgage 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 revenue account. The balance of the mortgages receivable includes loans that may be forgiven if certain terms and conditions of the loans are met. At June 30, 2005, the County's mortgages receivable was \$46,104, of which 100% was reserved.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

**(f) Inventories**

Inventories are stated at cost (first-in, first-out basis) for governmental funds and lower of average cost or market for proprietary funds. Inventory recorded by governmental funds includes postage and materials and supplies for roads. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Reported inventories of governmental funds are equally offset by a fund balance reservation to indicate that portion of fund balance not available for future appropriation.

Inventory recorded in the proprietary funds mainly consists of maintenance and pharmaceutical supplies maintained by the SMMC. Inventory is expensed as the supplies are consumed.

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

The State’s Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIII A, and may be adjusted by no more than 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the County, cities, school districts, and other districts. The total fiscal year 2004-05 net assessed valuation of the County was \$96,409,510, after deducting \$9,042,913 for the redevelopment tax allocation increment.

The County assesses property values and 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

The term “unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the personal property being taxed. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end. Property taxes are recorded as deferred revenue when 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, penalties and interest collected on delinquent secured taxes are required to be held in trust 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 balance of 1% of the annual taxes levied on properties participating in the Teeter Plan, or approximately \$11.6 million at June 30, 2005. The balance in the TLRF was \$20.4 million at June 30, 2005. The County’s management believes that any ownership rights to the TLRF the County may have are effective only upon a Board-approved transfer or to the extent of losses related to the sale of tax defaulted property. Amounts in the TLRF are considered to be held in a custodial capacity for the participants in the County’s Teeter Plan and accounted for in an agency fund.

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. For the fiscal year 2004-05, the County’s share of the excess ERAF amounted to \$36,256, fifty percent of which was received in April 2005.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

**(h) Capital Assets**

Capital assets, including infrastructure, 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. Capital assets include public domain (infrastructure) general capital assets such as roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The County defines capital assets as assets with an initial, individual 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.

The estimated useful lives 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 five networks of infrastructure assets: road, 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 FY2004-05. This condition assessment is completed every three years.

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 PCIs of 40 or higher are considered in a "Fair" or better condition and roads with PCIs 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 and a minimum PCI of 55 for at least 75 percent of roads with a defined structural section. Accordingly, 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.

**(i) 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 the unused vacation, compensatory time, and holiday. The County includes its share of social security and Medicare taxes payable on behalf of the employees in the accrual for compensated absences.

The County pays unused vacation leave, compensatory time, and holiday, up to a specified maximum, at the time of termination from the County employment. The County is not obligated to pay for unused sick leave if employees terminate prior to retirement, except for those individuals who are laid off. The public safety employees are eligible to receive the other post employment healthcare benefits 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.

Upon retirement, every eight hours of unused sick leave is converted to one month of post employment healthcare premium coverage. Management employees will receive one month's full premium payment for health, dental, and vision for every eight hours of unused sick leave. For non-management employees, the amount and the type of premium coverage vary, depending on the Memorandum of Understanding with various unions that the employees are enrolled in.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

**(j) Interfund Transactions**

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

- Loans reported as receivables and payables as appropriate are subject to elimination upon consolidation and 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).

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 for appropriation and are not available financial resources.

- Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses.
- Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. 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.

**(k) 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.

**(l) Net Asset Restatements**

Adjustments resulting from errors or a change to comply with the provisions of new accounting standards are treated as adjustments to prior periods. For the fiscal year ended June 30, 2005, the Housing Authority identified \$73 accumulated interest incurred but not reported in prior years; and the SMMC overstated State supplemental SB855 program revenue for a total of \$2,387 in previous years. Accordingly, the County reported these errors as restatements of beginning net assets. Beginning net assets were reduced to reflect these adjustments in the government-wide and the proprietary fund financial statements.

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

**Deficit Fund Equity**

At June 30, 2005, the following enterprise and internal service funds had reported net asset deficits:

*Enterprise fund.* The SMMC had a net asset deficit of \$8,263. The General Fund has been providing significant subsidies to the SMMC. For FY 2004-05, the County’s subsidies to the SMMC amounted to \$56,372, of which \$6,976 was allocated from tobacco settlement revenues and \$4,558 from vehicle license fee realignment revenues. The management of the SMMC has considered a number of options for curing this deficit and is in the process of developing a long-term viable strategy.

*Internal service funds.* The Tower Road Construction, Workers’ Compensation Insurance, Long-Term Disability, and Personal Injury and Property Damage funds had net asset deficits of \$217, \$14,857, \$1,773, and \$1,402, respectively. 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. During this period, the General Fund will subsidize a portion of these costs. The County will continue to participate in workers’ compensation reform efforts, actively manage claims, 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, 2005**  
**(Dollars in Thousands)**

**NOTE 4 - CASH AND INVESTMENTS**

The County sponsors an investment pool that is managed by the County Treasurer to increase interest earnings from investment activities. Cash and investments for most County activities are included in the investment pool. Most cash and investments of JPFA and SamCERA are separately managed outside the County. The investment pool includes both voluntary and involuntary participation from external entities. State statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. At June 30, 2005, the net asset value of involuntary participation in the investment pool was \$1,452,433.

The 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 are in order of priority: 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 annually review and approve the investment policy. The County Treasurer submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost, and fair value.

Investment transactions are recorded on the trade date. Investments in nonparticipating interest-earning investment contracts are reported at cost, commercial paper that have 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 obtained 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. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements, on an annual basis, as unrealized gains or losses are not apportioned to pool participants. During the fiscal year ended June 30, 2005, 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 the individual funds or external participants based on the fund or participants' average daily cash balance at quarter end in relation to the total pool investments. Interest income earned in agency funds where there are no interest earnings requirements are assigned to the General Fund per County Policy. Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earned the interest.

At June 30, 2005, total County cash and investments at fair value were as follows:

<i>Cash:</i>	
Cash on hand	\$ 184
Deposit overdrafts	(32,419) *
Total cash overdrafts	(32,235)
 <i>Investments:</i>	
In Treasurer's pool	2,257,622
With Fiscal Agents of JPFA	57,055
In Pension portfolio	1,622,287
With others external to the Treasurer's pool	2,930
Total investments	3,939,894
Total cash and investments	\$ 3,907,659

\* At year-end, the carrying amount of the County's cash deposits was \$(32,419) and the bank balance was \$11,359. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
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At June 30, 2005, total cash and investments were presented on the County's financial statements as follows:

Primary government	\$ 575,984
Component unit	34,637
Pension trust	1,622,364
Investment trust fund	1,476,574
Agency funds	198,100
Total cash and investments	<u>\$ 3,907,659</u>

**Investments**

As of June 30, 2005, the County had the following investments:

	Interest Rates	Maturities	Par	Fair Value	Weighted Average Maturity (Years)
<b>Investments in Investment Pool</b>					
U.S. government securities:					
Not on securities loan	3.875%	05/15/10	\$ 50,000	\$ 50,285	0.60
Loaned securities for cash collateral	2.625% - 5.625%	05/15/08 - 10/15/09	355,000	346,242	2.84
U.S. government agency securities:					
Not on securities loan	1.70% - 6.25%	09/09/05 - 04/02/14	551,353	547,107	1.56
Loaned securities for cash collateral	2.50% - 3.875%	09/15/06 - 04/15/09	49,147	48,021	0.21
U.S. government agency securities - discount					
Not on securities loan	2.36% - 3.04%	07/1/05 - 08/29/05	168,286	168,000	0.07
Loaned securities for cash collateral	2.41%	07/22/05	2,214	2,211	-
Certificate of deposit	3.28%	10/18/05	25,000	25,000	-
Commercial paper - discount	2.73% - 3.39%	07/1/05 - 09/01/05	406,837	406,563	0.02
Corporate bonds	1.75% - 6.25%	07/15/05 - 11/10/09	535,178	532,193	2.01
Repurchase agreement	2.85%	07/01/05	95,000	95,000	-
Local Agency Investment Fund (LAIF)	2.95%	On Demand	37,000	37,000	0.45
<b>Total investments in investment pool</b>			<u>2,275,015</u>	<u>2,257,622</u>	1.57
<b>Investments outside Investment Pool</b>					
<i>San Mateo Joint Power Financing Authority</i>					
Money market mutual funds			17,750	17,933	-
Repurchase agreements			938	938	21.44
U.S. government agency securities			2,599	2,540	0.04
Investment contracts			35,644	35,644	16.60
Subtotal			<u>56,931</u>	<u>57,055</u>	10.73
<i>Other Individual Investment Accounts</i>					
U.S. government agency securities			2,000	2,016	1.40
Corporate bonds			500	509	1.96
LAIF			43	43	0.45
Mutual funds			362	362	-
Subtotal			<u>2,905</u>	<u>2,930</u>	1.31
<i>San Mateo County Employees' Retirement Association</i>					
Fixed income securities:					
U.S. Treasuries				52,128	7.60
Collateralized mortgage obligation				54,080	3.34
Commerical mortgage-backed securities				1,478	7.86
Asset backed securities				24,104	7.17
Taxable municipal bonds				7,276	4.17
Corporate bonds				93,854	11.36
Sovereign governments				5,230	16.00
U.S. government agency securities				4,906	15.73
Mortgage pass through				68,955	5.23
BGI U.S. debt index fund				156,011	6.22
Equities:					
Domestic				803,519	-
International				248,765	-
Real estate				59,219	-
Mutual funds				42,762	-
Subtotal				<u>1,622,287</u>	2.06
<b>Total investments outside investment pool</b>				<u>1,682,272</u>	2.36
<b>Total investments</b>				<u>\$ 3,939,894</u>	



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
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**County Investment Pool**

*Interest Rate Risk.* 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, 2005, the investment pool had a weighted average maturity of 1.57 years. The pool has invested \$194,000 in floating rate securities. These securities are tied to the three-month London Interbank Offered Rate (LIBOR) index.

*Credit Risk.* State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 or better by Standards & Poor's, or P-1 or better by Moody's Investors Service. State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A or higher by both Standards & Poor's and Moody's Investors Service. The County does not have credit limits on U.S. government agency securities and U.S. Treasuries.

<u>Investment at June 30, 2005</u>	<u>Standard &amp; Poor's Rating</u>	<u>% of Portfolio</u>
U.S. government securities		
United States Treasuries	AAA	17.56%
U. S. government agency securities		
Federal Home Loan Mortgage Corporation - floating rate	AAA	0.44%
Federal Home Loan Mortgage Corporation	AA	0.23%
Federal Home Loan Mortgage Corporation	AAA	6.39%
Federal Farm Credit Bank	AAA	1.53%
Federal Home Loan Bank	AAA	7.47%
Federal National Mortgage Association	AAA	12.53%
U.S. government agency securities - discount		
Federal Home Loan Mortgage Corporation - discount	AAA	5.30%
Certificate of deposit	AA	1.11%
Commercial paper - discount	A1	18.01%
Corporate bonds		
Corporate bonds	AAA	4.05%
Corporate bonds	AA	6.09%
Corporate bonds	A	4.83%
Floating rate securities	AAA	1.86%
Floating rate securities	AA	1.77%
Floating rate securities	A	4.97%
Asset backed securities	AAA	0.01%
Repurchase agreements	AAA	4.21%
Local Agency Investment Fund	Unrated	1.64%
Total		<u>100.00%</u>

*Concentration of Credit Risk.* State law restricts the County's investments in commercial paper to 40% of its investment pool and to 10% per issuer. State law also limits the County's investments in corporate bonds and medium term notes to 30% of its investment pool and to 10% per issuer. At June 30, 2005, the County had 12% of its investment pool in Federal Home Loan Mortgage Corporation, 7% in Federal Home Loan Bank, and 13% in Federal Home Loan Mortgage Association; 18% in commercial paper; and 24% in corporate bonds and medium term notes. The County did not have 5% or more of its net investment in commercial paper, corporate bonds or medium term notes of a single organization.

**JPFA's Investment Portfolio**

*Interest Rate Risk.* The JPFA does not have a formal policy that limits investment maturities as a means of managing its exposure to declines in fair values arising from increasing interest rates.

*Credit Risk.* Provisions of the JPFA's bond trust agreements restrict the JPFA's investment in investment agreements with financial institution that, at the time of investment, has long-term obligations rated in one of the two highest rating categories by Standard and Poor's Corporation, Moody's Investors Service or Fitch Corporate. As of June 2005, the JPFA's investments in money market funds were rated AAAM by Standard & Poor's, Aaa by Moody's Investor's Service, and AAA/V1+F by Fitch Corporate.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
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**SamCERA's Investment Portfolio**

*Interest Rate Risk.* SamCERA's Investment Plan does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. SamCERA's active and passive bond portfolios are managed duration neutral to their benchmark, the Lehman Brothers Aggregate Bond Index.

*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 is "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.

On June 30, 2005, the credit quality breakdown of SamCERA's investments in bonds is indicated in the table below.

Credit Rating	Active Management	Passive Management
AAA	55.4%	78.3%
AA	1.6%	4.5%
A	7.3%	8.9%
BBB	10.3%	8.2%
Less than BBB	25.4%	0.1%
	100.0%	100.0%

**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, 2005, the PMIA balance was \$60,500,000, of which 97.3% is invested in non-derivative financial products with 0.3% in structured notes and 2.4% in asset-backed securities; the total amount invested by all public agencies in LAIF was \$18,600,000; and the County's investment in LAIF was \$37,000. 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 165 days as of June 30, 2005. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consisted of five members as designated by State statute.

**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 guidelines of the investment policy. The custodial agreement with the County's Custodian authorizes such 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.

Securities lending collateral represents investments in an investment pool purchased with cash collateral that may not be pledged or sold without default by the borrower. Securities lending transactions collateralized with securities that cannot be pledged or sold without borrower default are not reported as assets and liabilities in the statement of net assets. The County did not have any collateral at June 30, 2005 that represented securities. The County does not match the maturities of investments made with cash collateral with the securities on loan.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
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The loaned securities as of June 30, 2005, 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 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. Banks must be rated 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, 2005, all of the County's cash collateral was invested in repurchase agreements, with a weighted average maturity of 15.4 days. The repurchase agreements are held by the Bank of New York in the County's name and were rated AAA by Standard and Poor's at June 30, 2005.

As of June 30, 2005, the underlying securities loaned by the County's investment pool amounted to approximately \$398,681. The cash collateral from the counterparty was \$406,554. The County has no exposure to credit risk related to the securities lending transactions as of June 30, 2005, because the market value of the cash collateral exceeds that of the borrowed securities.

**County Investment Pool Condensed Financial Information**

The following presents a condensed statement of net assets and changes in net assets for the investment pool at June 30, 2005:

<b>Assets:</b>	
U.S. government securities	\$ 396,527
U.S. government agency securities	595,128
U.S. government agency securities - discount	170,211
Certificate of deposit	25,000
Commercial paper	406,563
Corporate bonds	532,193
Repurchase agreement	95,000
Local Agency Investment Fund	37,000
Total investments	2,257,622
Other assets	284,267
Pool deposits	11,359
Total assets	2,553,248
<b>Liabilities:</b>	
Unfunded checks and warrants	43,778
Other liabilities	273,778
Total liabilities	317,556
<b>Net Assets:</b>	
Equity of internal pool participants	748,629
Equity of individual investment accounts	2,525
Equity of external pool participants	1,484,538
Total net assets	\$ 2,235,692
<b>Statement of Changes in Net Assets</b>	
Net assets at July 1, 2004	\$ 2,301,167
Net change in investments by pool participants	(65,475)
Net assets at June 30, 2005	\$ 2,235,692

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

**NOTE 5 - RECEIVABLES**

Receivables at year-end of the County's major individual funds, nonmajor funds, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<b>Receivables - Governmental Activities</b>	General Fund	JPFA	Nonmajor Funds	Internal Service Funds	Total
Accounts	\$ 181,621	\$ -	\$ 93	\$ 206	\$ 181,920
Interest	3,076	1,303	608	303	5,290
Taxes	20,711	-	1,413	-	22,124
Other	24,283	-	149	-	24,432
Gross receivables	229,691	1,303	2,263	509	233,766
Less: allowances for uncollectibles	(176,126)	-	(481)	-	(176,607)
Total receivables, net	<u>\$ 53,565</u>	<u>\$ 1,303</u>	<u>\$ 1,782</u>	<u>\$ 509</u>	<u>\$ 57,159</u>

<b>Receivables - Business-type Activities</b>	San Mateo Medical Center	Housing Authority	Nonmajor Funds	Total
Accounts	\$ 73,714	\$ -	\$ 431	\$ 74,145
Interest	60	378	26	464
Advances	-	43	-	43
Other	846	221	-	1,067
Gross receivables	74,620	642	457	75,719
Less: allowances for uncollectibles	(53,987)	-	(397)	(54,384)
Total receivables, net	<u>\$ 20,633</u>	<u>\$ 642</u>	<u>\$ 60</u>	<u>\$ 21,335</u>

At June 30, 2005, the General Fund had a net receivable of \$53,565, of which \$15,700 is not expected to be collected within the next twelve months.

Governmental funds report deferred revenue in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received or accrued but not yet earned.

At June 30, 2005, the components of deferred revenue and unearned revenue reported were as follows:

	Unavailable	Unearned	Total
<b>Governmental activities:</b>			
General fund:			
Property taxes receivable	\$ 2,009	\$ 11,638	\$ 13,647
Grant drawdowns prior to meeting all eligibility requirements	-	7,239	7,239
Due from other governmental agencies	79,962	-	79,962
Other receivables and advances	4,703	-	4,703
Nonmajor funds:			
Property taxes receivable	434	794	1,228
Due from other governmental agencies	-	327	327
Total governmental activities	<u>\$ 87,108</u>	<u>\$ 19,998</u>	<u>\$ 107,106</u>
<b>Business-type activities:</b>			
Grant drawdowns prior to meeting all eligibility requirements			
Housing Authority		\$ 60	
Nonmajor enterprise funds		60	
Total business-type activities		<u>\$ 120</u>	

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

**NOTE 6 – INTERFUND TRANSACTIONS**

At June 30, 2005, the composition of interfund balances was as follows:

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

At June 30, 2005, the General Fund agreed to provide the SMMC with \$4,549 of additional subsidies and \$3,000 project cost reimbursement, resulting in a total of \$7,549 payable from the General fund to the SMMC. In the upcoming fiscal year, the JPFA has committed to repay a \$5,000 loan to the General Fund.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 2,442
	JPFA	5,000
	SMMC	1,355
	Nonmajor Enterprise Funds	4
	Internal Service Funds	284
	Investment Trust Funds	754
		<u>9,839</u>
Nonmajor Governmental Funds	General Fund	154
SMMC	General Fund	7,549
	Nonmajor Governmental Funds	10
	Internal Service Funds	30
		<u>7,589</u>
Nonmajor Enterprise Funds	General Fund	2
Internal Service Funds	General Fund	1
	Nonmajor Governmental Funds	4
		<u>5</u>
Total		<u>\$ 17,589</u>

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	SMMC	\$ 13,890
	Housing Authority	826
		<u>14,716</u>
Nonmajor Governmental Funds	General Fund	3,000
Total		<u>\$ 17,716</u>

The General Fund advanced a total of \$13,890 to the SMMC, \$4,041 to defray its renovation expenses and \$9,849 to cover its operating cash deficit. The Accumulated Capital Outlay capital project fund advanced \$3,000 to the General Fund as working capital for an Employee Housing Opportunity Program. These advances are not expected to be repaid in the short-term.

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.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

**Transfers**

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations, and re-allocations of special revenues. The following schedules briefly summarize the County's transfer activities:

(a) Between Funds within the Governmental Activities <sup>(1)</sup>:

Transfer from	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 9,664	Transfer funds to cover debt service payments.
	Nonmajor Governmental Funds	3,386	Transfer funds to finance capital projects.
	Nonmajor Governmental Funds	4,488	Provide subsidy to in-home support services.
		<u>17,538</u>	
Nonmajor Governmental Funds	General Fund	377	Transfer funds to finance capital improvements.
	General Fund	35	Transfer funds to cover Fair Oaks maintenance expenditures.
	General Fund	77	Provide subsidy to emergency response program.
	General Fund	300	Transfer transportation subsidy to various programs.
	JPFA	20,773	Transfer funds to cover debt service payments.
	Nonmajor Governmental Funds	2,091	Transfer funds to finance capital projects.
	Nonmajor Governmental Funds	2,685	Transfer funds to cover debt service payments
		<u>26,338</u>	
Total		<u>\$ 43,876</u>	

(b) Between Governmental and Business-type Activities:

Transfer from	Transfer To	Amount	Purpose
General Fund	SMMC	\$ 44,838	Provide subsidy to support the hospital operation.
	SMMC	6,976	Transfer tobacco settlement revenues to support the hospital operation.
	SMMC	4,558	Transfer vehicle license fee realignment revenues to support the hospital operation.
	SMMC	3,000	Contribute funds to support capital improvements.
	SMMC	5	Transfer funds to offset excess lease expenses.
Nonmajor Governmental Funds	SMMC	254	Transfer funds to subsidize transportation programs.
SMMC	Nonmajor Governmental Funds	9,609	Transfer funds to cover debt service payments.
Total		<u>\$ 69,240</u>	

<sup>(1)</sup> These transfers were eliminated, in the consolidation for the governmental activities, 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, 2005**  
**(Dollars in Thousands)**

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2005 was as follows:

	Balance July 1, 2004	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2005
<b><u>Governmental activities</u></b>					
<i>Capital assets, not being depreciated:</i>					
Land & easements	\$ 61,524	\$ 2,012	\$ -	\$ -	\$ 63,536
Infrastructure - maintained road subsystem	70,638	247	-	1,537	72,422
Construction in progress	40,091	64,591	(115)	(18,425)	86,142
Total capital assets, not being depreciated	172,253	66,850	(115)	(16,888)	222,100
<i>Capital assets, being depreciated:</i>					
Infrastructure	55,969	8	-	1,629	57,606
Structures and improvements	411,367	4,076	(41)	15,105	430,507
Equipment	59,052	3,984	(6,515)	138	56,659
Software	-	349	-	-	349
Total capital assets, being depreciated	526,388	8,417	(6,556)	16,872	545,121
<i>Less accumulated depreciation for:</i>					
Infrastructure	(14,784)	(1,257)	-	-	(16,041)
Structures and improvements	(60,379)	(7,519)	41	-	(67,857)
Equipment	(45,524)	(4,827)	6,284	1	(44,066)
Software	-	(50)	-	-	(50)
Total accumulated depreciation	(120,687)	(13,653)	6,325	1	(128,014)
Total capital assets, being depreciated, net	405,701	(5,236)	(231)	16,873	417,107
<b>Governmental activities capital assets, net</b>	<b>\$ 577,954</b>	<b>\$ 61,614</b>	<b>\$ (346)</b>	<b>\$ (15)</b>	<b>\$ 639,207</b>
<b><u>Business-type activities</u></b>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 10,147	\$ -	\$ -	\$ -	\$ 10,147
Construction in progress	64	1,954	-	(1,101)	917
Total capital assets, not being depreciated	10,211	1,954	-	(1,101)	11,064
<i>Capital assets, being depreciated:</i>					
Structures and improvements	50,535	43	(3,010)	1,101	48,669
Equipment	13,292	1,087	(2,137)	(515)	11,727
Total capital assets, being depreciated	63,827	1,130	(5,147)	586	60,396
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(26,311)	(1,201)	2,308	4	(25,200)
Equipment	(6,510)	(954)	1,356	929	(5,179)
Total accumulated depreciation	(32,821)	(2,155)	3,664	933	(30,379)
Total capital assets, being depreciated, net	31,006	(1,025)	(1,483)	1,519	30,017
<b>Business-type activities capital assets, net</b>	<b>\$ 41,217</b>	<b>\$ 929</b>	<b>\$ (1,483)</b>	<b>\$ 418</b>	<b>\$ 41,081</b>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
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**Depreciation**

Depreciation expense was charged to governmental and business-type functions as follows:

<u>Governmental functions</u>		<u>Business-type functions</u>	
General government	\$ 3,169	SMMC	\$ 910
Public protection	3,867	Housing Authority	762
Public ways and facilities	795	Airports	246
Health and sanitation	2,954	Coyote Point Marina	237
Public assistance	670	Total depreciation - business-type functions	<u>\$ 2,155</u>
Recreation	540		
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>1,658</u>		
Total depreciation - governmental functions	<u>\$ 13,653</u>		

**Capital Project Commitments**

Construction in progress for governmental activities represents work performed on the Colma Creek flood control zone, Youth Services Center, and a number of smaller projects.

The JPFA issued lease revenue bonds in November 2003 to construct a new County Youth Services Center including a juvenile hall, a juvenile court, girl's camp, community school, receiving home, group home, and probation offices for the County. Management believes the project will be completed in July 2006. The commitments outstanding were \$73,164 as of June 30, 2005.

The Colma Creek Flood Control Project (1997 Project) was 96% complete at June 30, 2005. The 1997 Project includes the following sub-projects: South Airport Boulevard Bridge, Old Mission Road Box Culvert, Mainline Railroad Bridge, El Camino Real Box Culvert, San Mateo Avenue Bridge, and Open Channel Over Bart. Management believes this project will be completed by June 30, 2006. The commitments outstanding totaled \$316 as of June 30, 2005.

The JPFA issued Certificates of Participation for the Colma Creek Flood Control District (2004 Project) in November 2004. The 2004 Project was 71% complete as of June 30, 2005 and includes: channel improvements from Spruce Avenue to San Mateo Avenue and construction of required mitigations sites. Management believes the channel improvement project and construction of the mitigation sites will be completed by June 30, 2006. The commitments outstanding totaled \$3,570 as of June 30, 2005.

**NOTE 8 – LEASES**

**Operating Leases**

The County leases office buildings and facilities, principally the General Fund, under noncancelable operating leases. Total costs for such leases were \$4,649 for the year ended June 30, 2005. The future minimum lease payments for these leases are as follows:

<u>Year ending June 30,</u>	
2006	\$ 4,165
2007	4,024
2008	1,503
2009	1,066
2010	810
2011-2015	1,468
2016-2020	735
2021-2023	304
Total	<u>\$ 14,075</u>

The County also leases various properties to businesses and other governmental agencies. Operating lease revenues from such leases were \$531 for the year ended June 30, 2005.



**COUNTY OF SAN MATEO**  
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**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

**NOTE 9 - LONG-TERM LIABILITIES**

At June 30, 2005, long-term liabilities consisted of the following:

<u>Type of indebtedness (purpose)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments (in thousands)</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2005</u>
<b>Governmental Activities</b>					
<i>Lease Revenue Bonds:</i>					
<b>1993 Issue</b> (defeased 1991 Certificates of Participation and financed costs of the 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
Serial Capital Appreciation Bonds	7/1/05	5.20%	\$1,000	8,448	1,000
Accreted interest on capital appreciation bonds				825	825
1993 Issue				<u>68,963</u>	<u>51,115</u>
<b>1994 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				1,912	1,912
1994 Issue - Satellite Clinic				<u>3,997</u>	<u>3,997</u>
<b>1995 Issue</b> (financed the acquisition, construction and remodeling of various County buildings and facilities and the acquisition of various equipment):					
Serial Current Interest Bonds	7/15/05	5.40%	\$330	5,500	330
<b>1997 Issue</b> (financed the costs of construction, furnishing and equipping an office building and partial defeasance of the 1994 Issue):					
Serial Current Interest Bonds	7/15/05 - 7/15/14	4.38 - 5.5%	\$680 - \$4,720	40,010	37,395
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>60,590</u>
<b>1999 Issue</b> (financed a portion of the costs of completing the Health Center and partially defeased the 1993, 1994 and 1995 Issues):					
Serial Current Interest Bonds	7/15/05 - 7/15/19	3.7 - 5%	\$670 - \$6,570	47,565	44,765
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 - \$7,760	36,325	36,325
1999 Issue				<u>113,140</u>	<u>110,340</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 to finance the cost of the acquisition and construction of a forensics laboratory and coroner's office):					
Series A Current Interest Bonds	7/15/05 - 7/15/21	3 - 4.75%	\$210 - \$1,665	21,470	18,915
Series A Term Interest Bonds	7/15/22 - 7/15/31	4.75%	\$230 - \$355	2,900	2,900
Series B Current Interest Bonds	7/15/05 - 7/15/21	2.8 - 4.75%	\$170 - \$320	4,270	4,105
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>30,170</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>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
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<u>Type of indebtedness (purpose)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments (in thousands)</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2005</u>
<i>Lease Revenue Bonds:</i>					
<b>2004 Issue</b> (refunded a portion of the 1993 Bonds):					
Series A Current Interest Bonds	7/1/05 - 7/1/08	2% - 4%	\$430 - \$2,390	7,805	7,430
Total lease revenue bonds and accreted interest on capital appreciation bonds				450,850	419,322
<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	8/1/05 - 8/1/12	4.5% - 5%	\$250 - \$345	3,635	2,340
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	14,485
<b>2004 Issue</b> (financed the acquisition, design, construction, improvement, and installation of certain improvements to the flood control system):					
Series Certificates	8/1/06 - 8/1/25	2% - 4.5%	\$35 - \$70	975	975
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	5.000%	\$1,195 - \$1,450	6,595	6,595
2004 certificates of participation				10,380	10,380
Total certificates of participation				26,160	24,865
<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 and 12/22 through 2008	4.68%	Approx. \$24	225	99
<b>County Service Area 11:</b>					
State of California	4/1 and 10/1				
Department of Water Resources	through 2012	3.3712%	Approx. \$22	296	135
Total notes payable				645	358
Total governmental activities				\$ 477,655	\$ 444,545
<b><u>Business-type activities</u></b>					
<i>Notes Payable:</i>					
Department of Boating and Waterways	8/1/05 - 8/1/29	4.5%	\$45 - \$195	\$ 3,090	\$ 1,260
California Housing Finance Agency	5/20/57	-	-	49	47
Downey Savings and Loan Bank <sup>a</sup>	2/28/2016	-	-	148 <sup>a</sup>	148
Total business-type activities				\$ 3,287	\$ 1,455

<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, 2005**  
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The following is a summary of long-term liability transactions for the fiscal year ended June 30, 2005:

	Balance July 1, 2004	Additions/ Accretions	Retirements	Balance June 30, 2005	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Accreted interest on capital appreciation bonds	\$ 3,179	\$ 320	\$ (762)	\$ 2,737	\$ 825
Lease revenue bonds	422,714	-	(6,129)	416,585	6,760
Add: unamortized premium	310	-	(77)	233	77
Less: unamortized discount	(132)	-	5	(127)	(5)
Less: unamortized deferred loss on refunding	(139)	-	34	(105)	(34)
Lease revenue bonds, net	<u>425,932</u>	<u>320</u>	<u>(6,929)</u>	<u>419,323</u>	<u>7,623</u>
Certificates of participation	14,725	10,380	(240)	24,865	250
Add: unamortized premium	-	75	(1)	74	2
Certificates of participation, net	<u>14,725</u>	<u>10,455</u>	<u>(241)</u>	<u>24,939</u>	<u>252</u>
Notes payable	399	-	(41)	358	43
Estimated claims (Note 12)	39,351	15,905	(14,610)	40,646	8,676
State settlement	227	-	(113)	114	114
Claims and judgments - arbitrage	-	22	-	22	-
Compensated absences	84,604	31,617	(23,072)	93,149	23,071
<b>Total Governmental Activities</b>	<u>\$ 565,238</u>	<u>\$ 58,319</u>	<u>\$ (45,006)</u>	<u>\$ 578,551</u>	<u>\$ 39,779</u>
<b>Business-Type Activities:</b>					
Notes payable	\$ 1,591	\$ -	\$ (136)	\$ 1,455	\$ 140
Capital lease obligations	27	30	(27)	30	30
Estimated claims	-	630	-	630	-
Compensated absences	13,154	7,387	(5,213)	15,328	5,740
<b>Total Business-Type Activities</b>	<u>\$ 14,772</u>	<u>\$ 8,047</u>	<u>\$ (5,376)</u>	<u>\$ 17,443</u>	<u>\$ 5,910</u>

Governmental funds that have been used to liquidate long term liabilities of the governmental activities are as follows: *Lease revenue bond* retirements and related interest payments are serviced by revenues generated from lease payments made by the General Fund on leased facilities. *Certificates of participation* retirements and related interest payments are serviced by revenues generated from the Flood Control Zone special revenue fund. *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. *Estimated claims* are liquidated by the cumulative charges for services recorded in the internal service funds. *State settlement* is sponsored by the General Fund. *Arbitrage liability* is paid by the JPFA. *Compensated absences* are generally liquidated by the General Fund and related special revenue funds.

As of June 30, 2005, annual debt service requirements of governmental activities to maturity were as follows:

Year ending June 30:	Lease Revenue Bonds			Certificates of Participation		Notes Payable	
	Principal	Interest Accretion	Interest	Principal	Interest	Principal	Interest
2006	\$ 6,760	\$ 825	\$ 17,411	\$ 250	\$ 1,083	\$ 43	\$ 9
2007	7,860	-	17,155	295	1,220	45	7
2008	10,970	-	16,777	305	1,207	47	5
2009	11,360	-	16,342	320	1,194	33	3
2010	9,580	-	15,903	330	1,179	18	3
2011-2015	68,665	-	71,556	1,930	5,631	172	1
2016-2020	87,275	2,195	51,945	2,465	5,081	-	-
2021-2025	81,539	4,566	32,833	3,160	4,377	-	-
2026-2030	70,706	2,180	16,311	4,040	3,471	-	-
2031-2035	44,795	-	5,476	5,175	2,363	-	-
2036-2037	17,075	-	264	6,595	1,021	-	-
Total requirements	416,585	9,766	261,973	24,865	27,827	358	28
Less unaccreted principal	-	(7,029)	-	-	-	-	-
Total	<u>\$ 416,585</u>	<u>\$ 2,737</u>	<u>\$ 261,973</u>	<u>\$ 24,865</u>	<u>\$ 27,827</u>	<u>\$ 358</u>	<u>\$ 28</u>

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
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As of June 30, 2005, annual debt service requirements of business-type activities to maturity were as follows:

Year ending June 30:	Business-type Activities	
	Notes Payable	
	Principal	Interest
2006	\$ 140	\$ 58
2007	109	52
2008	71	47
2009	74	44
2010	77	41
2011-2015	246	158
2016-2020	301	118
2021-2025	191	80
2026-2030	199	2
2031-2035	-	-
2036-2040	-	-
2041-2045	-	-
2046-2050	-	-
2051-2055	-	-
2056-2060	47	-
Total	\$ 1,455	\$ 600

**Interest Swap Agreements**

In November 2003, the 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 juvenile court, girl's camp, community school, receiving home, group home, and probation offices for the County.

*Objective of the Interest Rate Swaps.* As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance in November 2003, the 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. The 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 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, the JPFA pays the counterparties a fixed payment of 3.33% and receives a variable payment computed as 55.5% of LIBOR plus 0.29%.

*Credit Risk.* As of June 30, 2005, the JPFA was not exposed to credit risk because the swaps had a negative fair value. The JPFA does bear the risk that the counterparties will not be able to make the offsetting payments on the bonds. 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 Investor Service or "A" by Standard and Poor's or Fitch Ratings. As of June 30, 2005, Citibank N.A.'s ratings were "Aa1" by Moody's, "AA" by Standard and Poors, and "AA+" by Fitch Ratings; and AIG Financial Products was rated Aa2 by Moody's and AA by Standard and Poors.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
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*Fair Value.* The swaps had a combined aggregate negative fair value of \$8,528 as of June 30, 2005. Since coupons on the JPFA's auction rate securities adjust to changing interest rates, they do not 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.

*Basis Risk.* The swaps expose the 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, 2005 was 3.30% for the Series A bonds and 3.32% for the Series B bonds.

*Termination Risk.* The 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 the 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, the 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, 2005, 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 Rate Interest *	Interest Rate Swaps, Net Interest/Swap	Subtotal Interest	Principal	Variable Rate Interest*	Interest Rate Swaps, Net Interest/Swap	Subtotal Interest	
2006	\$ -	\$ 1,335	\$ 821	\$ 2,156	\$ -	\$ 1,337	\$ 822	\$ 2,159	\$ 4,315
2007	-	1,335	821	2,156	-	1,337	822	2,159	4,315
2008	-	1,310	805	2,115	-	1,313	807	2,120	4,235
2009	1,250	1,284	789	2,073	1,200	1,287	791	2,078	4,151
2010	1,300	1,257	773	2,030	1,300	1,260	775	2,035	4,065
2011-2015	7,175	5,849	3,597	9,446	7,200	5,861	3,604	9,465	18,911
2016-2020	8,625	5,016	3,085	8,101	8,625	5,027	3,092	8,119	16,220
2021-2025	10,375	4,015	2,469	6,484	10,400	4,025	2,475	6,500	12,984
2026-2030	12,500	2,809	1,728	4,537	12,550	2,816	1,732	4,548	9,085
2031-2035	15,050	1,357	834	2,191	15,075	1,361	837	2,198	4,389
2036-2037	10,450	73	45	118	10,475	73	45	118	236
	<u>\$ 66,725</u>	<u>\$ 25,640</u>	<u>\$ 15,767</u>	<u>\$ 41,407</u>	<u>\$ 66,825</u>	<u>\$ 25,697</u>	<u>\$ 15,802</u>	<u>\$ 41,499</u>	<u>\$ 82,906</u>

\* For the purposes of calculating the annual debt service requirements, the June 30, 2005 effective rate of 2% for Series A bonds and 2% for Series B were used for the variable rate.

**New Issues**

*2004 Certificates of Participation*

In November 2004, the JPFA issued 2004 Certificates of Participation in an amount of \$10,380. The Certificates were issued to finance the acquisition, design, construction, improvement, and installation of certain improvements to the flood control system of the San Mateo County Flood Control District located in the Colma Creek Flood Control Zone; and to pay the costs incurred in connection with the execution and delivery of the Certificates.

The Certificates bear interest between 2% and 5%. The first maturity call of the 2004 Certificates occurs on August 1, 2029 and the last maturity call falls on August 1, 2039. The debt service payment begins on August 1, 2006 and ends on August 1, 2039.

**COUNTY OF SAN MATEO**  
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**Advance Refundings**

*1993, 1994, 1995 Lease Revenue Bonds*

On January 1, 1999, the JPFA issued \$113,140 lease revenue bonds to advance refund \$6,425 of 1993 Series lease revenue bonds, \$80,290 of 1994 Series A lease revenue bonds, and \$14,820 of 1995 Series A lease revenue bonds and to provide \$1,968 of additional financing for the costs of completing the San Mateo County Health Center. At June 30, 2005, the outstanding lease revenue bonds were \$14,820 and are considered defeased.

**SamCERA's Mortgage Note Payable**

The Board of Retirement changed SamCERA's real estate mandate from investing in separate real properties to becoming an investor in a commingled fund. On September 30, 2004, SamCERA executed a contribution agreement under which SamCERA agreed to contribute its real properties, including related debt, to the INVESCO Core Real Estate - U.S.A., LLC Fund as a founding investor. The debt, which was reported as a mortgage note payable of \$6,904 on June 30, 2004, was removed from SamCERA's books in FY 2004-05.

**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, 2005, the arbitrage liability was about \$22 and is reported as claims and judgments on the government-wide financial statements.

**Legal Debt Service Limit**

The County's legal debt service limit is 4% of the average annual County budget for the current and the preceding four fiscal years covering non-voter approved County debt obligations. At June 30, 2005, the County's legal annual debt service limit, as defined by Ordinance No. 3773, was approximately \$48,395.

**NOTE 10 – NET ASSETS/FUND BALANCES**

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.* This category 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.* This category presents net assets with external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislations. A legally enforceable enabling legislation restriction is one that a party external to a government can compel a government to honor.
- *Unrestricted Net Assets.* This category represents net assets of the County not restricted for any project or purpose.

As of June 30, 2005, reservations of fund balance included:

**COUNTY OF SAN MATEO**  
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As of June 30, 2005, reservations of fund balance included:

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

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 or capital projects. Such plans or intent are subject to change and have not been legally authorized or may not result in expenditures.

**NOTE 11 – EMPLOYEES’ RETIREMENT PLAN**

**San Mateo Employees’ Retirement Association**

*(a) Plan Description*

San Mateo County Employees’ Retirement Association (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 governed by the California Constitution, the 1937 Act, and the by laws, procedures, and policies adopted by the Board of Retirement. Members should refer to this Law for more complete information.

*(b) General*

SamCERA is a cost-sharing multiple-employer defined benefit pension plan established to provide retirement, disability, and death benefits for substantially all employees of the County and the San Mateo County Mosquito Abatement District. Management of the SamCERA is vested in a nine-member Board of Retirement.

At June 30, 2005, the total number of plan participants was 9,662 of which 9,635 were County employees and 27 were Mosquito Abatement District employees. SamCERA issues a publicly available financial report that includes financial statements and required supplementary information. A complete comprehensive annual financial report for SamCERA can be obtained by writing to the San Mateo County Employees’ Retirement Association, 100 Marine Parkway, Suite 125, Redwood Shores, California 94065.

*(c) Benefit Provisions*

SamCERA provides service retirement, disability, and death benefits based on defined benefit formulas, which use final average compensation, years of service, and age factors to calculate benefits payable. In addition, SamCERA provides annual cost-of-living adjustments upon retirement for 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’s Board of Supervisors with the authority to initiate benefits, while Government Code Section 31592.2 empowers the Board of Retirement to provide certain ad hoc benefits when the Section 31592 reserve exceeds 1% of assets.

**COUNTY OF SAN MATEO**  
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**(Dollars in Thousands)**

*(d) Summary of Significant Accounting Policies*

*Basis of Accounting:* SamCERA uses the accrual basis of accounting. Investment income is recognized when it is earned and expenses are recognized when they are incurred. Contributions are recognized when due. Benefits and refunds are recognized when due and payable under the terms of the plan.

*Cash and Investments:* The Retirement Board has exclusive control of SamCERA's investment. Government Code Section 31595 of the 1937 Act authorizes the Retirement Board to invest, or delegate the authority to invest, the assets of SamCERA in any investment allowed by statute and deemed prudent in the informed opinion of the Retirement Board.

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

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. By contract, an independent appraisal is obtained once every three years to determine the fair market value of the real estate assets. In the interim years, real estate assets are reported at fair value utilizing an income approach to valuation.

*Funding Policy:* Both the plan members and their employers make contributions to SamCERA. The employee contribution rates are established and may be amended pursuant to Article 6 and 6.8 of the 1937 Act. The contribution rates are determined by age at entry into SamCERA and are based on a percentage of covered compensation. The most recent average employee contribution rate is based on a valuation for the fiscal year ended June 30, 2004, and the rate was 7.09%. The employers are required to contribute at an actuarially determined rate, and the current annual required contribution is \$76,931 or 100% of the amount recommended by the actuary.

*Annual Pension Cost:* For the fiscal year 2004-05, the County's annual pension cost was equal to the County's required contributions. The required contribution was determined at June 30, 2004, using the Entry Age Normal Method. The actuarial assumptions included 8% investment rate of return and 6% projected salary increase attributed to inflation (4%) and adjustment for merit and longevity (2%). The actuarial value of SamCERA's assets was determined using techniques that smoothed the effects of short-term volatility in the market value over a 5-year period. SamCERA's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over the period ending June 30, 2022.

*(e) Three-year Trend Information*

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2003	\$ 36,070	100.0%	-
6/30/2004	60,042	100.0%	-
6/30/2005	76,931	100.0%	-

**NOTE 12 – OTHER POST EMPLOYMENT BENEFITS**

The County provides other post employment benefits to retired employees who have unused sick leave upon retirement. To be eligible for these benefits, the public safety employees must retire from the County after attaining age 40 and 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.



**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

Upon retirement, the County converts every eight hours of unused sick leave to one month of post employment premium coverage. Management employees will receive one month's full premium payment for health, dental, and vision for every eight hours of unused sick leave. For non-management employees, the amount and type of premium coverage are fixed, depending on the Memorandum of Understanding with various employee bargaining units.

The County finances the sick leave conversion benefits on a pay-as-you-go basis and includes prospective retirees in its compensated absences liability computation. As of June 30, 2005, approximately 700 retirees were receiving other post employment benefits from the County. The cost of these benefits for FY 2004-05 was \$3,066.

**NOTE 13 – 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. The County currently reports its risk management activities in its Workers' Compensation Insurance, Long-term Disability, Employee Benefits, and Personal Injury and Property Damage Funds (Internal Service Funds).

The County is self-insured for most insurable risks, 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 \$200,000.
- 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 \$500 per incident but limited to a maximum of \$20,250.
- Workers' compensation in excess of \$1,000 per incident but limited to a statutory amount.
- Auto liability in excess of \$500 per incident but limited to a maximum of \$20,250.
- 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 FY2004-05.

All of the County funds participate in the insurance program 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 \$40,646, reported in the internal service funds at June 30, 2005, is based on requirements of GASB Statements No. 10 and 30. These statements require a liability for claims to be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated.

Of the \$40,646 estimated claims liability at June 30, 2005, approximately \$35,118 was actuarially determined. The actuarially determined liability relates to workers' compensation, general liability, and automobile liability and includes allocated expenses and a provision for incurred but not reported claims. The actuarially determined liability at June 30, 2005 was discounted at 3%. The estimated claims liability relating to the other areas of self-insurance was based upon historical trends and actual activity occurring in the first three months subsequent to June 30, 2005.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

Changes to the internal service funds' claims liability amount for FY2003-04 and FY2004-05 were as follows:

Liability at June 30, 2003	\$	32,244
Current year claims and changes in estimates		21,826
Claim payments		(14,719)
Liability at June 30, 2004		39,351
Current year claims and changes in estimates		15,905
Claim payments		(14,610)
Liability at June 30, 2005	\$	40,646

**NOTE 14 – RELATED PARTY TRANSACTIONS**

The following schedule presents significant transactions between the primary government and its component units during the year ended June 30, 2005:

<u>Component Unit</u>	<u>Significant Transactions</u>
JPFA	Lease revenue payments from the General Fund to JPFA - \$20,773
Housing Authority	Loans from the General Fund to Housing Authority - \$826
First 5 San Mateo County	Administrative fees charged to the Commission by the General Fund - \$1,521

**NOTE 15 - COMMITMENTS AND CONTINGENCIES**

**Grants**

The County recognizes as revenue grant monies received as reimbursement for costs incurred in certain federal and State programs it administers. 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, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

**Medicare and Medi-Cal Reimbursements**

The SMMC provides health care services primarily to County residents. Net patient charges for service revenue is reported at estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

Revenues from Medicare and Medi-Cal programs accounted for approximately 30% and 64%, respectively, of the SMMC net patient charges for services revenue for the year ended June 30, 2005. 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.

**Housing Authority**

The Housing 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 \$4,203 plus interest. Based upon expenses incurred by the State, the Authority's liability is about 15% of the final settlement amount. A \$630 estimated liability has been accrued to reflect such obligation. The Authority intends to seek funding from HUD to cover the related expenses once realized.

**COUNTY OF SAN MATEO**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

**San Mateo County Employees' Retirement**

California's Supreme Court ruled that compensation paid in cash, even if not earned by all employees in the same grade or class, must be included in "compensation earnable" and the "final compensation" on which an employee's retirement benefit is based. This decision in the matter of *Ventura County Deputy Sheriff's Association vs. Board of Retirement of the Ventura County Employees' Retirement Association* became final on October 1, 1997. SamCERA implemented *Ventura* prospectively for current employees and new retirees on December 28, 1997.

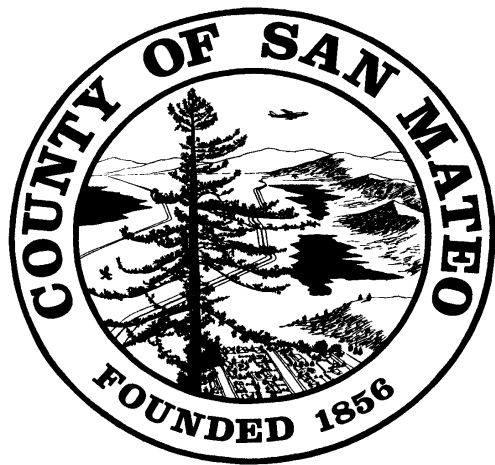
On November 30, 2001, the trial court ruled that *Ventura* should be applied retroactively and that the pensions of all retirees and their beneficiaries, regardless of when they retired, must be recalculated. A reserve was established for the *Ventura* in the pension trust fund, and the balance of this reserve was \$31,524 at June 30, 2004.

The retroactive implementation of *Ventura* had a total cost of \$11,961 charged to the Ventura Reserve. The total cost included (1) the gross actuarial cost to retroactively implement *Ventura* of \$14,136 less member contributions of \$3,075 for a net actuarial cost of \$11,061; (2) litigation expenses of \$725; and (3) county counsel fees and implementation cost of \$175. Pursuant to Resolution 01-02-03 *Ventura Litigation Contingency Reserve*, the remaining balance in the Ventura Reserve was transferred to the employer's retiree reserve on May 31, 2005.

**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; however, County management and Counsel estimate such loss to total \$3,076.

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



## COUNTY OF SAN MATEO

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

Required supplementary information in this section covers the following areas:

- *Trend data on infrastructure condition.* The County's road subsystems of infrastructure assets are accounted for using the modified approach. The information presented includes: (a) the condition of the road subsystems over time and (b) a comparison of the estimated and actual annual expense to preserve and maintain the road subsystems at the County's selected condition level.
- *Trend data on funding of pension.* The schedule of funding progress compares over time the County's actuarially determined annual required contribution with actual contributions to the County's pension plan.
- *Budgetary comparisons.* Actual results of the General Fund using the basis of budgeting are compared with the original budget and the final amended budget.

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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 County has elected to use the modified approach to report its maintained road subsystem of the road network of \$72,422. Infrastructure assets reported under the modified approach are not subject to depreciation per GASB Statement No. 34.

The County manages its maintained road subsystem of the road network using the Metropolitan Transportation Commission's Pavement Management Program (Program) and accounts for them using the modified approach. The Program establishes a Pavement Condition Index (PCI) on a scale from zero to one hundred (0 – 100) for each road segment being maintained by the Department of Public Works. The Program has defined the pavement of roads with PCI's of 40 or higher to be in a "Fair" or better condition and roads with PCI's of 55 or higher to be in a "Good" or better condition. A complete condition assessment is determined every three years.

In FY 2000-01, the County adopted a policy requiring that at least 75 percent of its primary maintained road subsystem be maintained at a PCI of 55 or higher and the secondary maintained pavement subsystem at a PCI of 40 or higher. In FY 2004-05, the County revised its policy to maintain at least 65 percent of its secondary maintained pavement subsystem at a PCI of 40 or higher.

The County fulfilled a complete condition assessment in FY 2003-04. The County's maintained road subsystem was rated at a PCI index of 75 on the average for primary roads and 54 for secondary roads. The condition of the primary and secondary subsystems has improved when compared to FY 2000-01 with details as follows:

	Primary		Primary		Secondary		Secondary	
	2004	2004	2001	2001	2004	2004	2001	2001
PCI Condition Rating	Number of Miles		Number of Miles		Number of Miles		Number of Miles	
		Percent		Percent		Percent		Percent
<b>Primary:</b>								
Good to excellent (55-100)	122.45	78.9%	103.40	68.2%				
Substandard to fair (0-54)	32.66	21.1%	48.20	31.8%				
<b>Secondary:</b>								
Fair to excellent (40-100)					117.03	72.5%	26.80	16.7%
Substandard to fair (0-39)					44.49	27.5%	134.30	83.3%
Total	155.11	100.0%	151.60	100.0%	161.52	100.0%	161.10	100.0%

For the fiscal year ended June 30, 2005, actual maintenance and preservation costs were less than estimated by \$1,197 or 25 percent.

Fiscal Year	Estimated Maintenance & Preservation Costs	Actual Maintenance & Preservation Costs	Variance
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

**2. SCHEDULE OF FUNDING PROGRESS**

SamCERA issues a publicly available financial report that can be obtained by writing to the San Mateo County Employee's 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 annual actuarial reports.



**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

The actuarial valuation for FY 2004-05 is not available. As such, the information of this fiscal year is not reflected in the six-year analysis:

Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as of % of Covered Payroll ((b-a)/c)
6/30/1999	\$ 1,109,417	\$ 1,205,554	\$ 96,137	92.03%	\$ 238,864	40.25%
6/30/2000	1,271,565	1,291,694	20,129	98.44%	259,075	7.77%
6/30/2001	1,384,586	1,404,060	19,474	98.61%	274,318	7.10%
6/30/2002	1,416,821	1,660,566	243,745	85.30%	301,891	80.70%
6/30/2003	1,353,941	1,781,544	427,603	76.00%	323,896	132.00%
6/30/2004	1,452,621	1,921,328	468,707	75.60%	365,385	128.28%

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General Fund



## COUNTY OF SAN MATEO

### **General Fund**

The *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 in other funds. For the County, the general fund includes such activities as general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation services.

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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>	\$ 195,971	\$ 195,971	\$ -	\$ 196,890	\$ 919
<b>Resources (inflows):</b>					
Taxes	163,346	163,346	-	213,777	50,431
Licenses, permits and franchises	5,127	5,137	10	5,898	761
Fines, forfeitures and penalties	6,735	6,747	12	7,286	539
Use of money and property	11,347	11,347	-	12,503	1,156
Intergovernmental revenues	390,001	399,113	9,112	396,957	(2,156)
Charges for services	79,137	80,647	1,510	74,549	(6,098)
Interfund revenue	57,537	58,034	497	54,555	(3,479)
Miscellaneous revenue	25,404	25,850	446	32,242	6,392
Other financing sources	455	455	-	789	334
Amounts available for appropriation	<u>739,089</u>	<u>750,676</u>	<u>11,587</u>	<u>798,556</u>	<u>47,880</u>
<b>Charges to appropriations (outflows):</b>					
<b><u>General Government</u></b>					
<b>Board of Supervisors - District 1</b>					
Salaries and benefits	325	323	(2)	323	-
Services and supplies	31	42	11	42	-
Other charges	33	28	(5)	28	-
Contingencies	8	8	-	-	8
Total Board of Supervisors - District 1	<u>397</u>	<u>401</u>	<u>4</u>	<u>393</u>	<u>8</u>
<b>Board of Supervisors - District 2</b>					
Salaries and benefits	321	331	10	331	-
Services and supplies	29	31	2	31	-
Other charges	30	28	(2)	28	-
Contingencies	8	8	-	-	8
Total Board of Supervisors - District 2	<u>388</u>	<u>398</u>	<u>10</u>	<u>390</u>	<u>8</u>
<b>Board of Supervisors - District 3</b>					
Salaries and benefits	317	316	(1)	316	-
Services and supplies	31	57	26	57	-
Other charges	32	28	(4)	28	-
Contingencies	8	8	-	-	8
Total Board of Supervisors - District 3	<u>388</u>	<u>409</u>	<u>21</u>	<u>401</u>	<u>8</u>
<b>Board of Supervisors - District 4</b>					
Salaries and benefits	319	311	(8)	287	24
Services and supplies	30	38	8	36	2
Other charges	31	31	-	29	2
Contingencies	8	8	-	-	8
Total Board of Supervisors - District 4	<u>388</u>	<u>388</u>	<u>-</u>	<u>352</u>	<u>36</u>
<b>Board of Supervisors - District 5</b>					
Salaries and benefits	339	332	(7)	332	-
Services and supplies	30	47	17	47	-
Other charges	32	30	(2)	29	1
Contingencies	8	8	-	-	8
Total Board of Supervisors - District 5	<u>409</u>	<u>417</u>	<u>8</u>	<u>408</u>	<u>9</u>
<b>County Manager/Clerk of the Board</b>					
Salaries and benefits	3,021	3,049	28	3,049	-
Services and supplies	946	703	(243)	527	176
Other charges	12,622	12,794	172	12,684	110
Fixed Assets	5	5	-	-	5
Intrafund transfers	(8,719)	(8,719)	-	(9,156)	437
Contingencies	104	104	-	-	104
Total County Manager/Clerk of the Board	<u>7,979</u>	<u>7,936</u>	<u>(43)</u>	<u>7,104</u>	<u>832</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Assessor-Clerk-Recorder</b>					
Salaries and benefits	13,172	13,022	(150)	12,391	631
Services and supplies	3,423	4,894	1,471	4,703	191
Other charges	1,978	1,983	5	1,972	11
Fixed assets	69	123	54	55	68
Contingencies	919	919	-	-	919
Total Assessor-Clerk-Recorder	<u>19,561</u>	<u>20,941</u>	<u>1,380</u>	<u>19,121</u>	<u>1,820</u>
<b>Controller's Office</b>					
Salaries and benefits	4,127	4,127	-	4,116	11
Services and supplies	1,122	1,122	-	241	881
Other charges	951	951	-	929	22
Fixed assets	-	1,100	1,100	995	105
Intrafund transfers	(360)	(360)	-	(150)	(210)
Contingencies	74	74	-	-	74
Total Controller's Office	<u>5,914</u>	<u>7,014</u>	<u>1,100</u>	<u>6,131</u>	<u>883</u>
<b>Tax Collector/Treasurer</b>					
Salaries and benefits	2,731	2,731	-	2,687	44
Services and supplies	2,606	2,271	(335)	608	1,663
Other charges	623	623	-	569	54
Fixed assets	-	335	-	335	-
Intrafund transfers	(280)	(280)	-	(130)	(150)
Contingencies	1,153	1,153	-	-	1,153
Total Tax Collector/Treasurer	<u>6,833</u>	<u>6,833</u>	<u>(335)</u>	<u>4,069</u>	<u>2,764</u>
<b>County Counsel</b>					
Salaries and benefits	5,808	5,808	-	5,603	205
Services and supplies	477	698	221	292	406
Other charges	296	296	-	282	14
Intrafund transfers	(924)	(1,145)	(221)	(1,318)	173
Contingencies	147	147	-	-	147
Total County Counsel	<u>5,804</u>	<u>5,804</u>	<u>-</u>	<u>4,859</u>	<u>945</u>
<b>Employee and Public Services</b>					
Salaries and benefits	15,647	15,647	-	15,010	637
Services and supplies	3,281	3,270	(11)	2,496	774
Other charges	1,471	1,471	-	1,387	84
Fixed assets	-	11	-	8	3
Intrafund transfers	(4,046)	(4,046)	-	(3,620)	(426)
Contingencies	515	515	-	-	515
Total Employee and Public Services	<u>16,868</u>	<u>16,868</u>	<u>(11)</u>	<u>15,281</u>	<u>1,587</u>
<b>Information Services</b>					
Salaries and benefits	15,866	15,866	-	14,728	1,138
Services and supplies	21,467	21,654	187	18,161	3,493
Other charges	1,150	1,150	-	1,013	137
Fixed assets	1,574	1,803	229	556	1,247
Other financing uses	324	324	-	287	37
Intrafund transfers	(29,117)	(29,117)	-	(24,179)	(4,938)
Contingencies	4,128	3,712	(416)	-	3,712
Total Information Services	<u>15,392</u>	<u>15,392</u>	<u>-</u>	<u>10,566</u>	<u>4,826</u>
<b>Message Switch</b>					
Services and supplies	399	394	(5)	322	72
Other charges	216	216	-	207	9
Fixed assets	-	5	-	5	-
Intrafund transfers	(106)	(106)	-	(106)	-
Contingencies	448	448	-	-	448
Total Message Switch	<u>957</u>	<u>957</u>	<u>(5)</u>	<u>428</u>	<u>529</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Public Works</b>					
Salaries and benefits	15,813	15,766	(47)	15,398	368
Services and supplies	11,780	11,848	68	11,144	704
Other charges	3,585	3,585	-	3,190	395
Fixed assets	98	166	68	130	36
Other financing uses	3,981	3,981	-	3,890	91
Intrafund transfers	(17,509)	(17,509)	-	(16,823)	(686)
Contingencies	962	962	-	-	962
Total Public Works	<u>18,710</u>	<u>18,799</u>	<u>89</u>	<u>16,929</u>	<u>1,870</u>
<b>Food &amp; Nutrition Services</b>					
Salaries and benefits	2,510	2,510	-	2,495	15
Services and supplies	2,325	2,520	195	2,509	11
Other charges	91	96	5	91	5
Intrafund transfers	(4,122)	(4,239)	(117)	(4,247)	8
Total Food & Nutrition Services	<u>804</u>	<u>887</u>	<u>83</u>	<u>848</u>	<u>39</u>
<b>Non-Departmental Services</b>					
Salaries and benefits	6,036	6,036	-	12	6,024
Services and supplies	21,845	21,025	(820)	5,369	15,656
Other charges	5,088	5,088	-	1,620	3,468
Fixed assets	1	1	-	-	1
Other financing uses	10,186	10,186	-	10,186	-
Intrafund transfers	(570)	(570)	-	(365)	(205)
Contingencies	116,777	110,401	(6,376)	-	110,401
Total Non-Departmental Services	<u>159,363</u>	<u>152,167</u>	<u>(7,196)</u>	<u>16,822</u>	<u>135,345</u>
<b>Total General Government</b>	<u>260,155</u>	<u>255,611</u>	<u>(4,895)</u>	<u>104,102</u>	<u>151,509</u>
<b>Public Protection</b>					
<b>Grand Jury</b>					
Salaries and benefits	68	68	-	59	9
Services and supplies	396	396	-	372	24
Other charges	10	10	-	1	9
Total Grand Jury	<u>474</u>	<u>474</u>	<u>-</u>	<u>432</u>	<u>42</u>
<b>Criminal Division</b>					
Salaries and benefits	16,698	16,698	-	15,737	961
Services and supplies	930	930	-	666	264
Other charges	1,586	1,586	-	1,583	3
Contingencies	3,048	3,048	-	-	3,048
Total Criminal Division	<u>22,262</u>	<u>22,262</u>	<u>-</u>	<u>17,986</u>	<u>4,276</u>
<b>Child Support Services</b>					
Salaries and benefits	9,280	9,173	(107)	9,104	69
Services and supplies	597	704	107	617	87
Other charges	1,446	1,446	-	1,431	15
Total Child Support Services	<u>11,323</u>	<u>11,323</u>	<u>-</u>	<u>11,152</u>	<u>171</u>
<b>County Support of Courts</b>					
Salaries and benefits	340	340	-	324	16
Services and supplies	1,084	1,084	-	641	443
Other charges	21,303	21,303	-	21,298	5
Total County Support of Courts	<u>22,727</u>	<u>22,727</u>	<u>-</u>	<u>22,263</u>	<u>464</u>

(Continued)



**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Private Defender Program</b>					
Services and supplies	12,257	12,257	-	12,257	-
Intrafund transfers	(98)	(98)	-	-	(98)
Total Private Defender Program	<u>12,159</u>	<u>12,159</u>	<u>-</u>	<u>12,257</u>	<u>(98)</u>
<b>Sheriff</b>					
Salaries and benefits	80,868	85,104	4,236	84,794	310
Services and supplies	14,727	11,279	(3,448)	7,632	3,647
Other charges	15,263	15,543	280	14,517	1,026
Fixed assets	540	1,015	475	914	101
Other financing uses	905	907	2	907	-
Intrafund transfers	(491)	(491)	-	(253)	(238)
Contingencies	775	775	-	-	775
Total Sheriff	<u>112,587</u>	<u>114,132</u>	<u>1,545</u>	<u>108,511</u>	<u>5,621</u>
<b>Probation</b>					
Salaries and benefits	40,624	42,436	1,812	42,436	-
Services and supplies	10,515	10,163	(352)	6,867	3,296
Other charges	6,632	6,772	140	6,748	24
Fixed assets	412	420	8	8	412
Intrafund transfers	(7,304)	(7,304)	-	(4,537)	(2,767)
Contingencies	512	512	-	-	512
Total Probation	<u>51,391</u>	<u>52,999</u>	<u>1,608</u>	<u>51,522</u>	<u>1,477</u>
<b>Coroner's Office</b>					
Salaries and benefits	1,495	1,637	142	1,637	-
Services and supplies	545	490	(55)	477	13
Other charges	206	215	9	215	-
Fixed assets	-	12	12	12	-
Contingencies	164	138	(26)	-	138
Total Coroner's Office	<u>2,410</u>	<u>2,492</u>	<u>82</u>	<u>2,341</u>	<u>151</u>
<b>Environmental Services Administration</b>					
Salaries and benefits	404	428	24	428	-
Services and supplies	18	12	(6)	12	-
Other charges	20	18	(2)	18	-
Intrafund transfers	(63)	(63)	-	(63)	-
Contingencies	11	11	-	-	11
Total Environmental Services Administration	<u>390</u>	<u>406</u>	<u>16</u>	<u>395</u>	<u>11</u>
<b>Agricultural Commissioner/Sealer</b>					
Salaries and benefits	2,552	2,590	38	2,590	-
Services and supplies	973	957	(16)	811	146
Other charges	270	270	-	253	17
Intrafund transfers	(869)	(869)	-	(752)	(117)
Contingencies	36	36	-	-	36
Total Agricultural Commissioner/Sealer	<u>2,962</u>	<u>2,984</u>	<u>22</u>	<u>2,902</u>	<u>82</u>
<b>Animal Control</b>					
Salaries and benefits	18	18	-	18	-
Services and supplies	4,596	4,596	-	4,486	110
Other charges	22	22	-	21	1
Intrafund transfers	(231)	(231)	-	(231)	-
Total Animal Control	<u>4,405</u>	<u>4,405</u>	<u>-</u>	<u>4,294</u>	<u>111</u>
<b>Local Agency Formation Commission</b>					
Salaries and benefits	138	138	-	138	-
Services and supplies	38	14	(24)	12	2
Other charges	41	76	35	72	4
Intrafund transfers	(50)	(50)	-	-	(50)
Contingencies	11	-	(11)	-	-
Total Local Agency Formation Commission	<u>178</u>	<u>178</u>	<u>-</u>	<u>222</u>	<u>(44)</u>

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Fire Protection</b>					
Services and supplies	5,775	6,019	244	6,001	18
Other charges	232	240	8	240	-
Fixed assets	-	108	108	107	1
Total Fire Protection	<u>6,007</u>	<u>6,367</u>	<u>360</u>	<u>6,348</u>	<u>19</u>
<b>Planning</b>					
Salaries and benefits	4,485	4,469	(16)	4,263	206
Services and supplies	3,722	3,926	204	2,933	993
Other charges	574	574	-	555	19
Intrafund transfers	(2,110)	(2,110)	-	(2,115)	5
Contingencies	618	618	-	-	618
Total Planning	<u>7,289</u>	<u>7,477</u>	<u>188</u>	<u>5,636</u>	<u>1,841</u>
<b>Total Public Protection</b>	<u>256,564</u>	<u>260,385</u>	<u>3,821</u>	<u>246,261</u>	<u>14,124</u>
<b>Health and Sanitation</b>					
<b>Health Businesses &amp; Administration</b>					
Salaries and benefits	2,727	2,727	-	2,590	137
Services and supplies	8,978	8,978	-	7,712	1,266
Other charges	991	991	-	908	83
Intrafund transfers	(5,484)	(5,484)	-	(5,276)	(208)
Contingencies	31	31	-	-	31
Total Health Businesses & Administration	<u>7,243</u>	<u>7,243</u>	<u>-</u>	<u>5,934</u>	<u>1,309</u>
<b>Emergency Medical Services</b>					
Salaries and benefits	591	591	-	493	98
Services and supplies	275	275	-	219	56
Other charges	50	50	-	50	-
Intrafund transfers	(139)	(139)	-	(38)	(101)
Total Emergency Medical Services	<u>777</u>	<u>777</u>	<u>-</u>	<u>724</u>	<u>53</u>
<b>Hospital &amp; Clinic Subsidy</b>					
Services and supplies	8,671	15,012	6,341	15,012	-
Other financing uses	43,152	47,701	4,549	47,701	-
Total Hospital & Clinic Subsidy	<u>51,823</u>	<u>62,713</u>	<u>10,890</u>	<u>62,713</u>	<u>-</u>
<b>Environmental Health Services</b>					
Salaries and benefits	7,752	7,752	-	7,513	239
Services and supplies	2,004	1,973	(31)	1,703	270
Other charges	632	632	-	541	91
Fixed assets	-	31	31	28	3
Other financing uses	181	181	-	181	-
Intrafund transfers	(199)	(199)	-	-	(199)
Contingencies	707	707	-	-	707
Total Environmental Health Services	<u>11,077</u>	<u>11,077</u>	<u>-</u>	<u>9,966</u>	<u>1,111</u>
<b>Mental Health Services</b>					
Salaries and benefits	27,767	27,958	191	27,356	602
Services and supplies	42,386	42,386	-	39,379	3,007
Other charges	14,461	14,461	-	14,120	341
Intrafund transfers	(2,368)	(2,519)	(151)	(1,642)	(877)
Contingencies	5,407	5,407	-	-	5,407
Total Mental Health Services	<u>87,653</u>	<u>87,693</u>	<u>40</u>	<u>79,213</u>	<u>8,480</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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	24,490	24,100	(390)	23,736	364
Services and supplies	6,642	7,253	611	6,773	480
Other charges	4,721	4,917	196	4,263	654
Fixed Assets	150	150	-	149	1
Intrafund transfers	(1,009)	(1,009)	-	(730)	(279)
Contingencies	682	682	-	-	682
<b>Total Public Health Services</b>	<u>35,676</u>	<u>36,093</u>	<u>417</u>	<u>34,191</u>	<u>1,902</u>
<b>Correctional Health Services</b>					
Salaries and benefits	6,189	5,959	(230)	5,935	24
Services and supplies	1,833	2,639	806	2,455	184
Other charges	442	472	30	429	43
Intrafund transfers	(2,793)	(3,399)	(606)	(3,292)	(107)
<b>Total Correctional Health Services</b>	<u>5,671</u>	<u>5,671</u>	<u>-</u>	<u>5,527</u>	<u>144</u>
<b>Total Health and Sanitation</b>	<u>199,920</u>	<u>211,267</u>	<u>11,347</u>	<u>198,268</u>	<u>12,999</u>
<b>Public Assistance</b>					
<b>Aging &amp; Adult Services</b>					
Salaries and benefits	11,139	11,260	121	10,690	570
Services and supplies	3,179	3,656	477	2,646	1,010
Other charges	4,247	4,612	365	3,839	773
Intrafund transfers	(1,597)	(1,597)	-	(1,401)	(196)
<b>Total Aging &amp; Adult Services</b>	<u>16,968</u>	<u>17,931</u>	<u>963</u>	<u>15,774</u>	<u>2,157</u>
<b>In Home Support Services - Public Authority</b>					
Other charges	4,488	4,488	-	4,488	-
<b>Total In Home Support Services - Public Authority</b>	<u>4,488</u>	<u>4,488</u>	<u>-</u>	<u>4,488</u>	<u>-</u>
<b>Human Services Agency</b>					
Salaries and benefits	67,431	67,431	-	65,689	1,742
Services and supplies	42,219	42,125	(94)	36,119	6,006
Other charges	78,755	78,755	-	73,607	5,148
Fixed assets	365	459	94	355	104
Other financing uses	342	342	-	296	46
Intrafund transfers	(19,563)	(19,563)	-	(19,788)	225
Contingencies	4,087	4,087	-	-	4,087
<b>Total Human Services Agency</b>	<u>173,636</u>	<u>173,636</u>	<u>-</u>	<u>156,278</u>	<u>17,358</u>
<b>Department of Housing</b>					
Salaries and benefits	1,727	1,727	-	1,678	49
Services and supplies	1,630	1,630	-	368	1,262
Other charges	12,751	12,731	(20)	7,477	5,254
Other financing uses	-	20	20	20	-
Intrafund transfers	(168)	(168)	-	(111)	(57)
<b>Total Department of Housing</b>	<u>15,940</u>	<u>15,940</u>	<u>-</u>	<u>9,432</u>	<u>6,508</u>
<b>Total Public Assistance</b>	<u>211,032</u>	<u>211,995</u>	<u>963</u>	<u>185,972</u>	<u>26,023</u>
<b>Education</b>					
<b>Cooperative Extension</b>					
Salaries and benefits	64	53	(11)	52	1
Services and supplies	15	24	9	24	-
Other charges	50	52	2	47	5
Contingencies	2	2	-	-	2
<b>Total Cooperative Extension</b>	<u>131</u>	<u>131</u>	<u>-</u>	<u>123</u>	<u>8</u>
<b>Total Education</b>	<u>131</u>	<u>131</u>	<u>-</u>	<u>123</u>	<u>8</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Recreation</b>					
<b>Parks &amp; Recreation</b>					
Salaries and benefits	5,334	5,321	(13)	5,003	318
Services and supplies	875	875	-	840	35
Other charges	795	808	13	807	1
Fixed assets	116	116	-	9	107
Contingencies	138	138	-	-	138
Total Parks & Recreation	<u>7,258</u>	<u>7,258</u>	<u>-</u>	<u>6,659</u>	<u>599</u>
<b>Total Recreation</b>	<u>7,258</u>	<u>7,258</u>	<u>-</u>	<u>6,659</u>	<u>599</u>
Total charges to appropriations	<u>935,060</u>	<u>946,647</u>	<u>11,236</u>	<u>741,385</u>	<u>205,262</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 351</u>	<u>\$ 254,061</u>	<u>\$ 254,061</u>

(Continued)

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (page 62)	\$ 798,556
Differences - budget to GAAP:	
Interfund revenues are inflows of budgetary resources but are used to offset expenditures for financial reporting purposes.	(54,555)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(789)
Receipts from sub-funds reclassified from County Agency Fund, not budgeted.	<u>11,137</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 21)	<u><u>\$ 754,349</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 68)	\$ 741,385
Differences - budget to GAAP:	
Expenditures offset by interfund revenues for financial reporting purposes are outflows of budgetary appropriations.	(54,555)
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.	(168)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(76,915)
Disbursements from sub-funds reclassified from County Agency Fund, not budgeted	<u>4,738</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 21)	<u><u>\$ 614,485</u></u>

**COUNTY OF SAN MATEO**  
**Required Supplementary Information (Unaudited)**  
**Note to the Budgetary Comparison Schedule – General Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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 prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

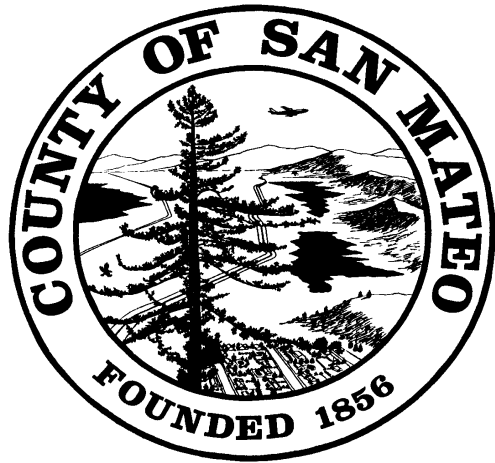
An operating budget is adopted each fiscal year for all Governmental Funds except for the JPFA. Expenditures are controlled at the object level within budget units for the County. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any amendments or transfers of appropriations between object levels within the same budget unit, or between departments or funds, are authorized by the County Manager's office and must be approved by the Board of Supervisors. The Board of Supervisors must approve supplemental appropriations normally financed by unanticipated revenues during the year. Pursuant to 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 of Supervisors.

The County uses an encumbrance system as an extension of normal budgetary accounting for the general, special revenue, and other debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget and reported in the original budget column.

The budget approved by the Board of Supervisors for the General Fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other governmental funds. Actual reimbursements for these items have been eliminated in the accompanying budgetary financial schedules. Accordingly, the related budgets for these items have also been eliminated in order to provide a meaningful comparison of actual and budgeted results of operations.

The budgets for the 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 on 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, 2005**  
**(Dollars 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	\$ 52,808	\$ 24,500	\$ 8,820	\$ 86,128
Securities lending collateral	9,647	4,476	1,612	15,735
Receivables (net):				
Accounts	12	81	-	93
Interest	386	162	60	608
Taxes	932	-	-	932
Other	149	-	-	149
Due from other funds	154	-	-	154
Due from other governmental agencies	2,024	-	247	2,271
Inventories	420	-	-	420
Other assets	7	-	-	7
Advances to other funds	-	-	3,000	3,000
Total assets	<u>\$ 66,539</u>	<u>\$ 29,219</u>	<u>\$ 13,739</u>	<u>\$ 109,497</u>
<b>Liabilities:</b>				
Accounts payable	\$ 836	\$ -	\$ 153	\$ 989
Accrued salaries and benefits	308	-	-	308
Securities lending collateral - due to borrowers	9,647	4,476	1,612	15,735
Due to other funds	2,446	10	-	2,456
Deferred revenues	1,555	-	-	1,555
Deposits	2	-	-	2
Total liabilities	<u>14,794</u>	<u>4,486</u>	<u>1,765</u>	<u>21,045</u>
<b>Fund balances:</b>				
Reserved for:				
Encumbrances	252	-	35	287
Debt service	-	24,733	-	24,733
Inventories and advances	420	-	3,000	3,420
Unreserved, reported in				
Special revenue funds:				
Undesignated	51,073	-	-	51,073
Capital projects funds:				
Undesignated	-	-	8,939	8,939
Total fund balances	<u>51,745</u>	<u>24,733</u>	<u>11,974</u>	<u>88,452</u>
Total liabilities and fund balances	<u>\$ 66,539</u>	<u>\$ 29,219</u>	<u>\$ 13,739</u>	<u>\$ 109,497</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, 2005**  
**(Dollars in Thousands)**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues:</b>				
Taxes	\$ 11,587	\$ -	\$ -	\$ 11,587
Licenses and permits	5,755	-	-	5,755
Intergovernmental	21,715	-	1,554	23,269
Charges for services	10,330	-	2,874	13,204
Fines, forfeitures and penalties	1,115	-	-	1,115
Rents and concessions	89	-	-	89
Investment income	1,363	613	204	2,180
Securities lending activities:				
Securities lending income	213	99	35	347
Securities lending expenditures	(196)	(92)	(33)	(321)
Other	753	82	329	1,164
Total revenues	<u>52,724</u>	<u>702</u>	<u>4,963</u>	<u>58,389</u>
<b>Expenditures:</b>				
Current Operating:				
General government	2,580	78	-	2,658
Public protection	7,309	-	-	7,309
Public ways and facilities	18,852	-	-	18,852
Health and sanitation	23,235	-	-	23,235
Capital outlay	5,507	-	6,696	12,203
Debt service:				
Principal	15	-	-	15
Interest	5	-	-	5
Total expenditures	<u>57,503</u>	<u>78</u>	<u>6,696</u>	<u>64,277</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(4,779)</u>	<u>624</u>	<u>(1,733)</u>	<u>(5,888)</u>
<b>Other financing sources (uses):</b>				
Transfers in	4,488	21,958	5,477	31,923
Transfers out	(1,748)	(20,773)	(4,071)	(26,592)
Total other financing sources	<u>2,740</u>	<u>1,185</u>	<u>1,406</u>	<u>5,331</u>
<b>Net change in fund balances</b>	<b>(2,039)</b>	<b>1,809</b>	<b>(327)</b>	<b>(557)</b>
Fund balances - beginning	<u>53,784</u>	<u>22,924</u>	<u>12,301</u>	<u>89,009</u>
Fund balances - ending	<u>\$ 51,745</u>	<u>\$ 24,733</u>	<u>\$ 11,974</u>	<u>\$ 88,452</u>

## COUNTY OF SAN MATEO

### Nonmajor Governmental Funds

#### Special Revenue Funds

Special Revenue Funds are used to account for revenues that are restricted by law or administrative action and expenditures for specified purposes. The County's nonmajor special revenue funds are listed below:

The *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.

The *County Fire Protection Fund* provides 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.

The *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.

The *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.

The *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.

The *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.

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

The *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 other County departments and outside agencies.

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

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

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## COUNTY OF SAN MATEO

### Nonmajor Governmental Funds

#### Special Revenue Funds (*Continued*)

The *Public Authority IHSS Fund* assists consumers 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.

The *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
- Various Drainage Districts Funds

**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2005**  
**(Dollars 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	\$ 2,407	\$ 1,685	\$ 4,636	\$ 7,615	\$ 9,852	\$ 5,801	\$ 1,037
Securities lending collateral	440	308	847	1,391	1,800	1,060	189
Receivables (net):							
Accounts	-	-	12	-	-	-	-
Interest	12	21	37	59	43	45	8
Taxes	-	402	200	36	224	65	-
Other	99	-	-	-	-	50	-
Due from other funds	120	-	-	10	18	-	-
Due from other governmental agencies	-	100	18	102	80	95	326
Inventories	420	-	-	-	-	-	-
Other assets	7	-	-	-	-	-	-
Total assets	<u>\$ 3,505</u>	<u>\$ 2,516</u>	<u>\$ 5,750</u>	<u>\$ 9,213</u>	<u>\$ 12,017</u>	<u>\$ 7,116</u>	<u>\$ 1,560</u>
<b>Liabilities:</b>							
Accounts payable	\$ 176	\$ -	\$ 15	\$ 26	\$ 3	\$ 9	\$ 1
Accrued salaries and benefits	224	-	-	21	-	-	-
Securities lending collateral - due to borrowers	440	308	847	1,391	1,800	1,060	189
Due to other funds	375	1,412	6	158	54	10	139
Deferred revenues	222	502	218	138	304	160	-
Deposits	-	-	2	-	-	-	-
Total liabilities	<u>1,437</u>	<u>2,222</u>	<u>1,088</u>	<u>1,734</u>	<u>2,161</u>	<u>1,239</u>	<u>329</u>
<b>Fund Balances:</b>							
Reserved for:							
Encumbrances	-	-	252	-	-	-	-
Inventories and advances	420	-	-	-	-	-	-
Unreserved:							
Undesignated	1,648	294	4,410	7,479	9,856	5,877	1,231
Total fund balances	<u>2,068</u>	<u>294</u>	<u>4,662</u>	<u>7,479</u>	<u>9,856</u>	<u>5,877</u>	<u>1,231</u>
Total liabilities and fund balances	<u>\$ 3,505</u>	<u>\$ 2,516</u>	<u>\$ 5,750</u>	<u>\$ 9,213</u>	<u>\$ 12,017</u>	<u>\$ 7,116</u>	<u>\$ 1,560</u>

(Continued)



**COUNTY OF SAN MATEO**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2005**  
**(Dollars in Thousands)**

<u>County Half-Cent Transportation</u>	<u>County-Wide Road Improvement</u>	<u>Solid Waste</u>	<u>Public Authority IHSS</u>	<u>Other Special Revenue</u>	<u>Total</u>	
						<b>Assets:</b>
\$ 2,453	\$ 3,723	\$ 10,541	\$ 2,279	\$ 779	\$ 52,808	Cash and investments
448	680	1,926	416	142	9,647	Securities lending collateral
-	-	-	-	-	12	Receivables (net):
21	36	98	-	6	386	Accounts
-	-	-	-	5	932	Interest
-	-	-	-	-	149	Taxes
4	-	2	-	-	154	Other
68	-	-	1,233	2	2,024	Due from other funds
-	-	-	-	-	420	Due from other governmental agencies
-	-	-	-	-	7	Inventories
<u>\$ 2,994</u>	<u>\$ 4,439</u>	<u>\$ 12,567</u>	<u>\$ 3,928</u>	<u>\$ 934</u>	<u>\$ 66,539</u>	Other assets
						Total assets
						<b>Liabilities:</b>
\$ 113	\$ -	\$ 18	\$ 471	\$ 4	\$ 836	Accounts payable
21	-	33	9	-	308	Accrued salaries and benefits
448	680	1,926	416	142	9,647	Securities lending collateral - due to borrowers
116	-	176	-	-	2,446	Due to other funds
4	-	-	-	7	1,555	Deferred revenues
-	-	-	-	-	2	Deposits
<u>702</u>	<u>680</u>	<u>2,153</u>	<u>896</u>	<u>153</u>	<u>14,794</u>	Total liabilities
						<b>Fund Balances:</b>
						Reserved for:
-	-	-	-	-	252	Encumbrances
-	-	-	-	-	420	Inventories and advances
<u>2,292</u>	<u>3,759</u>	<u>10,414</u>	<u>3,032</u>	<u>781</u>	<u>51,073</u>	Unreserved:
<u>2,292</u>	<u>3,759</u>	<u>10,414</u>	<u>3,032</u>	<u>781</u>	<u>51,745</u>	Undesignated
<u>\$ 2,994</u>	<u>\$ 4,439</u>	<u>\$ 12,567</u>	<u>\$ 3,928</u>	<u>\$ 934</u>	<u>\$ 66,539</u>	Total fund balances
						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, 2005**  
**(Dollars in Thousands)**

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
<b>Revenues</b>							
Taxes	\$ -	\$ 4,582	\$ 2,147	\$ 269	\$ 2,211	\$ 831	\$ -
Licenses and permits	-	-	52	-	-	-	-
Intergovernmental	12,648	297	20	3	833	7	-
Charges for services	2,076	146	1,009	5,267	355	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	1,106
Rents and concessions	46	33	-	-	10	-	-
Investment income	76	69	114	216	159	143	28
Securities lending activities:							
Securities lending income	10	7	19	30	40	24	4
Securities lending expenditures	(9)	(6)	(17)	(28)	(37)	(22)	(3)
Other	172	117	20	21	10	-	369
Total revenues	<u>15,019</u>	<u>5,245</u>	<u>3,364</u>	<u>5,778</u>	<u>3,581</u>	<u>983</u>	<u>1,504</u>
<b>Expenditures</b>							
Current Operating:							
General government	-	-	2,304	-	-	269	-
Public protection	-	6,478	-	-	831	-	-
Public ways and facilities	15,501	-	-	-	-	-	-
Health and sanitation	-	-	-	5,117	-	-	1,150
Capital outlay	1,317	-	217	1,604	2,369	-	-
Debt service:							
Principal	-	-	15	-	-	-	-
Interest	-	-	5	-	-	-	-
Total expenditures	<u>16,818</u>	<u>6,478</u>	<u>2,541</u>	<u>6,721</u>	<u>3,200</u>	<u>269</u>	<u>1,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,799)</u>	<u>(1,233)</u>	<u>823</u>	<u>(943)</u>	<u>381</u>	<u>714</u>	<u>354</u>
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(35)	-	(1,083)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(35)</u>	<u>-</u>	<u>(1,083)</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<b>(1,799)</b>	<b>(1,233)</b>	<b>788</b>	<b>(943)</b>	<b>(702)</b>	<b>714</b>	<b>354</b>
Fund balances - beginning	<u>3,867</u>	<u>1,527</u>	<u>3,874</u>	<u>8,422</u>	<u>10,558</u>	<u>5,163</u>	<u>877</u>
Fund balances - ending	<u>\$ 2,068</u>	<u>\$ 294</u>	<u>\$ 4,662</u>	<u>\$ 7,479</u>	<u>\$ 9,856</u>	<u>\$ 5,877</u>	<u>\$ 1,231</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, 2005**  
**(Dollars in Thousands)**

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	Public Authority IHSS	Other Special Revenue	Total	
\$ 1,500	\$ -	\$ -	\$ -	\$ 47	\$ 11,587	<b>Revenues</b>
-	-	5,703	-	-	5,755	Taxes
148	-	207	7,539	13	21,715	Licenses and permits
686	735	56	-	-	10,330	Intergovernmental
-	-	-	-	9	1,115	Charges for services
-	-	-	-	-	89	Fines, forfeitures and penalties
73	126	334	4	21	1,363	Rents and concessions
10	15	42	9	3	213	Investment income
(9)	(14)	(39)	(9)	(3)	(196)	Securities lending activities:
-	-	19	2	23	753	Securities lending income
2,408	862	6,322	7,545	113	52,724	Securities lending expenditures
						Other
						Total revenues
						<b>Expenditures</b>
-	-	-	-	7	2,580	Current Operating:
-	-	-	-	-	7,309	General government
2,305	1,024	-	-	22	18,852	Public protection
-	-	6,726	10,217	25	23,235	Public ways and facilities
-	-	-	-	-	5,507	Health and sanitation
-	-	-	-	-	15	Capital outlay
-	-	-	-	-	5	Debt service:
2,305	1,024	6,726	10,217	54	57,503	Principal
						Interest
						Total expenditures
103	(162)	(404)	(2,672)	59	(4,779)	Excess (deficiency) of revenues over (under) expenditures
-	-	-	4,488	-	4,488	<b>Other financing sources (uses)</b>
(553)	-	(77)	-	-	(1,748)	Transfers in
(553)	-	(77)	4,488	-	2,740	Transfers out
						Total other financing sources (uses)
(450)	(162)	(481)	1,816	59	(2,039)	<b>Net change in fund balances</b>
2,742	3,921	10,895	1,216	722	53,784	Fund balances - beginning
\$ 2,292	\$ 3,759	\$ 10,414	\$ 3,032	\$ 781	\$ 51,745	Fund balances - ending

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Road Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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>	\$ 3,443	\$ 3,443	\$ -	\$ 574	\$ (2,869)
<b>Resources (inflows):</b>					
Use of money and property	234	234	-	123	(111)
Intergovernmental revenues	12,502	12,502	-	12,648	146
Charges for services	69	69	-	60	(9)
Interfund revenue	610	610	-	876	266
Miscellaneous revenue	374	374	-	1,312	938
Amounts available for appropriation	13,789	13,789	-	15,019	1,230
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Salaries and benefits	7,404	7,404	-	6,831	573
Services and supplies	10,203	9,882	(321)	7,285	2,597
Other charges	933	933	-	499	434
Fixed assets	1,376	1,697	321	1,256	441
Intrafund transfers	(3,084)	(3,084)	-	(1,109)	(1,975)
Contingencies	400	400	-	-	400
Total charges to appropriations	17,232	17,232	-	14,762	2,470
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 831	\$ 831

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 14,762
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.	2,056
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 16,818

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Fire Protection Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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>	\$ 1,514	\$ 1,513	\$ (1)	\$ 1,528	\$ 15
<b>Resources (inflows):</b>					
Taxes	5,284	5,284	-	4,582	(702)
Use of money and property	78	78	-	103	25
Intergovernmental revenues	123	373	250	297	(76)
Charges for services	100	100	-	146	46
Miscellaneous revenue	-	-	-	117	117
Amounts available for appropriation	5,585	5,835	250	5,245	(590)
<b>Charges to appropriations (outflows):</b>					
Public protection					
Services and supplies	6,038	6,397	359	6,378	19
Other charges	100	100	-	100	-
Non-general fund reserves	961	851	(110)	-	851
Total charges to appropriations	7,099	7,348	249	6,478	870
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 295	\$ 295

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Service Area Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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>	\$ 4,046	\$ 4,068	\$ 22	\$ 3,680	\$ (388)
<b>Resources (inflows):</b>					
Taxes	2,103	2,103	-	2,147	44
Licenses, permits and franchises	63	63	-	52	(11)
Use of money and property	99	99	-	116	17
Intergovernmental revenues	20	20	-	20	-
Charges for services	1,013	1,013	-	1,009	(4)
Miscellaneous revenue	-	-	-	20	20
Amounts available for appropriation	3,298	3,298	-	3,364	66
<b>Charges to appropriations (outflows):</b>					
General government					
Services and supplies	3,303	3,458	155	2,480	978
Other charges	260	283	23	96	187
Fixed assets	194	217	23	23	194
Other financing uses	35	35	-	35	-
Contingencies	2,870	2,870	-	-	2,870
Non-general fund reserves	682	503	(179)	-	503
Total charges to appropriations	7,344	7,366	22	2,634	4,732
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 4,410	\$ 4,410

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,634
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.	(58)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(35)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 2,541

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Sewer and Sanitation Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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>	\$ 8,769	\$ 9,173	\$ 404	\$ 8,422	\$ (751)
<b>Resources (inflows):</b>					
Taxes	208	208	-	269	61
Use of money and property	228	228	-	218	(10)
Intergovernmental revenues	3	3	-	3	-
Charges for services	4,274	4,274	-	4,619	345
Interfund revenue	754	754	-	648	(106)
Miscellaneous revenue	-	-	-	21	21
Amounts available for appropriation	<u>5,467</u>	<u>5,467</u>	<u>-</u>	<u>5,778</u>	<u>311</u>
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	685	685	-	624	61
Services and supplies	5,179	5,170	(9)	4,403	767
Other charges	91	495	404	90	405
Fixed assets	5,703	5,712	9	1,604	4,108
Intrafund transfers	(519)	(519)	-	-	(519)
Contingencies	3,097	3,097	-	-	3,097
Total charges to appropriations	<u>14,236</u>	<u>14,640</u>	<u>404</u>	<u>6,721</u>	<u>7,919</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,479</u>	<u>\$ 7,479</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Flood Control Zone Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 10,633	\$ 10,848	\$ 215	\$ 10,557	\$ (291)
<b>Resources (inflows):</b>					
Taxes	1,733	1,733	-	2,211	478
Use of money and property	138	138	-	172	34
Intergovernmental revenues	1,122	1,122	-	833	(289)
Charges for services	-	-	-	355	355
Other financing sources	1,677	1,677	-	10	(1,667)
Amounts available for appropriation	4,670	4,670	-	3,581	(1,089)
<b>Charges to appropriations (outflows):</b>					
Public protection					
Services and supplies	734	734	-	766	(32)
Other charges	1,584	1,799	215	65	1,734
Fixed assets	9,060	9,060	-	2,369	6,691
Other financing uses	2,519	2,519	-	1,083	1,436
Intrafund transfers	74	74	-	-	74
Contingencies	1,332	1,332	-	-	1,332
Total charges to appropriations	15,303	15,518	215	4,283	11,235
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 9,855	\$ 9,855

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,283
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(1,083)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 3,200



**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Lighting Districts Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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>	\$ 5,195	\$ 5,229	\$ 34	\$ 5,162	\$ (67)
<b>Resources (inflows):</b>					
Taxes	492	492	-	831	339
Use of money and property	144	144	-	145	1
Intergovernmental revenues	6	6	-	7	1
Amounts available for appropriation	642	642	-	983	341
<b>Charges to appropriations (outflows):</b>					
General government					
Services and supplies	485	485	-	307	178
Other charges	-	34	34	-	34
Intrafund transfers	(30)	(30)	-	(38)	8
Contingencies	5,382	5,382	-	-	5,382
Total charges to appropriations	5,837	5,871	34	269	5,602
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 5,876	\$ 5,876

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Emergency Medical Services Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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>	\$ 882	\$ 882	\$ -	\$ 882	\$ -
<b>Resources (inflows):</b>					
Fines, forfeitures and penalties	1,030	1,030	-	1,106	76
Use of money and property	90	90	-	29	(61)
Miscellaneous revenue	326	326	-	369	43
Amounts available for appropriation	<u>1,446</u>	<u>1,446</u>	<u>-</u>	<u>1,504</u>	<u>58</u>
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Services and supplies	1,068	1,268	200	1,150	118
Non-general fund reserves	1,260	1,060	(200)	-	1,060
Total charges to appropriations	<u>2,328</u>	<u>2,328</u>	<u>-</u>	<u>1,150</u>	<u>1,178</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,236</u>	<u>\$ 1,236</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County Half-Cent Transportation Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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>	\$ 2,657	\$ 2,657	\$ -	\$ 2,389	\$ (268)
<b>Resources (inflows):</b>					
Taxes	1,382	1,382	-	1,500	118
Use of money and property	114	114	-	74	(40)
Intergovernmental revenues	150	150	-	148	(2)
Charges for services	591	591	-	686	95
Amounts available for appropriation	2,237	2,237	-	2,408	171
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Salaries and benefits	632	639	7	638	1
Services and supplies	1,606	1,599	(7)	1,279	320
Other charges	391	391	-	388	3
Other financing uses	572	572	-	553	19
Non-general fund reserves	1,693	1,693	-	-	1,693
Total charges to appropriations	4,894	4,894	-	2,858	2,036
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 1,939	\$ 1,939

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,858
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(553)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 2,305

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**County-wide Road Improvement Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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>	\$ 3,950	\$ 3,950	\$ -	\$ 3,921	\$ (29)
<b>Resources (inflows):</b>					
Use of money and property	101	101	-	127	26
Charges for services	450	450	-	735	285
Amounts available for appropriation	<u>551</u>	<u>551</u>	<u>-</u>	<u>862</u>	<u>311</u>
<b>Charges to appropriations (outflows):</b>					
Public ways and facilities					
Services and supplies	1,670	1,670	-	1,024	646
Non-general fund reserves	<u>2,831</u>	<u>2,831</u>	<u>-</u>	<u>-</u>	<u>2,831</u>
Total charges to appropriations	<u>4,501</u>	<u>4,501</u>	<u>-</u>	<u>1,024</u>	<u>3,477</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,759</u>	<u>\$ 3,759</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Solid Waste Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<b>Budgetary fund balances, July 1</b>	\$ 10,965	\$ 10,965	\$ -	\$ 10,895	\$ (70)
<b>Resources (inflows):</b>					
Licenses, permits and franchises	4,800	4,800	-	5,703	903
Use of money and property	400	400	-	337	(63)
Intergovernmental revenues	168	168	-	207	39
Charges for services	75	75	-	36	(39)
Interfund revenue	-	-	-	20	20
Miscellaneous revenue	25	25	-	19	(6)
Amounts available for appropriation	<u>5,468</u>	<u>5,468</u>	<u>-</u>	<u>6,322</u>	<u>854</u>
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	1,208	1,208	-	945	263
Services and supplies	7,734	7,734	-	3,951	3,783
Other charges	1,833	1,833	-	1,830	3
Fixed assets	350	350	-	-	350
Other financing uses	110	110	-	77	33
Contingencies	390	390	-	-	390
Non-general fund reserves	4,808	4,808	-	-	4,808
Total charges to appropriations	<u>16,433</u>	<u>16,433</u>	<u>-</u>	<u>6,803</u>	<u>9,630</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,414</u>	<u>\$ 10,414</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,803
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>\$ 6,726</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Public Authority IHSS Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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>	\$ 1,175	\$ 1,175	\$ -	\$ 1,044	\$ (131)
<b>Resources (inflows):</b>					
Use of money and property	40	40	-	4	(36)
Intergovernmental revenues	7,710	7,710	-	7,539	(171)
Interfund revenue	4,488	4,488	-	-	(4,488)
Miscellaneous revenue	-	-	-	2	2
Other financing sources	-	-	-	4,488	4,488
Amounts available for appropriation	12,238	12,238	-	12,033	(205)
<b>Charges to appropriations (outflows):</b>					
Health and sanitation					
Salaries and benefits	391	391	-	143	248
Services and supplies	2,248	2,248	-	2,248	-
Other charges	9,636	9,636	-	7,817	1,819
Non-general fund reserves	1,138	1,138	-	-	1,138
Total charges to appropriations	13,413	13,413	-	10,208	3,205
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 2,869	\$ 2,869

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 12,033
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	\$ 7,545

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 10,208
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.	9
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 10,217

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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>	\$ 77	\$ 77	\$ -	\$ 83	\$ 6
Resources (inflows):					
Fines, forfeitures and penalties	5	5	-	9	4
Use of money and property	2	2	-	3	1
Amounts available for appropriation	7	7	-	12	5
Charges to appropriations (outflows):					
General government					
Services and supplies	25	25	-	7	18
Non-general fund reserves	59	59	-	-	59
Total charges to appropriations	84	84	-	7	77
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 88	\$ 88
<b><u>Off-Highway Vehicle License Fees Fund</u></b>					
<b>Budgetary fund balances, July 1</b>	\$ 297	\$ 297	\$ -	\$ 308	\$ 11
Resources (inflows):					
Use of money and property	8	8	-	9	1
Intergovernmental revenue	20	20	-	13	(7)
Amounts available for appropriation	28	28	-	22	(6)
Charges to appropriations (outflows):					
Public ways and facilities					
Services and supplies	74	74	-	22	52
Non-general fund reserves	251	251	-	-	251
Total charges to appropriations	325	325	-	22	303
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 308	\$ 308
<b><u>Highlands Landscape Maintenance District</u></b>					
<b>Budgetary fund balances, July 1</b>	\$ 261	\$ 261	\$ -	\$ 20	\$ (241)
Resources (inflows):					
Taxes	33	33	-	47	14
Use of money and property	8	8	-	9	1
Amounts available for appropriation	41	41	-	56	15
Charges to appropriations (outflows):					
General government					
Services and supplies	257	257	-	25	232
Intrafund transfers	(100)	(100)	-	-	(100)
Contingencies	131	131	-	-	131
Non-general fund reserves	14	14	-	-	14
Total charges to appropriations	302	302	-	25	277
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 51	\$ 51

(Continued)

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Other Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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>	\$ 635	\$ 635	\$ -	\$ 411	\$ (224)
Resources (inflows)	76	76	-	90	14
Charges to appropriations (outflows)	(711)	(711)	-	(54)	657
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447</u>	<u>\$ 447</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 90
Differences - budget to GAAP:	
Receipts from Redevelopment Agency Fund, not budgeted.	<u>23</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 113</u>



**COUNTY OF SAN MATEO**

**Nonmajor Governmental Funds**

**Debt Service Fund**

Debt Service Fund is used to account for accumulation of resources for, and payment of, principal and interest on the County's general long-term debt.

The *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, 2005**  
**(Dollars 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>	\$ 23,266	\$ 23,266	\$ -	\$ 22,924	\$ (342)
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	620	620
Miscellaneous revenue	-	-	-	82	82
Other financing sources	20,985	20,985	-	21,958	973
Amount available for appropriation	<u>20,985</u>	<u>20,985</u>	<u>-</u>	<u>22,660</u>	<u>1,675</u>
<b>Charges to appropriations (outflows):</b>					
Other charges	21,535	21,535	-	78	21,457
Other financing uses	-	22,716	22,716	20,773	1,943
Non-general fund reserves	22,716	-	(22,716)	-	-
Total charges to appropriations	<u>44,251</u>	<u>44,251</u>	<u>-</u>	<u>20,851</u>	<u>23,400</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,733</u>	<u>\$ 24,733</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 22,660
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(21,958)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor debt service fund	<u>\$ 702</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 20,851
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(20,773)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor debt service fund	<u>\$ 78</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.

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

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

The *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, bail and imposed penalties, a \$2.25 penalty assessment is added to the fines and placed into this fund. A penalty assessment \$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.

The *Courthouse Construction Fund* was established to finance construction, rehabilitation, lease and financing courtrooms. Sources of revenue for this fund are identical to the Criminal Facility Construction Fund above.

The *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 30,2005**  
**(Dollars in Thousands)**

	<u>Parks Acquisition</u>	<u>Accumulated Capital Outlay</u>	<u>Criminal Facility</u>	<u>Courthouse Construction</u>	<u>Other Capital Projects</u>	<u>Total</u>
<b>Assets:</b>						
Cash and investments	\$ 2,428	\$ 8	\$ 1,970	\$ 2,850	\$ 1,564	\$ 8,820
Securities lending collateral	444	1	360	521	286	1,612
Interest receivable	17	-	13	23	7	60
Due from other governmental agencies	247	-	-	-	-	247
Advances to other funds	-	3,000	-	-	-	3,000
Total assets	<u>\$ 3,136</u>	<u>\$ 3,009</u>	<u>\$ 2,343</u>	<u>\$ 3,394</u>	<u>\$ 1,857</u>	<u>\$ 13,739</u>
<b>Liabilities:</b>						
Accounts payable	\$ 11	\$ -	\$ -	\$ -	\$ 142	\$ 153
Securities lending collateral - due to borrowers	444	1	360	521	286	1,612
Total liabilities	<u>455</u>	<u>1</u>	<u>360</u>	<u>521</u>	<u>428</u>	<u>1,765</u>
<b>Fund Balances:</b>						
Reserved for:						
Encumbrance	-	4	-	-	31	35
Advances to other funds	-	3,000	-	-	-	3,000
Unreserved:						
Undesignated	2,681	4	1,983	2,873	1,398	8,939
Total fund balances	<u>2,681</u>	<u>3,008</u>	<u>1,983</u>	<u>2,873</u>	<u>1,429</u>	<u>11,974</u>
Total liabilities and fund balances	<u>\$ 3,136</u>	<u>\$ 3,009</u>	<u>\$ 2,343</u>	<u>\$ 3,394</u>	<u>\$ 1,857</u>	<u>\$ 13,739</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, 2005**  
**(Dollars in Thousands)**

	Parks Acquisition	Accumulated Capital Outlay	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
<b>Revenues:</b>						
Intergovernmental	\$ 1,528	\$ -	\$ -	\$ -	\$ 26	\$ 1,554
Charges for services	-	-	1,433	1,441	-	2,874
Investment income	59	-	50	77	18	204
Securities lending activities:						
Securities lending income	10	-	8	11	6	35
Securities lending expenditures	(9)	-	(7)	(11)	(6)	(33)
Other	288	-	-	-	41	329
Total revenues	<u>1,876</u>	<u>-</u>	<u>1,484</u>	<u>1,518</u>	<u>85</u>	<u>4,963</u>
<b>Expenditures:</b>						
Capital outlay	1,947	-	-	-	4,749	6,696
Total expenditures	<u>1,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,749</u>	<u>6,696</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(71)</u>	<u>-</u>	<u>1,484</u>	<u>1,518</u>	<u>(4,664)</u>	<u>(1,733)</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	5,477	5,477
Transfers out	(423)	-	(1,555)	(1,733)	(360)	(4,071)
Total other financing sources (uses)	<u>(423)</u>	<u>-</u>	<u>(1,555)</u>	<u>(1,733)</u>	<u>5,117</u>	<u>1,406</u>
<b>Net change in fund balances</b>	<b>(494)</b>	<b>-</b>	<b>(71)</b>	<b>(215)</b>	<b>453</b>	<b>(327)</b>
Fund balances - beginning	<u>3,175</u>	<u>3,008</u>	<u>2,054</u>	<u>3,088</u>	<u>976</u>	<u>12,301</u>
Fund balances- ending	<u>\$ 2,681</u>	<u>\$ 3,008</u>	<u>\$ 1,983</u>	<u>\$ 2,873</u>	<u>\$ 1,429</u>	<u>\$ 11,974</u>

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Parks Acquisition Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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>	\$ 3,187	\$ 3,187	\$ -	\$ 3,175	\$ (12)
<b>Resources (inflows):</b>					
Use of money and property	15	15	-	60	45
Intergovernmental revenues	3,123	4,408	1,285	1,528	(2,880)
Miscellaneous revenue	166	184	18	288	104
Amounts available for appropriation	3,304	4,607	1,303	1,876	(2,731)
<b>Charges to appropriations (outflows):</b>					
Services and supplies	865	865	-	68	797
Fixed assets	-	1,983	1,983	1,879	104
Other financing uses	5,570	4,890	(680)	423	4,467
Non-general fund reserves	56	56	-	-	56
Total charges to appropriations	6,491	7,794	1,303	2,370	5,424
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 2,681	\$ 2,681

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,370
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(423)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital project funds	\$ 1,947

**COUNTY OF SAN MATEO**  
**Budgetary Comparison Schedule**  
**Accumulated Capital Outlay Fund**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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	\$ 8	\$ -	\$ 3,008	\$ 3,000
<b>Charges to appropriations (outflows):</b>					
Other charges	8	8	-	4	4
Total charges to appropriations	8	8	-	4	4
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,004</u>	<u>\$ 3,004</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4
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.	<u>(4)</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, 2005**  
**(Dollars 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>	\$ 2,067	\$ 2,067	\$ -	\$ 2,454	\$ 387
<b>Resources (inflows):</b>					
Use of money and property	40	40	-	51	11
Charges for services	1,200	1,200	-	1,433	233
Amounts available for appropriation	1,240	1,240	-	1,484	244
<b>Charges to appropriations (outflows):</b>					
Other financing uses	2,315	2,315	-	1,555	760
Non-general fund reserves	992	992	-	-	992
Total charges to appropriations	3,307	3,307	-	1,555	1,752
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 2,383	\$ 2,383

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,555
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(1,555)
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, 2005**  
**(Dollars 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>	\$ 2,856	\$ 2,856	\$ -	\$ 3,088	\$ 232
<b>Resources (inflows):</b>					
Use of money and property	40	40	-	77	37
Charges for services	1,200	1,200	-	1,441	241
Amounts available for appropriation	1,240	1,240	-	1,518	278
<b>Charges to appropriations (outflows):</b>					
Other financing uses	2,538	2,538	-	1,733	805
Non-general fund reserves	1,558	1,558	-	-	1,558
Total charges to appropriations	4,096	4,096	-	1,733	2,363
<b>Budgetary fund balances, June 30</b>	\$ -	\$ -	\$ -	\$ 2,873	\$ 2,873

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,733
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(1,733)
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 Funds**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars 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>	\$ 983	\$ 983	\$ -	\$ 1,087	\$ 104
<b>Resources (inflows):</b>					
Use of money and property	-	-	-	18	18
Intergovernmental revenues	1,764	1,764	-	26	(1,738)
Charges for services	217	217	-	-	(217)
Miscellaneous revenue	300	358	58	41	(317)
Other financing sources	12,814	13,414	600	5,477	(7,937)
Amounts available for appropriation	<u>15,095</u>	<u>15,753</u>	<u>658</u>	<u>5,562</u>	<u>(10,191)</u>
<b>Charges to appropriations (outflows):</b>					
Fixed assets	16,078	16,736	-	5,026	11,710
Total charges to appropriations	<u>16,078</u>	<u>16,736</u>	<u>-</u>	<u>5,026</u>	<u>11,710</u>
<b>Budgetary fund balances, June 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 658</u>	<u>\$ 1,623</u>	<u>\$ 1,623</u>

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

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 5,562
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(5,477)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital project funds	<u>\$ 85</u>

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

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,026
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 supplies are received for financial reporting purposes.	83
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(360)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - nonmajor capital project funds	<u>\$ 4,749</u>



## Nonmajor Enterprise Funds



## COUNTY OF SAN MATEO

### **Nonmajor Enterprise Funds**

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

The *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.

The *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, 2005**  
**(Dollars in Thousands)**

	Airports	Coyote Point Marina	Total
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 2,266	\$ 1,123	\$ 3,389
Securities lending collateral	414	205	619
Receivables (net):			
Accounts	16	18	34
Interest	17	9	26
Due from other funds	2	-	2
Total current assets	2,715	1,355	4,070
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	6,843	1,335	8,178
Construction in progress	163	-	163
Depreciable:			
Structures and improvements	12,728	11,695	24,423
Equipment	73	116	189
Less accumulated depreciation	(5,485)	(4,108)	(9,593)
Total noncurrent assets	14,322	9,038	23,360
Total assets	\$ 17,037	\$ 10,393	\$ 27,430
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	\$ 54	\$ 31	\$ 85
Accrued salaries and benefits	22	14	36
Securities lending collateral - due to borrowers	414	205	619
Due to other funds	4	-	4
Compensated absences - current	51	90	141
Long-term liabilities - current	-	140	140
Total current liabilities	545	480	1,025
Noncurrent liabilities:			
Unearned revenues	53	7	60
Deposits	1	3	4
Compensated absences - noncurrent	65	-	65
Long-term liabilities - noncurrent	-	1,120	1,120
Total noncurrent liabilities	119	1,130	1,249
Total liabilities	664	1,610	2,274
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	14,322	7,778	22,100
Unrestricted	2,051	1,005	3,056
Total net assets	16,373	8,783	25,156
Total liabilities and net assets	\$ 17,037	\$ 10,393	\$ 27,430

**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, 2005**  
**(Dollars in Thousands)**

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services	\$ 45	\$ 1,076	\$ 1,121
Rent and concessions	1,806	25	1,831
Miscellaneous	37	-	37
Total operating revenues	<u>1,888</u>	<u>1,101</u>	<u>2,989</u>
<b>Operating expenses:</b>			
General and administrative	1,415	759	2,174
Depreciation and amortization	246	237	483
Total operating expenses	<u>1,661</u>	<u>996</u>	<u>2,657</u>
Operating income	<u>227</u>	<u>105</u>	<u>332</u>
<b>Nonoperating revenues (expenses):</b>			
State and federal grants	1,064	-	1,064
Investment income	52	26	78
Interest expenses	-	(64)	(64)
Securities lending activities:			
Securities lending income	9	4	13
Securities lending expenses	(8)	(4)	(12)
Total nonoperating revenues (expenses)	<u>1,117</u>	<u>(38)</u>	<u>1,079</u>
<b>Change in net assets</b>	1,344	67	1,411
Net assets - beginning	<u>15,029</u>	<u>8,716</u>	<u>23,745</u>
Net assets - ending	<u>\$ 16,373</u>	<u>\$ 8,783</u>	<u>\$ 25,156</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2005**  
**(Dollars in Thousands)**

	Airports	Coyote Point Marina	Total
<b>Cash flows from operating activities</b>			
Cash receipts from customers	\$ 1,903	\$ 1,101	\$ 3,004
Cash paid to suppliers for goods and services	(757)	(398)	(1,155)
Cash paid to employees for services	(639)	(420)	(1,059)
Net cash provided by operating activities	507	283	790
<b>Cash flows from noncapital financing activities</b>			
Repayments of advances and loans from County	(2)	-	(2)
State and federal grant receipts	1,064	-	1,064
Net cash provided by noncapital financing activities	1,062	-	1,062
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	(1,200)	(21)	(1,221)
Principal paid on long-term liabilities	-	(134)	(134)
Interest paid on long-term liabilities	-	(64)	(64)
Net cash used in capital and related financing activities	(1,200)	(219)	(1,419)
<b>Cash flows from investing activities</b>			
Investment income received	55	29	84
Investment expense paid	(8)	(4)	(12)
Net cash provided by investing activities	47	25	72
Net increase in cash and cash equivalents	416	89	505
Cash and cash equivalents, beginning of the year	1,850	1,034	2,884
Cash and cash equivalents, end of the year	\$ 2,266	\$ 1,123	\$ 3,389
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
<b>Operating income</b>			
Adjustments to reconcile operating income to cash flows from operating activities:	\$ 227	\$ 105	\$ 332
Depreciation	246	237	483
Decrease (increase) in:			
Accounts receivable	27	-	27
Due to other funds	(2)	-	(2)
Increase (decrease) in:			
Accounts payable	1	(28)	(27)
Accrued salaries and benefit	18	(31)	(13)
Unearned revenues	(10)	-	(10)
Net cash provided by operating activities	\$ 507	\$ 283	\$ 790
<b>Supplemental disclosure of noncash investing, capital, or financing activities:</b>			
Decrease in fair value of investment	\$ (17)	\$ (8)	\$ (25)





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 are listed below:

The *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.

The *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 premiums paid by operating funds and interest on investments. The insurance programs include the following:

- Workers' Compensation Insurance
- Long-Term Disability
- Employee Benefits
- Personal Injury and Property Damage

**COUNTY OF SAN MATEO**  
**Combining Statement of Fund Net Assets**  
**Internal Service Funds**  
**June 30, 2005**  
**(Dollars in Thousands)**

	Fleet Maintenance	Tower Road Construction	Workers' Compensation Insurance	Long-Term Disability	Employee Benefits	Personal Injury and Property Damage	Total
<b>Assets:</b>							
Current assets:							
Cash and investments	\$ 7,808	\$ 77	\$ 17,765	\$ 2,634	\$ 9,919	\$ 1,768	\$ 39,971
Securities lending collateral	1,427	14	3,246	481	1,812	323	7,303
Receivables (net):							
Accounts	3	203	-	-	-	-	206
Interest	62	-	147	24	65	5	303
Due from other funds	5	-	-	-	-	-	5
Due from other governmental agencies	-	-	-	-	300	-	300
Inventories	187	-	-	-	-	-	187
Total current assets	<u>9,492</u>	<u>294</u>	<u>21,158</u>	<u>3,139</u>	<u>12,096</u>	<u>2,096</u>	<u>48,275</u>
Noncurrent assets:							
Depreciable:							
Structures and improvements	1,046	-	-	-	-	-	1,046
Software	9	-	-	-	-	-	9
Equipment	16,496	59	-	-	-	-	16,555
Less accumulated depreciation	(13,029)	(59)	-	-	-	-	(13,088)
Total noncurrent assets	<u>4,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,522</u>
Total assets	<u>\$ 14,014</u>	<u>\$ 294</u>	<u>\$ 21,158</u>	<u>\$ 3,139</u>	<u>\$ 12,096</u>	<u>\$ 2,096</u>	<u>\$ 52,797</u>
<b>Liabilities:</b>							
Current liabilities:							
Accounts payable	\$ 121	\$ 52	\$ 74	\$ -	\$ 1,131	\$ 40	\$ 1,418
Accrued salaries and benefits	31	89	-	13	-	-	133
Securities lending collateral - due to borrowers	1,427	14	3,246	481	1,812	323	7,303
Due to other funds	209	18	18	1	40	28	314
Compensated absences - current	71	138	-	-	-	-	209
Estimated claims - current	-	-	6,400	385	445	1,446	8,676
Total current liabilities	<u>1,859</u>	<u>311</u>	<u>9,738</u>	<u>880</u>	<u>3,428</u>	<u>1,837</u>	<u>18,053</u>
Noncurrent liabilities:							
Deposits	94	-	-	-	-	-	94
Compensated absences - noncurrent	129	200	-	-	-	-	329
Estimated claims - noncurrent	-	-	26,277	4,032	-	1,661	31,970
Total noncurrent liabilities	<u>223</u>	<u>200</u>	<u>26,277</u>	<u>4,032</u>	<u>-</u>	<u>1,661</u>	<u>32,393</u>
Total liabilities	<u>2,082</u>	<u>511</u>	<u>36,015</u>	<u>4,912</u>	<u>3,428</u>	<u>3,498</u>	<u>50,446</u>
<b>Net Assets:</b>							
Invested in capital assets, net of related debt	4,522	-	-	-	-	-	4,522
Unrestricted (Deficit)	7,410	(217)	(14,857)	(1,773)	8,668	(1,402)	(2,171)
Total net assets (deficit)	<u>11,932</u>	<u>(217)</u>	<u>(14,857)</u>	<u>(1,773)</u>	<u>8,668</u>	<u>(1,402)</u>	<u>2,351</u>
Total liabilities and net assets	<u>\$ 14,014</u>	<u>\$ 294</u>	<u>\$ 21,158</u>	<u>\$ 3,139</u>	<u>\$ 12,096</u>	<u>\$ 2,096</u>	<u>\$ 52,797</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, 2005**  
**(Dollars in Thousands)**

	Fleet Maintenance	Tower Road Construction	Workers' Compensation Insurance	Long-Term Disability	Employee Benefits	Personal Injury and Property Damage	Total
<b>Operating revenues:</b>							
Charges for services	\$ 4,680	\$ 3,596	\$ 10,174	\$ 596	\$ 57,678	\$ 6,358	\$ 83,082
Miscellaneous	100	56	155	48	-	169	528
Total operating revenues	<u>4,780</u>	<u>3,652</u>	<u>10,329</u>	<u>644</u>	<u>57,678</u>	<u>6,527</u>	<u>83,610</u>
<b>Operating expenses:</b>							
General and administrative	3,086	3,958	2,106	549	1,319	1,133	12,151
Benefits and claims	-	-	7,282	2,337	4,957	1,329	15,905
Insurance premiums	-	-	1,072	-	50,578	3,407	55,057
Depreciation	1,658	-	-	-	-	-	1,658
Total operating expenses	<u>4,744</u>	<u>3,958</u>	<u>10,460</u>	<u>2,886</u>	<u>56,854</u>	<u>5,869</u>	<u>84,771</u>
Operating income (loss)	<u>36</u>	<u>(306)</u>	<u>(131)</u>	<u>(2,242)</u>	<u>824</u>	<u>658</u>	<u>(1,161)</u>
<b>Non operating revenues (expenses)</b>							
Loss from disposal of capital assets	(31)	-	-	-	-	-	(31)
Investment income (loss)	209	(5)	491	82	185	32	994
Securities lending activities:							
Securities lending income	31	1	71	11	40	7	161
Securities lending expenses	(29)	(1)	(66)	(10)	(37)	(7)	(150)
Total nonoperating revenues (expenses)	<u>180</u>	<u>(5)</u>	<u>496</u>	<u>83</u>	<u>188</u>	<u>32</u>	<u>974</u>
<b>Change in net assets</b>	216	(311)	365	(2,159)	1,012	690	(187)
Net assets - beginning	<u>11,716</u>	<u>94</u>	<u>(15,222)</u>	<u>386</u>	<u>7,656</u>	<u>(2,092)</u>	<u>2,538</u>
Net assets - ending	<u>\$ 11,932</u>	<u>\$ (217)</u>	<u>\$ (14,857)</u>	<u>\$ (1,773)</u>	<u>\$ 8,668</u>	<u>\$ (1,402)</u>	<u>\$ 2,351</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

	Fleet Maintenance	Tower Road Construction	Workers' Compensation Insurance	Long-Term Disability
<b>Cash flows from operating activities</b>				
Cash received from interfund service provided	\$ 4,791	\$ 3,681	\$ 10,329	\$ 644
Cash payment to suppliers for goods and services	(2,015)	(1,475)	(3,087)	(174)
Cash payment to employees for services	(974)	(2,411)	-	(374)
Cash payment for judgments and claims	-	-	(7,182)	(455)
Net cash provided by (used in) operating activities	1,802	(205)	60	(359)
<b>Cash flows from capital and related financing activities</b>				
Proceeds from disposal of capital assets	-	-	-	-
Acquisition of capital assets	(1,329)	-	-	-
Net cash provided by (used in) capital and related financing activities	(1,329)	-	-	-
<b>Cash flows from investing activities</b>				
Investment income received	195	(5)	413	77
Net cash provided by (used in) investing activities	195	(5)	413	77
Net increase in cash and cash equivalents	668	(210)	473	(282)
Cash and cash equivalents, beginning of year	7,140	287	17,292	2,916
Cash and cash equivalents, end of year	\$ 7,808	\$ 77	\$ 17,765	\$ 2,634
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
<b>Operating income (loss)</b>	\$ 36	\$ (306)	\$ (131)	\$ (2,242)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,658	-	-	-
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(2)	7	-	-
Due from other funds	13	22	-	-
Inventories	(75)	-	-	-
Increase (decrease) in:				
Accounts payable	78	(38)	73	1
Accrued salaries and benefits	50	113	-	1
Due to other funds	44	(3)	18	(1)
Estimated claims	-	-	100	1,882
Net cash provided by (used in) operating activities	\$ 1,802	\$ (205)	\$ 60	\$ (359)
<b>Supplemental disclosure of noncash investing, capital, or financing activities:</b>				
Decrease in fair value of investments	\$ (57)	\$ (1)	\$ (131)	\$ (19)

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

Employee Benefits	Personal Injury and Property Damage	Total
\$ 57,678	\$ 6,527	\$ 83,650
(50,729)	(4,611)	(62,091)
-	-	(3,759)
(5,267)	(1,706)	(14,610)
<u>1,682</u>	<u>210</u>	<u>3,190</u>
-	22	22
-	-	(1,329)
-	22	(1,307)
<u>166</u>	<u>27</u>	<u>873</u>
<u>166</u>	<u>27</u>	<u>873</u>
1,848	259	2,756
8,071	1,509	37,215
<u>\$ 9,919</u>	<u>\$ 1,768</u>	<u>\$ 39,971</u>

**Cash flows from operating activities**

Cash received from interfund service 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 capital and related financing activities**

Proceeds from disposal of capital assets  
Acquisition of capital assets  
Net cash provided by (used in) capital and related financing activities

**Cash flows from investing activities**

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

Net increase 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:**

\$ 824	\$ 658	\$ (1,161)
-	-	1,658
-	-	5
-	-	35
-	-	(75)
1,128	(99)	1,143
-	-	164
40	28	126
(310)	(377)	1,295
<u>\$ 1,682</u>	<u>\$ 210</u>	<u>\$ 3,190</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  
Estimated claims  
Net cash provided by (used in) operating activities:

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

<u>\$ (73)</u>	<u>\$ (13)</u>	<u>\$ (294)</u>
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Decrease in fair value of investment:

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Fiduciary Funds



## COUNTY OF SAN MATEO

### Fiduciary Funds

#### Trust Funds

*Pension Trust.* All assets of the San Mateo County Employees' retirement Association (SamCERA) are held in this fund. This fund, under the control of the SamCERA's Retirement Board, accumulates contributions from the County, its employees, and other participating employers. Disbursements are made for administrative expenses as well as retirement, disability, and death benefits based on a defined benefit formula.

#### *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 for the Brisbane School District. These investments are separate from the County's investment pool, and the income from and changes in the value of these investments affect only the Brisbane School District.

#### Agency Funds

The *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. The JPA, primarily financed by property taxes, provides library services to eleven cities and all unincorporated areas within the County.

The *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.

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

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

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

The *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, 2005**  
**(Dollars in Thousands)**

	<u>External Investment Pool</u>				Individual Investment Account	Total
	Special Districts under Local Board	School Districts	Other Investment Trust	Subtotal		
<b>Assets:</b>						
Cash and investments	\$ 108,359	\$ 703,604	\$ 662,086	\$ 1,474,049	\$ 2,525	\$ 1,476,574
Securities lending collateral	19,725	128,548	120,918	269,191	-	269,191
Interest receivable	847	5,871	5,287	12,005	-	12,005
Other receivables	550	-	-	550	-	550
Due from other governmental agencies	2,416	-	-	2,416	-	2,416
Other assets	102	3	-	105	-	105
Total assets	<u>131,999</u>	<u>838,026</u>	<u>788,291</u>	<u>1,758,316</u>	<u>2,525</u>	<u>1,760,841</u>
<b>Liabilities:</b>						
Accounts payable	1,507	-	88	1,595	-	1,595
Securities lending collateral - due to borrowers	19,725	128,549	120,918	269,192	-	269,192
Due to other funds	-	-	754	754	-	754
Due to other governmental agencies	109	-	-	109	-	109
Other liabilities	2,128	-	-	2,128	-	2,128
Total liabilities	<u>23,469</u>	<u>128,549</u>	<u>121,760</u>	<u>273,778</u>	<u>-</u>	<u>273,778</u>
<b>Net Assets:</b>						
Net assets held in trust for investment pool participants	<u>\$ 108,530</u>	<u>\$ 709,477</u>	<u>\$ 666,531</u>	<u>\$ 1,484,538</u>	<u>\$ 2,525</u>	<u>\$ 1,487,063</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Investment Trust Funds**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

	<b>External Investment Pool</b>					<b>Total</b>
	Special Districts under Local Board	School Districts	Other Investment Trust	Subtotal	Individual Investment Account	
<b>Additions:</b>						
Contributions:						
Contributions to investment pool	\$ 176,115	\$ 2,038,820	\$ 424,923	\$ 2,639,858	\$ 2,059	\$ 2,641,917
Net investment income:						
Net depreciation in fair value of investments	(794)	(53)	(528)	(1,375)	(112)	(1,487)
Investment income	3,534	20,458	88,255	112,247	-	112,247
Securities lending activities:						
Securities lending income	435	2,831	2,663	5,929	-	5,929
Securities lending expenses	(404)	(2,775)	(2,477)	(5,656)	-	(5,656)
Total net investment income	2,771	20,461	87,913	111,145	(112)	111,033
Total additions	178,886	2,059,281	512,836	2,751,003	1,947	2,752,950
<b>Deductions:</b>						
Distribution from investment pool	171,671	2,168,808	536,401	2,876,880	2,007	2,878,887
<b>Change in net assets</b>	7,215	(109,527)	(23,565)	(125,877)	(60)	(125,937)
Net assets - beginning	101,315	819,004	690,096	1,610,415	2,585	1,613,000
Net assets - ending	<u>\$ 108,530</u>	<u>\$ 709,477</u>	<u>\$ 666,531</u>	<u>\$ 1,484,538</u>	<u>\$ 2,525</u>	<u>\$ 1,487,063</u>

**COUNTY OF SAN MATEO**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

	Balance July 1, 2004	Addition	Deletion	Balance June 30, 2005
<b><u>COUNTY LIBRARY</u></b>				
Assets:				
Cash and investments	\$ 6,257	\$ 18,004	\$ 16,882	\$ 7,379
Securities lending collateral	1,078	270	-	1,348
Interest receivable	38	55	38	55
Taxes receivable, net	1,167	1,116	1,167	1,116
Due from other governmental agencies	56	501	56	501
Other assets	1,742	1,348	1,347	1,743
Total assets	\$ 10,338	\$ 21,294	\$ 19,490	\$ 12,142
Liabilities:				
Securities lending collateral - due to borrowers	\$ 1,078	\$ 270	\$ -	\$ 1,348
Due to other governmental agencies	-	4	1	3
Fiduciary liability	9,260	34,496	32,965	10,791
Total liabilities	\$ 10,338	\$ 34,770	\$ 32,966	\$ 12,142
<b><u>TRIAL COURTS OPERATION</u></b>				
Assets:				
Cash and investments	\$ 12,302	\$ 45,338	\$ 45,412	\$ 12,228
Securities lending collateral	2,119	115	-	2,234
Interest receivable	82	92	82	92
Due from other governmental agencies	1,255	161	1,269	147
Other assets	733	2,247	2,247	733
Total assets	\$ 16,491	\$ 47,953	\$ 49,010	\$ 15,434
Liabilities:				
Securities lending collateral - due to borrowers	\$ 2,119	\$ 115	\$ -	\$ 2,234
Due to other governmental agencies	87	-	87	-
Fiduciary liability	14,285	91,111	92,196	13,200
Total liabilities	\$ 16,491	\$ 91,226	\$ 92,283	\$ 15,434
<b><u>UNAPPORTIONED TAXES</u></b>				
Assets:				
Cash and investments	\$ 69,158	\$ 2,927,915	\$ 2,925,337	\$ 71,736
Securities lending collateral	11,913	1,193	-	13,106
Interest receivable	32	460	32	460
Due from other governmental agencies	7	33,441	-	33,448
Other assets	-	43,548	43,548	-
Total assets	\$ 81,110	\$ 3,006,557	\$ 2,968,917	\$ 118,750
Liabilities:				
Securities lending collateral - due to borrowers	\$ 11,913	\$ 1,193	\$ -	\$ 13,106
Due to other governmental agencies	16,417	47,589	9,931	54,075
Fiduciary liabilities	52,780	2,949,936	2,951,147	51,569
Total liabilities	\$ 81,110	\$ 2,998,718	\$ 2,961,078	\$ 118,750
<b><u>PUBLIC ADMINISTRATOR</u></b>				
Assets:				
Cash and investments	\$ 7,148	\$ 14,866	\$ 16,338	\$ 5,676
Securities lending collateral	1,231	-	194	1,037
Interest receivable	40	38	40	38
Other assets	3,166	1,297	1,770	2,693
Total assets	\$ 11,585	\$ 16,201	\$ 18,342	\$ 9,444
Liabilities:				
Securities lending collateral - due to borrowers	\$ 1,231	\$ -	\$ 194	\$ 1,037
Fiduciary liability	10,354	16,640	18,587	8,407
Total liabilities	\$ 11,585	\$ 16,640	\$ 18,781	\$ 9,444

(Continued)

**COUNTY OF SAN MATEO**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2005**  
**(Dollars in Thousands)**

	Balance July 1, 2004	Addition	Deletion	Balance June 30, 2005
<b><u>PUBLIC GUARDIAN</u></b>				
Assets:				
Cash and investments	\$ 17,837	\$ 55,921	\$ 53,541	\$ 20,217
Securities lending collateral	3,072	621	-	3,693
Interest receivable	114	158	114	158
Due from other governmental agencies	-	5	-	5
Other assets	35,843	1,683	4,918	32,608
Total assets	\$ 56,866	\$ 58,388	\$ 58,573	\$ 56,681
Liabilities:				
Securities lending collateral - due to borrowers	\$ 3,072	\$ 676	\$ 55	\$ 3,693
Due to other governmental agencies	577	663	577	663
Fiduciary liability	53,217	59,507	60,399	52,325
Total liabilities	\$ 56,866	\$ 60,846	\$ 61,031	\$ 56,681
<b><u>OTHER AGENCY</u></b>				
Assets:				
Cash and investments	\$ 65,262	\$ 4,827,386	\$ 4,811,784	\$ 80,864
Securities lending collateral	11,270	3,539	-	14,809
Interest receivable	542	848	553	837
Taxes receivable, net	115,260	110,382	112,582	113,060
Due from other governmental agencies	16,407	26,447	11,865	30,989
Other assets	33,118	38,964	37,050	35,032
Total assets	\$ 241,859	\$ 5,007,566	\$ 4,973,834	\$ 275,591
Liabilities:				
Securities lending collateral - due to borrowers	\$ 11,270	\$ 3,539	\$ -	\$ 14,809
Due to other governmental agencies	370	33,007	19	33,358
Fiduciary liability	230,219	1,683,542	1,686,337	227,424
Total liabilities	\$ 241,859	\$ 1,720,088	\$ 1,686,356	\$ 275,591
<b><u>TOTALS</u></b>				
Assets:				
Cash and investments	\$ 177,964	\$ 7,889,430	\$ 7,869,294	\$ 198,100
Securities lending collateral	30,683	5,738	194	36,227
Receivables:				
Interest	848	1,651	859	1,640
Taxes, net	116,427	111,498	113,749	114,176
Due from other governmental agencies	17,725	60,555	13,190	65,090
Other assets	74,602	89,087	90,880	72,809
Total assets	\$ 418,249	\$ 8,157,959	\$ 8,088,166	\$ 488,042
Liabilities:				
Securities lending collateral - due to borrowers	\$ 30,683	\$ 5,793	\$ 249	\$ 36,227
Due to other governmental agencies	17,451	81,263	10,615	88,099
Fiduciary liability	370,115	4,835,232	4,841,631	363,716
Total liabilities	\$ 418,249	\$ 4,922,288	\$ 4,852,495	\$ 488,042

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**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 contains information to help the reader assess the County's most significant local revenue source, the property tax.

#### **Debt Capacity**

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

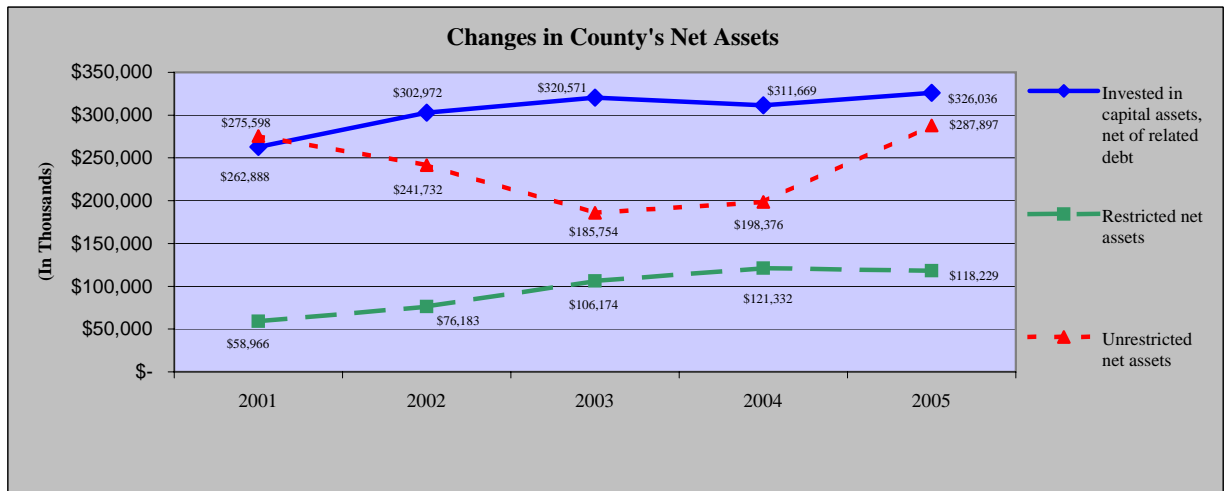
#### **Operating information**

This segment contains 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.

Note: Schedules designed to present government-wide information in this section cover periods beginning from FY 2000-01, the year GASB Statement No. 34 was implemented.

**COUNTY OF MATEO**  
**Net Assets by Component**  
**Last Five Fiscal Years**  
*(accrual basis of accounting)*  
*(dollars in thousands)*

	Fiscal Year				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<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
Restricted for:					
Debt service	55,235	72,592	34,505	71,958	58,217
Capital projects	-	-	18,917	-	-
Other purposes	-	953	49,533	45,207	60,012
Unrestricted	<u>285,608</u>	<u>259,093</u>	<u>197,799</u>	<u>219,281</u>	<u>302,777</u>
Subtotal governmental activities net assets	<u>549,919</u>	<u>596,889</u>	<u>582,489</u>	<u>608,318</u>	<u>708,271</u>
<b>Business-type Activities</b>					
Invested in capital assets, net of related debt	53,812	38,721	38,836	39,797	38,771
Restricted for:					
Other purposes	3,731	2,638	3,219	4,167	-
Unrestricted (Deficit)	<u>(10,010)</u>	<u>(17,361)</u>	<u>(12,045)</u>	<u>(18,445)</u>	<u>(14,880)</u>
Subtotal business-type activities net assets	<u>47,533</u>	<u>23,998</u>	<u>30,010</u>	<u>25,519</u>	<u>23,891</u>
<b>Primary Government</b>					
Invested in capital assets, net of related debt	262,888	302,972	320,571	311,669	326,036
Restricted for:					
Debt service	55,235	72,592	34,505	71,958	58,217
Capital projects	-	-	18,917	-	-
Other purposes	3,731	3,591	52,752	49,374	60,012
Total restricted	<u>58,966</u>	<u>76,183</u>	<u>106,174</u>	<u>121,332</u>	<u>118,229</u>
Unrestricted	<u>275,598</u>	<u>241,732</u>	<u>185,754</u>	<u>198,376</u>	<u>287,897</u>
Total primary government net assets <sup>2</sup>	<u>\$ 597,452</u>	<u>\$ 620,887</u>	<u>\$ 612,499</u>	<u>\$ 631,377</u> <sup>3</sup>	<u>\$ 732,162</u>
Percent of increase (decrease) in primary government net assets	-	3.92%	-1.35%	3.48%	19.54%



<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> The County's net assets as of June 30, 2004 were restated to \$631,377 from \$633,837. The restatement was caused by a prior period adjustment to the beginning assets of the business-type activities.

**COUNTY OF SAN MATEO**

**Changes in Net Assets**

**Last Five Fiscal Years**

*(accrual basis of accounting)*

*(dollars in thousands)*

	<b>Fiscal Year Ended June 30,</b>				
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Expenses</b>					
<u>Governmental activities:</u>					
General government	\$ 50,942	\$ 61,071	\$ 60,667	\$ 60,845	\$ 60,798
Public protection	191,195	204,037	224,777	242,405	243,797
Public ways and facilities	15,611	24,925	21,546	22,657	19,938
Health and sanitation	142,654	154,955	152,449	157,452	170,679
Public assistance	149,934	169,021	172,014	182,914	184,150
Education	179	194	190	145	151
Recreation	7,277	8,011	7,685	7,397	7,401
Interest on long-term debt	13,866	14,677	14,603	17,023	19,019
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>Business-type activities:</u>					
San Mateo Medical Center	158,606	142,399	131,243	164,972	178,500
Airports	1,591	1,525	1,744	1,706	1,654
Coyote Point Marina	1,260	1,027	1,153	1,250	1,045
Housing Authority	34,052	48,314	68,695	71,776	69,899
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>
Total primary government expenses	<u>\$ 767,167</u>	<u>\$ 830,156</u>	<u>\$ 856,766</u>	<u>\$ 930,542</u>	<u>\$ 957,031</u>
<b>Program Revenues</b>					
<u>Governmental activities:</u>					
Charges for services					
General government	\$ 30,167	\$ 24,229	\$ 30,544	\$ 33,083	\$ 33,089
Public protection	23,460	22,941	24,441	28,093	30,603
Public ways and facilities	2,338	2,386	3,812	3,047	3,544
Health and sanitation	47,334	42,985	42,777	44,528	47,634
Public assistance	6,188	6,412	5,406	4,953	4,297
Education	-	-	-	-	-
Recreation	1,185	1,168	1,224	1,361	1,262
Operating grants and contributions	320,699	339,288	343,808	368,896	382,115
Capital grants and contributions	140	17	18	3,304	10,130
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>Business-type activities:</u>					
Charges for services					
San Mateo Medical Center	88,784	73,075	67,948	97,307	112,751
Airports	1,536	1,819	1,768	1,817	1,888
Coyote Point Marina	1,036	1,087	1,123	1,047	1,101
Housing Authority	1,140	1,173	1,309	1,444	1,979
Operating grants and contributions	83,204	83,099	102,962	75,280	75,310
Capital grants and contributions	147	-	5,839	3,680	8,618
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>
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>
<b>Net (Expense)/Revenue <sup>1</sup></b>					
Governmental activities	\$ (140,147)	\$ (197,465)	\$ (201,901)	\$ (203,573)	\$ (193,259)
Business-type activities	(19,662)	(33,012)	(21,886)	(59,129)	(49,451)
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>

<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.

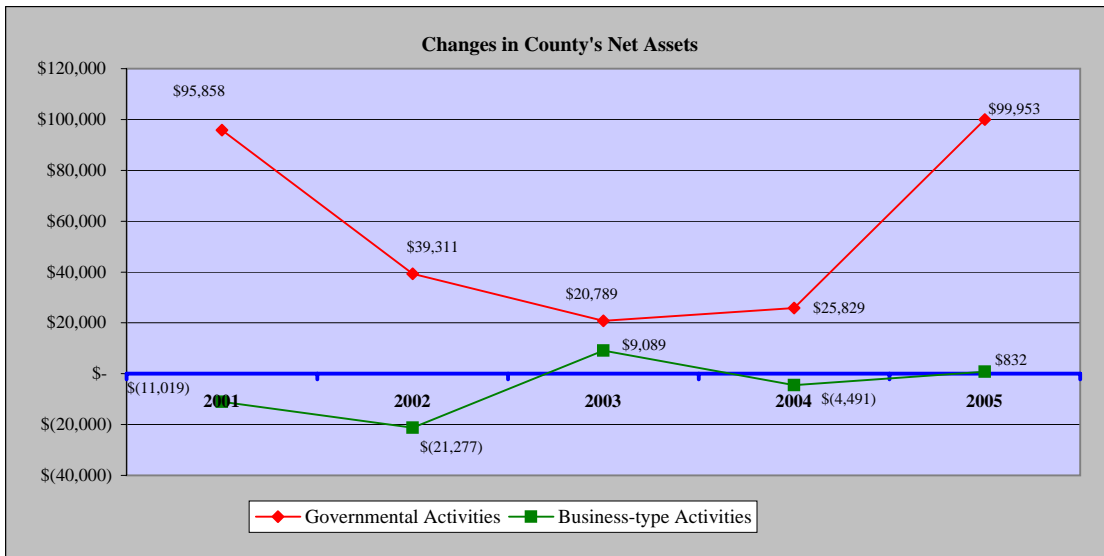
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**COUNTY OF SAN MATEO**

**Changes in Net Assets  
Last Five Fiscal Years**

*(accrual basis of accounting)  
(dollars in thousands)*

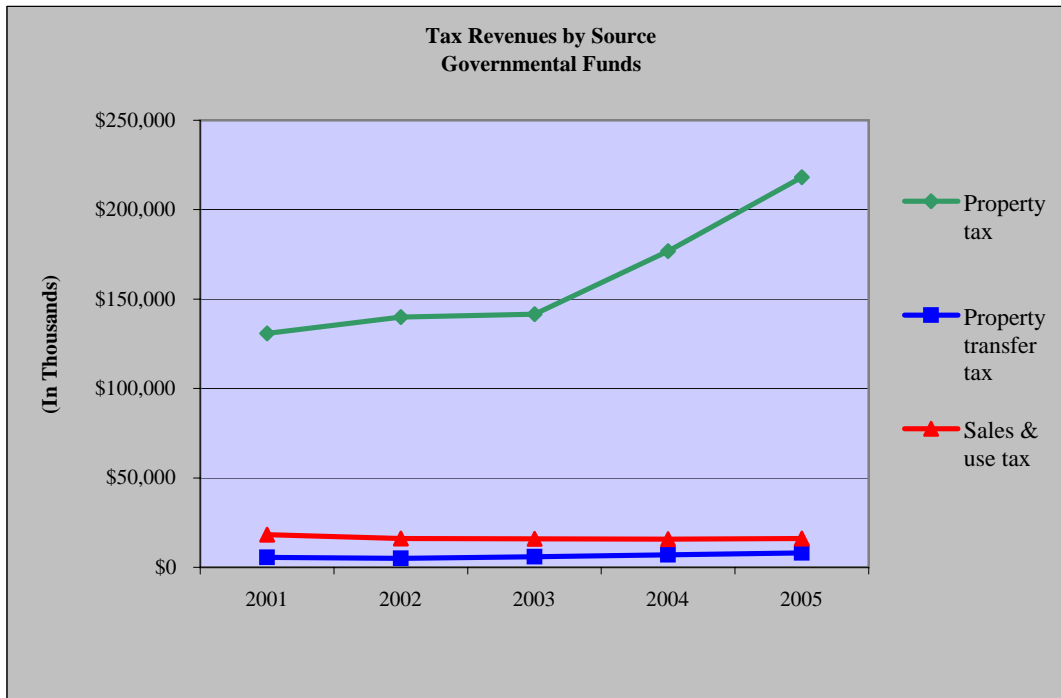
	Fiscal Year Ended June 30,				
	2001	2002	2003	2004	2005
<b>General Revenues and Other Changes in Net Assets</b>					
Taxes:					
Property taxes	\$ 130,871	\$ 139,879	\$ 141,582	\$ 176,853	\$ 218,188
Property transfer taxes	5,534	4,984	5,849	7,003	8,111
Sales and use taxes	18,243	16,155	15,882	15,762	16,061
Transient occupancy taxes	766	666	590	632	815
Aircraft taxes	1,166	1,336	1,123	1,017	814
Other taxes	1,776	-	-	-	2
Motor vehicle in-lieu taxes	44,814	46,295	49,785	52,799	58,033
Unrestricted interest and investment earnings	28,049	22,624	23,329	6,995	20,369
Securities lending activities:					
Securities lending income	-	-	588	850	1,895
Securities lending expenses	-	-	(525)	(720)	(1,761)
Miscellaneous	11,819	18,660	13,890	20,293	20,707
Special items	495	(1,598)	-	-	-
Transfers	(7,528)	(12,225)	(29,403)	(52,082)	(50,022)
Total governmental activities	<u>236,005</u>	<u>236,776</u>	<u>222,690</u>	<u>229,402</u>	<u>293,212</u>
<b>Business-type activities:</b>					
Unrestricted interest and investment earnings	847	896	719	252	258
Securities lending activities:					
Securities lending income	-	-	31	16	30
Securities lending expenses	-	-	(27)	(12)	(27)
Miscellaneous	268	10,059	849	2,300	-
Special items	-	(11,445)	-	-	-
Transfers	7,528	12,225	29,403	52,082	50,022
Total business-type activities	<u>8,643</u>	<u>11,735</u>	<u>30,975</u>	<u>54,638</u>	<u>50,283</u>
Total primary government	<u>\$ 244,648</u>	<u>\$ 248,511</u>	<u>\$ 253,665</u>	<u>\$ 284,040</u>	<u>\$ 343,495</u>
<b>Change in Net Assets</b>					
Governmental activities	\$ 95,858	\$ 39,311	\$ 20,789	\$ 25,829	\$ 99,953
Business-type activities	(11,019)	(21,277)	9,089	(4,491)	832
Total primary government	<u>\$ 84,839</u>	<u>\$ 18,034</u>	<u>\$ 29,878</u>	<u>\$ 21,338</u>	<u>\$ 100,785</u>



Source: County's Comprehensive Annual Financial Reports

**COUNTY OF SAN MATEO**  
**Governmental Activities Tax Revenues by Source**  
**Last Five Fiscal Years**  
*(accrual basis of accounting)*  
*(dollars in thousands)*

<b>Fiscal Year</b>	<b>Property</b>	<b>Property Transfer</b>	<b>Sales and Use</b>	<b>Transient Occupancy</b>	<b>Aircraft</b>	<b>Total</b>
2001	\$ 130,871	\$ 5,534	\$ 18,243	\$ 766	\$ 1,166	\$ 156,580
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	201,268
2005	218,188 <sup>2</sup>	8,111	16,061	815	814	243,989
<b>Change 2001 - 2005</b>	66.7%	46.6%	-12.0%	6.4%	-30.2%	55.8%



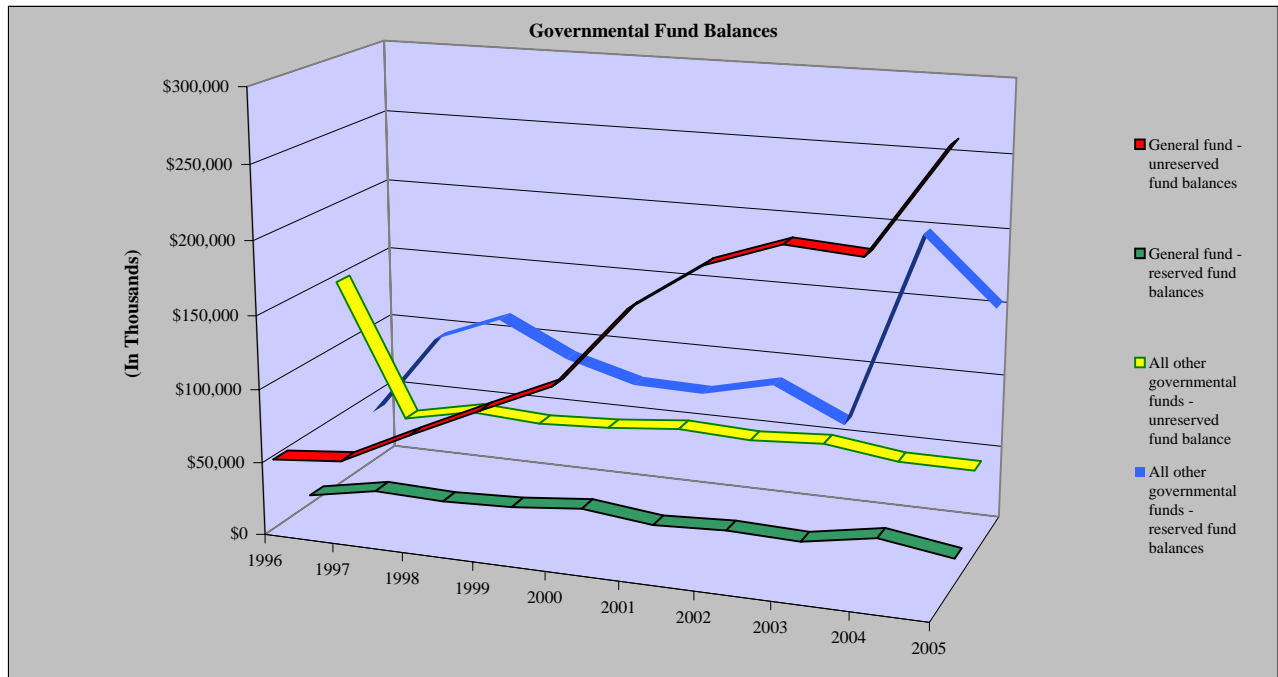
<sup>1</sup> Based on findings from the Controller's office Internal Audit Division, the County received approximately \$25 million in property tax rebates from the Educational Revenue Augmentation Fund (ERAF) in FY 2004, which accounted for the substantial increase in property tax revenues.

<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.

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

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

	At June 30,									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>General Fund</b>										
Reserved for:										
Encumbrances	\$ 5,230	\$ 5,959	\$ 6,465	\$ 8,655	\$ 9,943	\$ 9,977	\$ 12,609	\$ 11,274	\$ 2,902	\$ 3,070
Inventories and advances	595	9,015	7,133	6,948	10,516	5,218	5,173	5,099	22,141	14,771
Unreserved	<u>47,518</u>	<u>51,937</u>	<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>
Total general fund	<u>53,343</u>	<u>66,911</u>	<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>
<b>All Other Governmental Funds</b>										
Reserved for:										
Encumbrances	11,017	12,818	5,760	9,425	11,339	15,221	11,245	7,768	2,373	287
Debt service	20,902	77,888	104,745	77,546	62,240	57,255	72,592	34,505	71,958	58,217
Inventories and advances	4,011	4,747	3,805	3,900	3,789	3,603	3,569	3,369	3,393	3,420
Capital projects	-	-	-	-	-	-	-	18,917	121,796	92,606
Unreserved										
Special revenue	42,986	45,789	52,259	53,219	56,125	59,771	56,690	60,015	51,132	51,073
Debt service	93,480	1,195	533	257	-	-	-	-	-	-
Capital projects	8,311	4,644	8,792	5,252	5,172	6,191	7,011	6,775	9,187	8,939
Total all other governmental fund	<u>180,707</u>	<u>147,081</u>	<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>
<b>Total Governmental Funds<sup>2</sup></b>										
Reserved for:										
Encumbrances	16,247	18,777	12,225	18,080	21,282	25,198	23,854	19,042	5,275	3,357
Debt service	20,902	77,888	104,745	77,546	62,240	57,255	72,592	34,505	71,958	58,217
Inventories and advances	4,606	13,762	10,938	10,848	14,305	8,821	8,742	8,468	25,534	18,191
Capital projects	-	-	-	-	-	-	-	18,917	121,796	92,606
Unreserved										
General Fund	47,518	51,937	75,172	97,223	118,691	173,189	205,836	222,896	219,529	290,471
Special revenue	42,986	45,789	52,259	53,219	56,125	59,771	56,690	60,015	51,132	51,073
Debt service	93,480	1,195	533	257	-	-	-	-	-	-
Capital projects	8,311	4,644	8,792	5,252	5,172	6,191	7,011	6,775	9,187	8,939
Total governmental funds	<u>\$ 234,050</u>	<u>\$ 213,992</u>	<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>



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

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

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



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

	For the Fiscal Years Ended June 30,										10 Year % of Increase
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	
<b>Revenues</b>											
Taxes	\$ 116,487	\$ 116,039	\$ 123,070	\$ 125,733	\$ 135,970	\$ 152,469	\$ 165,309	\$ 166,717	\$ 200,766	\$ 225,830	93.87%
Licenses and permits	2,426	2,592	3,162	3,716	6,079	7,786	8,419	8,306	8,829	11,683	381.57%
Intergovernmental	313,837	315,663	314,056	331,205	363,420	351,795	391,521	393,075	406,135	437,231	39.32%
Charges for services	51,326	59,123	63,717	72,386	66,842	90,972	84,090	90,071	89,131	91,147	77.58%
Fines, forfeitures and penalties	4,881	2,470	7,110	8,330	11,626	11,127	10,445	8,789	9,589	8,831	80.93%
Rents and concessions	1,237	1,692	1,792	1,994	1,826	1,710	1,813	2,449	1,017	1,005	-18.76%
Interest and investment income	20,856	18,390	22,324	15,306	22,128	25,615	21,456	20,660	6,983	19,359	-7.18%
Securities lending activities:											
Securities lending income	-	-	-	-	-	-	-	588	783	1,894	na
Securities lending expenditures	-	-	-	-	-	-	-	(525)	(663)	(1,760)	na
Other revenues	12,890	19,764	15,545	16,027	22,363	12,882	15,635	14,760	30,537	29,885	131.85%
Total revenues	<u>523,940</u>	<u>535,733</u>	<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>	57.48%
<b>Expenditures</b>											
General government	37,861	42,141	44,811	43,233	44,420	49,311	53,959	53,134	55,000	58,591	54.75%
Public protection	155,878	188,657	162,311	166,206	177,912	187,004	197,230	215,660	231,717	236,522	51.74%
Public ways and facilities	17,945	15,495	20,033	15,044	15,921	20,505	25,758	22,606	21,434	18,852	5.05%
Health and sanitation	96,294	101,421	108,679	118,811	134,028	141,622	152,896	148,363	153,376	166,250	72.65%
Public assistance	169,435	129,215	151,800	156,236	171,723	149,100	166,134	170,225	181,075	181,769	7.28%
Education	8,068	8,229	9,194	5,274	185	183	197	192	145	118	-98.54%
Recreation	4,872	5,046	5,501	5,914	6,182	6,773	7,241	7,018	6,682	6,566	34.77%
Capital outlay	28,611	35,919	25,948	46,107	38,414	29,126	50,986	42,169	34,802	72,262	152.57%
Debt service											
Principal	3,855	10,864	2,213	7,480	5,902	6,656	5,693	5,440	7,756	7,172	86.04%
Interest	18,534	15,143	14,614	15,023	16,336	13,365	14,177	14,707	16,892	18,515	-0.10%
Bond issuance costs	-	-	-	-	-	-	703	-	4,077	480	na
Total expenditures	<u>541,353</u>	<u>552,130</u>	<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>	41.70%
Excess of revenues over (under) expenditures	<u>(17,413)</u>	<u>(16,397)</u>	<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>	433.13%
<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	na
Issuance of refunding bonds	-	-	-	-	560	-	-	-	7,805	-	na
Premium on lease revenue bonds/COP	-	-	-	-	-	-	-	-	342	75	na
Discount on lease revenue bonds/COP	-	-	-	-	-	-	(146)	-	-	-	na
Payment to refunded bond escrow agent	-	-	(33,203)	(108,856)	-	-	-	-	(7,823)	-	na
Proceeds from sale of capital assets	-	-	-	-	-	1,500	134	-	-	2	na
Transfers in	12,320	21,969	34,020	34,389	47,045	50,445	72,563	40,379	57,790	53,485	334.13%
Transfers out	<u>(17,267)</u>	<u>(25,630)</u>	<u>(32,613)</u>	<u>(35,302)</u>	<u>(52,075)</u>	<u>(58,038)</u>	<u>(84,855)</u>	<u>(69,862)</u>	<u>(119,822)</u>	<u>(103,507)</u>	499.45%
Total other financing sources (uses)	<u>(4,947)</u>	<u>(3,661)</u>	<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>	699.78%
<b>Net change in fund balances</b>	<u>\$ (22,360)</u>	<u>\$ (20,058)</u>	<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>	182.48%
<b>Debt service as a percentage of noncapital expenditures</b>	4.22%	4.80%	2.88%	3.32%	3.56%	3.17%	2.90%	2.85%	3.56%	3.28%	

na - not applicable

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

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

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales &amp; Use</u>	<u>Aircraft</u>	<u>Property Transfer</u>	<u>Transient Occupancy</u>	<u>Total</u>
1996	\$ 98,254	\$ 13,366	\$ 520	\$ 2,564	\$ 1,783	\$ 116,487
1997	96,113	13,968	439	3,454	2,065	116,039
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	200,766
2005	203,499 <sup>2</sup>	12,706	814	8,111	700	225,830

Change

1995 -						
2004	42.0%	-48.9%	-27.5%	38.7%	18.6%	35.5%



<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.

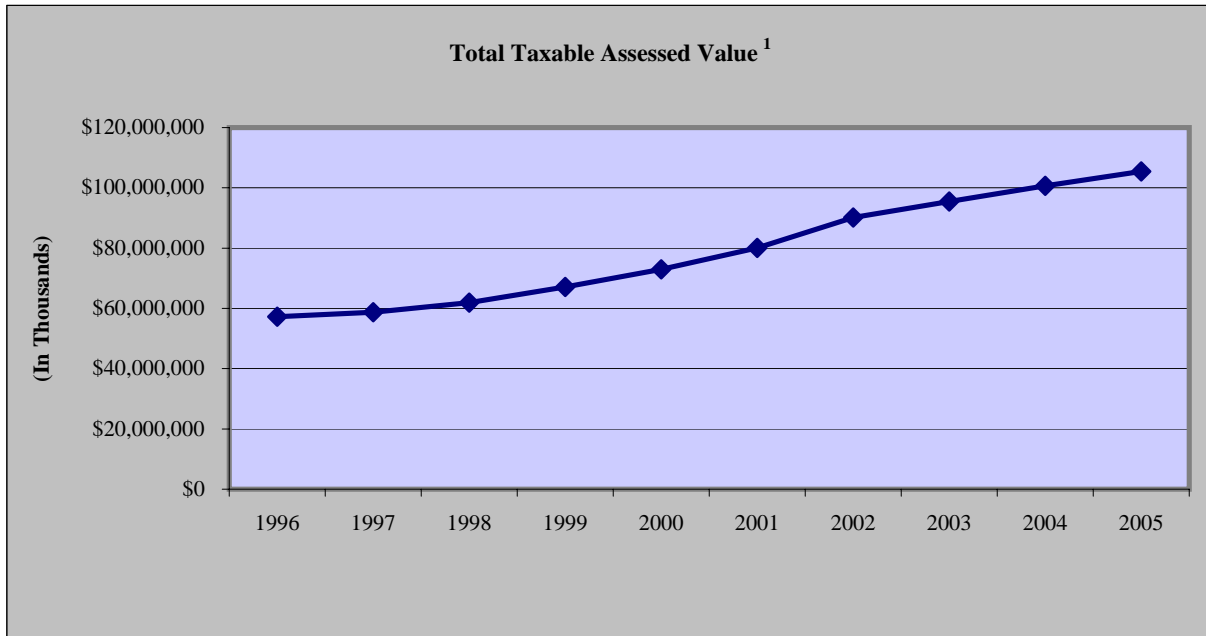
<sup>2</sup> The County received approximately \$23 million more in property tax rebates from ERAF this year, which accounted for most of the increase.

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

**COUNTY OF SAN MATEO**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**  
*(dollars in thousands)*

<b>Fiscal Year Ended June 30,</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
1996	\$ 54,097,429	\$ 5,518,896	\$ 2,399,481	\$ 57,216,844	1.00%
1997	55,683,796	5,506,158	2,420,565	58,769,389	1.00%
1998	58,534,192	5,866,439	2,502,633	61,897,998	1.00%
1999	62,862,243	6,795,063	2,542,875	67,114,431	1.00%
2000	68,989,934	6,594,451	2,669,020	72,915,365	1.00%
2001	75,398,222	7,450,029	2,727,954	80,120,297	1.00%
2002	84,984,729	8,043,961	2,920,396	90,108,294	1.00%
2003	90,740,193	7,787,859	3,073,046	95,455,006	1.00%
2004	96,465,383	7,468,918	3,271,733	100,662,568	1.00%
2005	102,268,521	6,406,818	3,222,916	105,452,423	1.00%

**10 year**  
**% of Change**                      89.05%                      16.09%                      34.32%                      84.30%



<sup>1</sup> Article XIII A, added to California Constitution by Proposition 13 in 1978, fixed the base for valuation of property 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:

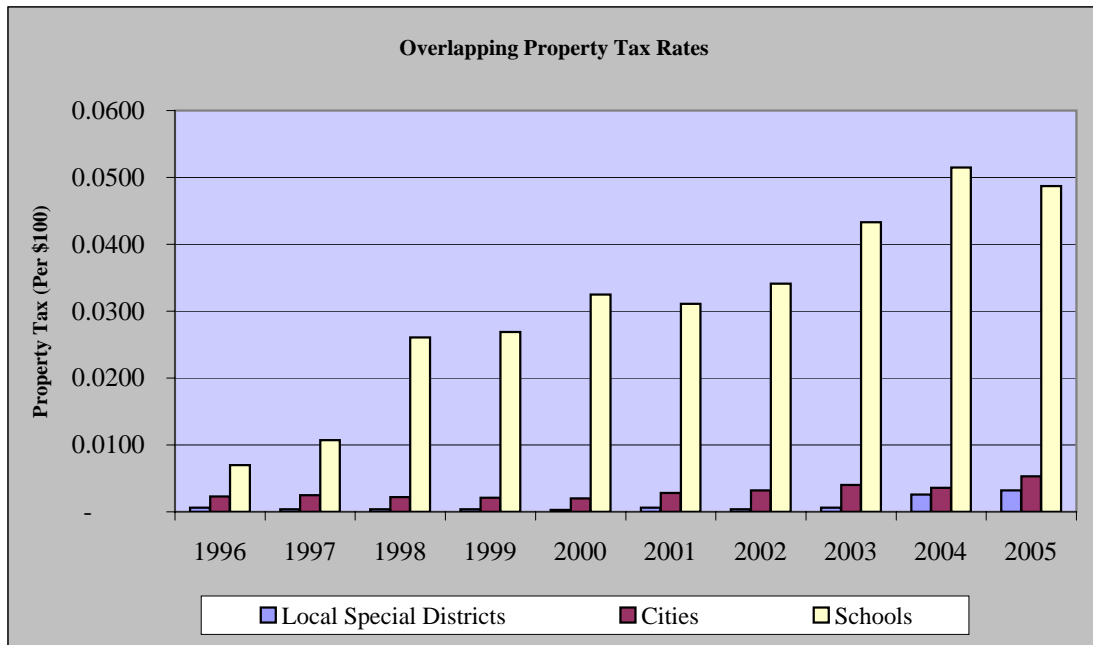
- a) annual inflation up to 2 percent;
- b) current market value at time of ownership change;
- c) market value for new construction.

Note: Estimated actual value of taxable property cannot easily be determined as the property in the County is not reassessed annually. Reassessment normally occurs when ownership changes.

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

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

Fiscal Year	County Direct Rate <sup>2</sup>	Overlapping Governments			Total
		Local Special Districts	Schools	Cities	
1996	1.0000	0.0006	0.0070	0.0023	1.0099
1997	1.0000	0.0004	0.0107	0.0025	1.0136
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



<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 or any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the voting public.

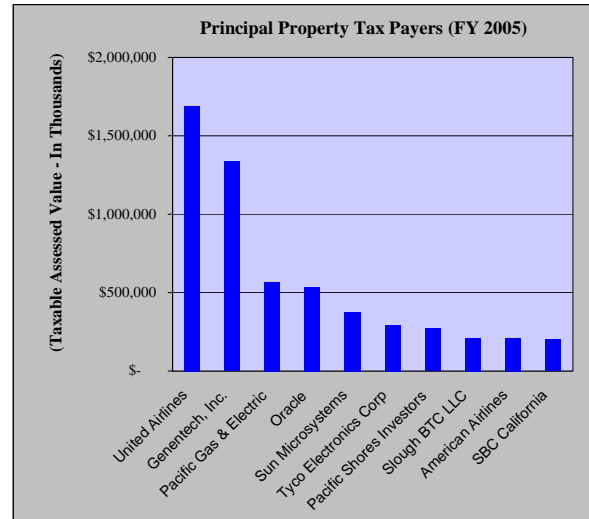
<sup>2</sup> Proposition 13 allows each county to levy a maximum tax of \$1 per \$100 of full cash value. Full cash value is equivalent to assessed value pursuant to Statutes of 1978, Senate Bill 1656.

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

**COUNTY OF SAN MATEO**  
**Principal Property Tax Payers**  
**Current Fiscal Year and Nine Fiscal Years Ago**  
*(dollars in thousands)*

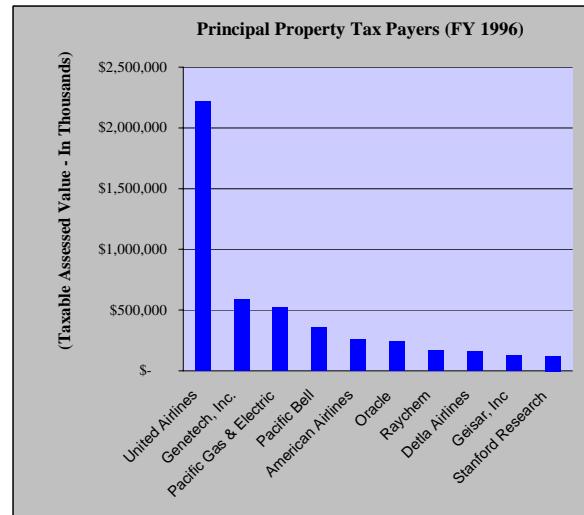
**Fiscal Year 2005**

<b>Tax Payer</b>	<b>Taxable Assessed Value <sup>1</sup></b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
United Airlines	\$ 1,689,351	1	1.75%
Genentech, Inc.	1,335,887	2	1.39%
Pacific Gas & Electric	567,794	3	0.59%
Oracle	537,116	4	0.56%
Sun Microsystems	376,979	5	0.39%
Tyco Electronics Corp	290,895	6	0.30%
Pacific Shores Investors	271,946	7	0.28%
Slough BTC LLC	212,450	8	0.22%
American Airlines	210,173	9	0.22%
SBC California	200,127	10	0.21%
<b>Total</b>	<b>\$ 5,692,718</b>		<b>5.90%</b>



**Fiscal Year 1996**

<b>Tax Payer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
United Airlines	\$ 2,217,863	1	3.88%
Genentech, Inc.	588,371	2	1.03%
Pacific Gas & Electric	524,881	3	0.92%
Pacific Bell	358,850	4	0.63%
American Airlines	258,589	5	0.45%
Oracle	238,451	6	0.42%
Raychem	166,934	7	0.29%
Detla Airlines	160,432	8	0.28%
Geisar, Inc	123,354	9	0.22%
Stanford Research	121,354	10	0.21%
<b>Total</b>	<b>\$ 4,759,079</b>		<b>8.32%</b>

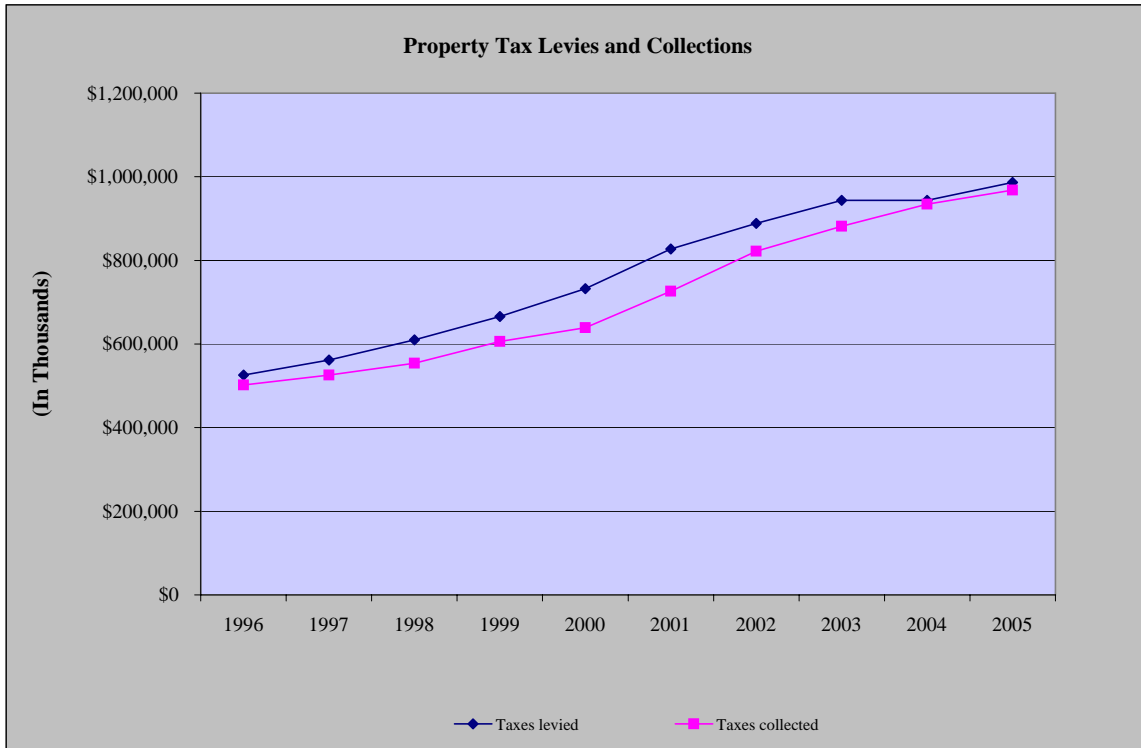


<sup>1</sup> Taxable assessed value includes tax assessments on real and personal properties.

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

**COUNTY OF SAN MATEO**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
*(dollars in thousands)*

Fiscal Year Ended June 30,	Total Tax Levy for the Fiscal Year					Collected within the Fiscal Year of the Levy			Total Collections to Date	
	County	Local			Total <sup>1</sup>	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
		Districts	Schools	Cities						
1996	\$ 504,702	\$ 360	\$ 4,029	\$ 1,230	\$ 510,321	\$ 501,723	98.32%	\$ 433	\$ 502,156	98.40%
1997	517,947	207	6,136	1,390	525,680	525,493	99.96%	36	525,529	99.97%
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 <sup>2</sup>	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%	N/A	968,038	98.11%



N/A - not available

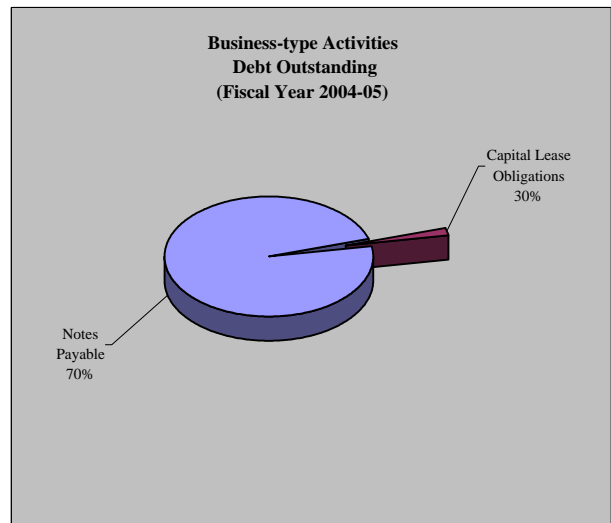
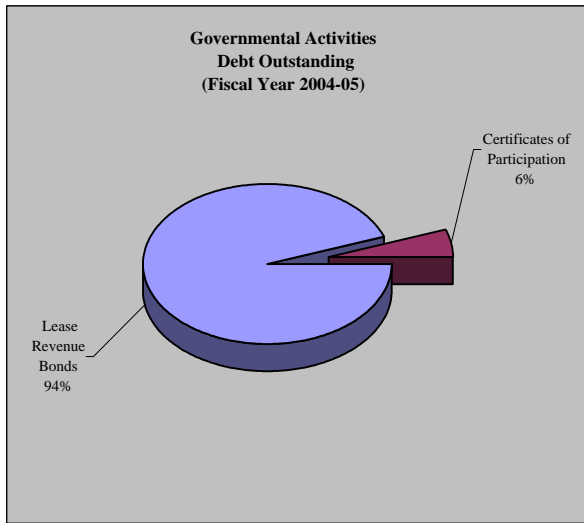
<sup>1</sup> Total taxes levied for each fiscal year, including real and personal property, are based on the original property tax assessment rolls provided by the County's Assessor Office.

<sup>2</sup> In FY 2003-04, certain local special districts, schools and cities issued bonds that were approved by voters to support their projects. To ensure these local agencies have sufficient tax revenues to cover required debt service payments, the County adjusted their debt service tax rates accordingly.

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

**COUNTY OF SAN MATEO**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
*(dollars in thousands)*

Fiscal Year	Governmental Activities						Business-Type Activities			Total Primary Government	Percentage of Personal Income
	Lease Revenue Bonds <sup>1</sup>	Certificates of Participation <sup>2</sup>	Notes Payable	Capital Lease Obligations <sup>3</sup>	State Settlement	Total	Notes Payable	Capital Lease Obligations	Total		
1996	\$ 221,148	\$ 12,145	\$ 5,024	\$ 126	\$ -	\$238,443	\$ 1,445	\$ 1,149	\$2,594	\$ 241,037	0.89%
1997	220,503	1,915	4,855	18	-	227,291	1,360	952	2,312	229,603	0.80%
1998	251,623	17,135	4,727	2,045	-	275,530	1,270	1,161	2,431	277,961	0.88%
1999	260,058	15,780	5,318	1,580	-	282,736	1,178	1,194	2,372	285,108	0.81%
2000	255,560	15,585	4,430	1,544	-	277,119	1,757	904	2,661	279,780	0.67%
2001	254,364	15,385	389	913	569	271,620	1,796	1,251	3,047	274,667	0.67%
2002	282,296	15,175	353	251	454	298,529	1,645	655	2,300	300,829	0.82%
2003	277,234	14,955	315	131	340	292,975	1,523	117	1,640	294,615	0.80%
2004	425,932 <sup>4</sup>	14,725	399	-	227	441,283	1,591	27	1,618	442,901	N/A
2005	419,323	24,939 <sup>5</sup>	358	-	114	444,734	1,455	30	1,485	446,219	N/A



N/A - Information is not available.

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

<sup>2</sup> Certificates of participation represent shares of lease-purchase payments for a flood control system made by the Authority. 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 a 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.

Source: County Comprehensive Annual Financial Reports.

**COUNTY OF SAN MATEO**

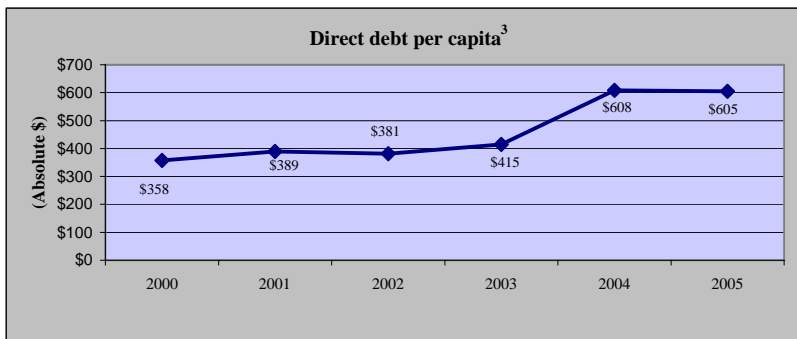
**Direct and Overlapping Debt**

**As of June 30, 2005**

*(dollars in thousands)*

Assessed Valuation (including unitary utility valuation)	\$ 105,452,423
Less: Redevelopment incremental valuation <sup>1</sup>	<u>(9,042,913)</u>
Adjusted assessed valuation	<u>\$ 96,409,510</u>

<b>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</b>	<b>Debt Outstanding</b>	<b>Percentage Applicable</b>
<b>Direct General Fund Obligation Debt</b>		
San Mateo County General Fund Obligations	\$ 416,585	100.00%
San Mateo County Flood Control District Certificates of Participation	<u>14,485</u>	100.00%
	431,070	
<b>Overlapping General Fund Obligation Debt</b>		
<i>Cities</i>		
City of Burlingame General Fund Obligations	30,205	100.00%
City of Redwood City General Fund Obligations	28,830	100.00%
Other City General Fund Obligations	123,149	100.00%
<i>Special Districts</i>		
Midpeninsula Regional Open Space Park General Fund Obligations	35,620	30.53%
San Mateo County Mosquito Abatement District Certificate of Participation	1,495	100.00%
Granada Sanitary District Certificates of Participation	860	100.00%
<i>School Districts</i>		
Cabrillo Unified School District General Fund Obligations	12,750	100.00%
Belmont School District General Fund Obligations	6,140	100.00%
San Mateo Community College District Certificates of Participation	4,585	100.00%
San Mateo County Board of Education Certificates of Participation	30,885	100.00%
Other School Districts General Fund Obligations	<u>6,888</u>	100.00%
<b>Total gross direct and overlapping general fund obligation debt</b>	712,477	
Less: City of Burlingame Certificates of Participation	<u>(10,045)</u>	100.00%
<b>Total net direct and overlapping general fund obligation debt</b>	<u>702,432</u>	
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>		
<i>Cities</i>		
	72,140	100.00%
<i>Special Districts</i>		
Estero Municipal Improvement District	4,883	100.00%
Redwood City General Improvement District No. 1-64	4,005	100.00%
Montara Sanitary District	17,500	100.00%
Community Facilities Districts	39,820	100.00%
Other Special Districts (1915 Act Bonds)	35,105	100.00%
<i>School Districts</i>		
Jefferson and San Mateo Union High School Districts	158,345	100.00%
Cabrillo Unified School District	26,971	100.00%
South San Francisco School District	34,397	100.00%
Sequoia Union High School District	153,530	100.00%
Jefferson School District	33,550	
Laguna Salada School District	29,577	100.00%
Redwood City School District	61,701	100.00%
San Mateo - Foster City School District	100,900	100.00%
San Mateo Community College District	161,081	100.00%
Other School District	<u>177,469</u>	100.00%
Total overlapping tax and assessment debt	<u>1,110,974</u>	
Total net direct and overlapping debt	<u>\$ 1,813,406</u> <sup>2</sup>	
Ratio of total net direct and overlapping debt to adjusted assessed value	1.88%	
Direct debt per capita (absolute dollars)	\$ 605	
Total net direct and overlapping debt per capita (absolute dollars)	\$ 2,545	



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

<sup>2</sup> Excludes revenue, mortgage revenue and tax allocation bonds, tax and revenue anticipation notes, and non-bonded capital lease obligations.

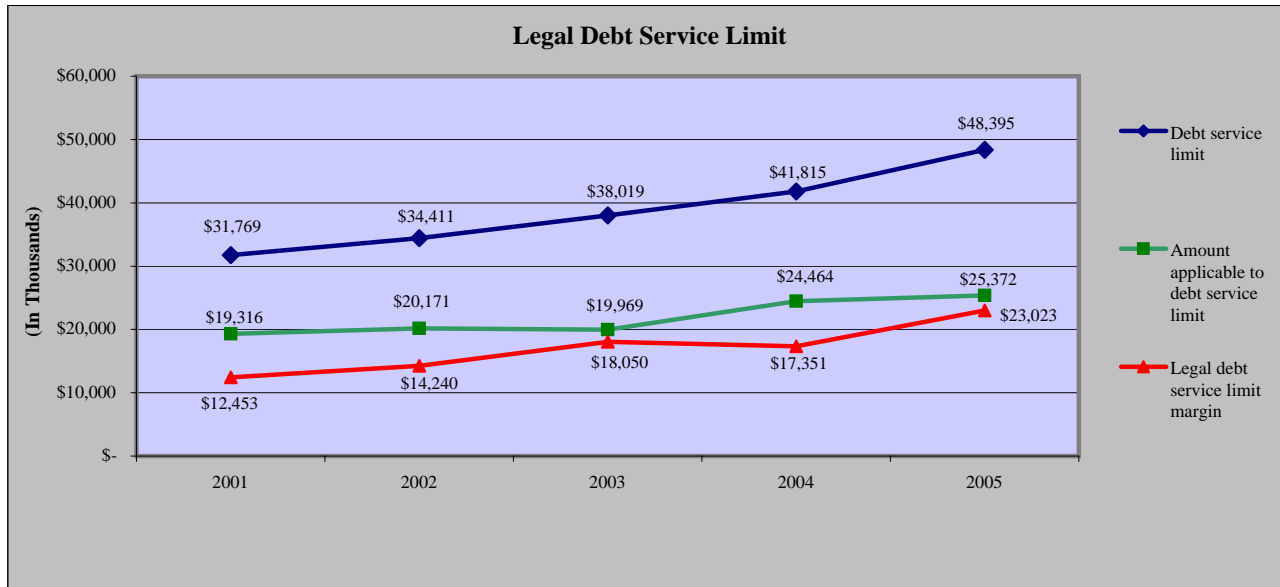
<sup>3</sup> Direct debt per capita information prior to FY 1997-98 is not available.

Source: California Municipal Statistics, Inc.



**COUNTY OF SAN MATEO**  
**Legal Debt Service Margin Information**  
**Last Five Fiscal Years**  
*(dollars in thousands)*

	<u>Fiscal Year</u>				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</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	\$ 1,209,880
<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	\$ 48,395
Less: Amount applicable to debt service limit <sup>3</sup>	<u>(19,316)</u>	<u>(20,171)</u>	<u>(19,969)</u>	<u>(24,464)</u>	<u>(25,372)</u>
Legal debt service margin	<u>\$ 12,453</u>	<u>\$ 14,240</u>	<u>\$ 18,050</u>	<u>\$ 17,351</u>	<u>\$ 23,023</u>
Legal debt service margin as a percentage of debt service limit	39.20%	41.38%	47.48%	41.49%	47.57%



<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 by resolution 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 non-voter approved debt that is the obligation of the County.

<sup>3</sup> The amount applicable to debt service limit represents the amount of debt service payment made towards non-voter approved debt that is the obligation of the County.

Source: County's Adopted Budget Books

**COUNTY OF SAN MATEO**

**Pledged Revenue Coverage**

**Last Five Fiscal Years**

(Dollars in Thousands)

<b>1993 Lease Revenue Bonds</b>				
<b>Funding Source:</b>	General Fund and Criminal Justice Facilities Fund.			
<b>Fiscal Year</b>	Available	Debt Service		Coverage
	Revenue	Principal	Interest	
2001	5,081	2,120	3,340	0.93 <sup>1</sup>
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

<b>1997 Lease Revenue Bonds</b>				
<b>Funding Source:</b>	Facilities surcharge and rent from County departments.			
<b>Fiscal Year</b>	Available	Debt Service		Coverage
	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

<b>1994 Lease Revenue Bonds - Satellite Clinic</b>				
<b>Funding Source:</b>	Federally Qualified Health Center reimbursement, and tobacco settlement.			
<b>Fiscal Year</b>	Available	Debt Service		Coverage
	Revenue	Principal	Interest	
2001	415	120	28	2.80
2002	484	150	22	2.81
2003	312	170	14	1.70
2004	939	200	5	4.58 <sup>2</sup>
2005	-	-	-	-

<b>1999 Lease Revenue Bonds</b>				
<b>Funding Source:</b>	General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.			
<b>Fiscal Year</b>	Available	Debt Service		Coverage
	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

<b>1994 Lease Revenue Bonds - Health Center</b>				
<b>Funding Source:</b>	General Fund, Construction/Renovation reimbursement, Federally Qualified Health Center reimbursement, and tobacco settlement.			
<b>Fiscal Year</b>	Available	Debt Service		Coverage
	Revenue	Principal	Interest	
2001	2,326	1,790	493	1.02
2002	2,334	1,885	397	1.02
2003	2,225	1,990	294	0.97
2004	2,339	2,105	182	1.02
2005	2,277	2,215	62	1.00

<b>2001 Lease Revenue Bonds</b>				
<b>Funding Source:</b>	General Fund, Crime Lab fees, and Cities.			
<b>Fiscal Year</b>	Available	Debt Service		Coverage
	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

<b>1995 Lease Revenue Bonds</b>				
<b>Funding Source:</b>	General Fund, Court House Construction Fund, and claimable income maintenance revenue.			
<b>Fiscal Year</b>	Available	Debt Service		Coverage
	Revenue	Principal	Interest	
2001	1,376	575	103	2.03
2002	1,250	375	79	2.75
2003	509	395	60	1.12
2004	1,083	295	42	3.21
2005	267	310	26	0.79

<b>1997 Certificates of Participation</b>				
<b>Funding Source:</b>	Revenue from Colma Creek Flood Control Special District.			
<b>Fiscal Year</b>	Available	Debt Service		Coverage
	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

Note: Details regarding the County's outstanding debt can be found in the notes to the basic financial statements.

<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.

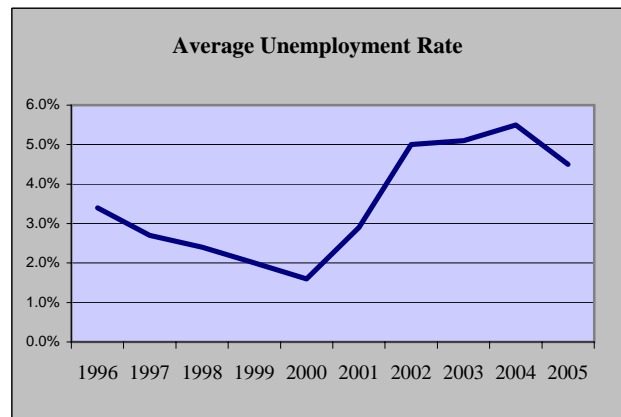
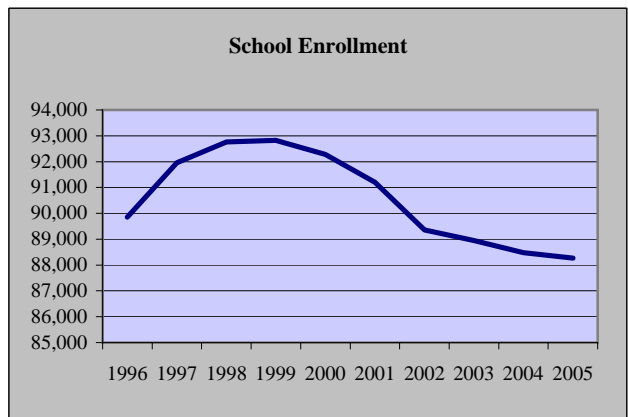
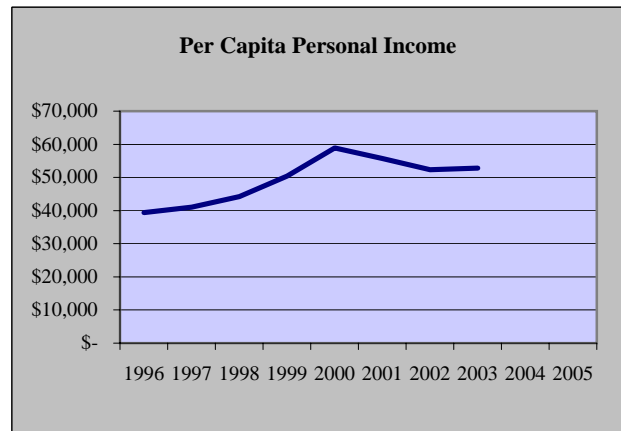
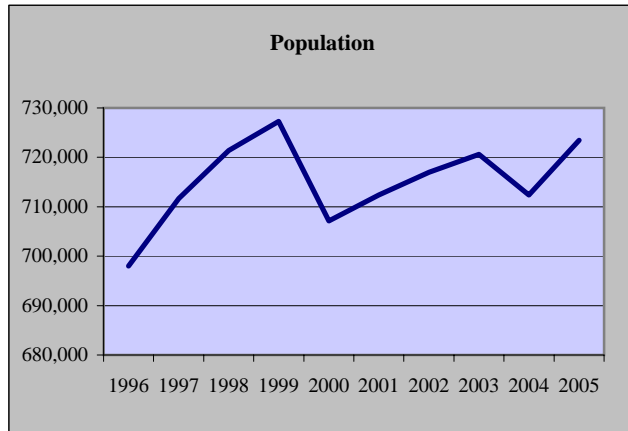
<sup>2</sup> Debt service payments for the 1994 serial interest bonds ended September 2003.

Sources: Debt service schedules.

Contributions made by responsible funds/departments.

**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>2</sup>	<b>School Enrollment</b> <sup>3</sup>	<b>Average Unemployment Rate</b> <sup>6</sup>
1996	698,000	27,013	39,413	N/A	89,850	3.4%
1997	711,700	28,537	41,020	N/A	91,954	2.7%
1998	721,400	31,688	44,223	N/A	92,763	2.4%
1999	727,300	35,028	50,368	N/A	92,825	2.0%
2000	707,161	41,512	58,905	36.8	92,285	1.6%
2001	712,400	41,039	55,698	N/A	91,206	2.9%
2002	717,000	36,725	52,369	N/A	89,361	5.0%
2003	720,630	36,941	52,841	N/A	88,954	5.1%
2004	712,400	N/A	N/A	N/A	88,474	5.5%
2005	723,453	N/A	N/A	N/A	88,265	4.5%



N/A - not available.

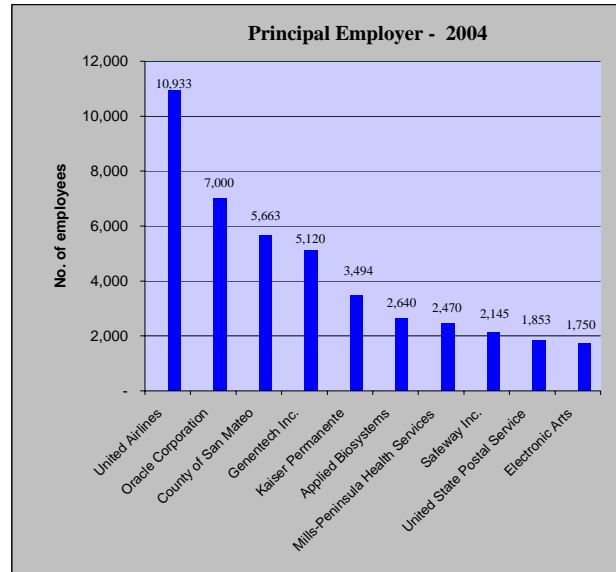
Sources:

- <sup>1</sup> State of California - Department of Finance, Demographic Research Unit
- <sup>2</sup> Association of Bay Area Governments, California
- <sup>3</sup> San Mateo County Office of Education
- <sup>4</sup> State of California - Employment Development Department  
(In 2004, the Employment Development Department redesigned the labor force data methodology to generate labor market information. Historical annual unemployment rates from 1996 to 2004 have been revised to reflect the changes, providing a comparable basis between the past and the present.)
- <sup>5</sup> U.S. Department of Commerce, Bureau of Economic Analysis

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

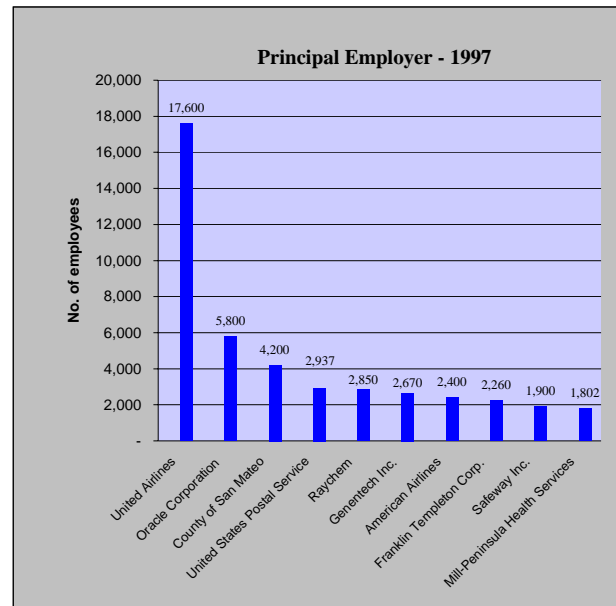
**2004<sup>1</sup>**

<u>Employer</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
United Airlines	10,933	1	3.15%
Oracle Corporation	7,000	2	2.02%
County of San Mateo	5,663	3	1.63%
Genentech Inc.	5,120	4	1.48%
Kaiser Permanente	3,494	5	1.01%
Applied Biosystems	2,640	6	0.76%
Mills-Peninsula Health Services	2,470	7	0.71%
Safeway Inc.	2,145	8	0.62%
United State Postal Service	1,853	9	0.53%
Electronic Arts	1,750	10	0.50%
<b>Total</b>	<b>43,068</b>		<b>12.41%</b>



**1997<sup>2</sup>**

<u>Employer</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
United Airlines	17,600	1	4.67%
Oracle Corporation	5,800	2	1.54%
County of San Mateo	4,200	3	1.11%
United States Postal Service	2,937	4	0.78%
Raychem	2,850	5	0.76%
Genentech Inc.	2,670	6	0.71%
American Airlines	2,400	7	0.64%
Franklin Templeton Corp.	2,260	8	0.60%
Safeway Inc.	1,900	9	0.50%
Mill-Peninsula Health Services	1,802	10	0.48%
<b>Total</b>	<b>44,419</b>		<b>11.79%</b>



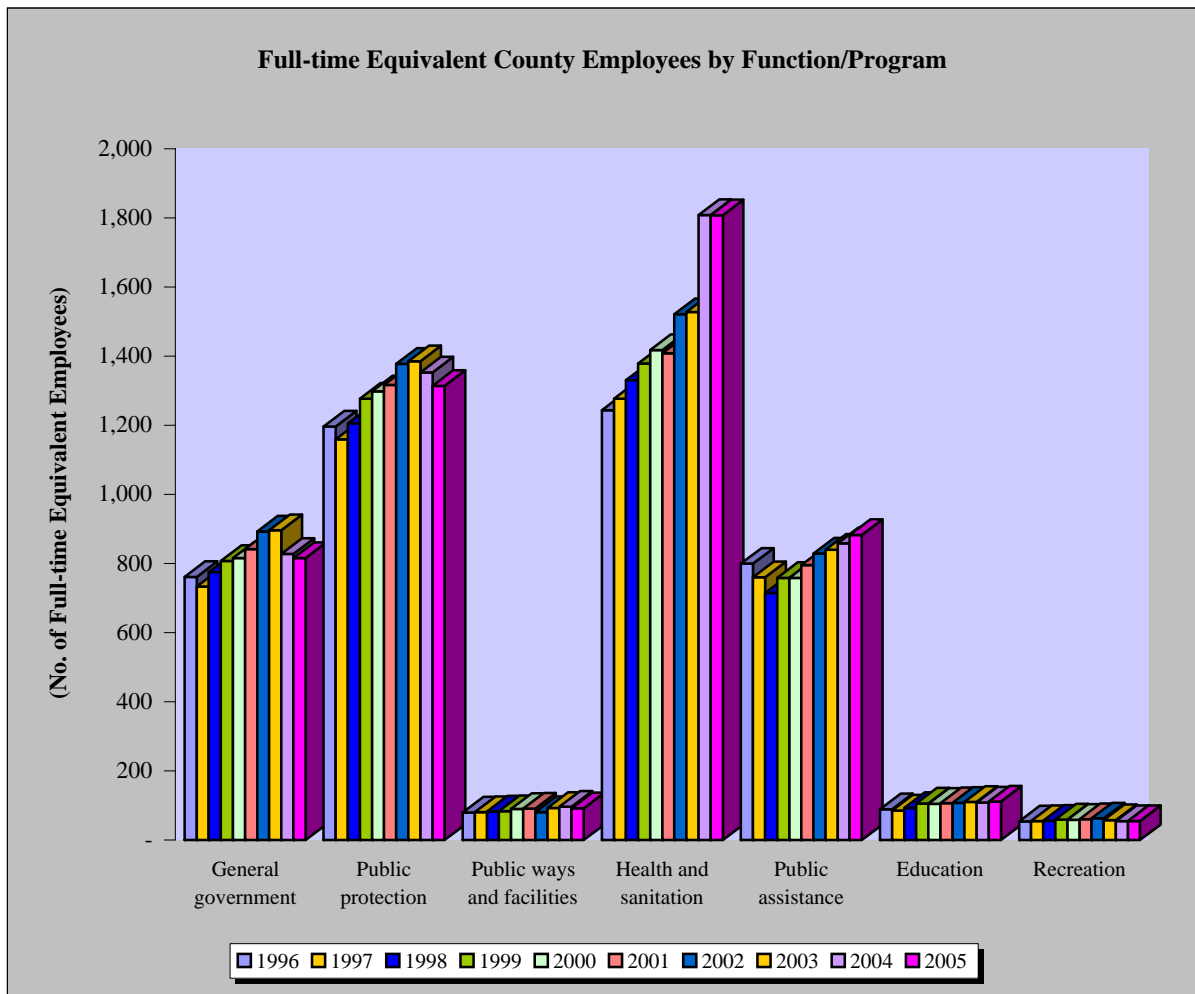
<sup>1</sup> The latest data as of August 31, 2004 are presented.

<sup>2</sup> Data for 1996, nine years ago, are not available.

Source: San Francisco Business Times Book of Lists

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

<u>Function</u>	<u>1996</u>	<u>1997</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>
General government	762	734	775	808	816	842	893	897	828	816
Public protection	1,197	1,160	1,206	1,277	1,299	1,317	1,378	1,386	1,353	1,314
Public ways and facilities	80	81	83	84	90	91	81	93	97	92
Health and sanitation	1,244	1,277	1,331	1,379	1,418	1,409	1,522	1,528	1,809	1,808
Public assistance	800	761	715	759	759	796	829	840	859	883
Education	89	86	93	106	105	107	108	111	109	112
Recreation	54	55	56	60	59	61	63	58	55	55
Total full-time equivalent employees	4,226	4,154	4,259	4,473	4,546	4,623	4,874	4,913	5,110 <sup>1</sup>	5,080



<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.

**COUNTY OF SAN MATEO**  
**Operating Indicators by Function**  
**Fiscal Years 2000-2004**

Function:	Fiscal Year <sup>4</sup>				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b><u>General government</u></b>					
<i>County Counsel</i>					
Number of litigation cases	-- <sup>1</sup>	1,316	1,316	1,375	1,379
Percent of litigation cases won or resolved with approval of client	--	--	--	89%	98%
Attorney per capita	1:34495	1:30746	1:32438	1:32593	1:32734
<i>Public Safety Communication</i>					
Number of calls received	--	481,623	746,500 <sup>2</sup>	687,629	634,044
Percent of customers rating overall services as good or better	90%	99%	96%	96%	99%
<i>Utilities</i>					
Number of streetlights maintained	2,638	2,643	2,900	2,900	2,885
Number of properties served by County sewer districts	11,283	11,289	11,376	11,300	11,310
<b><u>Public Protection</u></b>					
<i>Child Support Services</i>					
Number of child support cases	17,593	15,678	14,687	14,768	15,325
Total amount of child support collected (in millions)	\$28.3	\$29.4	\$30.5	\$29.3	\$30.0
Percent of cases with a court orders	81%	81%	83%	84%	82%
<i>District Attorney</i>					
Number of felony cases with victims	1,387	1,307	1,323	1,202	1,232
Number of Public Administrator cases opened	49	61	68	61	68
Number of Public Administrator cases closed	54	39	64	86	66
Percent of Public Administrator cases closed within 12 months	72%	60%	64%	67%	100%
<i>Sheriff's Office</i>					
Investigative services					
Number of investigation performed annually	--	--	5848	6358	6000
Multi-jurisdictional service					
Number of investigations performed annually	809	768	820	724	710
Number of arrests made annually	489	413	286	306	397
Patrol Bureau					
Number of dispatched calls for service	60,057	59,049	70,668	63,547	59,999
Number of citations issued	8,482	9,084	10,278	9,857	11,185
Number of total traffic activities by Patrol Deputies (non-citation)	19,211	17,388	18,092	15,237	16,096
Average response time for priority dispatched calls (in minutes):					
Urbanized service areas	2.63	3.15	3.7	3.26	2.64
Rural service areas	13.03	8.4	9.75	8.27	9.67
<b><u>Public ways and facilities</u></b>					
<i>Primary road (road with a defined structural section):</i>					
Number and percent of road miles with Pavement Condition <sup>3</sup>					
Index greater than established baseline of 55	103/68%	103/68%	116/77%	120/78%	122/79%
<i>Secondary road (road without a defined structural section):</i>					
Number and percent of road miles with Pavement Condition <sup>3</sup>					
Index greater than established baseline of 40	34/21%	34/21%	126/79%	125/76%	117/73%

<sup>1</sup> -- not available

<sup>2</sup> The September 11th terrorist attacks generated an exceptionally high volumn of calls.

<sup>3</sup> Information is obtained from the County's Comprehensive Annual Financial Reports

<sup>4</sup> Operating statistics for FY 2005 are not available

(continued)

**COUNTY OF SAN MATEO**  
**Operating Indicators by Function**  
**Fiscal Years 2000-2004**

Function:	Fiscal Year <sup>4</sup>				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b><i>Road maintenance:</i></b>					
Asphalt, concrete, pavement					
Number of service hours	32,100	31,470	38,688	27,281	22,714
Percent of work completed	94%	93%	85%	92%	93%
Traffic control (signs & legends)					
Number of service hours	6,764	4,635	4,921	3,073	3,728
Percent of work completed	97%	95%	88%	91%	98%
Drainage facilities					
Number of service hours	20,661	21,986	18,099	18,724	12,525
Percent of work completed	98%	98%	98%	98%	97%
Vegetation management					
Number of service hours	15,426	20,469	22,015	19,403	15,568
Percent of work completed	99%	100%	97%	97%	96%
<b><u>Health and sanitation</u></b>					
<b><i>Emergency Medical Services (EMS)</i></b>					
Number of 9-1-1 calls for medical response	38,121	40,013	37,028	41,504	40,851
Percent of EMS calls responded to on time					
Ambulance	94%	94%	95%	95%	94%
Fire first reponse	98%	98%	98%	98%	98%
<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
Outpatient level of service	7,207	7,442	7,582	7,309	7,218
Lanterman Petris Short Conservatorship	477	437	392	369	374
Percent of customers rating services good or better	91%	92%	94%	94%	95%
<b><i>Mental Health Youth Services</i></b>					
Number of clients served:					
Intensive	685	700	719	784	711
Non-intensive	1,220	1,328	1,292	1,408	1,451
Early intervention	155	213	246	459	452
Percent of youth survey respondents rating services good or better	85%	86%	86%	83%	71%
<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
Prenatal to three	5,503	6,316	6,764	3,336	3,575
Women, infants and children	22,600	22,600	19,050	22,231	25,599
California children services	3,446	3,327	4,480	1747 <sup>5</sup>	2,541
Child health and disability prevention	3,900	7,862	3,732	3,101 <sup>5</sup>	2,696
Lead	65	140	185	69	76
California nutrition network	6,872	8,015	10,938	15,750	12,532
Percent of customer survey respondents rating services as good or better	97%	97%	98%	98%	96%
Percent of customers receiving services in a timely manner	78%	80%	83%	80%	88%
<b><i>Health Promotion and Disease Control</i></b>					
Number of clients served:					
AIDS progrm clinical services	549	554	576	546	565
Mobile clinic clinical services	--	--	2,975	1,463	3,024
Smoke free start	67	58	158	351	436
STD Control	1,035	1,301	1,872	1,325	1,674
TB Control	--	237	641	811	508
Vital statistics (births and deaths)	10,888	10,433	10,445	10,004	10,327
Percent of customer survey respondents rating services as good or better	95%	96%	98%	94%	98%
Percent of customer survey respondents rating response time as good or better	92%	95%	96%	93%	95%

<sup>5</sup> The decrease reflects changes in collection methodology.

(continued)

**COUNTY OF SAN MATEO**  
**Operating Indicators by Function**  
**Fiscal Years 2000-2004**

Function:	Fiscal Year <sup>4</sup>				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b><u>Public Assistance</u></b>					
<i>Community-Based Program</i>					
Number of adult protective services cases opened	968	1,125	1,243	1,358	1,252
Number of people served through Area Agency on Aging funds	11,544	12,168	10,547	13,259	15,193
Percent of adult protective service cases that are effectively resolved and stabilized for at least twelve months	85%	85%	82%	86%	87%
<i>Economic Self-Sufficiency</i>					
Number of participants using PeninsulaWorks Centers	--	--	14,308	22,460	24,426 <sup>7</sup>
Number of enrolled participants in Peninsula Works Intensive and Training services	603	466	1,817	2,458	2,431
Number and percent of Peninsula Works participants employed in jobs six months after hire	--	64/90%	78/78%	65/89%	215/83% <sup>6</sup>
<b><u>Recreation</u></b>					
<i>Parks &amp; Recreation</i>					
Number of visitors	2,044,000	2,042,000	2,103,629	1,939,762	1,753,184
Percent of ranger staff time spent on facility maintenance	75%	75%	80%	77%	66%
Number of volunteer hours	16,390	23,753	29,252	27,300	30,411
Number of sensitive habitat acres restored during year	6	6	56	295	126
Ton of material recycled	365	365	410	575	1,007
Percent of customer survey respondents rating service and facilities as good or better	82%	94%	96%	88%	83%

<sup>6</sup> The response rate at the 6-month follow up was 60%

<sup>7</sup> The measure included data for Workforce Investment Act participants only.



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

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

<sup>1</sup> Four buildings are currently occupied by departments from different functions.

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