

County of San Mateo, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2003



Tom Huening, Controller

Front Cover: Montara Lighthouse
By Michael Kellicut
Half Moon Bay, CA

County of San Mateo, California



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2003

**Tom Huening
Controller**

COUNTY OF SAN MATEO, CALIFORNIA

Comprehensive Annual Financial Report

Prepared by the Controller's Office

For the Fiscal Year Ended June 30, 2003

**COUNTY OF SAN MATEO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended June 30, 2003**

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INTRODUCTORY SECTION

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COUNTY OF SAN MATEO
OFFICE OF CONTROLLER

TOM HUENING, CONTROLLER

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

December 12, 2003

The Comprehensive Annual Financial Report (CAFR) of the County of San Mateo (County) for the fiscal year of 2002-03 is presented in compliance with Section 25253 of the Government Code of the State of California. This report was prepared by the Office of the County Controller, which is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures. We believe the data, as presented, is accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and results of operations and cash flows, if applicable, of the County, as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

The CAFR represents the culmination of all budgeting and accounting activities engaged in by management during the year, covering all funds of the County and its financial transactions. The CAFR is organized into three sections:

- The Introductory Section is intended to familiarize the reader with the organizational structure of the County, the nature and scope of the services it provides, and the specifics of its legal operating environment set within the context of the local economy.
- The Financial Section includes the independent auditor's report on the basic financial statements, Management's Discussion and Analysis (MD&A) of the County's overall financial position and results of operations, the audited basic financial statements, notes to the basic financial statements, required supplementary information, and combining and individual fund statements and schedules to provide readers with a comprehensive understanding of the County's financial activities of the past fiscal year. This letter is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found on pages 3-14 of this report.
- The Statistical Section contains comprehensive statistical data on the County's physical, economic, social and political characteristics.

THE REPORTING ENTITY

The County of San Mateo, California, 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, as the governing body of the County, is responsible for the legislative and executive control of the County. The County provides various services including public protection, road construction and public facilities maintenance, sanitation, health and social services, elections and records, planning, zoning and tax collection.

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 other organizations for which the nature and significance of the relationship with the primary government are such that exclusion would make the enclosed financial statements misleading or incomplete.

Blended Component Units

San Mateo County has four independent fiscal agencies that are considered blended component units for reporting the financial results of the County. They vary widely in function and provide essential services.

- The San Mateo County Joint Powers Financing Authority (JPFA) assists the County in the financing of public capital improvements. JPFA is reported as a major governmental fund in the County's 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 of San Mateo (Housing Authority) 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 in-home supportive services personnel, provides training and support for providers and recipients and their families, and performs other functions related to the delivery of in-home supportive services. The IHSS Public Authority is reported as a special revenue fund in the County's financial statements.

Discretely Presented Component Unit

First 5 San Mateo County (First 5), previously presented as the Children and Families First Commission, was established in March 1999 under the authority of the California Children and Families First Act of 1998 and sections 130100, et seq. of the Health and Safety Code. The Board appoints all members of the First 5. The Board can remove appointed members at will. The First 5 accounts for receipts and disbursements of California Children and Families Trust Fund allocations and appropriations. The First 5 is a discretely presented component unit as the governing body of the First 5 is not substantially the same as that of the County, and the First 5 does not provide services entirely or almost entirely to the County.

ECONOMIC CONDITIONS AND OUTLOOK

San Mateo County is one of 58 California counties and one of the nine counties in the San Francisco-Oakland Bay Area. The County covers 447 square miles (ranked 56th among the 58 counties for land size). It is located on a peninsula that is flanked by the Pacific Ocean on the west, the San Francisco Bay on the east, the City/County of San Francisco to the north, and the counties of Santa Clara and Santa Cruz to the south. Most of the estimated 720,630 residents live along the densely populated north-south transportation corridor between the counties of San Francisco and Santa Clara. The County is home to 20 cities and the San Francisco International Airport. Seventy-four percent of the County's land is reserved for agriculture, watershed, open space, wetlands or parks that contribute to its urban/rural characteristics and natural beauty. Key public policy issues relate to the economy, land use, congestion management and quality of life.

The County has a charter form of government. A five-member Board of Supervisors, each elected to four-year terms, serves as the legislative body. Members run at-large in non-partisan elections but must reside within a specific district. A County Manager is appointed by the Board and runs the day-to-day business. The County Manager appoints the heads of seven agencies/departments. The Board appoints the County Counsel and the Director of the Child Support Services. Elected officials include the Assessor-Clerk-Recorder, Controller, District Attorney, Treasurer-Tax Collector, Sheriff and the Coroner.

The County's demographic makeup mirrors California; it is rich in diversity with a plurality of ethnicities. Approximately half of the residents are Caucasian, while Asian/Pacific Islanders and Hispanics each comprise a little more than 20%. African-Americans comprise 3.3% and those identifying themselves as "Two or More Races" comprise 3.2%. Of the estimated 255,000 households in the County, roughly two-thirds are identified as "family households" and about half of the "family households" include children under 18 years of age. The median age in the County for both sexes is 36.8 years and increasing.

The County consistently ranks in the top five of California counties in terms of highest per capita personal income and lowest percentage of persons below poverty level. The County is one of the safest urban/suburban counties in California, an indicator of the area's relative economic prosperity.

Employment Trends

The County's unemployment rate averaged 5.16% for FY 2002-03, up from the 4% average for FY 2001-02. This compares with an unadjusted unemployment rate of 6.3% for California and 5.8% for the nation. Layoffs have dominated the headlines reflecting the rise in unemployment. Statistics released by the State's Employment Development Department show that, between June 2002 and June 2003, approximately 22,900 jobs were lost in the West Bay region (San Mateo, San Francisco and Marin counties). San Mateo County lost approximately 9,160 jobs which represents close to 40% of the losses of this West Bay region. The services sector provides a third of all jobs in the County. Of the 22,900 jobs lost, 9,000 were professional and business services including 3,200 from information services and 2,800 from the leisure and hospitality sector (many lost at San Francisco International Airport).

The Travel Industry

In calendar year 2000 San Francisco International Airport (SFO), which is located in the County, was ranked the 5th largest airport in the nation for passenger travel. In just two years, SFO has dropped to the 11th largest airport for passenger travel. Preliminary statistics show that passenger traffic continued to decline in FY 2002-03. This downward trend reflects the events of 9/11, the war with Iraq, the depressed Bay Area economy and the impact of SARS on Pan Pacific Travel. Traditionally, the County has had an abundance of jobs and tax revenue generated by the hospitality, transportation and service industry sectors. However, in FY 2002-03, hotel occupancy rates averaged 56.3% while room rates averaged \$118 for the County's 15,000 hotel rooms. Garage and parking lot use fell 14.3%. United Airlines (the County's largest employer) cut 25% of its flights, laid off employees and filed for protection under Chapter 11 of the Federal Bankruptcy Act. Other carriers have also downsized. The one bright spot was the 8.1% increase in the total cargo and mail traffic.

Commercial and Residential Real Estate Trends

The County has 34,347,131 square feet (s.f.) of net rentable office space. For the past two years, the demand for office space has decreased while the supply of new office space has increased. The result is a very competitive commercial real estate market. Class A office space is being offered at \$2.25/s.f. and the office vacancy rate is nearly 25%. This contrasts with the average asking rate of \$6-\$12/s.f. just two years ago. The current market conditions have halted all commercial development projects. The completion of 500 Forbes building project for Cell Genesys in South San Francisco emptied the pipeline of all planned industrial construction while the completion of Kaiser Permanente Health System's new office project in Daly City and Visa's new office building in Foster City signaled the end of all planned office space development. After ten quarters of decline, the key indicators of vacancy, availability, net absorption and lease rates all indicate that the market is stabilizing. This is the first step toward recovery, however, an economic turnaround is not expected in the near future.

Despite the depressed local economy, residential property values remained among the highest in the nation. While the slowing economy has created a slight measure of housing relief, demand has far outpaced supply for several years. This gap combined with the lowest mortgage interest rates in 45 years and a soft stock market kept the residential real estate market very active. At the close of FY 2002-03, the median price for a single family home was \$644,000 representing a 3.87% increase over the prior year. The median price for a townhouse was \$395,000, which was slightly higher than the prior year. Home sellers received an average of nearly 98% of the listed price. The number of residential properties on the market increased by 25% compared to last fiscal year. Home ownership remains out of reach for many service employees, teachers, public safety employees and tradespeople. The average rent for a 2-bedroom/2-bathroom apartment fell 6.9% to \$1,766/month in FY 2002-03 according to the Tri-County Apartment Association. Occupancy rates for rentals averaged 93%, which is comparable with last year. The City/County Association of Governments (C/CAG) has projected a housing deficit of 15,600 units by the end of the decade. Housing remains a significant challenge for residents, employers and policymakers.

Major Infrastructure Improvement Projects

FY 2002-03 heralded the completion of two major Bay Area transportation projects with a third on the way. Local leaders have worked diligently to bring these projects to completion. Because many workers are forced to reside outside the County due to the high cost of living and shortage of the housing, the freeways have been operating at maximum capacity handling the combination of local traffic and out-of-county commuters. The completion of these projects will help alleviate congestion, support the County's economic vitality and improve the quality of life.

In June 2003, the Bay Area Rapid Transit District (BART) opened four new stations in San Mateo County, the culmination of a 16-year, voter approved project. The stations are located in South San Francisco, San Bruno, Millbrae, and inside the SFO terminal. The Millbrae station (across the freeway from SFO) was designed as an intermodal, cross-platform station linking Caltrain (commuter rail), rapid rail (the coming "Baby Bullet"), SamTRANS (the County's bus system) and BART. The system will serve an estimated 70,000 new daily riders by 2010, eliminate 10,000 daily auto trips to SFO and relieve congestion on the County's main transportation corridor. Transportation leaders are working on a smart pass to allow transit passengers to use any of the 29 Bay Area transit systems with a single card.

In October 2002, Caltrans, the State Highway Division of Transportation, completed a 3-lane bridge span adjacent to the San Mateo/Hayward Bridge. Each span now carries one-way traffic improving the capacity and the safety of this bottlenecked nine-mile Peninsula and East Bay connector stretch.

The third major project is an upgrade of Caltrain, the three-county commuter railway system that runs between San Francisco and Gilroy. Caltrain is adding and upgrading tracks to carry the "Baby Bullet", an express rail service from San Francisco to San Jose. Service is expected to begin midyear 2004. Weekend service was discontinued in April 2002 to provide the downtime necessary for this capital improvement. Ridership has also suffered in this economy. Officials hoped that it would buoy with the completion of the BART/SFO project, but now expect a lag period due to the economy.

Measure A, the 1988 voter approved transportation initiative, established a 20 year ½ cent sales tax to fund local transportation improvements including grade separations, freeway interchanges, transit projects, paratransit programs and road improvements. Transportation leaders on the Board of Supervisors have publicly indicated their intent to lead an effort in 2004 to reauthorize this tax, which is set to expire in 2008, to fund future congestion management projects.

Tax Revenue

County sales tax revenue fell slightly by \$273,000 or 1.7% from \$16,155,000 in FY2001-02 to \$15,882,000 in FY 2002-03, indicative of the stagnant local economy.

The total taxable assessed value of all property for FY 2002-03 was \$95,455,006,571, an increase of 5.9% or about \$5.3 billion more than the previous year. This is reflected in the annual increase in property taxes levied of \$61,640,000 in FY 2002-03 over the prior year and an active real estate market.

The total taxable assessed value of the secured property (real property) for FY 2002-03 was \$85,595,412,478, an increase of 10.7% or about \$5.4 billion more than the previous year. This is primarily due to the active real estate market that was fueled by rock bottom interest rates and an idling stock market.

The total taxable assessed value of the unsecured property (personal property) for FY 2002-03 was \$9,859,594,093, a decrease of 0.78% or about \$77 million less than the previous year. The decrease was primarily due to a decline in airport travel as a major portion of the unsecured roll is derived from the airline and car rental fleets that have been diminished or relocated to areas where property taxes are lower.

The impacts of 9/11 on property tax are still unfolding. Most of the airlines operating out of San Francisco, as well as a number of other airport-based concessionaires, filed calamity reassessment claims with the San Mateo County Assessor. These claims were denied because, as provided by statute, the claimants did not suffer physical damage to their property located in San Mateo County. The California State Board of Equalization (SBE) subsequently adopted a new property tax rule, which would, in some cases, afford property tax relief to taxpayers that claim economic losses even in the absence of physical damage to their property. California Assessors have challenged this property tax rule as unconstitutional and this action is in progress. Assessment appeals of the FY 2002-03 assessments are still outstanding. Activity at SFO is still declining and has resulted in lower assessed values at the airport. The FY 2003-04 assessed values are 3.75% lower than those enrolled in FY 2002-03.

Transient Occupancy Taxes (TOT), after dropping precipitously in FY 2001-02, continued to decline. A total of \$589,900 was earned in FY 2002-03 as compared to \$665,800 in FY 2001-02 when travel plummeted after 9/11. This is consistent with the decline in airport passenger travel and hotel occupancy rates. The County used to receive a million dollars a year in TOT from a deluxe airport property hotel that was torn down in the airport renovation project. Plans to replace this property have been postponed indefinitely.

Proposition 172 Sales Tax, the Public Safety Fund, yielded \$64,180,000 in FY 2002-03 as compared to \$67,547,000 in FY 2001-02. These funds, based on a statewide formula, are restricted to public safety purposes and are allocated to Cities, the Sheriff, District Attorney, Probation, Coroner, County Fire and Public Safety Communications Dispatching.

Proposition 10, a ballot initiative known as Children and Families First, increased tobacco taxes to fund early childhood (ages 0-5) development programs. First 5 San Mateo County (formerly known as Children and Families First) received \$9,759,000 in FY 2002-03, a decrease of approximately 2.6% or \$261,000 less than the prior year. Another tobacco-related source of revenue, the tobacco lawsuit settlement, brought in \$8,638,000, an increase of \$384,000 or 4.7% over the prior year's \$8,254,000. Tobacco settlement money is used for County Health Services.

MAJOR INITIATIVES AND SERVICE EFFORTS AND ACCOMPLISHMENTS

Health Services and the San Mateo Medical Center

The County operates a full service hospital. In 1994, the Board of Supervisors approved the construction of a new facility. The final phase of the construction of the San Mateo Medical Center (SMMC) was completed this year. SMMC is a state of the art, integrated health center combining a full service hospital, mental health services, pharmacy operations, a rehabilitation center and an administration building. The new SMMC has increased the capacity to serve the medically indigent and insured residents. The project cost \$125 million and was financed with lease revenue bonds.

Health care costs have continued to spiral. The County General Fund subsidy to the SMMC for FY 2002-03 was \$39 million.

In April 2003, the State Department of Social Services (SDSS) approved a three-year administrative waiver to permit Mental Health to operate the Canyon Oaks Youth Residential Treatment Facility. This is the only such waiver for a county residential treatment program in California. Mental Health also received approval for a residential reimbursement rate and an operating license from SDSS. The program is expected to open in August 2004. It will serve 12 seriously emotional disturbed youth. Priority will be granted for local youths being served in out-of-county-residential treatment facilities.

In October 2003, the County assumed control of the Burlingame Healthcare Center, a 281-bed skilled nursing facility that had been in State receivership since November 2002 due to the bankruptcy of its previous operator. The current census is approximately 140 patients. Given the County's aging demographics, this facility will help address a growing unmet need.

During FY 2002-03, health insurance was provided to approximately 30,000 children in San Mateo County. The Health Services Agency in partnership with the Human Services Agency has aggressively enrolled children in medical insurance programs including Medi-Cal, Healthy Families and the new Healthy Kids program. This year, the Board allocated \$1.5 million for the Healthy Kids Program that has a total budget of \$4.5 million. As of mid-May 2003, 2,231 children had been enrolled in Healthy Kids, 35% of those estimated to be eligible for the program. Approximately 95% of the enrolled children are from families with incomes below 250% of the federal poverty level; nearly all are undocumented and therefore do not qualify for MediCal or Healthy Families.

Human Services. Between 1998 and 2002, the County had a steadily declining rate of families on public assistance compared to California as a whole. During this period, the County's public assistance, or CalWORKs, rate decreased at 1.9 times the rate of the state. The total number of CalWORKs participants in the County decreased by 68.9% (statewide, the number of recipients decreased 35.5%) and the total number of Food Stamps recipients in the County decreased by 22.5% from 7,115 to 5,515 (statewide, the number of recipients decreased 27.3%). The County has increased the proportion of CalWORKs recipients under age 18 from 76.9% of all recipients in 1998 to 82.9% in 2002. Statewide in 2002, only 77.7% of CalWORKs recipients were under age 18.

The Office of Housing secured additional Section 8 housing vouchers, linking families on cash aid with affordable housing for the innovative Moving-to-Work program. This program helps low-income families move from public assistance to economic self-sufficiency. Between 1999 and 2002, the County's Moving-to-Work caseload increased 68.8% from 349 to 589; statewide, the Moving-to-Work caseload decreased 21.2%. While these statistics are impressive, the current economic slump has created an additional demand for services. The success rates deteriorated somewhat and the costs for providing services escalated. Because the statistics are reported on a calendar year basis, the impacts reported in FY 2002-03 are diluted by the averages of prior year successes and a stronger local economic base.

Due to the downturn that began in 2001, the Human Services Agency, along with collaborative partners, secured additional funding to expand employment and training services. These services are provided through PeninsulaWorks, the County's one-stop employment centers, to help dislocated workers, particularly those severely affected in the airline, travel, and hotel industries. Additional funding allowed for the opening of a temporary employment center near the San Francisco International Airport, temporary emergency cash assistance, and training for new careers.

The Human Services Agency's expenditures increased 2.8% from FY2001-02 to FY2002-03. This growth reflects increased labor costs, growth in funding for substance abuse treatment for clients in the criminal justice system, increased placement costs for Foster Care, and caseload growth in CalWORKs and General Assistance programs. These increases were offset in part by lower expenditures for housing projects, childcare and facilities and automation infrastructure upgrades compared to the previous fiscal year.

Child Support Services. In FY 2002-03, the San Mateo County Department of Child Support Services processed 14,768 child support cases and collected \$30.4 million on behalf of approximately 22,000 dependents. The percent of dollars of current support collected is 56.4%. The County is the 8th ranked county in the state for collections. Among those counties with caseloads over 2,500, the County is ranked 3rd in the state for collections. Child Support Service departments collect arrearages until the debt is paid in full, which can take a number of years in some cases. San Mateo County is ranked 2nd in the state with its 67% rate of collection on arrearages.

Public Safety

Crime Suppression. According to the FBI Index, San Mateo County reported 2.7 crimes per capita as compared to the Bay Area counties average of 3.7 crimes per capita and the state's average of 4 crimes per capita. It ranks as the third safest Bay Area County, only slightly behind Napa and Marin. Crimes included in the FBI index are criminal homicide, forcible rape, robbery, assault, burglary, larceny, theft, arson and motor vehicle theft. The most current available statistics reflect the calendar year 2001.

Sheriff's Forensic Laboratory. A 30,000 square foot state-of-the-art Forensic Lab opened in January 2003. The total project cost is \$17 million with an annual debt service anticipated to be \$730,000. The Sheriff's budget covered the design fees, geotechnical and environmental consulting fees, and administrative costs. The facility has been designed with a half-acre of photovoltaic energy panels to reduce energy consumption costs. The Coroner's Office is now headquartered in this facility. It is the only full service forensic laboratory in the County able to analyze evidence including fingerprints, firearms and bullet/casings, gun shot residues, trace comparisons for hair, fiber, fabric, rope, tape, tires, shoes, glass, forensic biology analyses for sperm, blood, enzyme and DNA, toxicology testing for drugs and alcohol, as well as document analysis for handwriting, ink and paper. Forensic scientists also provide crime scene investigations.

Probation-Youth Center. The County has begun the planning for a new \$125 million Youth Center. It is a collaborative project expected to meet the needs of juveniles and their families who are involved with our criminal justice and/or social services systems. The Center will replace the inadequate, 55-year old Hillcrest Juvenile Hall. As planned, the Center will have 180 secure beds, a 30-bed girls camp and a 24-bed group home complex. The project includes the construction of the new Juvenile Hall, Girls Ranch, Receiving Home, Probation Administrative Office, Juvenile Probation and Juvenile Courts. The County intends to construct the project with the sale of lease revenue bonds. The County did receive a state-administered federal juvenile justice grant of \$21 million to fund a portion of the Juvenile Hall component.

Emergency Services Council Joint Powers Authority and the County Radio Project. The Mutual Aid/Emergency Services Council (ESC) \$25.6 million upgrade of the County Radio System was completed in January 2003. It was partially financed with \$16.5 million of bond proceeds. This countywide mutual aid and tactical communications project converted the County's aging analog system to a digital and microwave system. The Sheriff's Radio System upgrade project will bundle a number of radio frequencies in a "pipeline" allowing multiple conversations between agencies and units to take place simultaneously. This will improve the efficiency and effectiveness of all of the emergency response agencies in the County. Project completion is anticipated in January 2004. Funding sources include bond proceeds, State and federal funds, public safety sales tax revenue, charges to user agencies and the County's General Fund.

Public Works

Recycling. The County has stepped up its efforts to promote recycling within government as well as countywide. RecycleWorks, the County's recycling and composting program by presenting a "green" lecture series, operates a comprehensive website, www.recycleworks.org, as well as a hotline and numerous outreach and public education programs to encourage residents to recycle, reuse, and otherwise practice "green" strategies in their daily lives. The County's internal efforts at recycling have been impressive. Mixed paper recycling in County facilities topped 100 tons this year and a program to recycle bottles and cans has begun.

Facilities & Infrastructure Improvements. Using the County's Facilities Assessment Program developed in 2001 which identified and quantified physical deficiencies in 74 facilities and made recommendations to address the deficiencies, the Department prioritized the next stage of the seismic retrofit project for the Hall of Justice & Records, the ADA compliance renovation projects, and the upgrading of various Heating/Ventilation/Air Conditioning (HVAC) systems for energy conservation projects.

A Computerized Maintenance Management System to provide information to better manage as well as schedule routine and preventive maintenance activities for County facilities was acquired this fiscal year. System implementation began in July 2003. Initial use of the system will be to support the Road, Facility, and Wastewater programs. Future use will cover other programs including Street Lighting and Flood Control programs. The system will help the Department improve operations, control costs and be more responsive to customers.

Energy Conservation. Through a number of innovative programs, the County has managed to significantly reduce the consumption of both electricity and gas in County facilities. Since 2001, over 25,000 new energy efficient lamps and ballast have been installed in County facilities. Both the 555 County Center and the new Forensic Lab were designed for efficient energy usage. The County received the Environmental Protection Agency's Energy Star Award for the 555 County Center and the new San Mateo County Forensic Lab was named to the 2003 "Top 10 Green projects" list by the American Institute of Architects (AIA).

Information Services. In 2003, the San Mateo County's Information Services Department completed the e-Government project. The primary goal of this project was to provide County services over the web and to provide an additional means of communication with residents. To ensure website availability and quick website response times, a new technology infrastructure has been installed. San Mateo County's e-Government environment uses new technology software systems that allow individual departments to update their web pages. This decentralized approach will keep San Mateo County's web content current. San Mateo County's e-Government model was developed using the latest "common terminology based

navigation”. The use of common terminology based navigation means that all visitors to San Mateo County’s web site are able to locate the information they are searching for regardless of web experience. This new navigation architecture was developed by San Mateo County’s Information Services Department in collaboration with Nevada County, the State Libraries, and the State Department of General Services. This navigation architecture has been recognized by California State Association of Counties (CSAC) and has since been used by numerous other counties.

Environmental Services

In 2001, the County acquired the eastern parcel of the Mirada Surf property, which included an option to buy the western parcel for \$3 million provided the transaction was completed by July 30, 2003. This year the San Mateo County Parks Foundation secured a \$1.5 million State Coastal Conservancy grant along with Proposition 12 funding (a Land and Water Conservation Fund grant) and private fundraising to exercise this option. This 60-acre coastal property will be dedicated to open space and habitat conservation, public access and outdoor recreation forevermore.

Legal Issues and Liabilities

On October 14, 2003, the California Supreme Court announced that it would not accept any appeals of the Ventura II decision. This ruling granted the Ventura decision the force of law. The Ventura decision, in which the State Supreme Court broadened the definition of “compensation earnable” to include a few pay items SamCERA had not previously included, must be applied retroactively. All current retiree benefits must be recalculated if any of those new pay items were excluded from the calculation of their benefits. “Terminal Pay” is excluded from “compensation earnable.” The Retirement Board has the authority to collect member contributions retroactively from all current and retired members on all new “compensation earnable” added by Ventura. SamCERA’s actuary estimated that the decision would increase pension benefits by \$16.2 million as of 6/30/2002 plus attorney fees. The increased pension benefits will be paid through the Ventura contingency reserve fund of \$32.1 million.

FINANCIAL INFORMATION

The Board of Supervisors, 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. Departments were directed to produce budgets reflecting reductions of 8% and up to 20% of their Net County Cost. In the June budget hearings, the Board eliminated 89 permanent positions through the budget process. The County’s takeover of the Burlingame Health Center resulted in an increase of 270 positions and another 20 positions were added for the Human Services Medi-Cal TeleCenter for an overall increase of 201 positions. Employee and Public Services was successful at placing most of the employees who occupied positions that were eliminated. The Board of Supervisors approved the Recommended FY 2003-04 and FY 2004-2005 budgets in June, with the understanding that interim steps might be necessary once the State budget was adopted or the State budget situation worsened.

The County’s Reserves Policy established minimum requirements for Departmental Reserves (2% of Net Appropriations, excepting Service Departments), General Fund Appropriation for Contingencies, Reserves for Countywide Capital Improvements, Reserves for Automation Projects, and 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 in this period of economic uncertainty. The State’s efforts to deal with the negative \$50 billion dollar budget swing have just begun. The County will maintain its fiscally conservative approach in anticipation of future negative fiscal impacts from the State’s deficit.

All of the County’s three-year labor contracts expired in FY 2002-03. Contract negotiations led by the Employee and Public Services Department produced four-year agreements with the major labor unions and increases of four percent in FY 2002-03, three percent in FY 2003-04 and FY 2004-05, and four percent in FY 2005-06. Substantial improvements to the retirement packages were also approved. The four-year contracts provide the County with stability in labor costs and help with longer term planning.

The primary fiscal agents for the County—the Board of Supervisors, County Manager, Controller, Assessor and Treasurer have made public access to financial information a priority. The County’s budget, Comprehensive Annual Financial Report (CAFR) and Popular Annual Financial Report (PAFR) are all available on the County website, www.co.sanmateo.ca.us. Residents can look up the assessed value of their property or pay their property taxes online. Board meetings (including budget hearings) air on Peninsula TV, a local access cable channel operated by a consortium of public agencies.

County management is responsible for establishing and maintaining a comprehensive internal control framework designed to ensure that the assets of the County are protected from loss, theft or misuse, and that accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control framework is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the likely benefits and (2) the evaluation of

costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

The County maintains budgetary controls with the objective of ensuring compliance with legal provisions embodied in the annual appropriated budget approved by the County's Board of Supervisors. Activities of the General Fund, certain special revenue, certain debt service and capital projects funds are included in the annual appropriated budget. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amounts) is maintained at the object level (i.e., Salaries & Benefits, Services & Supplies) for all budget units within the County. Any amendments or transfers of appropriations between object levels or between budget units within any department or fund must be authorized by the County Manager's office and 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 \$50,000 within a single budget unit as deemed necessary and appropriate. Any appropriations remaining in the department at the end of the fiscal year automatically lapse and are transferred to fund balance. The year-end fund balance, along with projected revenues, becomes available for appropriation the following year. An encumbrance accounting system is used to facilitate effective budgetary control. An encumbrance reserves a portion of an appropriation at the time a commitment is made to acquire goods or services. Open encumbrances are reported as reservations of fund balances at fiscal year-end and are re-appropriated as part of the following year's budget.

Debt Administration

The County has capital lease obligations under lease/purchase agreements for various County buildings and other properties. Recent lease/purchase agreements have been made with the JPFA, a joint exercise of powers agency organized in May 1993 (composed of the County of San Mateo and the Community Development Commission for the County of San Mateo) to assist the County in the financing of public capital improvements. Total outstanding obligations in the form of lease revenue bonds (backed by a pledge of revenues consisting of base rental payments payable by the County under the lease/purchase agreements) at June 30, 2003 were \$292,189,000.

Cash Management

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of earning interest through investments. Cash and investments for most County activities are included in the investment pool. Cash and investments managed separately from the investment pool include those of the SamCERA and JPFA. The investment pool also includes both voluntary and involuntary participation from entities external to the County reporting entity. State of California statutes require certain government entities and special districts to maintain their surplus cash with the County Treasurer.

California Government Code statutes and the County's investment policy govern the County's investment pool activity. The County's investment policy has the following objectives: safety, liquidity, yield and public trust. Those statutes and policy authorize the County Treasurer to invest in securities issued by the U.S. Government Treasury and its Agencies, certain corporate bonds and notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund (LAIF) and securities lending transactions. A Treasury Oversight Committee monitors and reviews the management of public funds maintained in the investment pool. The County pool investments returned an average gross yield of 3.65% during the fiscal year ended June 30, 2003. This compares with the average yield of 4.02% earned during the previous fiscal year.

Pension Trust Fund Operations

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.

The SamCERA Pension Trust Fund is governed by the Board of Retirement, and investments are managed by investment management advisory firms. The investment policy of the Board of Retirement is to pursue an investment strategy which (1) reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes and (2) adopts an asset allocation plan to guide the structure of the investment portfolio. The investment objective of the Board of Retirement, among others, is to generate portfolio returns that, over the long-term, exceed the rate of inflation by not less than 3.25% by generating market returns within each asset class.

SamCERA's latest asset allocation plan (as revised April 2000) specified an asset allocation target of 65% equities, 29% fixed income securities and 6% real estate. At June 30, 2003, actual asset allocation was 65% equities, 29% fixed income securities and 6% real estate. For FY2002-03, SamCERA's total plan return was 3.86% compared to a negative 3.3% for the

previous fiscal year. The positive total plan return may be attributed to SamCERA's fixed income and real estate portfolios, which provided positive returns throughout the fiscal year. The equity portfolio had another challenging year, but benefited from a strong market rally in the fourth quarter of the fiscal year.

Major changes occurred in June 2002 as the estimated aggregate County contribution rate increased from approximately 11.7% to approximately 18.7% for the new fiscal year. 64% of this increase is attributable to the granting of new retirement benefits to County employees in nine contributory pension plans, 19% is attributable to three-years of declining investment markets, and 17% is attributable to actuarial assumption changes such as improved life expectancy. The cumulative impact of these three factors caused the Funding Ratio of Actuarial Assets to Accrued Actuarial Liabilities to decline from 98.6% to 85.3% and caused the Unfunded Actuarial Accrued Liability (UAAL) to increase from \$19.5 million to \$243.7 million. The Board of Retirement adopted a new twenty-year schedule for the amortization of the UAAL, with full funding slated for June 30, 2022. As of June 30, 2003, the funding ratio of actuarial assets to accrued actuarial liabilities declined further to 76% and the UAAL increased further to \$427.6 million due to the continued effects of the above factors.

A Comprehensive Annual Financial Report is available from SamCERA at 100 Marine Parkway, Suite 125, Redwood Shores, California 94065 or via www.samcera.org.

Risk Management

The County maintains a comprehensive risk management program administered by a full-time professional risk manager and staff. The County is self-insured for property damage, general liability, workers' compensation, automobile liability, vision, dental and long-term disability insurance. Commercial insurance companies provide excess insurance coverage for property damage, earthquake, flood damage, general liability, workers' compensation, automobile liability and medical malpractice claims.

The County currently reports its risk management activities in its Workers' Compensation Insurance, Long-Term Disability, and Personal Injury and Property Damage Trust Funds (Internal Service Funds). A separate Employee Benefits Trust Fund is maintained to cover self-insured employee benefits programs.

The County's Risk Management office administers claims for the various programs, provides loss prevention services, and minimizes risks through various risk control strategies. County management believes that assets of the self-insurance funds together with the commercial insurance companies' coverage will be adequate to meet insurance claims as they come due.

In accordance with the California Government Code Section 24156, the County maintains a Program of Self-Insurance in lieu of official bonds for certain elective County officers (Assessor-County Clerk-Recorder, Coroner, District Attorney, Sheriff and Members of the Board of Supervisors) and a blanket bond of \$1.5 million each for the Treasurer-Tax Collector and the Controller.

OTHER INFORMATION

Independent Audit

The Charter of the County (Article VI Section 603) provides that the Board of Supervisors shall have an annual audit made by a certified public accountant and the auditor shall report on the County's financial transactions and records and the effectiveness of internal controls. The Board of Supervisors in consultation with the Grand Jury selected the firm of Macias, Gini & Company LLP to perform the FY 2002-03 audit. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of (1) the Federal Single Audit Amendments of 1996, (2) the related U.S. Office of Management and Budget's Circular A-133, (3) auditing standards generally accepted in the United States of America, and (4) the standards set forth in the General Accounting Office's *Government Auditing Standards* as used by the auditors in conducting the engagement. The independent auditor's report on the basic financial statements as well as combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws, regulations, contracts and grant agreements can be found in a separately issued single audit report.

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, 2002. 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 in the United States 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.

Acknowledgments

I wish to extend a special thanks to all the departments and agencies that contributed financial information to this report. It is my goal to publish financial information on a schedule that is more helpful to policy leaders and County managers. Without the cooperation of these professionals it would not be possible. I also wish to express my appreciation to the staff of the Controller's Office, especially Bob Adler, Lorna Uy, Tat-Ling Chow, Carol Marks, Susan Tumang, Irene Levintov, Rene Orbeta, Celia Bautista, Alana Pijuan-Tugadi and Jacqueline Chen-Lee whose hard work, professionalism and dedication are responsible for the preparation of this report. I wish to also thank the Grand Jury Auditors, Macias, Gini & Company LLP, and specifically Kevin O'Connell, Cynthia Pon, Linda Hurley, Kendra Gorrie, Annie Louie and Guian DelaCueva, for their extra efforts and assistance. 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,

A handwritten signature in cursive script, appearing to read "Tom Huening". The signature is written in black ink and is positioned above a thin horizontal line.

Tom Huening, CPA
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of San Mateo,
California

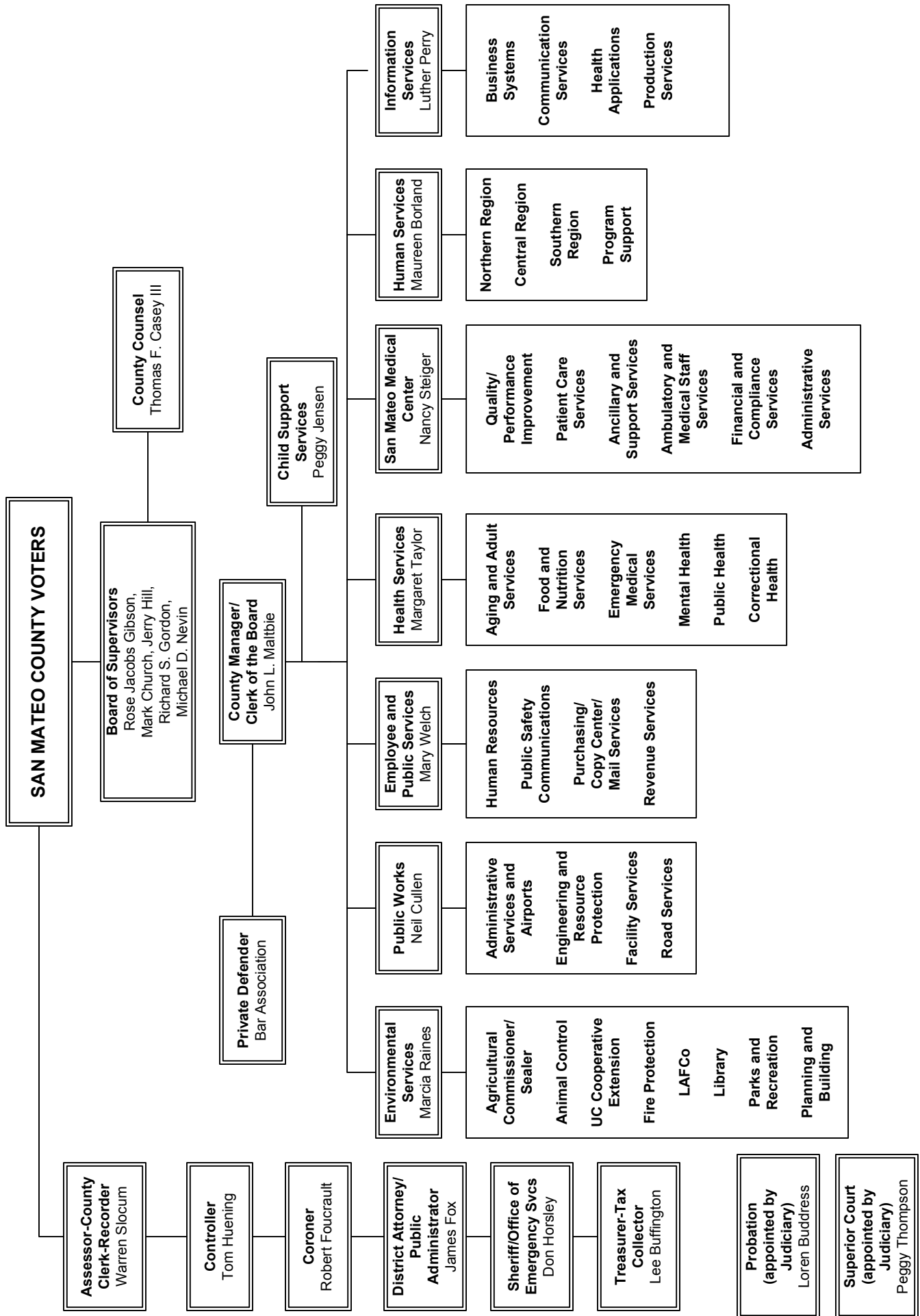
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

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



President

Executive Director



COUNTY OF SAN MATEO PUBLIC OFFICIALS

ELECTED OFFICIALS

June 30, 2003

Supervisor, District 4	Rose Jacobs Gibson, President
Supervisor, District 1	Mark Church
Supervisor, District 2	Jerry Hill
Supervisor, District 3	Richard S. Gordon
Supervisor, District 5	Michael D. Nevin
Assessor/Clerk/Recorder	Warren Slocum
Controller	Tom Huening
Coroner	Robert Foucrault
District Attorney/Public Administration	James Fox
Sheriff/Office of Emergency Services	Don Horsley
Treasurer/Tax Collector	Lee Buffington

APPOINTED OFFICIALS

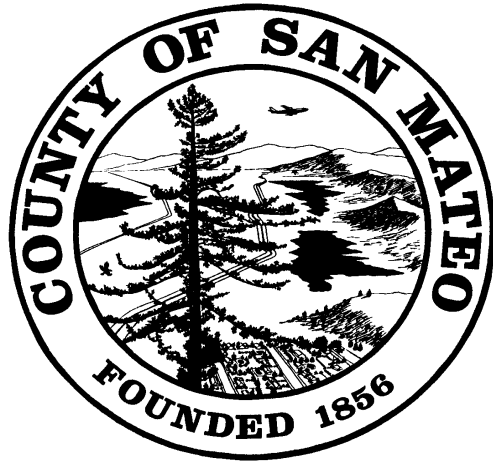
County Manager	John L. Maltbie
County Counsel	Thomas F. Casey III
County Probation Officer (<i>appointed by the Judiciary</i>)	Loren Buddress
Court Executive Officer/Jury Commissioner	Peggy Thompson
Private Defender (<i>appointed by the Bar Association</i>)	John Digiancinto
Release on Own Recognizance (<i>appointed by the Bar Association</i>)	Skip Duranczyk
Employee & Public Services Director	Mary Welch
Environmental Services Director	Marcia Raines
Health Services Director	Margaret Taylor
San Mateo Medical Center Director	Nancy Steiger
Human Services Director	Maureen Borland
Information Services Director	Luther Perry
Public Works Director	Neil Cullen
Child Support Services Director	Peggy Jensen

AFFILIATED ORGANIZATIONS

Administrator, San Mateo County Employees' Retirement Association	Sid McCausland
Manager, Housing Authority of San Mateo County	Frank Salmeron

(as of June 30, 2003)

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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**



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 (the County), as of and for the year ended June 30, 2003, 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 Housing Authority and the San Mateo Employees’ Retirement Association, which represent the following percentages of assets and revenues/additions as of and for the fiscal year ended June 30, 2003:

Opinion Unit	Assets	Revenues/ Additions
Business-type Activities	30.6%	38.5%
Each Major Enterprise Fund – San Mateo Housing Authority	100.0%	100.0%
Aggregate Remaining Fund Information	33.3%	3.5%

Those financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 of San Mateo, California, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the basic financial statements, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis, infrastructure assets reported using the modified approach, the budgetary comparison schedule – general fund and the schedule of funding progress are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an 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 and other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macias, Dini & Company LLP

Certified Public Accountants

Walnut Creek, California

December 12, 2003

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Management's Discussion and Analysis

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COUNTY OF SAN MATEO
Management's Discussion and Analysis
Required Supplementary Information

This section of the County of San Mateo's (County's) comprehensive annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2003. 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 2002-2003 fiscal year by \$612,499 (*net assets*). Of this amount, \$204,671 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors, \$87,257 is restricted for specific purpose (*restricted net assets*), and \$320,571 is invested in capital assets, net of related debt.
- The County's total net assets increased by \$29,878. Governmental activities increased the County's net assets by \$20,789 and business-type activities by \$9,089.
- As of June 30, 2003, the County's governmental funds reported combined ending fund balances of \$370,618, a decrease of \$4,107 in comparison with the prior year. Approximately 78% of this total amount, \$289,686, are *available* to meet the County's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$222,896, or 39% of total General Fund expenditures.
- The County's total long-term debt decreased by \$6,100 in comparison with the prior year. The decrease resulted primarily from the retirement of lease revenue bonds in an amount of \$5,062.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements are designed to 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 the San Mateo Medical Center (SMMC) that incorporated the Hospital and Community Clinics activities after the two merged operations in July 2002, Airports, Coyote Point Marina, and Housing Authority operations.

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. Examples are: the 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), formerly known as Children and Families First Commission, is reported as a discretely presented component unit because First 5 has some financial accountability to the County Board.

The government-wide financial statements can be found on pages 15-17 of this report.

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

Fund Financial Statements are groupings of related accounts that are 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. All of the funds of the County can be 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 18-21 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 SMMC, Airport, 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 trust, employee benefits trust, 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 the government-wide financial statements, only in more detail. The SMMC and Housing Authority operations are considered to be major funds of the County. 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 these 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 22-25 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 26-27 of this report.

Notes to the 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 28-55 of this report.

Required Supplementary Information is presented concerning the County's General Fund budgetary schedule, infrastructure assets reported using the modified approach, and the SamCERA pension schedules. The County adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. The SamCERA pension schedules have been provided to present SamCERA's progress in funding its obligation to provide pension benefits to County employees.

Required supplementary information can be found on pages 56-67 of this report.

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

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 68-114 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may over time serve as a useful indicator of the County's financial position. County assets exceeded liabilities by \$612,499 at June 30, 2003.

County's Net Assets

	Governmental Activities		Business-type Activities		Total		Variance (%)
	2003	2002	2003	2002	2003	2002	
Assets:							
Current and other assets	\$ 578,699	\$ 533,113	\$ 18,094	\$ 8,503	\$ 596,793	\$ 541,616	10.19
Capital assets	561,603	529,861	40,476	41,868	602,079	571,729	5.31
Total assets	1,140,302	1,062,974	58,570	50,371	1,198,872	1,113,345	7.68
Liabilities:							
Current and other liabilities	153,050	103,212	15,370	17,858	168,420	121,070	39.11
Long-term liabilities	404,763	362,873	13,190	8,515	417,953	371,388	12.54
Total liabilities	557,813	466,085	28,560	26,373	586,373	492,458	19.07
Net assets:							
Invested in capital assets, net of related debt	281,735	264,251	38,836	38,721	320,571	302,972	5.81
Restricted	84,038	73,545	3,219	2,638	87,257	76,183	14.54
Unrestricted	216,716	259,093	(12,045)	(17,361)	204,671	241,732	(15.33)
Total net assets	\$ 582,489	\$ 596,889	\$ 30,010	\$ 23,998	\$ 612,499	\$ 620,887	(1.35)

The changes in the County's net assets are summarized as follows:

- The County's total assets increased by \$85,527 (or 8%). The County received a \$62,616 cash collateral through its securities lending activity. This activity significantly increases the County's assets this year.
- The County's total liabilities increased by \$93,915 or (or 19%). Two major factors account for this increase:
 - With the \$62,616 cash collateral obtained through its securities lending activity, the County's liability increased correspondingly by the same amount.
 - The long-term liabilities increased by \$46,565. The increase is primarily due to the change in the method of computing the compensated absences liability. In prior years, the County treated the retirees' sick leave healthcare conversion benefits on a pay-as-you-go-basis and did not include retirees in its compensated absences liability computation. This year the County included the retirees' sick leave healthcare conversion benefits in its calculation of compensated absences liability.

The composition of the County's net assets can be summarized as follows:

- A portion of the County's net assets, 33%, is *unrestricted net assets* that may be used to meet the County's ongoing obligations to citizens and creditors.
- Another 52% 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, 15%, represents resources that are subject to external restrictions on how they may be used.

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

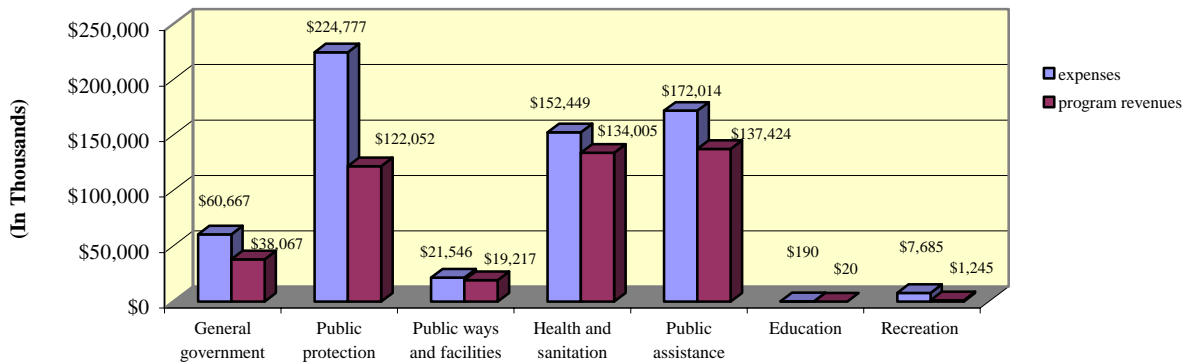
The County's net assets have increased by \$29,878 during the current fiscal year. This growth largely reflects rate increases in operating and capital grants, and investment earnings.

Governmental activities. Governmental activities increased the County's net assets by \$20,789, thereby accounting for 70% of the total growth in the net assets of the County. Reclassifications were made to the 2002 revenues and expenses to conform to the current year's presentation.

County's Change in Net Assets

	Governmental Activities		Business-type Activities		Total		Variance (%)
	2003	2002	2003	2002	2003	2002	
Revenues:							
Program revenues:							
Charges for services	\$ 108,204	\$ 100,255	\$ 72,148	\$ 77,154	\$ 180,352	\$ 177,409	1.66
Operating grants and contributions	343,808	347,463	102,962	83,099	446,770	430,562	3.76
Capital grants and contributions	18	17	5,839	-	5,857	17	34352.94
General revenues:							
Property taxes	141,582	139,879	-	-	141,582	139,879	1.22
Other taxes	23,444	23,141	-	-	23,444	23,141	1.31
Motor vehicle in-lieu taxes	49,785	46,295	-	-	49,785	46,295	7.54
Unrestricted interest and investment earnings	23,329	22,624	719	896	24,048	23,520	2.24
Security lending activities:							
Securities lending income	588	-	31	-	619	-	-
Securities lending expenses	(525)	-	(27)	-	(552)	-	-
Miscellaneous	13,890	16,574	849	10,059	14,739	26,633	(44.66)
Total revenues	704,123	696,248	182,521	171,208	886,644	867,456	2.21
Expenses:							
General government	60,667	64,940	-	-	60,667	64,940	(6.58)
Public protection	224,777	210,969	-	-	224,777	210,969	6.55
Public way and facilities	21,546	24,925	-	-	21,546	24,925	(13.56)
Health and sanitation	152,449	151,538	-	-	152,449	151,538	0.60
Public assistance	172,014	167,864	-	-	172,014	167,864	2.47
Education	190	194	-	-	190	194	(2.06)
Recreation	7,685	8,007	-	-	7,685	8,007	(4.02)
Interest on long-term liabilities	14,603	14,677	-	-	14,603	14,677	(0.50)
San Mateo Medical Center	-	-	131,243	142,399	131,243	142,399	(7.83)
Airports	-	-	1,744	1,525	1,744	1,525	14.36
Coyote Point Marina	-	-	1,153	1,027	1,153	1,027	12.27
Housing Authority	-	-	68,695	48,314	68,695	48,314	42.18
Total expenses	653,931	643,114	202,835	193,265	856,766	836,379	2.44
Change in net assets before special items and transfers							
Special items	50,192	53,134	(20,314)	(22,057)	29,878	31,077	(3.86)
Transfers	-	(1,598)	-	(11,445)	-	(13,043)	(100.00)
Transfers	(29,403)	(12,225)	29,403	12,225	-	-	-
Change in net assets	20,789	39,311	9,089	(21,277)	29,878	18,034	65.68
Net assets - July 1, as restated	561,700	557,578	20,921	45,275	582,621	602,853	(3.36)
Net assets - June 30	\$ 582,489	\$ 596,889	\$ 30,010	\$ 23,998	\$ 612,499	\$ 620,887	(1.35)

Expenses and Program Revenues – Governmental Activities



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

Key elements of the increase/decrease in revenues for governmental activities are as follows:

- Charges for services increased by \$7,949 or 8%. The majority of this increase was caused by the following:
 - Public Works performed a higher level of reimbursable work to other County departments and other governmental agencies, resulting in revenue increase of \$2,770.
 - The recording fees and supplemental tax administrative fees increased by \$1,304 during the current fiscal year. The increase is attributed to rising home sales and supplemental assessment activity resulting from low mortgage interest rates.
 - A new contract to provide security services between the Sheriff's Office and CalTrain and San Mateo County Transit resulted in revenue increase of \$863.
 - Document recording fees increased by \$475 due to an increase in construction and refinancing of homes in the County.
 - Other immaterial fluctuations account for the balance of the change.
- Property taxes increased by \$1,703 or 1%. This increase was primarily due to increased home sales and higher assessments.
- Motor vehicle in-lieu taxes increased by \$3,490 or 8% in consequence of increased number of identification renewals for off-highway vehicles.
- Unrestricted interest and investment earnings increased by \$705 or 3%. This increase is mainly due to increases in investment income because of higher interest earnings from the County's investment pool.
- Miscellaneous revenues decreased by \$2,684 or 16%. This decrease was mainly due to the following:
 - The Youth and Families Services and Public Health Services realized a lesser amount of revenues, \$1,043 and \$448 respectively, from miscellaneous reimbursements this year.
 - In FY 2001-02, the Board authorized a one-time unemployment insurance premium refund of \$1,500 to departments eligible for receiving the excess contribution. Out of the \$1,500, the General Fund departments received a total of \$1,066 refund. As a result, the insurance recoveries and refunds of this year were much lower, showing a net decrease of \$1,053.

Key elements of the increase/decrease in expenses for governmental activities are as follows:

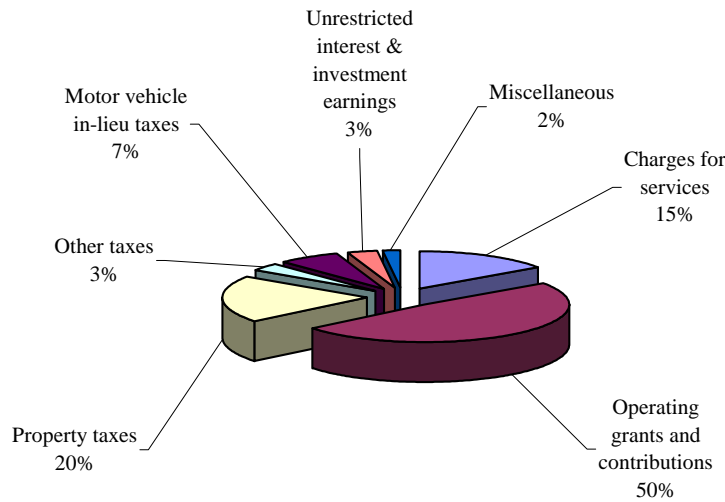
- General government expenses decreased by \$4,273 or 7%. The majority of this decrease was caused by the following:
 - Spending on the e-Government project that provides County services over the web decreased by \$2,140. Higher spending was incurred in the prior year as the project was still under development. The Information Services Department completed the e-Government project in the current year.
 - In FY 2001-02, the County dissolved the East Palo Alto County Waterworks District (EPACWD). The ownership of the EPACWD was transferred to the cities of East Palo Alto and Menlo Park, and the fund balance of the EPACWD was distributed between these two cities at a ratio of 90% and 10%, respectively. The transfer of fund resources resulted in a \$1,953 disbursement in the prior fiscal year.
 - In the current fiscal year, the Election Office conducted only one major election versus two in the prior year. This resulted in a \$677 cost savings of services and supplies in the Election Office.
- Public protection expenses increased by \$13,808 or 7%. Key factors accounting for this increase were as follows:
 - Increase in salaries and benefits as negotiated for deputies and staff as well as actions taken to address security concerns resulted in increased spending of \$3,253 in the Sheriff's Office.
 - Negotiated increases in salaries and benefits plus inflationary increases in various services and supplies attributed to increased spending of \$3,129 in the Probation Department.
 - Higher public safety services spending in various departments/divisions, including fire protection, county district attorney, county coroner, county corrections, planning and building, accounted for the remaining increases.

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

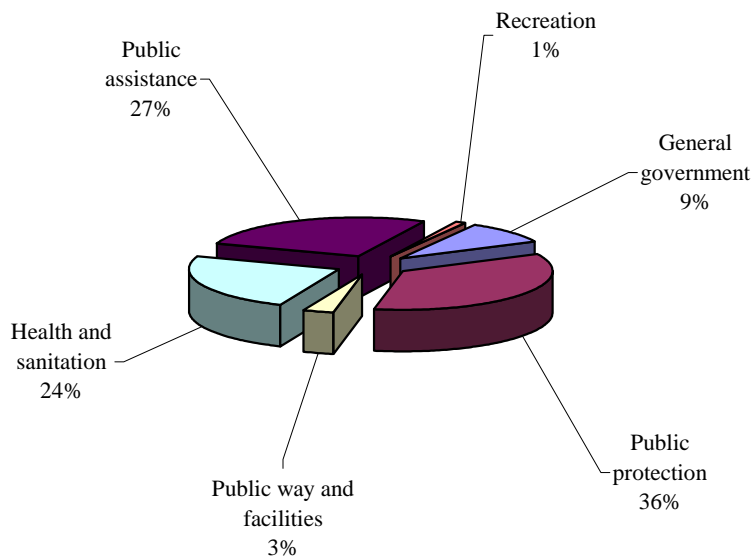
- Public way and facilities expenses decreased by \$3,379 or 14%. Elements contributed to this decrease were as follows:
 - The majority of this decrease was caused by reduced activities for public ways and facilities in the Road Fund. The overall reduced spending aggregated to \$2,131 including \$1,788 for reconstruction/resurfacing and other repair work on roads, \$209 for professional and contractual service costs, \$23 for equipment and facilities maintenance, and \$107 for various services and supplies outlay.
 - Other immaterial decreases in other special revenue funds administrated by the Public Works Department accounted for the balance of the change.
- Public assistance expenses increased by \$4,150 or 2%. The majority of this increase was caused by higher costs for foster care placement, general assistance, interim aid, CALWORKS, Welfare to Work training, and Proposition 36 substance abuse treatment.

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

Revenues by Source - Governmental Activities



Expenses by Function/Program – Governmental Activities



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

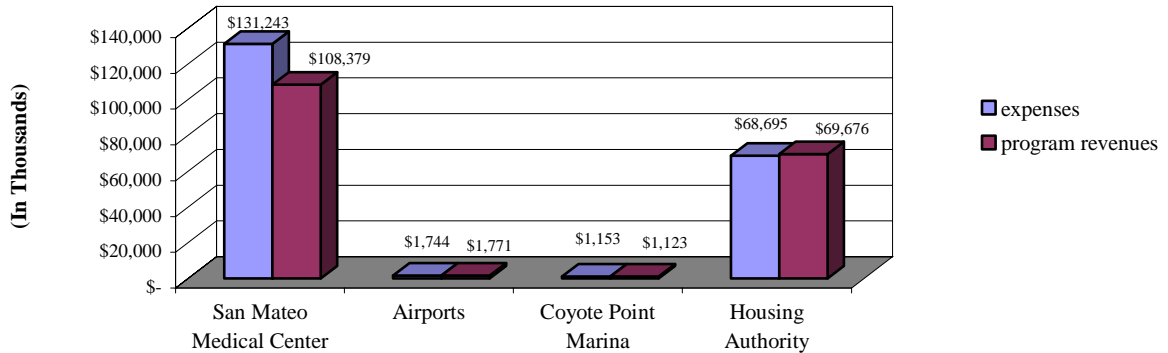
Key elements of the increases in transfers out for governmental activities are as follows:

During the current fiscal year, transfers out increased by \$17,178 or 140%. On account of reduced funding from the federal and State governments, the County's General Fund provided an additional \$14,119 subvention to the SMMC compared to the prior fiscal year.

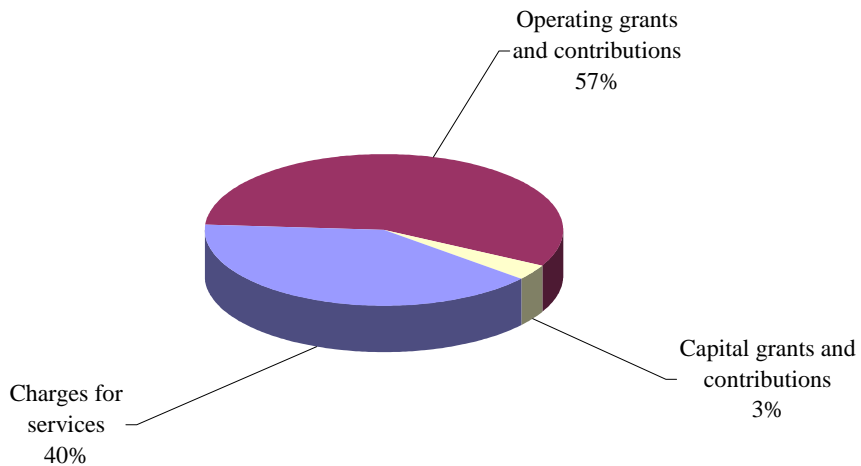
Business-type activities. Business-type activities increased the County's net assets by \$9,089. Key elements accounting for the increases or decreases in revenues and expenses are as follows:

- *San Mateo Medical Center.* This year the SMMC's expenses decreased by \$11,156 (or 8%). The reduction is a result of a reorganization which reduced inter-agency revenues and expenses in the amount of \$12,100.
- *Housing Authority.* In the current fiscal year, operating grants and contributions received by the Housing Authority increased by \$20,400 or 42%, primarily due to 100% of housing unit rented in the Section 8 Vouchers Program. The housing assistance payments thus increased by \$19,400 or 46%, and which is the major factor accounting for the \$19,863 (or 24%) increase in the operating grants and contributions of the business-type activities.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



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

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government functions are contained in the General, special revenue, debt service, and capital projects fund. Included in these funds are the special districts governed by the Board of Supervisors. 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* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of June 30, 2003, the County's governmental funds reported combined ending fund balances of \$370,618, a decrease of \$4,107 in comparison with the prior year. Approximately 78% of this total amount or \$289,686 constitute *unreserved fund balance*, which is available to meet the County's current and future needs. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has been committed (1) to pay debt service (\$34,505), (2) to reflect inventories and the amount due from other funds that are long-term in nature and thus do not represent available spendable resources (\$8,468), and (3) to liquidate contractual commitments (\$19,042), and (4) to pay for capital projects (\$18,917).

The General Fund is the chief operating fund of the County. At June 30, 2003, unreserved fund balance of the General Fund was \$222,896 while total fund balance reached \$239,269. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 39% of total fund expenditures, while total fund balance represents 42% of that same amount. The fund balance of the County's General Fund increased by \$15,651 during the current fiscal year.

The following provides an explanation of revenues by source that changed significantly over the prior year:

Revenues Classified by Source - General Fund

Revenues by Source	FY 2003		FY 2002		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 155,458	24.45	\$ 153,643	23.85	\$ 1,815	1.18
Licenses and permits	3,901	0.61	3,815	0.59	86	2.25
Use of money and property	17,507	2.75	15,093	2.34	2,414	15.99
Intergovernmental	360,540	56.71	371,136	57.61	(10,596)	(2.86)
Charges for services	77,040	12.12	75,898	11.78	1,142	1.50
Fines, forfeitures, and penalties	7,744	1.22	7,939	1.23	(195)	(2.46)
Other	13,605	2.14	16,657	2.59	(3,052)	(18.32)
Total	\$ 635,795	100.00	\$ 644,181	100.00	\$ (8,386)	(1.30)

- Taxes increased by \$1,815 or 1%. This increase was mainly due to additional assessments by the Assessor's Office based on reappraisals of real property due to changes in ownership or completion of new construction.
- Use of money and property increased by \$2,414 or 16%. This increase is mainly due to increase in investment income because of higher interest earnings from the County's investment pool. In addition, a hiring freeze was in place for the entire fiscal year, generating additional interest income from savings from unspent appropriations.
- Intergovernmental revenues decreased by \$10,596 or 3%. The majority of the decrease was due to the following:
 - In FY 2002-03, State allocated a lesser amount of its receipt from Proposition 172, a measure that devotes ½ cent sales tax to law enforcement, to the County. Consequently, the Sheriff's Office received a \$1,985 less and the Probation Department a \$2,160 less funding from Proposition 172.
 - State funding for mental health services decreased by \$2,491. In the prior year, Mental Health received a \$3,478 state-mandated cost reimbursement compared to none this year as the State decided to defer cost reimbursement to counties.
 - Other immaterial decreases account for the balance of the change.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
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- Charges for Services increased by \$1,142 or 2%. The majority of this increase was accounted for as follows:
 - During the current fiscal year, the Sheriff's Office, as part of a new contract, was providing security services to CalTrain and San Mateo County Transit District, which resulted in revenue increase of \$863.
 - Document recording fees increased by \$475 due to an increase in construction and refinancing of homes and higher supplemental tax fees revenue due to increased home sales and supplemental assessment activity in the County.
- Other revenues decreased by \$3,052 or 18%. This decrease was primarily due to the following:
 - The Youth and Families Services and Public Health Services realized a lesser amount of revenues, \$1,043 and \$448 respectively, from miscellaneous reimbursements this year.
 - In FY 2001-02, the Board authorized a one-time unemployment insurance premium refund of \$1,500 to departments eligible to receiving the excess contribution. Out of the \$1,500, General Fund departments received a \$1,066 refund. As a result, the insurance recoveries and refunds of this year showed a net decrease of \$1,053.

The following provides an explanation of expenditures by function that changed significantly over the prior year:

Expenditures by Function - General Fund

Expenditures by Function	FY 2003		FY 2002		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 49,842	8.81	\$ 51,481	8.91	\$ (1,639)	(3.18)
Public protection	208,833	36.91	197,558	34.68	11,275	5.71
Health and sanitation	127,146	22.47	129,005	24.11	(1,859)	(1.44)
Public assistance	170,225	30.09	164,977	30.25	5,248	3.18
Education	192	0.03	197	0.04	(5)	(2.54)
Recreation	7,018	1.24	7,238	1.32	(220)	(3.04)
Capital outlay	2,337	0.41	2,930	0.56	(593)	(20.24)
Debt service - principal retirement	143	0.03	684	0.12	(541)	(79.09)
Debt service - interest charges	15	0.00	42	0.01	(27)	(64.29)
Total	\$ 565,751	100.00	\$ 554,112	100.00	\$ 11,639	2.10

- General government expenditures decreased by \$1,639 or 3%. The decrease was primarily due to a \$2,140 decreased spending on the e-Government project that provides County services over the web. The Information Services Department completed the e-Government project in the current year. Higher spending was incurred in the prior year as the project was still under development.
- Public protection expenditures increased by \$11,275 or 6%. Key factors accounting for this increase were as follows:
 - Increase in salaries and benefits for deputies and staff as negotiated as well as actions taken to address security concerns resulted in increased spending of \$3,253 in the Sheriff's Office.
 - Negotiated increases in salaries and benefits plus inflationary increases in various services and supplies attributed to increased spending of \$3,129 in the Probation Department.
 - Higher public safety services spending in various departments/divisions, including fire protection, county district attorney, county coroner, county corrections, planning and building accounted for the remaining increases.
- Health and sanitary expenditures decreased by \$1,859 or 1%. In FY 2001-02, an incentive payment of \$1,540 was made out of a Child Welfare Program administered by the General Fund to promote health and sanitary awareness for minors. This transaction accounted for an 83% decrease in health and sanitary expenditures this year.
- Public assistance expenditures increased by \$5,248 or 3%. The majority of this increase was caused by higher costs for foster care placement, general assistance, interim aid, CALWORKs, Welfare to Work training, and Proposition 36 substance abuse treatment.
- Debt service expenditures decreased by \$568 or 78%. The reduction in debt payments was principally due to the final payment of a long-term capital lease liability for the upgrade of the County's telephone system infrastructure in the prior year.

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

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 (deficits) amounted to (\$16,681) for the SMMC and \$1,494 for the Housing Authority at June 30, 2003. The total increases in net assets for these funds were \$6,341 and \$1,561. 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 2003 exceeded its original budget by \$11,657 or 1.36%. The key elements of the difference between the original and final budget are listed below:

- \$7,510 unanticipated revenues from federal and State grants applied at different times for the Disproportionate Share Hospital Payments program (\$3,289), Sheriff's Office records management system (\$2,381), various aging programs (\$413), substance abuse and mental health services administration (\$337), AIDS program (\$297), child support incentive program (\$250), pest detection program (\$244), countywide emergency preparedness project (\$235), and other programs (\$64).
- \$3,658 unanticipated revenues from the micro-graphic conversion funding (\$1,587), election service charges (\$796), document recording fees (\$631), legal counseling service charges (\$190), rental charges for various facilities leased to the courts \$(156), supplemental tax administrative fees (\$133), and other services (\$165).
- \$972 donations from the Peninsula Community Foundation and First 5 for the children's health initiative programs (\$772), Robert Wood Johnson Foundation for the health education (\$110), Lucille Packard Foundation for the children's health program (\$67), and San Mateo County Parks and Recreation Foundation for the parks and recreation activities (\$23).
- \$616 additional funding from the Governor's 25% discretionary fund.
- \$331 contribution from the non-General Fund reserves to cover additional contract costs and lease payments.
- \$1,430 reduction in appropriation. The reduction included \$355 adjustment to the anticipated revenue from Proposition 172, \$1,000 transfer of appropriation to the SMMC as financial assistance, and \$75 to the Parks Acquisition capital project fund for land acquisition.

During the year, General Fund revenues and expenditures were less than budgetary estimates. Actual revenues were \$9,710 lower than estimates. While tax as well as use of money and property revenues exceeded their estimates, intergovernmental revenues (federal and State revenues) came in lower than estimates. Actual expenditures were \$268,911 lower than the final budgetary appropriations. The bulk of these cost savings resulted from the unspent appropriations of (a) \$117,982 in contingency reserves, (b) \$39,089 in salaries and benefits due to the hiring freeze, (c) \$67,712 in services & supplies and (d) \$37,329 in other charges for government programs including general government, public protection, health and sanitation, public assistance, and recreation. These savings eliminated the need to draw upon 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, 2003 amounted to \$602,079 (net of accumulated depreciation). This investment in capital assets includes land and easements, infrastructure, construction in progress, structures and improvements, and equipment. The total increase in the County's investment in capital assets for the current period was 5% (a 6% increase for governmental activities and a 3% decrease for business-type activities).

County's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total		Variance (%)
	2003	2002	2003	2002	2003	2002	
Land and easements	\$ 58,220	\$ 58,020	\$ 10,147	\$ 10,147	\$ 68,367	\$ 68,167	0.29
Infrastructure	94,138	85,707	-	-	94,138	85,707	9.84
Construction in progress	42,450	88,921	-	278	42,450	89,199	(52.41)
Structures & improvements	352,530	281,458	23,836	24,621	376,366	306,079	22.96
Equipment	14,265	15,755	6,493	6,822	20,758	22,577	(8.06)
Total	\$ 561,603	\$ 529,861	\$ 40,476	\$ 41,868	\$ 602,079	\$ 571,729	5.31

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
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Major capital asset transactions/events during the current fiscal year included the following:

- During the year, the Health Center construction that was administered by the JPFA was completed and fully occupied as of December 31, 2002. Construction in progress in the amount of \$40,452 was transferred to structures and improvements.
- Construction in progress for governmental activities decreased by \$46,471 or 52%. Additional costs were incurred for various projects in progress amounting to \$35,639. During the year, the Health Center construction was completed as discussed above. In addition, two projects under the 2001 Capital Projects, namely, forensics laboratory and mutual aid communications system, were completed in January 2003 and their costs of \$17,596 and \$9,516 were transferred to structures and improvements.
- The commitments outstanding as of June 30, 2003 amounted to \$17,049 for the Colma Creek Flood Control System and \$1,963 for the Sheriff's radio system.

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB Statement No. 34. The County has elected to use the modified approach for infrastructure to report its pavement subsystem of the road network of \$67,237. The infrastructure assets reported under the modified approach are not subject to depreciation per GASB Statement No. 34. The remaining networks and other road network subsystems use the depreciation method of reporting. These networks and subsystems are being evaluated for the appropriateness and feasibility of conversion to the modified approach in future periods.

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. The County's policy is to maintain at least 75% of its primary maintained road system (roads with structural sections) at a PCI of 55 or higher and the secondary maintained road subsystem (roads without structural sections) at a PCI of 40 or higher. Condition assessments are determined every three years.

At June 30, 2003, the County's maintained pavement subsystem was rated at a PCI of 76 on the average for the primary roads and 54 for secondary roads.

For the year ended June 30, 2003, the actual maintenance and preservation costs of \$6,615 were more than the estimated amount by \$215 or 3%.

Additional information on the County's capital assets can be found in Note 7 on pages 44-45 of this report.

Long-term debt. At June 30, 2003, the County had total debt outstanding of \$294,275. Of this amount, \$277,234 comprised of lease revenue bonds, \$14,955 of certificates of participation, \$1,838 of notes payable, and \$248 of capital lease obligations.

County's Outstanding Debt
Lease Revenue Bonds, Certificates of Participation, Notes Payable and Capital Lease Obligations

	Governmental Activities		Business-type Activities		Total		Variance (%)
	2003	2002	2003	2002	2003	2002	
Lease revenue bonds (including accreted interest)	\$ 277,234	\$ 282,296	\$ -	\$ -	\$ 277,234	\$ 282,296	(1.79)
Certificates of participation	14,955	15,175	-	-	14,955	15,175	(1.45)
Notes payable	315	353	1,523	1,645	1,838	1,998	(8.01)
Capital lease obligations	131	251	117	655	248	906	(72.63)
Total	\$ 292,635	\$ 298,075	\$ 1,640	\$ 2,300	\$ 294,275	\$ 300,375	(2.03)

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
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During the current fiscal year, the County's total debt decreased by \$6,100 (or 2%). The decrease was due to retirement of debt as scheduled in the financing agreements. The County's Ordinance No. 3773 limits the County annual debt service to 4% of the average annual County budget for the current and the preceding four fiscal years. This fiscal year's debt service limit is \$38,019. The amount of debt subject to the debt service limit is \$19,969, which is \$18,050 less than authorized.

Additional information on the County's long-term debt can be found in Note 9 on page 47-50 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

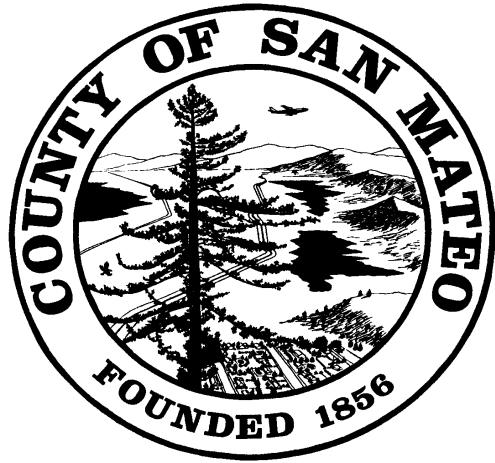
- San Mateo County faces a third consecutive year of recession. The "Dot.Com Bust", terrorism, war and recently the Asian SARS health scare have taken their toll on the County's economy. Since 2001, the County has lost 12,800 jobs. The unemployment rate has tripled to 5.2%. The County's largest employer, United Airlines, has reduced its workforce at San Francisco International Airport (SFO) by 4,000 jobs and filed for bankruptcy protection.
- Most economists and business leaders are not predicting major improvement in the local economy next year. Some, however, are predicting a bottoming out of the downturn. Under these circumstances, the County must maximize all local revenue sources, utilize its reserves, increase productivity and reduce services.
- Expenditures of the recommended budget for FY 2003-04 are \$1.2 billion, representing a 2.4% decrease from the prior year. Expenditures of the recommended budget for FY 2004-05 are \$1.15 billion, a further decrease of 4%. The FY 2003-04 recommended budget expenditures include \$22.7 million negotiated increases for salaries, retirement benefits (\$23.5 million) and employee health and dental costs (\$4.2 million).
- Revenues of the recommended budget for FY 2003-04 anticipate a loss of \$35.6 million in inter-governmental revenue that will be partially offset by a \$7 million increase in taxes, \$7.8 million in charges for services, \$1.1 million in licenses, permits and franchise fees, and \$1.1 million in use of money and property. For FY 2003-04, inter-governmental revenue represents 43% of total County revenue. The County receives revenue from the State for over 50 State/County programs. State revenue should reimburse the County for all costs including both increased costs of services and caseload growth. When the State reduces payments, the County is required to bear a greater portion of program costs or reduce services. For example, payments to the SMMC have remained fixed for 4 years while the cost of providing services has risen.
- Pursuant to the Board's direction, departments were asked to reduce their Net County Costs (NCC) by 8% to 20% for the FY 2003-04 Recommended Budget. Where feasible, departments have raised fees to fully recover costs for services. Charges for services in the FY 2003-04 Recommended Budget will go up by \$7.8 million. However, in most departments revenue from higher fees is not sufficient to meet NCC targets. As a result, the Recommended Budget proposes expenditure reductions in many departments. These reductions are in addition to those made last year to balance the budget. Every effort has been made to maintain critical health and safety programs as well as "safety net" services for our most vulnerable populations. Most prevention services have been maintained at current levels. Overall a net of 103 positions will be eliminated. Depending on the number of retirements this summer, as many as 30 employees could be laid off.
- In December 2003, the State repealed the vehicle license fee that provides financial support to counties and local governments. The County is expecting a loss in revenues of \$45 million that will affect various County programs. At this time, the State has not identified or approved any financial relief to offset this loss.

All of these factors were considered in preparing the County's budget for FY 2003-04.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$222,896. The County has appropriated the full amount of spending in the 2004 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.



Basic Financial Statements -
Government-Wide Financial Statements

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COUNTY OF SAN MATEO
Statement of Net Assets
June 30, 2003
(Dollars in Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash and investments	\$ 352,275	\$ 14,807	\$ 367,082	\$ 32,363
Restricted cash and investments	31,322	-	31,322	-
Securities lending collateral	60,089	2,527	62,616	5,524
Receivables (net)	57,200	13,875	71,075	644
Due from other governmental agencies	51,673	9,568	61,241	1,699
Inventories	560	466	1,026	-
Other assets	716	894	1,610	277
Internal balances	24,043	(24,043)	-	-
Receivable from external parties	821	-	821	-
Capital assets:				
Nondepreciable	167,907	10,147	178,054	-
Depreciable, net	393,696	30,329	424,025	-
Total assets	<u>\$ 1,140,302</u>	<u>\$ 58,570</u>	<u>\$ 1,198,872</u>	<u>\$ 40,507</u>
Liabilities:				
Accounts payable	\$ 20,666	\$ 5,673	\$ 26,339	\$ 547
Accrued interest payable	6,656	-	6,656	13
Accrued salaries and benefits	8,188	2,017	10,205	-
Accrued liabilities	-	1,238	1,238	-
Securities lending collateral - due to borrowers	60,089	2,527	62,616	5,524
Due to other governmental agencies	31,221	3,368	34,589	-
Deferred revenue	26,124	408	26,532	-
Deposits	106	139	245	-
Compensated absences:				
Due within one year	25,987	5,880	31,867	22
Due beyond one year	53,557	5,040	58,597	9
Estimated claims:				
Due within one year	11,929	-	11,929	-
Due beyond one year	20,315	630	20,945	-
Long-term liabilities:				
Due within one year	7,491	175	7,666	-
Due beyond one year	285,484	1,465	286,949	-
Total liabilities	<u>557,813</u>	<u>28,560</u>	<u>586,373</u>	<u>6,115</u>
Net Assets:				
Invested in capital assets, net of related debt	281,735	38,836	320,571	-
Restricted for:				
Debt service	34,505	-	34,505	-
Other purposes	49,533	3,219	52,752	224
Unrestricted	216,716	(12,045)	204,671	34,168
Total net assets	<u>582,489</u>	<u>30,010</u>	<u>612,499</u>	<u>34,392</u>
 Total liabilities and net assets	 <u>\$ 1,140,302</u>	 <u>\$ 58,570</u>	 <u>\$ 1,198,872</u>	 <u>\$ 40,507</u>

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

COUNTY OF SAN MATEO
Statement of Activities
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
<u>Functions/Programs:</u>				
Primary government				
Governmental activities:				
General government	\$ 60,667	\$ 30,544	\$ 7,505	\$ 18
Public protection	224,777	24,441	97,611	-
Public ways and facilities	21,546	3,812	15,405	-
Health and sanitation	152,449	42,777	91,228	-
Public assistance	172,014	5,406	132,018	-
Education	190	-	20	-
Recreation	7,685	1,224	21	-
Interest on long-term debt	14,603	-	-	-
Total governmental activities	653,931	108,204	343,808	18
Business-type activities:				
San Mateo Medical Center	131,243	67,948	34,592	5,839
Airports	1,744	1,768	3	-
Coyote Point Marina	1,153	1,123	-	-
Housing Authority	68,695	1,309	68,367	-
Total business-type activities	202,835	72,148	102,962	5,839
Total primary government	\$ 856,766	\$ 180,352	\$ 446,770	\$ 5,857
Component unit:				
First 5 San Mateo County	\$ 8,279	\$ -	\$ 9,759	\$ -

General revenues:

- Taxes:
 - Property taxes
 - Property transfer taxes
 - Sales and use taxes
 - Transient occupancy taxes
 - Aircraft 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, as previously reported
- 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, 2003
(Dollars in Thousands)

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			
Governmental Activities	Business- type Activities	Total	Component Unit
\$ (22,600)	\$ -	\$ (22,600)	\$ -
(102,725)	-	(102,725)	-
(2,329)	-	(2,329)	-
(18,444)	-	(18,444)	-
(34,590)	-	(34,590)	-
(170)	-	(170)	-
(6,440)	-	(6,440)	-
(14,603)	-	(14,603)	-
<u>(201,901)</u>	<u>-</u>	<u>(201,901)</u>	<u>-</u>
-	(22,864)	(22,864)	-
-	27	27	-
-	(30)	(30)	-
-	981	981	-
<u>-</u>	<u>(21,886)</u>	<u>(21,886)</u>	<u>-</u>
<u>(201,901)</u>	<u>(21,886)</u>	<u>(223,787)</u>	<u>-</u>
			<u>1,480</u>
141,582	-	141,582	-
5,849	-	5,849	-
15,882	-	15,882	-
590	-	590	-
1,123	-	1,123	-
49,785	-	49,785	-
23,329	719	24,048	1,527
588	31	619	68
(525)	(27)	(552)	(61)
13,890	849	14,739	-
<u>(29,403)</u>	<u>29,403</u>	<u>-</u>	<u>-</u>
<u>222,690</u>	<u>30,975</u>	<u>253,665</u>	<u>1,534</u>
<u>20,789</u>	<u>9,089</u>	<u>29,878</u>	<u>3,014</u>
596,889	23,998	620,887	31,378
(35,189)	(3,077)	(38,266)	-
<u>561,700</u>	<u>20,921</u>	<u>582,621</u>	<u>31,378</u>
<u>\$ 582,489</u>	<u>\$ 30,010</u>	<u>\$ 612,499</u>	<u>\$ 34,392</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 debt
- 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

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Basic Financial Statements -

Fund Financial Statements

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COUNTY OF SAN MATEO
Balance Sheet
Governmental Funds
June 30, 2003
(Dollars in Thousands)

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
Assets:				
Cash and investments	\$ 229,235	\$ -	\$ 94,938	\$ 324,173
Restricted cash and investments	-	31,322	-	31,322
Securities lending collateral	39,089	-	16,204	55,293
Receivables (net):				
Accounts	11,242	-	22	11,264
Interest	3,240	321	754	4,315
Taxes	16,086	-	1,231	17,317
Other	23,638	-	238	23,876
Due from other funds	15,778	-	6,680	22,458
Due from other governmental agencies	51,064	-	609	51,673
Inventories	104	-	362	466
Other assets	51	-	6	57
Advances to other funds	4,995	-	3,007	8,002
Total assets	<u>\$ 394,522</u>	<u>\$ 31,643</u>	<u>\$ 124,051</u>	<u>\$ 550,216</u>
Liabilities:				
Accounts payable	\$ 15,399	\$ 60	\$ 4,459	\$ 19,918
Accrued salaries and benefits	7,816	-	187	8,003
Securities lending collateral - due to borrowers	39,089	-	16,204	55,293
Due to other funds	949	-	1,790	2,739
Due to other governmental agencies	31,221	-	-	31,221
Advances from other funds	3,000	-	7	3,007
Deferred revenue	57,769	-	1,637	59,406
Deposits	10	-	1	11
Total liabilities	<u>155,253</u>	<u>60</u>	<u>24,285</u>	<u>179,598</u>
Fund Balances:				
Reserved for:				
Encumbrances	11,274	-	7,768	19,042
Debt service	-	12,666	21,839	34,505
Inventories and advances	5,099	-	3,369	8,468
Capital projects	-	18,917	-	18,917
Unreserved, reported in				
General fund				
Undesignated	222,896	-	-	222,896
Special revenue funds:				
Designated	-	-	13,391	13,391
Undesignated	-	-	46,624	46,624
Capital projects funds:				
Designated	-	-	3,735	3,735
Undesignated	-	-	3,040	3,040
Total fund balances	<u>239,269</u>	<u>31,583</u>	<u>99,766</u>	<u>370,618</u>
Total liabilities and fund balances	<u>\$ 394,522</u>	<u>\$ 31,643</u>	<u>\$ 124,051</u>	<u>\$ 550,216</u>

The notes to the 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 - Governmental Activities
June 30, 2003
(Dollars in Thousands)

Fund balances - total governmental funds (page 18) \$ 370,618

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. 659

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 556,731

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. 33,282

Internal service funds are used by management to charge the costs of management of fleet maintenance, tower road construction, worker's 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. 22

Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds. (6,654)

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 \$137	(277,234)	
Certificates of participation	(14,955)	
Notes payable	(315)	
Capital leases	(131)	
Compensated absences	(79,194)	
State settlement	(340)	
	(372,169)	(372,169)

Net assets of governmental activities (page 15) \$ 582,489

The notes to the 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, 2003
(Dollars in Thousands)

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Taxes	\$ 155,458	\$ -	\$ 11,259	\$ 166,717
Licenses and permits	3,901	-	4,405	8,306
Use of money and property	17,507	1,316	4,349	23,172
Intergovernmental	360,540	3,181	29,354	393,075
Charges for services	77,040	-	13,031	90,071
Fines, forfeitures and penalties	7,744	-	1,045	8,789
Other	13,605	118	1,037	14,760
Total revenues	<u>635,795</u>	<u>4,615</u>	<u>64,480</u>	<u>704,890</u>
Expenditures:				
Current:				
General government	49,842	389	2,903	53,134
Public protection	208,833	-	6,827	215,660
Public ways and facilities	-	-	22,606	22,606
Health and sanitation	127,146	-	21,217	148,363
Public assistance	170,225	-	-	170,225
Education	192	-	-	192
Recreation	7,018	-	-	7,018
Capital outlay	2,337	20,576	19,256	42,169
Debt service:				
Principal	143	5,282	15	5,440
Interest	15	14,686	6	14,707
Total expenditures	<u>565,751</u>	<u>40,933</u>	<u>72,830</u>	<u>679,514</u>
Excess (deficiency) of revenues over (under) expenditures	<u>70,044</u>	<u>(36,318)</u>	<u>(8,350)</u>	<u>25,376</u>
Other financing sources (uses):				
Transfers in	1,031	9,358	29,990	40,379
Transfers out	(55,424)	-	(14,438)	(69,862)
Total other financing sources (uses)	<u>(54,393)</u>	<u>9,358</u>	<u>15,552</u>	<u>(29,483)</u>
Net change in fund balances	15,651	(26,960)	7,202	(4,107)
Fund balances - beginning	<u>223,618</u>	<u>58,543</u>	<u>92,564</u>	<u>374,725</u>
Fund balances - ending	<u>\$ 239,269</u>	<u>\$ 31,583</u>	<u>\$ 99,766</u>	<u>\$ 370,618</u>

The notes to the 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 - Governmental Activities
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

Net change in fund balances- total governmental funds (page 20) \$ (4,107)

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.	44,105	
The net effect of various miscellaneous transactions involving capital assets such as sales, retirements, trade-ins, and donations.	455	
Less current year depreciation	<u>(12,094)</u>	32,466

Governmental fund revenues deferred in prior year due to unavailability were received in the current year but already booked in the statement of activities last year. (2,775)

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	4,902	
Certificate of participation	220	
Notes payable	38	
Capital leases	120	
Payment of accreted interest on capital accretion bonds	623	
Repayment to a settlement claim with State	<u>114</u>	6,017

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	(24)	
Amortization of bond discount	(5)	
Change in accrued interest payable	93	
Accretion of capital appreciation bonds	(458)	
Change in compensated absences	<u>(9,463)</u>	(9,857)

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 is reported with governmental activities. (955)

Change in net assets of governmental activities (page 17) **\$ 20,789**

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

COUNTY OF SAN MATEO
Statement of Fund Net Assets
Proprietary Funds
June 30, 2003
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
Assets:					
Current assets:					
Cash and investments	\$ 3,788	\$ 7,300	\$ 3,719	\$ 14,807	\$ 28,102
Securities lending collateral	646	1,246	635	2,527	4,796
Receivables (net):					
Accounts	11,718	352	43	12,113	210
Interest	58	76	27	161	218
Advances	500	-	-	500	-
Other	1,101	-	-	1,101	-
Due from other funds	238	-	-	238	127
Due from other governmental agencies	8,975	593	-	9,568	-
Other assets	-	282	-	282	-
Inventories	466	-	-	466	93
Total current assets	<u>27,490</u>	<u>9,849</u>	<u>4,424</u>	<u>41,763</u>	<u>33,546</u>
Noncurrent assets:					
Deposits	612	-	-	612	-
Capital assets:					
Nondepreciable:					
Land	841	1,128	8,178	10,147	-
Depreciable:					
Structures and improvements	6,322	20,518	22,135	48,975	852
Equipment	11,748	1,102	172	13,022	15,877
Less accumulated depreciation	(8,341)	(14,680)	(8,647)	(31,668)	(11,857)
Total noncurrent assets	<u>11,182</u>	<u>8,068</u>	<u>21,838</u>	<u>41,088</u>	<u>4,872</u>
Total assets	<u>\$ 38,672</u>	<u>\$ 17,917</u>	<u>\$ 26,262</u>	<u>\$ 82,851</u>	<u>\$ 38,418</u>
Liabilities:					
Current liabilities:					
Accounts payable	\$ 5,437	\$ 192	\$ 44	\$ 5,673	\$ 748
Accrued interest payable	-	-	-	-	2
Accrued salaries and benefits	1,997	-	20	2,017	185
Accrued liabilities	-	1,238	-	1,238	-
Securities lending collateral - due to borrowers	646	1,246	635	2,527	4,796
Due to other funds	19,069	-	7	19,076	257
Due to other governmental agencies	3,196	172	-	3,368	-
Compensated absences - current	5,600	221	59	5,880	248
Estimated claims - current	-	-	-	-	11,929
Long-term liabilities - current	47	-	128	175	-
Total current liabilities	<u>35,992</u>	<u>3,069</u>	<u>893</u>	<u>39,954</u>	<u>18,165</u>
Noncurrent liabilities:					
Advances from other funds	4,041	884	-	4,925	-
Deferred revenue	-	320	88	408	-
Deposits	135	-	4	139	94
Compensated absences - noncurrent	4,662	233	145	5,040	102
Estimated claims - noncurrent	-	630	-	630	20,315
Long-term liabilities - noncurrent	70	-	1,395	1,465	-
Total noncurrent liabilities	<u>8,908</u>	<u>2,067</u>	<u>1,632</u>	<u>12,607</u>	<u>20,511</u>
Total liabilities	<u>44,900</u>	<u>5,136</u>	<u>2,525</u>	<u>52,561</u>	<u>38,676</u>
Net assets:					
Invested in capital assets, net of related debt	10,453	8,068	20,315	38,836	4,872
Restricted	-	3,219	-	3,219	-
Unrestricted	(16,681)	1,494	3,422	(11,765)	(5,130)
Total net assets	<u>(6,228)</u>	<u>12,781</u>	<u>23,737</u>	<u>30,290</u>	<u>(258)</u>
Total liabilities and net assets	<u>\$ 38,672</u>	<u>\$ 17,917</u>	<u>\$ 26,262</u>	<u>\$ 82,851</u>	<u>\$ 38,418</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(280)	
Net assets of business-type activities (page 15)				<u>\$ 30,010</u>	

The notes to the 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 Year Ended June 30, 2003
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
Operating revenues:					
Charges for services	\$ 182,565	\$ -	\$ 1,114	\$ 183,679	\$ 67,073
Less:					
Contractual allowances	(110,965)	-	-	(110,965)	-
Provision for doubtful accounts	(3,655)	-	-	(3,655)	-
Net charges for services	67,945	-	1,114	69,059	67,073
Program revenues:					
SB-855	17,520	-	-	17,520	-
Proposition 99	784	-	-	784	-
Rent and concessions	4	1,309	1,777	3,090	-
Miscellaneous	752	52	44	848	311
Total operating revenues	<u>87,005</u>	<u>1,361</u>	<u>2,935</u>	<u>91,301</u>	<u>67,384</u>
Operating expenses:					
Profession, nursing and ancillary services	56,566	-	-	56,566	-
Emergency and clinic	41,372	-	-	41,372	-
General and administrative	16,673	6,391	2,365	25,429	10,477
Support services	11,493	-	-	11,493	-
Rehabilitation program	5,481	-	-	5,481	-
Benefits and claims	-	-	-	-	16,622
Insurance premiums	-	-	-	-	39,748
Depreciation and amortization	610	698	461	1,769	1,850
Housing assistance payments	-	61,598	-	61,598	-
Total operating expenses	<u>132,195</u>	<u>68,687</u>	<u>2,826</u>	<u>203,708</u>	<u>68,697</u>
Operating income (loss)	<u>(45,190)</u>	<u>(67,326)</u>	<u>109</u>	<u>(112,407)</u>	<u>(1,313)</u>
Nonoperating revenues (expenses):					
State and federal grants	4,150	68,367	3	72,520	-
Disposal of capital assets	(5)	-	-	(5)	(7)
Realignment sales tax - health	3,657	-	-	3,657	-
Tobacco settlement	8,481	-	-	8,481	-
Interest and investment income	32	526	161	719	1,254
Interest expense	(27)	(8)	(78)	(113)	(3)
Securities lending activities:					
Securities lending income	8	15	8	31	59
Securities lending expenses	(7)	(13)	(7)	(27)	(52)
Total nonoperating revenues	<u>16,289</u>	<u>68,887</u>	<u>87</u>	<u>85,263</u>	<u>1,251</u>
Net income (loss) before capital contributions and transfers	<u>(28,901)</u>	<u>1,561</u>	<u>196</u>	<u>(27,144)</u>	<u>(62)</u>
Capital contributions	5,839	-	-	5,839	18
Transfers in	39,023	-	-	39,023	80
Transfers out	(9,620)	-	-	(9,620)	-
Change in net assets	6,341	1,561	196	8,098	36
Net assets - beginning, as previously reported	(9,492)	11,220	23,541		(294)
Prior period adjustment	(3,077)	-	-		-
Net assets - beginning, as restated	<u>(12,569)</u>	<u>11,220</u>	<u>23,541</u>		<u>(294)</u>
Net assets - ending	<u>\$ (6,228)</u>	<u>\$ 12,781</u>	<u>\$ 23,737</u>		<u>\$ (258)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				991	
Change in net assets of business-type activities (page 17)				<u>\$ 9,089</u>	

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

COUNTY OF SAN MATEO
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2003
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other	Total	Activities -
			Enterprise Funds		Internal Service Funds
Cash flows from operating activities					
Cash receipts from customers	\$ 84,968	\$ 1,233	\$ 2,913	\$ 89,114	\$ -
Cash receipts from interfund services provided	-	-	-	-	67,365
Cash paid to suppliers for goods and services	(58,975)	(67,838)	(1,483)	(128,296)	(49,255)
Cash paid to employees for services	(69,194)	(74)	(840)	(70,108)	(2,650)
Cash paid for judgments and claims	-	-	-	-	(13,915)
Net cash provided by (used in) operating activities	<u>(43,201)</u>	<u>(66,679)</u>	<u>590</u>	<u>(109,290)</u>	<u>1,545</u>
Cash flows from noncapital financing activities					
Transfers received	39,023	-	-	39,023	80
Transfers paid	(9,620)	-	-	(9,620)	-
Due from other funds	587	-	-	587	-
Due to other funds	(25,266)	-	(1)	(25,267)	-
Due from other governmental funds	17,173	-	-	17,173	-
Advance from other funds	-	(77)	-	(77)	-
Realignment sales tax - health	3,657	-	-	3,657	-
Tabcco settlement	8,480	-	-	8,480	-
State and federal grants	4,150	62,575	3	66,728	-
Net cash provided by noncapital financing activities	<u>38,184</u>	<u>62,498</u>	<u>2</u>	<u>100,684</u>	<u>80</u>
Cash flows from capital and related financing activities					
Acquisition of fixed assets	(132)	(219)	(30)	(381)	(1,115)
Capital contribution from other governments	5,839	-	-	5,839	-
Principal paid on long-term debt	(538)	-	(122)	(660)	-
Interest paid on long-term debt	(27)	(8)	(78)	(113)	(3)
Net cash provided by (used in) capital and related financing activities	<u>5,142</u>	<u>(227)</u>	<u>(230)</u>	<u>4,685</u>	<u>(1,118)</u>
Cash flows from investing activities					
Investment income received	<u>3</u>	<u>567</u>	<u>162</u>	<u>732</u>	<u>1,265</u>
Net increase (decrease) in cash and cash equivalents	128	(3,841)	524	(3,189)	1,772
Cash and cash equivalents, beginning of the year	<u>3,660</u>	<u>11,141</u>	<u>3,195</u>	<u>17,996</u>	<u>26,330</u>
Cash and cash equivalents, end of the year	<u>\$ 3,788</u>	<u>\$ 7,300</u>	<u>\$ 3,719</u>	<u>\$ 14,807</u>	<u>\$ 28,102</u>

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

COUNTY OF SAN MATEO
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2003
(Dollars in Thousands)

	Business-type Activities - Enterprise Funds			Total	Governmental
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds		Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (45,190)	\$ (67,326)	\$ 109	\$ (112,407)	\$ (1,313)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	610	698	461	1,769	1,850
Decrease (increase) in:					
Accounts receivable	(1,232)	(128)	(11)	(1,371)	103
Other receivable	(665)	-	-	(665)	-
Due from other funds	-	-	-	-	(122)
Deposits	393	-	-	393	-
Inventories	59	-	-	59	(1)
Other assets	-	(127)	-	(127)	-
Increase (decrease) in:					
Accounts payable	(1,344)	(110)	4	(1,450)	(1,932)
Accrued salaries and benefits	1,874	(74)	133	1,933	213
Accrued liabilities	(148)	400	-	252	-
Advance from other funds	(1)	-	-	(1)	40
Due to other governmental agencies	2,581	(12)	(95)	2,474	-
Deferred revenues	(180)	-	(11)	(191)	-
Deposits	42	-	-	42	-
Estimated claims	-	-	-	-	2,707
Net cash provided by (used in) operating activities	<u>\$ (43,201)</u>	<u>\$ (66,679)</u>	<u>\$ 590</u>	<u>\$ (109,290)</u>	<u>\$ 1,545</u>
Noncash capital activities:					
Capital assets contributed from other fund	\$ -	\$ -	\$ -	\$ -	\$ 18
Disposal of capital assets	-	-	-	-	(7)
Total noncash capital activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11</u>

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

COUNTY OF SAN MATEO
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2003
(Dollars in Thousands)

	SamCERA Pension Trust	Investment Trust	Agency
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	\$ 16,849	\$ 1,601,493	\$ 216,197
Securities lending collateral	256	273,088	37,060
Receivables (net):			
Accounts	-	-	14,585
Interest	1,740	12,892	1,958
Taxes	-	-	125,488
Other	8,061	-	15
Contributions	1,289	-	-
Due from other funds	-	450	5,176
Due from other governmental agencies	-	16	132
Prepaid expense	134	-	-
Investments:			
Fixed income securities:			
Domestic	354,572	-	-
Equities:			
Domestic	628,610	-	-
International	181,212	-	-
Real estate	63,839	-	-
Other assets	-	105	43,357
Capital assets, net of accumulated depreciation of \$12	4	-	-
Total assets	<u>1,256,566</u>	<u>1,888,044</u>	<u>\$ 443,968</u>
Liabilities:			
Accounts payable	1,275	2,827	\$ 2,959
Accrued salaries and benefits	22	-	-
Accrued liabilities	14,656	-	-
Securities lending collateral - due to borrowers	256	273,088	37,060
Due to other funds	-	-	6,377
Due to other governmental agencies	-	-	72
Notes payable	7,085	-	-
Advances from other funds	-	-	70
Fiduciary liabilities	-	-	397,430
Total liabilities	<u>23,294</u>	<u>275,915</u>	<u>\$ 443,968</u>
Net assets:			
Net assets held in trust for investment pool participants/pension benefits	<u>\$ 1,233,272</u>	<u>\$ 1,612,129</u>	

The notes to the 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, 2003
(Dollars in Thousands)

	SamCERA Pension Trust	Investment Trust
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer contributions	\$ 36,070	\$ -
Plan member contributions	22,650	-
Contributions to investment pool	-	2,392,490
Total contributions	<u>58,720</u>	<u>2,392,490</u>
Net investment income:		
Net appreciation in fair value of investments	26,200	26,038
Interest income	10,146	123,747
Real estate income	6,375	-
Investment expense	(3,571)	-
Securities lending activities:		
Securities lending income	3	3,385
Securities lending expenses	(3)	(3,023)
Net investment income	<u>39,150</u>	<u>150,147</u>
Total additions	<u>97,870</u>	<u>2,542,637</u>
Deductions:		
Service retirement benefits	58,244	-
Disability retirement benefits	8,920	-
Death and other benefits	1,825	-
Distributions from investment pool	-	2,317,752
Withdrawals of members' contributions	1,206	-
Administrative expenses	1,887	-
Total deductions	<u>72,082</u>	<u>2,317,752</u>
Change in net assets	25,788	224,885
Net assets - beginning	<u>1,207,484</u>	<u>1,387,244</u>
Net assets - ending	<u>\$ 1,233,272</u>	<u>\$ 1,612,129</u>

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



Basic Financial Statements -
Notes to the Basic Financial Statements

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COUNTY OF SAN MATEO
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003
(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 countywide basis including law and 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, 4th Floor, Redwood City, California 94063.

(b) Blended Component Units

San Mateo 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 San Mateo County Board of Supervisors 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 of Supervisors, 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, 2003
(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 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 IHSS Public Authority is primarily funded by State grants. The County's Board is the governing body for the IHSS Public Authority. Therefore, this entity has been blended with the primary government.

(c) Discretely Presented Component Unit

First 5 San Mateo County

The First 5 San Mateo County (First 5), formerly known as The Children and Families First Commission, was established in March 1999 under the authority of the California Children and Families First Act of 1998 and sections 130100, et seq. of the Health and Safety Code. The County Board appointed all members of the First 5. The Board can remove appointed members at will. The First 5 administers receipts and disbursements of California Children and First Families Trust Fund allocations and appropriations. The First 5 is a discretely presented component unit as its governing body is not substantially the same as that of the County, and the First 5 does not provide services entirely or almost entirely to the County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Implementation of Governmental Accounting Standards Board Statement

At June 30, 2003, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*. The Statement modifies the custodial credit risk disclosures required by Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* and addresses deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Accordingly, the cash and investments disclosure has been revised to conform to the provisions of GASB Statement No. 40.

(b) Basis of Presentation

Government - wide Financial Statements

The *statement of net assets* and *statement of activities* display information about the primary government, the County, and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Elimination has 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.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

The *statement of activities* presents a comparison between direct expenses and program revenues for each different identifiable activity of the County's *business-type activities* and for each function of the County's *governmental activities*. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. 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.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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 public protection, public ways and facilities, health and sanitation, public assistance, education and recreation services.
- The *Joint Powers Financing Authority (JPFA)* accounts for the lease revenue bonds issued to generate funds needed to finance public capital improvements and 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 hospital and clinical services were formerly accounted for in separate enterprise funds, San Mateo County General Hospital and Community Health Clinics. In FY 2002-03, these two enterprise funds were combined and renamed as the SMMC. The SMMC's revenues are principally fees for patient services, payments from federal and State programs such as Medicare, Medi-Cal and Short-Doyle, realignment revenues and subsidies from the General Fund.
- The *Housing Authority* accounts for the Housing Authority programs primarily funded by contributions from the federal Department of Housing and Urban Development (HUD) and tenants.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet maintenance and tower road construction provided to other departments or other governments as well as self-insurance programs including worker's 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, its employees and other participating employers, and earnings from the fund's investments. 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 Funds* account 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 from tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The *Agency Funds* account for assets held by the County as an agent for various local governments and individuals.

(c) Basis of Accounting

The government-wide, proprietary, and fiduciary 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.

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 accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. 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 asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

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 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.

(d) 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.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

(e) Investments

The County sponsors an investment pool that is managed by the County Treasurer. The Treasurer invests on behalf of most funds of the County and external participants in accordance with the California State Government Code and the County's investment policy.

State statutes authorize the County to invest its cash surplus (excluding SamCERA) in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, 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 Retirement Board (See Note 11).

Investment transactions are recorded on the settlement date. Investments in nonparticipating interest-earning investment contracts (guaranteed investment contracts) are reported at cost, commercial papers 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.

Participant 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, 2003, 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 participant's 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 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.

(f) Mortgage Receivables

For the purpose of the fund financial statements, General Fund expenditures relating to long-term mortgage receivables 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. The balance of the long-term receivable includes loans that may be forgiven if certain terms and conditions of the loans are met.

(g) Inventories

Inventories are stated at cost (first-in, first-out basis) for governmental funds and lower of average cost or market for proprietary funds. 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 supplies as well as pharmaceutical supplies maintained by the SMMC. Inventory is expensed as the supplies are consumed.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

(h) Property Tax Levy, Collection and Maximum Rates

The State of California's (State) 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 2002-03 net assessed valuation of the County was \$87,152,884, after deducting \$8,302,123 for the redevelopment tax allocation increment.

The County assesses properties and bills for and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/lien dates	January 1	January 1
Levy dates	January 1	January 1
Due dates (delinquent after)	50% on November 1 (December 10) 50% on February 1 (April 10)	July 1 (August 31)

The term "unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the 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 \$10 million at June 30, 2003. The balance in the TLRF was \$37 million at June 30, 2003. 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.

(i) Capital Assets

Capital assets, including infrastructure, are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets which consist of certain improvements including 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

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

The County has five networks of infrastructure assets – road, water/sewer, lighting, drainage, and flood control. The maintained pavement subsystem of the road network is reported using the modified approach. The County commissioned a physical assessment of the maintained pavement subsystem condition in FY2000-01. This condition assessment will be performed 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), where PCIs of 40 or higher are assigned to be a “Fair” or better condition and roads with PCIs of 55 or higher to be in a “Good” or better condition. The County’s policy relative to maintaining the maintained pavement subsystem is to keep a minimum PCI level for roads with no defined structural section at 40 and for roads with a defined structural section at 55. 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.

(j) Compensated Absences (Accrued Vacation, Sick Leave, and Compensatory Time)

The County accrues for compensated absences in the government-wide and proprietary fund financial statements for which they are liable to make a payment directly. The County includes its share of social security and Medicare taxes payable on behalf of the employees in the accrual for compensated absences.

Unused vacation leave may be accumulated up to a specified maximum and is paid at the time of termination from County employment. The County is not obligated to pay for unused sick leave if an employee terminates prior to retirement. However, upon retirement, the County will convert each day of accrued sick leave to one month of post retirement medical or dental premium coverage for management employees and not to exceed \$125 to \$481 per month for non-management employees depending on the employee’s memorandum of understanding. During the current year, the County reevaluated its computation for the accrued sick leave healthcare benefit conversion provision for both its active employees and retirees and segregated the computation of the compensated absences liability based on each employee’s employment classification. In prior years, the County treated the retirees’ sick leave healthcare conversion benefits on a pay-as-you-go basis and did not include retirees in its compensated absences liability computation and computed the liability based on the average non-management monthly benefit. This correction in the method of computing the compensated absences liability is being treated as a prior period adjustment, and accordingly, the governmental activities, business-type activities, and SMMC enterprise fund’s net assets, as of June 30, 2002, have been restated and decreased in the amount of \$35,189, \$3,077, and \$3,077, respectively.

(k) Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., 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, 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.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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(I) Estimates

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The San Mateo Medical Center has a net asset deficit of \$6,228, which is expected to be removed in the future through increased collection efforts and cost containment.

The Worker’s Compensation Insurance and Personal Injury and Property Damage internal service funds have net asset deficits of \$15,953 and \$3,794, respectively. These deficits are expected to be eliminated in future years through rate increases.

NOTE 4 - CASH AND INVESTMENTS

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Cash and investments managed separately from the investment pool include those of JPFA and SamCERA.

The investment pool also includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. The net assets value of involuntary participation in the investment pool totaled \$1,376,651 at June 30, 2003.

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 by the County’s Investment Policy. The objectives of the policy are in order of priority, safety, liquidity, yield and public trust. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors reviews and approves the investment policy annually. The County Treasurer prepares and 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.

Total County cash and investments at fair value as of June 30, 2003 were as follows:

<i>Cash:</i>	
Cash on hand	\$ 206
Deposit overdrafts	(27,747)
Total cash overdrafts	(27,541)
<i>Investments:</i>	
in Treasurer's pool	2,242,470
with Fiscal Agents	31,322
in Pension portfolio	1,243,649
with others external to the Treasurer's pool	3,639
Total investments	3,521,080
Total cash and investments	\$ 3,493,539

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Total County cash and investments are reported as follows:

Primary government	\$ 398,404
Component unit	32,363
Pension trust	1,245,082
Investment trust fund	1,601,493
Agency funds	216,197
Total cash and investments	\$ 3,493,539

Investments

As of June 30, 2003, the County had the following investments:

	Interest Rates	Maturities	Par	Fair Value	Weighted Average Maturity (Years)
Investments in Investment Pool					
U.S. government securities:					
Not on securities loan	2.13% - 5.63%	07/31/04 - 05/15/08	\$ 265,000	\$ 265,906	0.48
Loaned securities for cash collateral	2.25% - 5.63%	07/31/04 - 05/15/08	140,000	151,686	0.23
U.S. government agency securities:					
Not on securities loan	1.38% - 6.50%	07/01/03 - 06/12/13	433,000	440,493	0.62
Loaned securities for cash collateral	2.50% - 6.00%	09/15/04 - 05/01/03	189,000	199,219	0.34
U.S. government agency securities - discount:					
Not on securities loan	-	07/01/03 - 08/20/03	331,971	331,083	-
Loaned securities for cash collateral	-	07/16/2003	18,000	18,792	-
Commercial paper	1.02% - 1.30%	07/14/03 - 07/25/03	200,500	200,477	-
Corporate bonds					
Not on securities loan	1.12% - 7.75%	07/01/03 - 06/01/08	575,821	596,183	0.53
Loaned securities for cash collateral	5.38%	04/23/2004	1,500	1,464	-
Local Agency Investment Fund (LAIF)	1.77%	On demand	37,000	37,167	-
Total investments in investment pool			2,191,792	2,242,470	2.19
Investments outside Investment Pool					
<i>San Mateo Joint Power Financing Authority</i>					
U.S. agency securities	4.59%	07/09/03	2,597	2,540	-
Repurchase agreements	5.86%	12/01/26	938	938	0.70
Money market mutual funds	0.44% - 0.72%	On demand	15,191	15,191	-
Guaranteed investment contracts	6.75% - 7.31%	07/01/21 - 07/10/29	12,653	12,653	8.42
Subtotal			31,379	31,322	9.12
<i>Other Individual Investment Accounts</i>					
U.S. government agency securities	4.75% - 5.50%	05/02/06 - 01/02/07	1,500	1,637	-
Corporate bonds	5.00% - 6.75%	04/01/04 - 10/15/04	1,500	1,598	-
LAIF	1.77%	On demand	42	42	-
Mutual funds	-	On demand	362	362	-
Subtotal			\$ 3,404	3,639	-
<i>San Mateo County Employees' Retirement Association</i>					
Fixed income securities					
US Treasuries				13,794	11.55
Single family mortgage backed securities				46,115	1.84
Collateralized mortgage backed securities				5,664	5.52
Asset backed securities				22,904	4.54
Taxable municipal bonds				16,140	6.54
Corporate bonds				55,101	9.91
BGI U.S. debt index fund				194,855	5.84
Equities:					
Domestic				628,610	-
International				181,212	-
Real estate				63,839	-
Mutual funds				15,415	-
Subtotal				1,243,649	45.74
Total investments outside investment pool				1,278,610	
Total fair value				\$ 3,521,080	

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
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Interest Rate Risk.

- *County Investment Pool.* 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. The County invested \$41,428 in asset backed securities. These securities are based on cash flows for payments on underlying auto loans. Therefore, they are sensitive to prepayments by borrowers, which may result from a decline in interest rates. The County invested \$168,300 in floating rate securities. These are tied to the three month London Interbank Offered Rate (LIBOR) index.
- *San Mateo Joint Power Financing Authority's investment portfolio.* The Authority 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. The Authority has exposure to interest rate risks by investing \$12,653 or 78% of its investment in guaranteed investment contracts. Under these contracts, the Authority receives a fixed rate of return annually and the principal amount invested at maturity. The weighted average maturity of its investment portfolio approximates to 18 years.
- *SamCERA's Investment portfolio.* 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.

Credit Risk.

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

Investment Type	Standard & Poor's	% of Portfolio
Asset backed securities	AAA	1.85%
Commercial paper	P1	8.92%
Corporate bonds	A	1.44%
Corporate bonds	A+	4.03%
Corporate bonds	AA	2.19%
Corporate bonds	AA-	4.91%
Corporate bonds	AAA	4.74%
Floating rate securities	A	0.45%
Floating rate securities	A+	3.48%
Floating rate securities	AA	0.89%
Floating rate securities	AA-	1.35%
Floating rate securities	AAA	1.34%
U. S. Treasuries	AAA	18.62%
Asian Development Bank	AAA	0.23%
Federal Farm Credit Bank	AAA	0.46%
Federal Home Loan Bank	AAA	3.27%
Federal Home Loan Mortgage Corporation	AA-	0.49%
Federal Home Loan Mortgage Corporation	AAA	8.69%
Federal Mortgage Credit Discount	AAA	1.11%
Federal National Mortgage Association	AA-	1.42%
Federal National Mortgage Association	AAA	27.51%
International Bank Recon. & Dev.	AAA	0.49%
Tennessee Valley Authority	AAA	0.46%
LAIF	Unrated	1.66%
Total		100.00%

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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- *San Mateo Joint Power Financing Authority's investment portfolio.* Provisions of the JPFA's bond trust agreements limits the JPFA's investment in investment agreements to be with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) whereby the long-term debt of which, or, in the case of a monoline financial guaranty insurance company, claims paying ability, the guarantor is rated at least "AA" by Standard and Poor's Corporation and "Aa" by Moody's Investors Service.

As of June 30, 2003, the JPFA's investment in guarantee investment contracts had the following credit ratings:

Amount	Standard & Poor's	Moody's Investors Service
\$ 5,470	AAA	Aaa
5,656	AA	Aa2
1,527	AAA	Aaa

In addition, the JPFA limits its investments in money market funds to the rating of "AAm" or "AAm-G" by Standard and Poor's Corporation or better. The JPFA's investment in money market funds were rated AAAM by Standard and Poor's.

- *SamCERA's investment portfolio.* 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 (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.

The quality breakdown of SamCERA's investments in bonds on June 30, 2003 is indicated in the table below.

Credit Rating	Active Management	Passive Management
AAA+	38.04%	68.12%
AAA	33.20%	6.05%
AA	4.97%	4.89%
A	14.11%	10.27%
BBB	9.68%	9.58%
Baa	-	-
NR	-	1.09%
	100.00%	100.00%

Concentration of Credit Risk.

- *County Investment Pool.* State law and the County's Investment Policy limit investments in commercial paper to 40% of the County Investment Pool and 10% of the County Investment Pool per issuer. At June 30, 2003, the County has 8.92% of its County Investment Pool in commercial paper and did not have any investments 10% or more of the County Investment Pool per issuer. State law and the County's Investment Policy also limits investments in corporate bonds and medium term notes to 30% of the County Investment Pool and 10% of the County Investment Pool per issuer. At June 30, 2003, the County has 17.31% of its County Investment Pool in corporate bonds and did not have any investments 10% or more of the County Investment Pool per issuer.
- *San Mateo Joint Power Financing Authority's and SamCERA's investment portfolios.* The JPFA and SamCERA place no limit on the amount that may be invested in any one issuer.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
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Local Agency Investment Fund

At June 30, 2003, the County's investment position in the State of California Local Agency Investment Fund (LAIF) is \$37,209, which approximates fair value and is the same as the value of the pool shares. The total amount invested by all public agencies in LAIF on that day is \$55,423,000 managed by the State Treasurer. Of that amount, 98% is invested in non-derivative financial products and 2% in derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

Securities Lending Transactions

State statutes and the County's investment policy permit the use of 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, 2003 that represented securities. The County does not match the maturities of investments made with cash collateral with the securities on loan.

The loaned securities as of June 30, 2003 consisted of U.S. Treasury notes and bonds, U.S. government securities, and corporate bonds. 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. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end has a weighted average maturity of 20 days. The relationship between the maturities of the investment pool and the County's loans is affected by the maturities of the securities loans made by the other entities that use the agent's pool, which the County cannot determine.

As of June 30, 2003, the underlying securities loaned by the County's investment pool amounted to approximately \$371,181. The cash collateral totaled \$378,544. The County has no exposure to credit risk related to the securities lending transactions as of June 30, 2003 because the amounts owed to borrowers exceed the amounts the borrowers owe to the County.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
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County Investment Pool Condensed Financial Information.

The following represents a condensed statement of net assets and changes in net assets for the investment pool at June 30, 2003:

Assets:	
U.S. government securities	\$ 417,592
U.S. government agency securities	989,618
Commercial paper	200,477
Corporate bonds	597,647
Local Agency Investment Fund	37,136
Total investments	2,242,470
Pool deposits	10,932
Other assets	286,551
Total assets	2,539,953
Liabilities:	
Unfunded checks and warrants	(38,679)
Other liabilities	(275,915)
Total liabilities	(314,594)
Net Assets:	
Equity of internal pool participants	616,465
Equity of external pool participants	1,608,894
Total equity	\$ 2,225,359
Statement of Changes in Net Assets	
Net assets at July 1, 2002	\$ 1,889,644
Net change in investments by pool participants	335,715
Net assets at June 30, 2003	\$ 2,225,359

NOTE 5 - RECEIVABLES

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

Receivables - Governmental Activities	General Fund	JPFA	Nonmajor Funds	Internal Service Funds	Total
Accounts	\$ 146,650	\$ -	\$ 23	\$ 210	\$ 146,883
Interest	3,240	321	754	218	4,533
Taxes	21,279	-	1,614	-	22,893
Mortgage	36,825	-	-	-	36,825
Other	23,638	-	238	-	23,876
Gross receivables	231,632	321	2,629	428	235,010
Less: allowances for uncollectibles	(177,426)	-	(384)	-	(177,810)
Total receivables	\$ 54,206	\$ 321	\$ 2,245	\$ 428	\$ 57,200
Receivables - Business-type Activities	San Mateo Medical Center	Housing Authority	Nonmajor Funds	Total	
Accounts	\$ 36,992	\$ 352	\$ 442	\$ 37,786	
Interest	58	76	28	162	
Advances	500	-	-	500	
Other	1,101	-	-	1,101	
Gross receivables	38,651	428	470	39,549	
Less: allowances for uncollectibles	(25,274)	-	(400)	(25,674)	
Total receivables	\$ 13,377	\$ 428	\$ 70	\$ 13,875	

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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Governmental funds report deferred revenues 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, 2003, the components of deferred revenue and unearned revenue reported were as follows:

	Unavailable	Unearned
Governmental activities:		
General fund:		
Property taxes receivable	\$ 1,736	\$ 14,350
Grant drawdowns prior to meeting all eligibility requirements	-	10,308
Due from other governmental agencies	27,181	-
Other receivables and advances	4,194	-
Nonmajor funds:		
Property taxes receivable	171	1,059
Property assessment tax receivable	-	55
Due from other governmental agencies	-	352
Total governmental activities	\$ 33,282	\$ 26,124
Business-type activities:		
Grant drawdowns prior to meeting all eligibility requirements		
Housing Authority		\$ 320
Nonmajor enterprise funds		88
Total business-type activities		\$ 408

NOTE 6 – INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2003 was as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 1,781
	San Mateo Medical Center	12,922
	Nonmajor Enterprise Funds	7
	Internal Service Funds	257
	Agency Funds	811
		15,778
Nonmajor Governmental Funds	General Fund	458
	Nonmajor Governmental Funds	3
	San Mateo Medical Center	6,147
	Agency Funds	72
		6,680
San Mateo Medical Center	General Fund	238
Internal Service Funds	General Fund	121
	Nonmajor Governmental Funds	6
		127
Investment Trust Funds	Agency Funds	450
Agency Funds	General Fund	132
Agency Funds	Agency Funds	5,044
		5,176
Total		\$ 28,449

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Notes to the Basic Financial Statements (Continued)
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During the year, the SMMC borrowed \$12,922 from the General Fund to cover its operating cash deficits. This amount will be repaid in the following fiscal year.

Advances to /from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	San Mateo Medical Center	\$ 4,041
	Housing Authority	884
	Agency Fund	70
		<u>4,995</u>
Nonmajor Governmental Funds	General Fund	3,000
	Nonmajor Governmental Funds	7
		<u>3,007</u>
Total		<u>\$ 8,002</u>

The General Fund advanced a \$4,041 to the SMMC to finance its health information technology project. The Accumulated Capital Outlay capital project fund advanced \$3,000 to the General Fund to provide working capital for an Employee Housing Opportunity Program. The 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.

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 Governmental and Business-type Activities:

<u>Transfer from</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
<i>Operating or debt subsidy:</i>			
General Fund	San Mateo Medical Center	\$ 31,525	Provide subsidy to support hospital operations.
	San Mateo Medical Center	6,818	Provide subsidy to support clinical operations.
	San Mateo Medical Center	428	Provide funds to finance medical research.
		<u>38,771</u>	
Nonmajor Governmental Funds	San Mateo Medical Center	252	Provide transportation subsidy to various programs.
San Mateo Medical Center	Nonmajor Governmental Funds	9,620	Transfer funds to cover debt service payments.
Total		<u>\$ 48,643</u>	

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
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(b) Between Funds within the Governmental or Business-type Activities ⁽¹⁾:

Transfer from	Transfer To	Amount	Purpose
<i>Operating or debt subsidy:</i>			
General Fund	Nonmajor Governmental Funds	\$ 4,602	Transfer funds to cover debt service payments.
	Nonmajor Governmental Funds	4,604	Provide subsidy to In-Home Support Services.
	Nonmajor Governmental Funds	7,367	Transfer funds to pay for capital outlays
	Internal Service Funds	80	Provide subsidy to Tower Road Construction fund.
		<u>16,653</u>	
Nonmajor Governmental Funds	General Fund	850	Provide transportation subsidy to various programs.
	General Fund	145	Provide funds to subsidize hazardous waste management expenses.
	General Fund	36	Provide funds to subsidize transportation costs of mental health patients.
	JPFA	9,358	Transfer funds to cover debt services payments.
	Nonmajor Governmental Funds	2,256	Transfer funds to cover debt service payments.
	Nonmajor Governmental Funds	1,541	Transfers fund to pay for capital payments.
		<u>14,186</u>	
Total		<u>\$ 30,839</u>	

⁽¹⁾ These transfers were eliminated in the consolidation, by column, for the Governmental and Business-type activities.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
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NOTE 7 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2003 was as follows:

	Balance July 1, 2002	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2003
<u>Governmental activities</u>					
<i>Capital assets, not being depreciated:</i>					
Land & easements	\$ 58,020	\$ 200	\$ -	\$ -	\$ 58,220
Infrastructure - maintained road subsystem	65,907	1,330	-	-	67,237
Construction in progress	88,921	35,640	(14)	(82,097)	42,450
Total capital assets, not being depreciated	<u>212,848</u>	<u>37,170</u>	<u>(14)</u>	<u>(82,097)</u>	<u>167,907</u>
<i>Capital assets, being depreciated:</i>					
Infrastructure	32,100	664	-	8,024	40,788
Structures and improvements	326,478	3,462	-	75,752	405,692
Equipment	55,989	3,942	(1,861)	(441)	57,629
Total capital assets, being depreciated	<u>414,567</u>	<u>8,068</u>	<u>(1,861)</u>	<u>83,335</u>	<u>504,109</u>
<i>Less accumulated depreciation for:</i>					
Infrastructure	(12,300)	(1,587)	-	-	(13,887)
Structures and improvements	(45,020)	(7,194)	-	(948)	(53,162)
Equipment	(40,234)	(5,163)	1,714	319	(43,364)
Total accumulated depreciation	<u>(97,554)</u>	<u>(13,944)</u>	<u>1,714</u>	<u>(629)</u>	<u>(110,413)</u>
Total capital assets, being depreciated, net	<u>317,013</u>	<u>(5,876)</u>	<u>(147)</u>	<u>82,706</u>	<u>393,696</u>
Governmental activities capital assets, net	<u><u>\$ 529,861</u></u>	<u><u>\$ 31,294</u></u>	<u><u>\$ (161)</u></u>	<u><u>\$ 609</u></u>	<u><u>\$ 561,603</u></u>
<u>Business-type activities</u>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 10,147	\$ -	\$ -	\$ -	\$ 10,147
Construction in progress	278	-	-	(278)	-
Total capital assets, not being depreciated	<u>10,425</u>	<u>-</u>	<u>-</u>	<u>(278)</u>	<u>10,147</u>
<i>Capital assets, being depreciated:</i>					
Structures and improvements	48,609	88	-	278	48,975
Equipment	12,600	314	(24)	132	13,022
Total capital assets, being depreciated	<u>61,209</u>	<u>402</u>	<u>(24)</u>	<u>410</u>	<u>61,997</u>
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(23,988)	(1,054)	-	(97)	(25,139)
Equipment	(5,778)	(715)	4	(40)	(6,529)
Total accumulated depreciation	<u>(29,766)</u>	<u>(1,769)</u>	<u>4</u>	<u>(137)</u>	<u>(31,668)</u>
Total capital assets, being depreciated, net	<u>31,443</u>	<u>(1,367)</u>	<u>(20)</u>	<u>273</u>	<u>30,329</u>
Business-type activities capital assets, net	<u><u>\$ 41,868</u></u>	<u><u>\$ (1,367)</u></u>	<u><u>\$ (20)</u></u>	<u><u>\$ (5)</u></u>	<u><u>\$ 40,476</u></u>

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 3,039
Public protection	4,226
Public ways and facilities	812
Health and sanitation	2,937
Public assistance	582
Recreation	498
Depreciation on capital assets held by the County's internal service funds charged to the various functions based on their usage of the assets	1,850
Total depreciation expense - governmental functions	\$ 13,944

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

San Mateo Medical Center	\$ 610
Housing Authority	698
Airports	231
Coyote Point Marina	230
Total depreciation expense - business-type functions	\$ 1,769

Construction in Progress

Construction in progress for governmental activities represents work being performed on the Colma Creek flood control zone, the sheriff's radio system, and a number of smaller projects.

Capital Projects Commitments

The Colma Creek Flood Control Network was 85% complete as of June 30, 2003 and will be done in six phases as follows: South Airport, Old Mission Road, Mainline Railroad Bridge, El Camino Real Box, San Mateo Avenue Bridge and Open Channel Over BART. Management believes this project will be completed during the year ending June 30, 2005. The commitments outstanding as of June 30, 2003 totaled \$17,049.

In 2001 the JPFA issued lease revenue bonds to acquire a microwave and law enforcement mutual aid communications system, a sheriff's radio system, and to construct a forensics laboratory and coroner's office for the County. The mutual aid communications system and the forensics laboratory and coroner's office project were completed in January 2003. The commitments outstanding for the sheriff's radio system were \$1,963 as of June 30, 2003.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

NOTE 8 – LEASES

Operating Leases

The County is committed under various noncancelable operating leases, primarily for office buildings and equipment (principally in the General Fund). Future minimum operating lease commitments are as follows:

<u>Year ending June 30,</u>	
2004	\$ 8,758
2005	8,410
2006	7,592
2007	6,199
2008	5,460
2009-2013	9,656
Total	<u>\$ 46,075</u>

Rent expenditures were \$9,275 for the year ended June 30, 2003. The County also leases various properties to businesses and other governmental agencies. Operating lease revenues from such rentals were \$652 for the year ended June 30, 2003.

Capital Leases

The County has entered into certain capital lease agreements under which the related equipment will become the property of the County when all terms of the lease agreements are met.

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments at June 30, 2003</u>
Governmental fund activities:		
Energy efficiency project	5.08%	\$ 131
Business-type activities:		
Medical equipment	4.69% - 7.05%	117
Total Capital Lease Obligations		<u>\$ 248</u>

Equipment and related accumulated amortization under capital lease are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Equipment	\$ 560	\$ 72
Less: accumulated amortization	(439)	(66)
Net value	<u>\$ 121</u>	<u>\$ 6</u>

As of June 30, 2003, capital lease annual amortization was as follows:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2004	\$ 127	\$ 95
2005	11	28
Total requirements	138	123
Less interest	(7)	(6)
Present value of remaining payments	<u>\$ 131</u>	<u>\$ 117</u>

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

NOTE 9 - LONG-TERM LIABILITIES

Long-term liabilities at June 30, 2003 consisted of the following:

Type of indebtedness (purpose)	Maturity	Interest Rates	Principal Installments	Original Issue Amount	Outstanding at June 30, 2003
Governmental activities					
Lease Revenue Bonds:					
1993 Issue (defeased 1991 Certificates of Participation and financed costs of the parking garage and jail):					
Serial Current Interest Bonds	7/1/03 - 7/1/19	4.6 - 6.5%	\$335 - \$4,675	\$ 19,050	\$ 14,251
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	7/1/03 - 7/1/05	4.95 - 5.2%	\$1,000 - \$1,135	8,448	5,602
Accreted interest on capital appreciation bonds				-	2,009
1993 Issue				<u>68,138</u>	<u>62,502</u>
1994 Issue - Satellite Clinic (financed a portion of the costs of constructing and equipping North County Satellite Clinic and adjacent parking structure):					
Serial Current Interest Bonds	9/1/03	4.9%	\$200	7,345	200
Serial Capital Appreciation Bonds	9/1/17 - 9/1/26	5.9 - 6%	\$925 - \$1,305	2,085	2,085
Accreted interest on capital appreciation bonds				-	1,469
1994 Issue - Satellite Clinic				<u>9,430</u>	<u>3,754</u>
1994 Issue - Health Center (financed a portion of the costs of constructing and remodeling multiple buildings and replacement of infrastructure of the Health Center):					
Serial Current Interest Bonds	7/15/03 - 7/15/04	5.5 - 5.6%	\$2,105 - \$2,215	84,355	4,320
1995 Issue (financed the acquisition, construction and remodeling of various County buildings and facilities and the acquisition of various equipment):					
Serial Current Interest Bonds	7/15/03 - 7/15/05	5.2 - 5.4%	\$295 - \$330	19,225	935
1997 Issue (financed the costs of construction, furnishing and equipping an office building and partial defeasance of the 1994 Issue):					
Serial Current Interest Bonds	7/15/03 - 7/15/14	4.5 - 5.5%	\$490 - \$4,720	40,010	38,415
Term Current Interest Bonds	7/15/18 - 7/15/32	5 - 5.12%	\$3,045 - \$8,440	23,195	23,195
1997 Issue				<u>63,205</u>	<u>61,610</u>
1999 Issue (financed a portion of the costs of completing the Health Center and partially defeased the 1993, 1994 and 1995 Issues):					
Serial Current Interest Bonds	7/15/03 - 7/15/19	3.5 - 5%	\$390 - \$6,570	47,565	45,785
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>111,360</u>
2001 Issue (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	7/15/03 - 7/15/21	2.7 - 4.75%	\$210 - \$1,665	21,470	21,470
Series A Term Interest Bonds	07/15/31	4.75%	\$2,900	2,900	2,900
Series B Current Interest Bonds	7/15/03 - 7/15/21	2.4 - 4.75%	\$160 - \$320	4,270	4,270
Series B Term Interest Bonds	07/15/26	4.875%	\$1,865	1,865	1,865
Series B Term Interest Bonds	07/15/31	5%	\$2,385	2,385	2,385
2001 Issue				<u>32,890</u>	<u>32,890</u>
Total lease revenue bonds and accreted interest on capital appreciation bonds				<u>390,383</u>	<u>277,371</u>

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

Type of indebtedness (purpose)	Maturity	Interest Rates	Principal Installments	Original Issue Amount	Outstanding at June 30, 2003
Certificates of Participation:					
1997 Issue (financed the design, construction and installation of storm water and flood control improvements located in the Colma Creek Flood Control Zone):					
Serial Current Interest Bonds	8/1/03 - 8/1/12	4.2 - 5%	\$230 - \$345	3,635	2,810
Term Current Interest Bonds	8/1/17 - 8/1 /32	5.125 - 5.25%	\$2,000 - \$10,145	12,145	12,145
Total certificates of participation				<u>15,780</u>	<u>14,955</u>
Notes Payable:					
California Energy Commission:					
Energy Partnership Program Loan	6/22 and 12/22 through 2008	4.68%	Approx. \$24	255	150
County Service Area 11:					
State of California	4/1 and 10/1				
Department of Water Resources	through 2012	3.3712%	Approx. \$22	296	165
Total notes payable				<u>551</u>	<u>315</u>
Total governmental activities				<u>\$ 406,714</u>	<u>\$ 292,641</u>
Business-type activities					
Notes Payable:					
Department of Boating and Waterways	8/1/01 - 8/1/29	4.5%	\$45 - \$195	<u>\$ 3,090</u>	<u>\$ 1,523</u>
Pension Trust Fund					
Mortgage Notes Payable:					
Note payable on a real estate investment with Principal payment due at maturity of \$6,458	Monthly to 9/1/2006	7.87%	\$732 - \$6,458	<u>\$ 8,000</u>	<u>\$ 7,085</u>

The following is a summary of long-term liability transactions for the year ended June 30, 2003:

	Balance July 1, 2002 (as restated)	Additions/ Accretions	Retirements	Balance June 30, 2003	Amounts Due Within One Year
Governmental Activities:					
Accreted interest on capital appreciation bonds	\$ 3,642	\$ 458	\$ (623)	\$ 3,477	\$ 690
Lease revenue bonds	278,796	-	(4,902)	273,894	6,290
Less: unamortized discount	(142)	-	5	(137)	5
Lease revenue bonds (net)	282,296	458	(5,520)	277,234	6,985
Certificates of participation	15,175	-	(220)	14,955	230
Notes payable	353	-	(38)	315	39
Capital lease obligations (Note 8)	251	-	(120)	131	123
Estimated claims (Note 12)	29,537	16,622	(13,915)	32,244	11,929
State settlement	454	-	(114)	340	114
Compensated absences	69,996	37,239	(27,691)	79,544	25,987
Total Governmental Activities	<u>\$ 398,062</u>	<u>\$ 54,319</u>	<u>\$ (47,618)</u>	<u>\$ 404,763</u>	<u>\$ 45,407</u>
Business-Type Activities:					
Notes payable	\$ 1,645	\$ -	\$ (122)	\$ 1,523	\$ 128
Capital lease obligations (Note 8)	655	-	(538)	117	47
Estimated claims	-	630	-	630	-
Compensated absences	9,292	7,229	(5,601)	10,920	5,880
Total Business-Type Activities	<u>\$ 11,592</u>	<u>\$ 7,859</u>	<u>\$ (6,261)</u>	<u>\$ 13,190</u>	<u>\$ 6,055</u>
Pension Trust Fund:					
Notes payable	\$ 7,253	\$ -	\$ (168)	\$ 7,085	\$ 182

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
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During the current year, the County reevaluated its computation for the accrued sick leave healthcare benefit conversion provision for both its active employees and retirees and segregated the computation of the compensated absences liability based on each employee's employment classification. In prior years, the County treated the retirees' sick leave healthcare conversion benefits on a pay-as-you-go basis and did not include retirees in its compensated absences liability computation and computed the employee accrued sick leave liability based on the average non-management monthly benefit. Accordingly, the compensated absences liabilities of the governmental activities as of June 30, 2002 were restated from \$34,807 to \$69,996 and the business-type activities from \$6,215 to \$9,292 to reflect this change in the method of computing the compensated absences liabilities.

Governmental funds that have been used to liquidate long-term liabilities of the governmental activities are as follows: *Lease revenue bonds* retirements and related interest payments are serviced by revenues generated from lease payments made by the General Fund on leased facilities. *Certificate of participation* retirements and related interest payments are serviced by revenues generated from the Flood Control Zone special revenue fund. *Notes payable* to the California Energy Commission and to Department of Water Resources are paid by the General Fund and County Service Area special revenue fund, respectively. *Capital lease obligations* and *state settlement* are paid by the General Fund. *Estimated claims* are liquidated by the cumulative charges for services recorded in the internal service funds. *Compensated absences* are generally liquidated by the General Fund and related special revenue funds.

As of June 30, 2003, annual debt service requirements of governmental activities to maturity were as follows:

Year ending June 30:	Lease Revenue Bonds			Certificates of Participation		Notes Payable	
	Interest			Principal	Interest	Principal	Interest
	Principal	Accretion	Interest				
2004	\$ 6,290	\$ 690	\$ 13,259	\$ 230	\$ 752	\$ 39	\$ 12
2005	6,479	761	13,026	240	742	41	10
2006	6,690	825	12,791	250	731	43	9
2007	7,800	-	12,510	260	719	45	7
2008	8,175	-	12,167	270	707	47	5
2009-2013	36,755	-	55,538	1,560	3,325	100	8
2014-2018	66,073	692	40,637	2,000	2,873	-	-
2019-2023	68,280	4,100	24,328	2,580	2,282	-	-
2024-2028	49,927	4,148	10,625	3,315	1,531	-	-
2029-2033	17,425	-	1,824	4,250	566	-	-
Total requirements	273,894	11,216	196,705	14,955	14,228	315	51
Less unaccreted principal	-	(7,739)	-	-	-	-	-
Total	\$ 273,894	\$ 3,477	\$ 196,705	\$ 14,955	\$ 14,228	\$ 315	\$ 51

As of June 30, 2003, annual debt service requirements of business-type activities and pension trust fund to maturity were as follows:

Year ending June 30:	Business-type Activities		Pension Trust Fund	
	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2004	\$ 128	\$ 70	\$ 182	\$ 551
2005	134	64	196	536
2006	140	58	212	521
2007	110	52	6,495	127
2008	71	47	-	-
2009-2013	347	187	-	-
2014-2018	140	131	-	-
2019-2023	175	96	-	-
2024-2028	218	53	-	-
2029-2031	60	48	-	-
Total	\$ 1,523	\$ 806	\$ 7,085	\$ 1,735

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
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Advance Refundings

(a) 1994 Series A Lease Revenue Bonds

On December 1, 1997, the JPFA issued \$63,205 lease revenue bonds of which \$34,525 was to advance refund \$31,180 of 1994 Series lease revenue bonds and the remaining funds were used for acquisition and construction of certain projects. At June 30, 2003, the outstanding lease revenue bonds were \$31,180 and are considered defeased.

(b) 1993, 1994 and 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, 2003, the outstanding lease revenue bonds were \$61,535 and are considered defeased.

Legal Debt 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, 2003, the County's legal annual debt service limit, as defined by Ordinance No. 3773, was approximately \$38,019.

Arbitrage

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. During the current year, the County performed calculations of excess investment earnings on various bonds and financing and at June 30, 2003 does not expect to incur a liability.

NOTE 10 – NET ASSETS/FUND BALANCES

The government-wide and business-type activities 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 external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the County not restricted for any project or other purpose.

In the governmental fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar action.

As of June 30, 2003, 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.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
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- *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.
- *Capital project* – to reflect the funds reserved capital project spending.
- *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.

As of June 30, 2003, fund balance designations were reported in the following nonmajor governmental funds:

- *Special revenue funds* - to reflect management's intent to expend certain funds to support the County's fire protection, service area, emergency medical services, transportation, road improvement, solid waste management, in-home support services, fish and game propagation, and development of off-highway vehicle trails and facilities.
- *Capital project funds* - to reflect management's intent to expend certain funds for park acquisition, criminal facility, and courthouse construction capital projects.

NOTE 11 – EMPLOYEES' RETIREMENT PLAN AND POST RETIREMENT BENEFITS

San Mateo Employees' Retirement Association

(a) Plan Description

The following description of the San Mateo County Employees' Retirement Association (SamCERA) is provided for general information purposes. SamCERA is governed by the County Employees Retirement Law of 1937 (1937 Act). Members should refer to this Law for more complete information. SamCERA is controlled by the Retirement Board.

(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. The total number of plan participants at June 30, 2003 was 9,246 of which 9,232 were County employees and 14 were Mosquito Abatement District employees. SamCERA issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may 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 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
Notes to the Basic Financial Statements (Continued)
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(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 the investments of SamCERA. 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.

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 rates are determined by age at entry into SamCERA and are based on a percentage of covered compensation. The average employee contribution rate for the fiscal year was 5.7%. The employers are required to contribute at an actuarially determined rate, and the current annual required contribution is \$36,070 or 100% of the amount recommended by the actuary.

Annual Pension Cost: For the FY2002-03, the County's annual pension cost was equal to the County's required contributions. The required contribution was determined as part of the June 30, 2002 actuarial valuation using the Entry Age Normal Method. The actuarial assumptions included 8.25% investment rate of return and 6.25% projected salary increase attributed to inflation (4.25%) 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 December 31, 2022.

(e) Three-year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2001	\$ 39,482	100.0%	-
6/30/2002	33,541	100.0%	-
6/30/2003	36,070	100.0%	-

Post Retirement Benefits

The County provides health care, vision, and dental benefits to retired employees who have accumulated sick leave hours upon retirement. To be eligible for these benefits, the employees other than public safety employees must retire from the County on or after attaining age 50 with at least ten years of service. The public safety employees are eligible to receive the post retirement health care benefits after attaining age 40. The County pays the post retirement healthcare benefits based on the Memorandum of Understanding with the various unions that the County's employees are enrolled. The County pays a portion of the annuitant healthcare premium based on the number of sick leave hours the annuitant has accrued. The County converts eight hours of accrued sick leave time to one month of post retirement medical or dental premium coverage for management employees and not to exceed \$125 to \$481 per month for non-management employees depending on the employee's memorandum of understanding. As of June 30, 2003, approximately 630 retirees were receiving post retirement health care, vision, and dental benefits from the County. The cost of these benefits in FY2002-03 was approximately \$2,298.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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NOTE 12 – 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 Worker's Compensation Insurance, Long-Term Disability Trust, Employee Benefits Trust, 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 \$575,431.
- 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 \$20,000.
- Worker's Compensation in excess of \$1,000 per incident, but limited to statutory limit.
- Auto liability in excess of \$500 per incident, but limited to \$15,000.
- Malpractice in excess of \$10 per incident, but limited to a maximum of \$20,000 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 FY2002-03.

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 \$32,244 reported in the internal service funds at June 30, 2003 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 \$32,244 estimated claims liability at June 30, 2003, approximately \$29,467 was actuarially determined. The actuarially determined liability relates to workers' compensation, general liability and auto liability and it includes allocated expenses and a provision for incurred but not reported claims. The actuarially determined liability at June 30, 2003 was discounted at 5%. 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, 2003.

Changes to the internal service funds' claims liability amount for FY2001-02 and FY2002-03 were as follows:

Liability at June 30, 2001	\$	24,792
Current year claims and changes in estimates		16,512
Claim payments		<u>(11,767)</u>
Liability at June 30, 2002		29,537
Current year claims and changes in estimates		16,622
Claim payments		<u>(13,915)</u>
Liability at June 30, 2003	\$	<u><u>32,244</u></u>

NOTE 13 – RELATED PARTY TRANSACTIONS

The following schedule presents significant transactions between the primary government and its component units during the year ended June 30, 2003:

<u>Component Unit</u>	<u>Significant Transactions</u>
JPFA	Lease revenue payments to JPFA - \$9,295
Housing Authority	Loans to Housing Authority - \$884
First 5 San Mateo County	Administrative support charged to the Commission - \$549

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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NOTE 14 - 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 provide 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.

Revenue from Medicare and Medi-Cal programs accounted for approximately 29% and 61%, respectively, of the hospital's net patient charges for services revenue and approximately 23% and 52%, respectively, of the health clinic's net patient charges for services revenue for the year ended June 30, 2003. 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.

San Mateo County Employees' Retirement

On August 14, 1997, the Supreme Court of the State of California issued a decision in the matter of *Ventura County Deputy Sheriff's Association vs. Board of Retirement of the Ventura County Employees' Retirement Association* which held 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 final compensation on which an employee's retirement benefit is based. This California Supreme Court decision became final on October 1, 1997.

The *Ventura* decision was silent on two critical issues: terminal pay and retroactivity. These issues will be decided as a result of a current lawsuit, *Teamsters Local 856 vs. Board of Retirement, San Mateo County*. During FY 2001-02, the trial court considered and rejected claims by petitioners that *Ventura* mandated the inclusion of terminal pay, third party payments, and employer pickups of employee contributions in the calculation of final compensation. During FY 2001-02, the trial court considered and accepted claims by petitioners that *Ventura* should be applied retroactively and that the pensions of all retirees and their beneficiaries, regardless of when they retired, must be recalculated. Appeals of the trial court's decisions have been filed by both petitioners and defendants with the California Court of Appeals.

SamCERA retained an actuary to estimate the financial impact of a range of possible decisions in the *Teamsters Local 856* litigation. In the event *Teamsters Local 856* prevails, SamCERA estimates that as of the June 30, 1998 Actuarial Valuation the possible increase in the unfunded actuarial accrued liability ranges between \$180 million and \$265 million. However, if the Superior Court decision on the current litigation stands, the actuary estimates that the contingent liability totaled \$16 million as of June 30, 2002, with interest on the liability compounding at 7% simple per annum. A \$32 million reserve has been established as a component of SamCERA's net asset balance to fund this contingent liability.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

Automated Child Support Systems

Federal legislation required all states to have statewide automated child support system by 1997. California failed to develop the mandated system and has been paying federal penalties since 1997. In prior years, the penalties were paid from the State General Fund. For FY 2003-04, the State passed federal penalties onto the State's 58 counties and required the penalties be paid from the counties' General Funds. The State has determined that the County's share of penalties for FY 2003-04 is approximately \$793.

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 \$1,715 million.

NOTE 15 – SUBSEQUENT EVENTS

Final Ruling on Ventura Decision - Teamsters Local 856 vs. Board of Retirement, San Mateo County

On October 14, 2003, the California Supreme Court announced that it would not accept appeals of the Ventura Decision. The Court ordered SamCERA to recalculate pensions of all retirees who retired prior to October 1, 1997. SamCERA's actuary has estimated that the cost of pension benefits will be increased by approximately \$16 million. This amount will be decreased if the Retirement Board determines to collect arrears contributions on the increased pensions. The increased pension benefits will be paid from the Ventura contingency reserve fund of \$32 million.

Lease Revenue Bonds

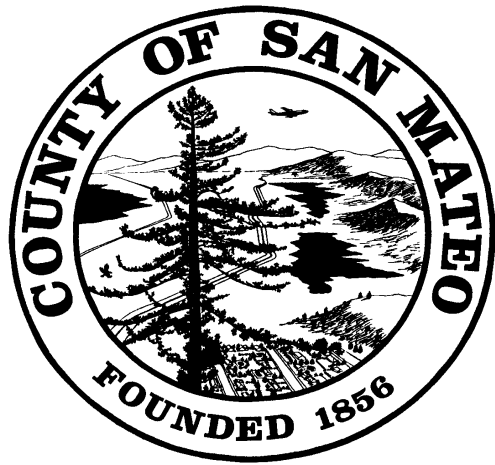
On November 18, 2003, the JPFA issued \$155,350 of lease revenue bonds Series 2003A, Series 2003B and Series 2003C in the amount of \$66,725, \$66,825 and \$21,800, respectively. The bonds were issued to finance a portion of the costs of acquisition and construction of a new youth services campus including a juvenile hall, a juvenile court, girls camp, community school, receiving home, group home and probation offices for the County. The bonds bear interest at the auction rates for the initial auction periods, until conversion to an auction rate period of different length or an interest rate period. The maturity date of the bonds is July 15, 2036.

Vehicle License Fee Repeal

In December 2003, the State repealed the vehicle license fee that provides financial support to counties and local governments. The County is expecting a loss in revenues of \$45 million that will affect various County programs. At this time, the state has not identified or approved any financial relief to offset this loss.

Burlingame Health Center

On August 1, 2003, the Medical Center became the licensed long-term provider for the 281 bed Burlingame Healthcare Center. Sycamore Healthcare Management, Incorporation, a company operated by the previous receiver, was maintained under a management contract with the County until October 15, 2003, at which time the County transitioned to full control and management of the center. The Burlingame Healthcare Center is licensed as a "Distinct Part Unit" skilled nursing facility which allows the medical center to receive higher Medi-Cal reimbursement than a freestanding long-term care center.



Required Supplementary Information

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COUNTY OF SAN MATEO
Required Supplementary Information
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

1. INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

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. It is the County's policy to maintain at least 75 percent of its primary maintained pavement subsystem at a PCI of 55 or higher and the secondary maintained pavement subsystem at a PCI of 40 or higher. Condition assessments are determined every three years.

As of June 30, 2003, the County's maintained pavement subsystem was rated at a PCI index of 76 on the average for primary roads and 54 for secondary roads with the detail condition as follows:

PCI Condition Rating	Primary		Secondary	
	Number of Miles	Percent	Number of Miles	Percent
Primary:				
Good to excellent (55-100)	119.56	78.6		
Substandard to fair (0-54)	32.50	21.4		
Secondary:				
Fair to excellent (40-100)			125.06	75.6
Substandard to fair (0-39)			40.38	24.4
Total	152.06	100.0	165.44	100.0

For the year ended June 30, 2003, actual maintenance and preservation costs were more than estimated by \$215 or 3 percent.

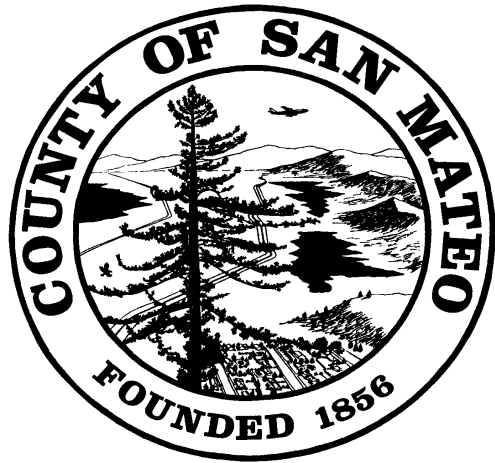
Fiscal Year	Estimated Maintenance & Preservation Costs	Actual Maintenance & Preservation Costs	Variance
2001	\$ 13,750	\$ 7,786	\$ 5,964
2002	7,859	12,675	(4,816)
2003	6,400	6,615	(215)

2. SCHEDULE OF FUNDING PROGRESS

SamCERA issues a publicly available financial report that can be obtained by writing to the San Mateo County Employees' Retirement Association, 100 Marine Parkway, Suite 125, Redwood Shores, California 94065. The actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30, 2003 are obtained from SamCERA's annual actuarial report.

Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as of % of Covered Payroll ((b-a)/c)
6/30/1998	\$ 992,314	\$ 1,104,070	\$ 111,756	89.88%	\$ 211,529	52.83%
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%

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General Fund

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

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary Balances, July 1	\$ 182,429	\$ 182,354	\$ (75)	\$ 197,679	\$ 15,325
Resources (inflows):					
Taxes	149,549	149,549	-	155,126	5,577
Licenses, permits and franchises	3,716	3,716	-	3,888	172
Use of money and property	9,899	9,899	-	16,145	6,246
Intergovernmental revenues	375,234	380,307	5,073	357,396	(22,911)
Charges for services	68,407	71,723	3,316	72,729	1,006
Fines, forfeitures and penalties	6,562	6,562	-	6,951	389
Interfund revenue	51,287	53,494	2,207	51,601	(1,893)
Miscellaneous revenue	14,063	15,230	1,167	16,870	1,640
Other financing sources	998	967	(31)	1,031	64
Amounts available for appropriation	<u>679,715</u>	<u>691,447</u>	<u>11,732</u>	<u>681,737</u>	<u>(9,710)</u>
Charges to appropriations (outflows):					
<u>General Government</u>					
Board of Supervisors - District 1					
Salaries and benefits	282	282	-	274	8
Services and supplies	33	33	-	24	9
Other charges	34	34	-	31	3
Contingenices	7	7	-	-	7
Total Board of Supervisors - District 1	<u>356</u>	<u>356</u>	<u>-</u>	<u>329</u>	<u>27</u>
Board of Supervisors - District 2					
Salaries and benefits	280	296	16	296	-
Services and supplies	29	25	(4)	23	2
Other charges	32	31	(1)	29	2
Contingenices	7	3	(4)	-	3
Total Board of Supervisors - District 2	<u>348</u>	<u>355</u>	<u>7</u>	<u>348</u>	<u>7</u>
Board of Supervisors - District 3					
Salaries and benefits	273	273	-	265	8
Services and supplies	29	29	-	26	3
Other charges	39	39	-	34	5
Contingenices	7	7	-	-	7
Total Board of Supervisors - District 3	<u>348</u>	<u>348</u>	<u>-</u>	<u>325</u>	<u>23</u>
Board of Supervisors - District 4					
Salaries and benefits	280	295	15	295	-
Services and supplies	34	34	-	33	1
Other charges	32	32	-	31	1
Contingenices	7	4	(3)	-	4
Total Board of Supervisors - District 4	<u>353</u>	<u>365</u>	<u>12</u>	<u>359</u>	<u>6</u>

(Continued)

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Board of Supervisors - District 5					
Salaries and benefits	286	308	22	308	-
Services and supplies	33	33	-	27	6
Other charges	32	32	-	32	-
Contingencies	7	7	-	-	7
Total Board of Supervisors - District 5	<u>358</u>	<u>380</u>	<u>22</u>	<u>367</u>	<u>13</u>
County Manager/Clerk of the Board					
Salaries and benefits	2,694	2,781	87	2,504	277
Services and supplies	423	406	(17)	332	74
Other charges	8,509	9,575	1,066	8,590	985
Intrafund transfers	(7,868)	(8,775)	(907)	(8,823)	48
Contingencies	52	52	-	-	52
Total County Manager/Clerk of the Board	<u>3,810</u>	<u>4,039</u>	<u>229</u>	<u>2,603</u>	<u>1,436</u>
Assessor-Clerk-Recorder					
Salaries and benefits	10,608	11,029	421	10,928	101
Services and supplies	3,633	5,695	2,062	5,073	622
Other charges	1,835	1,945	110	1,762	183
Fixed assets	-	252	252	252	-
Contingencies	2,740	2,538	(202)	-	2,538
Total Assessor-Clerk-Recorder	<u>18,816</u>	<u>21,459</u>	<u>2,643</u>	<u>18,015</u>	<u>3,444</u>
Controller's Office					
Salaries and benefits	3,928	4,058	130	3,972	86
Services and supplies	745	799	54	250	549
Other charges	976	1,020	44	929	91
Intrafund transfers	(128)	(128)	-	(135)	7
Contingencies	1,339	1,243	(96)	-	1,243
Total Controller's Office	<u>6,860</u>	<u>6,992</u>	<u>132</u>	<u>5,016</u>	<u>1,976</u>
Tax Collector/Treasurer					
Salaries and benefits	2,290	2,292	2	2,288	4
Services and supplies	2,037	2,037	-	1,290	747
Other charges	640	638	(2)	466	172
Fixed assets	176	176	-	-	176
Intrafund transfers	(125)	(125)	-	-	(125)
Contingencies	1,788	1,788	-	-	1,788
Total Tax Collector/Treasurer	<u>6,806</u>	<u>6,806</u>	<u>-</u>	<u>4,044</u>	<u>2,762</u>
County Counsel					
Salaries and benefits	4,637	4,879	242	4,879	-
Services and supplies	619	568	(51)	346	222
Other charges	294	299	5	299	-
Intrafund transfers	(1,048)	(1,054)	(6)	(1,068)	14
Contingencies	426	426	-	-	426
Total County Counsel	<u>4,928</u>	<u>5,118</u>	<u>190</u>	<u>4,456</u>	<u>662</u>

(Continued)

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Employee and Public Services					
Salaries and benefits	14,231	14,231	-	10,824	3,407
Services and supplies	4,180	4,180	-	2,352	1,828
Other charges	1,586	1,586	-	1,159	427
Fixed assets	38	38	-	27	11
Intrafund transfers	(4,069)	(4,069)	-	(3,189)	(880)
Contingencies	331	331	-	-	331
Total Employee and Public Services	<u>16,297</u>	<u>16,297</u>	<u>-</u>	<u>11,173</u>	<u>5,124</u>
Information Services					
Salaries and benefits	15,599	15,599	-	8,948	6,651
Services and supplies	24,511	24,513	2	11,915	12,598
Other charges	1,171	1,171	-	697	474
Fixed assets	1,365	1,365	-	878	487
Other financing uses	324	324	-	56	268
Intrafund transfers	(31,831)	(31,831)	-	(22,765)	(9,066)
Contingencies	3,022	3,022	-	-	3,022
Total Information Services	<u>14,161</u>	<u>14,163</u>	<u>2</u>	<u>(271)</u>	<u>14,434</u>
Memberships & Contribution					
Services and supplies	145	275	130	270	5
Other charges	2,179	2,179	-	2,114	65
Contingencies	10	10	-	-	10
Total Memberships & Contribution	<u>2,334</u>	<u>2,464</u>	<u>130</u>	<u>2,384</u>	<u>80</u>
Message Switch					
Services and supplies	485	356	(129)	283	73
Other charges	188	189	1	179	10
Intrafund transfers	(159)	(88)	71	(88)	-
Contingencies	416	416	-	-	416
Total Message Switch	<u>930</u>	<u>873</u>	<u>(57)</u>	<u>374</u>	<u>499</u>
Public Works					
Salaries and benefits	15,138	14,937	(201)	6,398	8,539
Services and supplies	12,451	12,652	201	8,840	3,812
Other charges	3,706	3,706	-	1,622	2,084
Fixed assets	75	75	-	27	48
Other financing uses	3,251	3,251	-	2,594	657
Intrafund transfers	(16,997)	(16,997)	-	(16,323)	(674)
Contingencies	299	299	-	-	299
Total Public Works	<u>17,923</u>	<u>17,923</u>	<u>-</u>	<u>3,158</u>	<u>14,765</u>
Food & Nutrition Services					
Salaries and benefits	5,111	5,134	23	3,914	1,220
Services and supplies	4,075	4,075	-	2,632	1,443
Other charges	340	364	24	274	90
Fixed assets	229	182	(47)	24	158
Intrafund transfers	(6,220)	(6,220)	-	(5,750)	(470)
Total Food & Nutrition Services	<u>3,535</u>	<u>3,535</u>	<u>-</u>	<u>1,094</u>	<u>2,441</u>

(Continued)

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Non-Departmental Services					
Salaries and benefits	20	20	-	9	11
Services and supplies	27,035	26,441	(594)	971	25,470
Other charges	12,500	12,425	(75)	-	12,425
Fixed assets	401	401	-	188	213
Other financing uses	11,487	15,487	4,000	8,858	6,629
Intrafund transfers	(458)	(458)	-	(627)	169
Contingencies	80,954	73,563	(7,391)	-	73,563
Total Non-Departmental Services	<u>131,939</u>	<u>127,879</u>	<u>(4,060)</u>	<u>9,399</u>	<u>118,480</u>
Total General Government	<u>230,102</u>	<u>229,352</u>	<u>(750)</u>	<u>63,173</u>	<u>166,179</u>
<u>Public Protection</u>					
Grand Jury					
Salaries and benefits	47	49	2	49	-
Services and supplies	165	153	(12)	125	28
Other charges	-	10	10	10	-
Total Grand Jury	<u>212</u>	<u>212</u>	<u>-</u>	<u>184</u>	<u>28</u>
Criminal Division					
Salaries and benefits	14,096	14,096	-	12,733	1,363
Services and supplies	959	980	21	857	123
Other charges	1,696	1,696	-	1,508	188
Fixed assets	36	15	(21)	15	-
Intrafund transfers	-	-	-	(273)	273
Contingencies	2,286	2,286	-	-	2,286
Total Criminal Division	<u>19,073</u>	<u>19,073</u>	<u>-</u>	<u>14,840</u>	<u>4,233</u>
Child Support Services					
Salaries and benefits	9,222	9,150	(72)	8,667	483
Services and supplies	3,146	3,381	235	2,455	926
Other charges	1,511	1,583	72	1,571	12
Fixed assets	-	15	15	13	2
Total Child Support Services	<u>13,879</u>	<u>14,129</u>	<u>250</u>	<u>12,706</u>	<u>1,423</u>
County Support of Courts					
Salaries and benefits	365	365	-	296	69
Services and supplies	904	797	(107)	787	10
Other charges	20,338	20,816	478	20,758	58
Total County Support of Courts	<u>21,607</u>	<u>21,978</u>	<u>371</u>	<u>21,841</u>	<u>137</u>
Private Defender Program					
Services and supplies	10,977	11,007	30	10,627	380
Intrafund transfers	(68)	(98)	(30)	(98)	-
Total Private Defender Program	<u>10,909</u>	<u>10,909</u>	<u>-</u>	<u>10,529</u>	<u>380</u>

(Continued)

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Sheriff					
Salaries and benefits	66,681	68,694	2,013	61,013	7,681
Services and supplies	6,924	9,055	2,131	6,658	2,397
Other charges	15,982	16,012	30	13,267	2,745
Fixed assets	94	122	28	7	115
Other financing uses	871	872	1	381	491
Intrafund transfers	(379)	(379)	-	(380)	1
Contingencies	374	-	(374)	-	-
Total Sheriff	<u>90,547</u>	<u>94,376</u>	<u>3,829</u>	<u>80,946</u>	<u>13,430</u>
Probation					
Salaries and benefits	33,295	34,894	1,599	34,822	72
Services and supplies	7,269	7,269	-	6,431	838
Other charges	7,452	7,452	-	7,175	277
Fixed assets	17	17	-	-	17
Intrafund transfers	(3,040)	(3,040)	-	(3,049)	9
Contingencies	670	670	-	-	670
Total Probation	<u>45,663</u>	<u>47,262</u>	<u>1,599</u>	<u>45,379</u>	<u>1,883</u>
Coroner's Office					
Salaries and benefits	1,246	1,358	112	1,358	-
Services and supplies	665	548	(117)	446	102
Other charges	277	283	6	267	16
Contingencies	50	50	-	-	50
Total Coroner's Office	<u>2,238</u>	<u>2,239</u>	<u>1</u>	<u>2,071</u>	<u>168</u>
Environmental Services Administration					
Salaries and benefits	337	371	34	353	18
Services and supplies	20	21	1	14	7
Other charges	20	20	-	18	2
Intrafund transfers	(43)	(78)	(35)	(77)	(1)
Contingencies	7	7	-	-	7
Total Environmental Services Administration	<u>341</u>	<u>341</u>	<u>-</u>	<u>308</u>	<u>33</u>
Agricultural Commissioner/Sealer					
Salaries and benefits	2,333	2,496	163	2,447	49
Services and supplies	1,007	1,129	122	889	240
Other charges	291	333	42	310	23
Intrafund transfers	(812)	(894)	(82)	(792)	(102)
Contingencies	36	36	-	-	36
Total Agricultural Commissioner/Sealer	<u>2,855</u>	<u>3,100</u>	<u>245</u>	<u>2,854</u>	<u>246</u>
Animal Control					
Salaries and benefits	22	22	-	16	6
Services and supplies	4,472	4,472	-	4,469	3
Other charges	21	21	-	20	1
Intrafund transfers	(168)	(168)	-	(168)	-
Total Animal Control	<u>4,347</u>	<u>4,347</u>	<u>-</u>	<u>4,337</u>	<u>10</u>

(Continued)

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive Negative
	Original	Final	Increase (Decrease)		
Local Agency Formation Commission					
Salaries and benefits	118	123	5	123	-
Services and supplies	44	39	(5)	13	26
Other charges	26	26	-	26	-
Contingencies	22	22	-	-	22
Total Local Agency Formation Commission	210	210	-	162	48
Fire Protection					
Services and supplies	5,244	5,500	256	-	5,500
Other charges	281	281	-	-	281
Fixed assets	748	748	-	38	710
Total Fire Protection	6,273	6,529	256	38	6,491
Planning					
Salaries and benefits	4,030	4,030	-	3,723	307
Services and supplies	2,873	2,967	94	2,281	686
Other charges	636	636	-	593	43
Fixed assets	10	10	-	-	10
Intrafund transfers	(1,791)	(1,791)	-	(1,772)	(19)
Contingencies	114	114	-	-	114
Total Planning	5,872	5,966	94	4,825	1,141
Total Public Protection	224,026	230,671	6,645	201,020	29,651
<u>Health and Sanitation</u>					
Health Businesses & Administration					
Salaries and benefits	1,949	1,989	40	1,818	171
Services and supplies	2,262	2,994	732	2,213	781
Other charges	1,062	1,062	-	911	151
Intrafund transfers	(2,939)	(2,939)	-	(2,680)	(259)
Contingencies	15	15	-	-	15
Total Health Businesses & Administration	2,349	3,121	772	2,262	859
Emergency Medical Services					
Salaries and benefits	482	500	18	467	33
Services and supplies	277	579	302	537	42
Other charges	50	53	3	52	1
Intrafund transfers	(128)	(451)	(323)	(437)	(14)
Total Emergency Medical Services	681	681	-	619	62
Hospital & Clinic Subsidy					
Other financing uses	38,333	38,333	-	38,333	-
Intrafund transfers	-	(1,000)	(1,000)	(1,000)	-
Total Hospital & Clinic Subsidy	38,333	37,333	(1,000)	37,333	-
SB 855 Transfer Payment					
Services and supplies	8,671	11,960	3,289	11,960	-
Total SB 855 Transfer Payment	8,671	11,960	3,289	11,960	-

(Continued)

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Environmental Health Services					
Salaries and benefits	6,654	6,654	-	6,015	639
Services and supplies	3,243	3,250	7	2,784	466
Other charges	568	560	(8)	172	388
Fixed assets	10	11	1	10	1
Other financing uses	300	300	-	51	249
Intrafund transfers	(861)	(861)	-	(42)	(819)
Contingencies	784	784	-	-	784
Total Environmental Health Services	<u>10,698</u>	<u>10,698</u>	<u>-</u>	<u>8,990</u>	<u>1,708</u>
Mental Health Services					
Salaries and benefits	24,137	24,137	-	21,741	2,396
Services and supplies	44,930	44,930	-	35,620	9,310
Other charges	14,327	14,327	-	11,933	2,394
Intrafund transfers	(2,336)	(2,336)	-	(1,170)	(1,166)
Contingencies	3,941	3,941	-	-	3,941
Total Mental Health Services	<u>84,999</u>	<u>84,999</u>	<u>-</u>	<u>68,124</u>	<u>16,875</u>
Public Health Services					
Salaries and benefits	20,867	20,495	(372)	19,176	1,319
Services and supplies	6,692	7,411	719	6,636	775
Other charges	3,542	4,052	510	3,242	810
Other financing uses	5	5	-	-	5
Intrafund transfers	(1,187)	(1,187)	-	(647)	(540)
Contingencies	589	589	-	-	589
Total Public Health Services	<u>30,508</u>	<u>31,365</u>	<u>857</u>	<u>28,407</u>	<u>2,958</u>
Correctional Health Services					
Salaries and benefits	5,170	5,361	191	5,013	348
Services and supplies	1,916	1,875	(41)	1,596	279
Other charges	68	109	41	101	8
Intrafund transfers	(2,030)	(2,041)	(11)	(1,994)	(47)
Contingencies	17	17	-	-	17
Total Correctional Health Services	<u>5,141</u>	<u>5,321</u>	<u>180</u>	<u>4,716</u>	<u>605</u>
Total Health and Sanitation	<u>181,380</u>	<u>185,478</u>	<u>4,098</u>	<u>162,411</u>	<u>23,067</u>
Public Assistance					
Aging & Adult Services					
Salaries and benefits	9,755	9,755	-	9,248	507
Services and supplies	3,768	3,768	-	2,360	1,408
Other charges	6,226	6,639	413	5,626	1,013
Intrafund transfers	(1,845)	(1,845)	-	(1,435)	(410)
Contingencies	75	75	-	-	75
Total Aging & Adult Services	<u>17,979</u>	<u>18,392</u>	<u>413</u>	<u>15,799</u>	<u>2,593</u>
In Home Support Services - Public Authority					
Other charges	4,010	4,604	594	-	4,604
Other financing uses	-	-	-	4,604	(4,604)
Total In Home Support Services - Public Authority	<u>4,010</u>	<u>4,604</u>	<u>594</u>	<u>4,604</u>	<u>-</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Human Services Agency					
Salaries and benefits	55,987	56,222	235	53,050	3,172
Services and supplies	45,449	45,494	45	34,470	11,024
Other charges	86,071	86,407	336	79,333	7,074
Fixed assets	745	745	-	148	597
Other financing uses	544	544	-	110	434
Intrafund transfers	(17,623)	(17,623)	-	(16,549)	(1,074)
Contingencies	4,572	4,572	-	-	4,572
Total Human Services Agency	<u>175,745</u>	<u>176,361</u>	<u>616</u>	<u>150,562</u>	<u>25,799</u>
Total Public Assistance	<u>197,734</u>	<u>199,357</u>	<u>1,623</u>	<u>170,965</u>	<u>28,392</u>
<u>Education</u>					
Cooperative Extension					
Salaries and benefits	89	92	3	92	-
Services and supplies	33	36	3	28	8
Other charges	68	80	12	72	8
Contingencies	4	4	-	-	4
Total Cooperative Extension	<u>194</u>	<u>212</u>	<u>18</u>	<u>192</u>	<u>20</u>
Total Education	<u>194</u>	<u>212</u>	<u>18</u>	<u>192</u>	<u>20</u>
<u>Recreation</u>					
Parks & Recreation					
Salaries and benefits	5,211	5,101	(110)	4,957	144
Services and supplies	1,051	1,134	83	1,100	34
Other charges	1,210	1,210	-	995	215
Fixed assets	152	196	44	77	119
Other Financing Uses	-	6	6	-	6
Contingencies	100	100	-	-	100
Total Parks & Recreation	<u>7,724</u>	<u>7,747</u>	<u>23</u>	<u>7,129</u>	<u>618</u>
Total Recreation	<u>7,724</u>	<u>7,747</u>	<u>23</u>	<u>7,129</u>	<u>618</u>
<u>Contingencies</u>					
Contingencies					
Contingencies	20,984	20,984	-	-	20,984
Total Contingencies	<u>20,984</u>	<u>20,984</u>	<u>-</u>	<u>-</u>	<u>20,984</u>
Total Contingencies	<u>20,984</u>	<u>20,984</u>	<u>-</u>	<u>-</u>	<u>20,984</u>
Total charges to appropriations	<u>862,144</u>	<u>873,801</u>	<u>11,657</u>	<u>604,890</u>	<u>268,911</u>
Budgetary balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 274,526</u>	<u>\$ 274,526</u>

(Continued)

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 681,737
Differences - budget to GAAP:	
Interfund revenues are inflows of budgetary resources but are used to offset expenditures for financial reporting purposes.	(51,474)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(1,031)
Receipts from sub-funds reclassified from County Agency Fund, not budgeted.	<u>6,563</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 635,795</u></u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 604,890
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	1,335
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(55,424)
Disbursements from sub-funds reclassified from County Agency Fund, not budgeted	<u>14,950</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 565,751</u></u>

COUNTY OF SAN MATEO

Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2003 (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. Supplemental appropriations normally financed by unanticipated revenues during the year must be approved by the Board of Supervisors. Pursuant to Board Resolution, the County Manager is authorized to approve transfers and revision of appropriations under \$50,000 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.

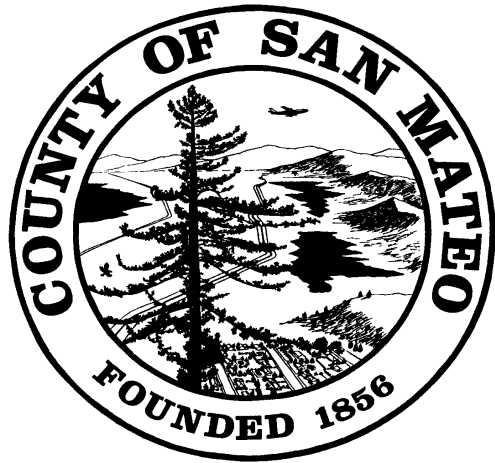
The County uses an encumbrance system as an extension of normal budgetary accounting for the general, special revenue, and other debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure 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.

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 transactions from sub-funds reclassified from County Agency funds are reported in GAAP reporting basis.

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Combining and Individual Fund Statements and Schedules

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Nonmajor Governmental Funds

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COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003
(Dollars in Thousands)

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Cash and investments	\$ 70,829	\$ 16,280	\$ 7,829	\$ 94,938
Securities lending collateral	12,089	2,779	1,336	16,204
Receivables (net):				
Accounts	14	-	8	22
Interest	587	100	67	754
Taxes	1,231	-	-	1,231
Other	238	-	-	238
Due from other funds	420	6,147	113	6,680
Due from other governmental agencies	609	-	-	609
Inventories	362	-	-	362
Other assets	6	-	-	6
Advances to other funds	7	-	3,000	3,007
Total assets	<u>\$ 86,392</u>	<u>\$ 25,306</u>	<u>\$ 12,353</u>	<u>\$ 124,051</u>
Liabilities:				
Accounts payable	\$ 3,716	\$ 2	\$ 741	\$ 4,459
Accrued salaries and benefits	187	-	-	187
Securities lending collateral - due to borrowers	12,089	2,779	1,336	16,204
Due to other funds	1,027	686	77	1,790
Advances from other funds	7	-	-	7
Deferred revenue	1,605	-	32	1,637
Deposits	1	-	-	1
Total liabilities	<u>18,632</u>	<u>3,467</u>	<u>2,186</u>	<u>24,285</u>
Fund balances:				
Reserved for:				
Encumbrances	7,376	-	392	7,768
Debt service	-	21,839	-	21,839
Inventories and advances	369	-	3,000	3,369
Unreserved, reported in				
Special revenue funds:				
Designated	13,391	-	-	13,391
Undesignated	46,624	-	-	46,624
Capital projects funds:				
Designated	-	-	3,735	3,735
Undesignated	-	-	3,040	3,040
Total fund balances	<u>67,760</u>	<u>21,839</u>	<u>10,167</u>	<u>99,766</u>
Total liabilities and fund balances	<u>\$ 86,392</u>	<u>\$ 25,306</u>	<u>\$ 12,353</u>	<u>\$ 124,051</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, 2003
(Dollars in Thousands)

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Taxes	\$ 11,259	\$ -	\$ -	\$ 11,259
Licenses and permits	4,395	-	10	4,405
Use of money and property	3,303	671	375	4,349
Intergovernmental	27,162	-	2,192	29,354
Charges for services	10,155	-	2,876	13,031
Fines, forfeitures and penalties	1,044	-	1	1,045
Other	827	-	210	1,037
Total revenues	<u>58,145</u>	<u>671</u>	<u>5,664</u>	<u>64,480</u>
Expenditures:				
Current Operating:				
General government	2,902	1	-	2,903
Public protection	6,827	-	-	6,827
Public ways and facilities	22,606	-	-	22,606
Health and sanitation	21,217	-	-	21,217
Capital outlay	7,656	-	11,600	19,256
Debt service:				
Principal	15	-	-	15
Interest	6	-	-	6
Total expenditures	<u>61,229</u>	<u>1</u>	<u>11,600</u>	<u>72,830</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,084)</u>	<u>670</u>	<u>(5,936)</u>	<u>(8,350)</u>
Other financing sources (uses):				
Transfers in	4,604	16,478	8,908	29,990
Transfers out	(2,264)	(9,358)	(2,816)	(14,438)
Total other financing sources	<u>2,340</u>	<u>7,120</u>	<u>6,092</u>	<u>15,552</u>
Net change in fund balances	(744)	7,790	156	7,202
Fund balances - beginning	<u>68,504</u>	<u>14,049</u>	<u>10,011</u>	<u>92,564</u>
Fund balances - ending	<u>\$ 67,760</u>	<u>\$ 21,839</u>	<u>\$ 10,167</u>	<u>\$ 99,766</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. Nonmajor special revenue funds used by the County are listed below:

The *Road Fund* provides for planning, design, construction, maintenance and administration of County transportation planning activities. Revenues consist primarily of the County's share of state highway user taxes and are supplemented by federal funds.

The *County Fire Protection Fund* provides fire protection services to both cities and unincorporated areas in the County. Property taxes provide most of the Fund's revenues.

The *County Service Area Fund* accounts for special district funds that provide water and refuse disposal services and lighting maintenance to specific areas in the County and are financed by property taxes and user charges.

The *Sewer and Sanitation Fund* accounts for special district funds that support construction and maintenance of reliable sanitary sewer systems, which allow sensitive sewage treatment and disposal in specific areas in the County and are financed by user charges and property taxes.

The *Flood Control Zone Fund* accounts for special district funds that provide services to control flood and storm waters within the districts. Revenues are primarily received from property taxes 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 specific areas in the County and are primarily financed by property taxes.

The *Emergency Medical Services Fund* was established to implement 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.

The *County Half-Cent Transportation Fund* accounts for revenues generated by a special one-half cent sales tax that was approved by the voters of San Mateo County during 1988. This fund is restricted for transportation related programs sponsored by other County departments and outside agencies.

The *County-Wide Road Improvement Fund* accounts for mitigation fees imposed when building permits are issued to fund improvements to the County road system.

The *Solid Waste Fund* accounts for revenues related to the County management and operation of solid waste facilities owned by the County as well as aid from federal, state and other local agencies. The primary source of revenue comes from licenses, permits and franchise fees. Expenditures are specifically for programs in resource conservation.

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COUNTY OF SAN MATEO

Nonmajor Governmental Funds

Special Revenue Funds (Continued)

The *Public Authority IHSS Fund* allows for the maintenance of a registry and referral system to assist consumers in finding qualified in-home supportive services (IHSS) personnel as well as training of and support for providers and recipients of IHSS. Revenues primarily come from state grants.

The *Other Special Revenue Funds* account for the activities of several Special Revenue Funds that include:

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

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003
(Dollars in Thousands)

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
Assets:							
Cash and investments	\$ 10,116	\$ 1,767	\$ 3,878	\$ 9,547	\$ 16,124	\$ 4,763	\$ 1,828
Securities lending collateral	1,727	302	662	1,629	2,752	813	312
Receivables (net):							
Accounts	-	-	14	-	-	-	-
Interest	63	35	34	73	127	38	20
Taxes	-	585	240	44	283	75	-
Other	136	-	52	-	-	50	-
Due from other funds	1	-	1	-	-	-	418
Due from other governmental agencies	-	-	-	-	-	-	-
Inventories	362	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-
Total assets	<u>\$ 12,411</u>	<u>\$ 2,689</u>	<u>\$ 4,881</u>	<u>\$ 11,293</u>	<u>\$ 19,286</u>	<u>\$ 5,739</u>	<u>\$ 2,578</u>
Liabilities:							
Accounts payable	\$ 89	\$ -	\$ 190	\$ 1,879	\$ 753	\$ 12	\$ -
Accrued salaries and benefits	138	-	-	12	-	-	-
Securities lending collateral - due to borrowers	1,727	302	662	1,629	2,752	813	312
Due to other funds	718	-	9	55	45	20	-
Advances from other funds	-	-	-	-	-	-	-
Deferred revenue	146	585	293	44	282	75	-
Deposits	-	-	1	-	-	-	-
Total liabilities	<u>2,818</u>	<u>887</u>	<u>1,155</u>	<u>3,619</u>	<u>3,832</u>	<u>920</u>	<u>312</u>
Fund Balances:							
Reserved for:							
Encumbrances	7,239	-	23	-	-	-	-
Inventories and advances	362	-	-	-	-	-	-
Unreserved:							
Designated	-	214	30	-	-	-	1,858
Undesignated	1,992	1,588	3,673	7,674	15,454	4,819	408
Total fund balances	<u>9,593</u>	<u>1,802</u>	<u>3,726</u>	<u>7,674</u>	<u>15,454</u>	<u>4,819</u>	<u>2,266</u>
Total liabilities and fund balances	<u>\$ 12,411</u>	<u>\$ 2,689</u>	<u>\$ 4,881</u>	<u>\$ 11,293</u>	<u>\$ 19,286</u>	<u>\$ 5,739</u>	<u>\$ 2,578</u>

(Continued)

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003
(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>	
						Assets:
\$ 3,269	\$ 3,965	\$ 13,384	\$ 1,449	\$ 739	\$ 70,829	Cash and investments
558	677	2,284	247	126	12,089	Securities lending collateral
-	-	-	-	-	14	Receivables (net):
29	40	112	10	6	587	Accounts
-	-	-	-	4	1,231	Interest
-	-	-	-	-	238	Taxes
-	-	-	-	-	420	Other
104	-	-	505	-	609	Due from other funds
-	-	-	-	-	362	Due from other governmental agencies
-	-	-	-	-	6	Inventories
-	-	-	-	7	7	Other assets
<u>\$ 3,960</u>	<u>\$ 4,682</u>	<u>\$ 15,780</u>	<u>\$ 2,211</u>	<u>\$ 882</u>	<u>\$ 86,392</u>	Advances to other funds
						Total assets
						Liabilities:
\$ 21	\$ -	\$ 66	\$ 701	\$ 5	\$ 3,716	Accounts payable
12	-	19	6	-	187	Accrued salaries and benefits
558	677	2,284	247	126	12,089	Securities lending collateral - due to borrowers
66	-	114	-	-	1,027	Due to other funds
-	-	-	-	7	7	Advances from other funds
-	-	176	-	4	1,605	Deferred revenue
-	-	-	-	-	1	Deposits
<u>657</u>	<u>677</u>	<u>2,659</u>	<u>954</u>	<u>142</u>	<u>18,632</u>	Total liabilities
						Fund Balances:
						Reserved for:
-	-	22	92	-	7,376	Encumbrances
-	-	-	-	7	369	Inventories and advances
						Unreserved:
2,261	2,544	5,815	394	275	13,391	Designated
<u>1,042</u>	<u>1,461</u>	<u>7,284</u>	<u>771</u>	<u>458</u>	<u>46,624</u>	Undesignated
<u>3,303</u>	<u>4,005</u>	<u>13,121</u>	<u>1,257</u>	<u>740</u>	<u>67,760</u>	Total fund balances
<u>\$ 3,960</u>	<u>\$ 4,682</u>	<u>\$ 15,780</u>	<u>\$ 2,211</u>	<u>\$ 882</u>	<u>\$ 86,392</u>	Total liabilities and fund balances

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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, 2003
(Dollars in Thousands)

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
Revenues							
Taxes	\$ -	\$ 5,039	\$ 1,933	\$ 353	\$ 1,941	\$ 528	\$ -
Licenses and permits	-	-	6	-	-	-	-
Use of money and property	448	131	178	403	755	220	102
Intergovernmental	15,342	234	43	3	4,327	6	-
Charges for services	2,691	100	1,146	4,636	406	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	1,033
Other	56	19	1	-	-	-	649
Total revenues	<u>18,537</u>	<u>5,523</u>	<u>3,307</u>	<u>5,395</u>	<u>7,429</u>	<u>754</u>	<u>1,784</u>
Expenditures							
Current Operating:							
General government	-	-	2,438	-	-	455	-
Public protection	-	5,276	-	-	1,551	-	-
Public ways and facilities	19,391	-	-	-	-	-	-
Health and sanitation	-	-	-	4,209	-	-	1,881
Capital outlay	1,942	-	32	1,335	4,347	-	-
Debt service:							
Principal	-	-	15	-	-	-	-
Interest	-	-	6	-	-	-	-
Total expenditures	<u>21,333</u>	<u>5,276</u>	<u>2,491</u>	<u>5,544</u>	<u>5,898</u>	<u>455</u>	<u>1,881</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,796)</u>	<u>247</u>	<u>816</u>	<u>(149)</u>	<u>1,531</u>	<u>299</u>	<u>(97)</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(35)	-	(981)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(35)</u>	<u>-</u>	<u>(981)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(2,796)</u>	<u>247</u>	<u>781</u>	<u>(149)</u>	<u>550</u>	<u>299</u>	<u>(97)</u>
Fund balances - beginning	<u>12,389</u>	<u>1,555</u>	<u>2,945</u>	<u>7,823</u>	<u>14,904</u>	<u>4,520</u>	<u>2,363</u>
Fund balances - ending	<u>\$ 9,593</u>	<u>\$ 1,802</u>	<u>\$ 3,726</u>	<u>\$ 7,674</u>	<u>\$ 15,454</u>	<u>\$ 4,819</u>	<u>\$ 2,266</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, 2003
(Dollars in Thousands)

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	Public Authority IHSS	Other Special Revenue	Total
\$ 1,434	\$ -	\$ -	\$ -	\$ 31	\$ 11,259
-	-	4,389	-	-	4,395
162	201	655	14	34	3,303
47	-	217	6,927	16	27,162
389	692	95	-	-	10,155
-	-	-	-	11	1,044
10	-	37	26	29	827
<u>2,042</u>	<u>893</u>	<u>5,393</u>	<u>6,967</u>	<u>121</u>	<u>58,145</u>
-	-	-	-	9	2,902
-	-	-	-	-	6,827
2,109	1,099	-	-	7	22,606
-	-	4,883	10,228	16	21,217
-	-	-	-	-	7,656
-	-	-	-	-	15
-	-	-	-	-	6
<u>2,109</u>	<u>1,099</u>	<u>4,883</u>	<u>10,228</u>	<u>32</u>	<u>61,229</u>
<u>(67)</u>	<u>(206)</u>	<u>510</u>	<u>(3,261)</u>	<u>89</u>	<u>(3,084)</u>
-	-	-	4,604	-	4,604
(573)	-	(675)	-	-	(2,264)
<u>(573)</u>	<u>-</u>	<u>(675)</u>	<u>4,604</u>	<u>-</u>	<u>2,340</u>
(640)	(206)	(165)	1,343	89	(744)
<u>3,943</u>	<u>4,211</u>	<u>13,286</u>	<u>(86)</u>	<u>651</u>	<u>68,504</u>
<u>\$ 3,303</u>	<u>\$ 4,005</u>	<u>\$ 13,121</u>	<u>\$ 1,257</u>	<u>\$ 740</u>	<u>\$ 67,760</u>

Revenues

Taxes
Licenses and permits
Use of money and property
Intergovernmental
Charges for services
Fines, forfeitures and penalties
Other
Total revenues

Expenditures

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

Excess (deficiency) of revenues over
(under) expenditures

Other financing sources (uses)

Transfers in
Transfers out
Total other financing sources (uses)

Net change in fund balances

Fund balances - beginning

Fund balances - ending

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Road Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 13,592	\$ 13,592	\$ -	\$ -	\$ (13,592)
Resources (inflows):					
Use of money and property	629	629	-	448	(181)
Intergovernmental revenues	16,162	16,162	-	15,342	(820)
Charges for services	91	91	-	2,691	2,600
Interfund revenue	669	669	-	-	(669)
Miscellaneous revenue	306	306	-	56	(250)
Amounts available for appropriation	17,857	17,857	-	18,537	680
Charges to appropriations (outflows):					
Public ways and facilities					
Salaries and benefits	6,075	6,075	-	5,996	79
Services and supplies	24,799	24,799	-	11,490	13,309
Other charges	1,209	1,209	-	196	1,013
Fixed assets	1,942	1,942	-	1,103	839
Intrafund transfers	(2,976)	(2,976)	-	(1,365)	(1,611)
Contingencies	400	400	-	-	400
Total charges to appropriations	31,449	31,449	-	17,420	14,029
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 1,117	\$ 1,117

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 17,420
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	3,913
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 21,333

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County Fire Protection Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 1,543	\$ 1,543	\$ -	\$ 1,555	\$ 12
Resources (inflows):					
Taxes	5,159	5,159	-	5,039	(120)
Use of money and property	50	50	-	131	81
Intergovernmental revenues	281	281	-	234	(47)
Charges for services	55	55	-	100	45
Miscellaneous revenue	40	40	-	19	(21)
Amounts available for appropriation	5,585	5,585	-	5,523	(62)
Charges to appropriations (outflows):					
Public protection					
Services and supplies	6,090	6,348	258	5,275	1,073
Fixed assets	1	1	-	-	1
Non-general fund reserves	1,037	779	(258)	-	779
Total charges to appropriations	7,128	7,128	-	5,275	1,853
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 1,803	\$ 1,803

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,275
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	1
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 5,276

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County Service Area Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 3,311	\$ 3,334	\$ 23	\$ 2,945	\$ (389)
Resources (inflows):					
Taxes	1,780	1,780	-	1,933	153
Licenses, permits & franchises	-	-	-	6	6
Use of money and property	99	99	-	178	79
Intergovernmental revenues	20	20	-	43	23
Charges for services	1,053	1,053	-	1,146	93
Miscellaneous revenue	-	-	-	1	1
Amounts available for appropriation	2,952	2,952	-	3,307	355
Charges to appropriations (outflows):					
General government					
Services and supplies	3,924	3,940	16	2,388	1,552
Other charges	153	175	22	71	104
Fixed assets	89	89	-	55	34
Other financing uses	35	35	-	35	-
Intrafund transfers	(50)	(50)	-	-	(50)
Contingencies	1,125	1,125	-	-	1,125
Non-general fund reserves	987	972	(15)	-	972
Total charges to appropriations	6,263	6,286	23	2,549	3,737
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 3,703	\$ 3,703

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,549
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	(23)
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	\$ 2,491

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Sewer and Sanitation Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 8,361	\$ 8,713	\$ 352	\$ 7,823	\$ (890)
Resources (inflows):					
Taxes	339	339	-	353	14
Use of money and property	442	442	-	403	(39)
Intergovernmental revenues	4	4	-	3	(1)
Charges for services	3,462	3,462	-	4,636	1,174
Interfund revenue	694	694	-	-	(694)
Miscellaneous revenue	2	2	-	-	(2)
Amounts available for appropriation	<u>4,943</u>	<u>4,943</u>	<u>-</u>	<u>5,395</u>	<u>452</u>
Charges to appropriations (outflows):					
Health and sanitation					
Salaries and benefits	585	585	-	572	13
Services and supplies	4,588	4,588	-	3,598	990
Other charges	543	895	352	41	854
Fixed assets	5,589	5,589	-	1,335	4,254
Intrafund transfers	(496)	(496)	-	(2)	(494)
Contingencies	2,495	2,495	-	-	2,495
Total charges to appropriations	<u>13,304</u>	<u>13,656</u>	<u>352</u>	<u>5,544</u>	<u>8,112</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,674</u>	<u>\$ 7,674</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Flood Control Zone Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 15,075	\$ 15,233	\$ 158	\$ 14,903	\$ (330)
Resources (inflows):					
Taxes	1,863	1,863	-	1,941	78
Use of money and property	614	614	-	755	141
Intergovernmental revenues	5,188	5,188	-	4,327	(861)
Charges for services	-	-	-	406	406
Amounts available for appropriation	7,665	7,665	-	7,429	(236)
Charges to appropriations (outflows):					
Public protection					
Services and supplies	1,185	1,185	-	1,548	(363)
Other charges	80	238	158	3	235
Fixed assets	17,920	17,920	-	4,347	13,573
Other financing uses	2,771	2,771	-	981	1,790
Intrafund transfers	(1,392)	(1,392)	-	-	(1,392)
Contingencies	2,176	2,176	-	-	2,176
Total charges to appropriations	22,740	22,898	158	6,879	16,019
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 15,453	\$ 15,453

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 6,879
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(981)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 5,898

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Lighting Districts Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 4,483	\$ 4,501	\$ 18	\$ 4,519	\$ 18
Resources (inflows):					
Taxes	523	523	-	528	5
Use of money and property	179	179	-	220	41
Intergovernmental revenues	6	6	-	6	-
Amounts available for appropriation	708	708	-	754	46
Charges to appropriations (outflows):					
General government					
Services and supplies	433	473	40	455	18
Other charges	-	18	18	-	18
Intrafund transfers	(30)	(30)	-	-	(30)
Contingencies	4,788	4,748	(40)	-	4,748
Total charges to appropriations	5,191	5,209	18	455	4,754
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 4,818	\$ 4,818

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Emergency Medical Services Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 2,340	\$ 2,340	\$ -	\$ 2,368	\$ 28
Resources (inflows):					
Fines, forfeitures and penalties	1,107	1,107	-	1,033	(74)
Use of money and property	100	100	-	102	2
Intergovernmental revenues	25	25	-	-	(25)
Miscellaneous revenue	-	-	-	649	649
Amounts available for appropriation	<u>1,232</u>	<u>1,232</u>	<u>-</u>	<u>1,784</u>	<u>552</u>
Charges to appropriations (outflows):					
Health and sanitation					
Services and supplies	1,122	2,013	891	1,881	132
Non-general fund reserves	<u>2,450</u>	<u>1,559</u>	<u>(891)</u>	<u>-</u>	<u>1,559</u>
Total charges to appropriations	<u>3,572</u>	<u>3,572</u>	<u>-</u>	<u>1,881</u>	<u>1,691</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,271</u>	<u>\$ 2,271</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County Half-Cent Transportation Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 3,808	\$ 3,808	\$ -	\$ 3,590	\$ (218)
Resources (inflows):					
Taxes	1,350	1,350	-	1,434	84
Use of money and property	123	123	-	162	39
Intergovernmental revenues	-	-	-	47	47
Charges for services	591	591	-	389	(202)
Interfund revenues	50	50	-	-	(50)
Miscellaneous revenue	-	-	-	10	10
Amounts available for appropriation	2,114	2,114	-	2,042	(72)
Charges to appropriations (outflows):					
Public ways and facilities					
Salaries and benefits	521	521	-	445	76
Services and supplies	1,995	1,995	-	1,042	953
Other charges	899	899	-	622	277
Other financing uses	573	573	-	573	-
Non-general fund reserves	1,934	1,934	-	-	1,934
Total charges to appropriations	5,922	5,922	-	2,682	3,240
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 2,950	\$ 2,950

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,682
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(573)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 2,109

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County-wide Road Improvement Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 4,173	\$ 4,173	\$ -	\$ 4,211	\$ 38
Resources (inflows):					
Use of money and property	111	111	-	201	90
Charges for services	430	430	-	692	262
Amounts available for appropriation	541	541	-	893	352
Charges to appropriations (outflows):					
Public ways and facilities					
Services and supplies	1,455	1,455	-	1,099	356
Non-general fund reserves	3,259	3,259	-	-	3,259
Total charges to appropriations	4,714	4,714	-	1,099	3,615
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 4,005	\$ 4,005

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Solid Waste Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ -</u>	<u>\$ 13,286</u>	<u>\$ 286</u>
Resources (inflows):					
Licenses, permits and franchises	4,500	4,500	-	4,389	(111)
Use of money and property	400	400	-	655	255
Intergovernmental revenues	265	265	-	217	(48)
Charges for services	60	60	-	95	35
Miscellaneous revenue	25	25	-	37	12
Amounts available for appropriation	<u>5,250</u>	<u>5,250</u>	<u>-</u>	<u>5,393</u>	<u>143</u>
Charges to appropriations (outflows):					
Health and sanitation					
Salaries and benefits	1,061	1,061	-	815	246
Services and supplies	4,737	4,727	(10)	1,816	2,911
Other charges	2,265	2,275	10	2,274	1
Fixed assets	350	350	-	-	350
Other financing uses	3,110	3,110	-	675	2,435
Contingencies	390	390	-	-	390
Non-general fund reserves	6,337	6,337	-	-	6,337
Total charges to appropriations	<u>18,250</u>	<u>18,250</u>	<u>-</u>	<u>5,580</u>	<u>12,670</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,099</u>	<u>\$ 13,099</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,580
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	(22)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(675)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 4,883</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Public Authority IHSS Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 950	\$ 950	\$ -	\$ (175)	\$ (1,125)
Resources (inflows):					
Use of money and property	30	30	-	14	(16)
Intergovernmental revenues	6,606	6,606	-	6,927	321
Interfund revenue	4,010	-	(4,010)	-	-
Miscellaneous revenue	-	4,604	4,604	26	(4,578)
Other financing sources	-	-	-	4,604	4,604
Amounts available for appropriation	10,646	11,240	594	11,571	331
Charges to appropriations (outflows):					
Health and sanitation					
Salaries and benefits	286	286	-	218	68
Services and supplies	2,201	2,201	-	2,332	(131)
Other charges	8,459	4,449	(4,010)	7,678	(3,229)
Other financing uses	-	4,604	4,604	-	4,604
Non-general fund reserves	650	650	-	-	650
Total charges to appropriations	11,596	12,190	594	10,228	1,962
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 1,168	\$ 1,168

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 11,571
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	(4,604)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 6,967

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<u>Fish and Game Fund</u>					
Budgetary fund balances, July 1	\$ 60	\$ 60	\$ -	\$ 67	\$ 7
Resources (inflows):					
Fines, forfeitures and penalties	7	7	-	11	4
Use of money and property	3	3	-	2	(1)
Amounts available for appropriation	10	10	-	13	3
Charges to appropriations (outflows):					
General government					
Services and supplies	20	20	-	1	19
Non-general fund reserves	50	50	-	-	50
Total charges to appropriations	70	70	-	1	69
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 79	\$ 79
<u>Off-Highway Vehicle License Fees Fund</u>					
Budgetary fund balances, July 1	\$ 296	\$ 296	\$ -	\$ 301	\$ 5
Resources (inflows):					
Use of money and property	11	11	-	17	6
Intergovernmental revenue	10	10	-	16	6
Amounts available for appropriation	21	21	-	33	12
Charges to appropriations (outflows):					
Public ways and facilities					
Services and supplies	70	70	-	7	63
Non-general fund reserves	247	247	-	-	247
Total charges to appropriations	317	317	-	7	310
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 327	\$ 327
<u>Highlands Landscape Maintenance District</u>					
Budgetary fund balances, July 1	\$ 12	\$ 12	\$ -	\$ 11	\$ (1)
Resources (inflows):					
Taxes	4	4	-	5	1
Use of money and property	-	-	-	1	1
Amounts available for appropriation	4	4	-	6	2
Charges to appropriations (outflows):					
General government					
Services and supplies	5	5	-	1	4
Non-general fund reserves	11	11	-	-	11
Total charges to appropriations	16	16	-	1	15
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 16	\$ 16

(Continued)

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<u>Water Districts</u>					
Budgetary fund balances, July 1	\$ 1	\$ 1	\$ -	\$ 1	\$ -
Resources (inflows):					
Miscellaneous revenue	-	-	-	4	4
Amounts available for appropriation	-	-	-	4	4
Charges to appropriations (outflows):					
General government					
Services and supplies	1	1	-	7	(6)
Total charges to appropriations	1	1	-	7	(6)
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ (2)	\$ (2)
<u>Various Drainage Districts</u>					
Budgetary fund balances, July 1	\$ 247	\$ 247	\$ -	\$ 238	\$ (9)
Resources (inflows):					
Taxes	24	24	-	26	2
Use of money and property	10	10	-	14	4
Amounts available for appropriation	34	34	-	40	6
Charges to appropriations (outflows):					
Health and sanitation					
Services and supplies	274	274	-	16	258
Intrafund transfers	(100)	(100)	-	-	(100)
Contingencies	107	107	-	-	107
Total charges to appropriations	281	281	-	16	265
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 262	\$ 262
<u>Total - Other Special Revenue Funds</u>					
Budgetary fund balances, July 1	\$ 616	\$ 616	\$ -	\$ 618	\$ 2
Resources (inflows)	69	69	-	96	27
Charges to appropriations (outflows)	(685)	(685)	-	(32)	653
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 682	\$ 682

(Continued)

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$	96
Differences - budget to GAAP:		
Receipts from Redevelopment Agency Fund, not budgeted.		25
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$	121

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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 the 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, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 13,933	\$ 13,933	\$ -	\$ 14,049	\$ 116
Resources (inflows):					
Use of money and property	-	-	-	671	671
Other financing sources	20,749	20,749	-	16,478	(4,271)
Amount available for appropriation	20,749	20,749	-	17,149	(3,600)
Charges to appropriations (outflows):					
Other charges	21,299	21,299	-	9,359	11,940
Non-general fund reserves	13,383	13,383	-	-	13,383
Total charges to appropriations	34,682	34,682	-	9,359	25,323
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 21,839	\$ 21,839

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 17,149
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(16,478)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ 671</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 9,359
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(9,358)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ 1</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 fund types.

Parks Acquisition Fund. This fund is used for the acquisition of land for the County Park System and the development of County park facilities. Revenue in this fund came from a one-time sale of land at San Bruno Mountain. Payments were made to this fund until August 1996 and interest has accrued on unspent balances. Revenue is currently received from grants and investment income.

Accumulated Capital Outlay Fund. This fund accounts for appropriations for County capital improvement projects, and facilities maintenance projects payments. Revenue is generated from the sale of County real property and from interest earnings on cash balances.

Criminal Facility Fund. For every \$10.00 of all criminal and traffic fines, bail and imposed penalties, a \$2.25 penalty assessment, which is added to the fine, is placed into this fund for purposes of construction, reconstruction, expansion, improvement, operation or maintenance of county criminal justice facilities which includes, but is not limited to, jails, women's centers, detention facilities, juvenile halls and courtrooms. A penalty assessment of \$1.50 is placed in this fund for every parking offense paid. The Probation Department of the County also deposits \$1.00 into this fund for every \$10.00 in fines collected pursuant to Government Code 76004.

Courthouse Construction Fund. Sources of revenue for this fund are identical to all the sources of revenues for the Criminal Facility Construction Fund above. Revenues received are intended for the construction, rehabilitation, lease and financing of courtrooms or of a courtroom building or buildings containing facilities necessary for the operations of the courts.

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

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Parks Acquisition	Accumulated Capital Outlay	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
Assets:						
Cash and investments	\$ 1,378	\$ 9	\$ 2,298	\$ 2,589	\$ 1,555	\$ 7,829
Securities lending collateral	235	1	392	442	266	1,336
Receivables (net):						
Accounts	-	-	-	-	8	8
Interest	14	-	25	20	8	67
Due from other funds	-	-	-	-	113	113
Advances to other funds	-	3,000	-	-	-	3,000
Total assets	<u>\$ 1,627</u>	<u>\$ 3,010</u>	<u>\$ 2,715</u>	<u>\$ 3,051</u>	<u>\$ 1,950</u>	<u>\$ 12,353</u>
Liabilities:						
Accounts payable	\$ 26	\$ -	\$ -	\$ -	\$ 715	\$ 741
Securities lending collateral - due to borrowers	235	1	392	442	266	1,336
Due to other funds	1	-	-	3	73	77
Deferred revenue	-	-	-	-	32	32
Total liabilities	<u>262</u>	<u>1</u>	<u>392</u>	<u>445</u>	<u>1,086</u>	<u>2,186</u>
Fund Balances:						
Reserved for:						
Encumbrances	390	-	-	-	2	392
Advances	-	3,000	-	-	-	3,000
Unreserved:						
Designated	905	-	1,960	870	-	3,735
Undesignated	70	9	363	1,736	862	3,040
Total fund balances	<u>1,365</u>	<u>3,009</u>	<u>2,323</u>	<u>2,606</u>	<u>864</u>	<u>10,167</u>
Total liabilities and fund balances	<u>\$ 1,627</u>	<u>\$ 3,010</u>	<u>\$ 2,715</u>	<u>\$ 3,051</u>	<u>\$ 1,950</u>	<u>\$ 12,353</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, 2003
(Dollars in Thousands)

	Parks Acquisition	Accumulated Capital Outlay	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
Revenues:						
Licenses and permits	\$ 10	\$ -	\$ -	\$ -	\$ -	\$ 10
Use of money and property	78	1	121	119	56	375
Intergovernmental	394	-	-	-	1,798	2,192
Charges for services	-	-	1,254	1,253	369	2,876
Fines, forfeitures and penalties	-	-	-	1	-	1
Other	188	-	-	-	22	210
Total revenues	<u>670</u>	<u>1</u>	<u>1,375</u>	<u>1,373</u>	<u>2,245</u>	<u>5,664</u>
Expenditures:						
Capital outlay	459	-	-	-	11,141	11,600
Total expenditures	<u>459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,141</u>	<u>11,600</u>
Excess (deficiency) of revenues over (under) expenditures	<u>211</u>	<u>1</u>	<u>1,375</u>	<u>1,373</u>	<u>(8,896)</u>	<u>(5,936)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	8,908	8,908
Transfers out	(755)	(36)	(1,100)	(925)	-	(2,816)
Total other financing sources (uses)	<u>(755)</u>	<u>(36)</u>	<u>(1,100)</u>	<u>(925)</u>	<u>8,908</u>	<u>6,092</u>
Net change in fund balances	(544)	(35)	275	448	12	156
Fund balances - beginning	<u>1,909</u>	<u>3,044</u>	<u>2,048</u>	<u>2,158</u>	<u>852</u>	<u>10,011</u>
Fund balances- ending	<u>\$ 1,365</u>	<u>\$ 3,009</u>	<u>\$ 2,323</u>	<u>\$ 2,606</u>	<u>\$ 864</u>	<u>\$ 10,167</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Parks Acquisition Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 1,893	\$ 1,968	\$ 75	\$ 1,909	\$ (59)
Resources (inflows):					
Licenses, permits & franchises	-	-	-	10	10
Use of money and property	30	30	-	78	48
Intergovernmental revenues	3,752	4,227	475	394	(3,833)
Miscellaneous revenue	286	476	190	188	(288)
Other financing sources	-	6	6	-	(6)
Amounts available for appropriation	4,068	4,739	671	670	(4,069)
Charges to appropriations (outflows):					
Services and supplies	1,329	1,931	602	388	1,543
Other charges	-	75	75	-	75
Fixed assets	3,756	3,756	-	461	3,295
Other financing uses	873	942	69	755	187
Non-general fund reserves	3	3	-	-	3
Total charges to appropriations	5,961	6,707	746	1,604	5,103
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 975	\$ 975

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,604
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	(390)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(755)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital project funds	\$ 459

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Accumulated Capital Outlay Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 43	\$ 43	\$ -	\$ 3,044	\$ 3,001
Resources (inflows):					
Use of money and property	-	-	-	1	1
Amounts available for appropriation	-	-	-	1	1
Charges to appropriations (outflows):					
Other financing uses	43	43	-	36	7
Total charges to appropriations	43	43	-	36	7
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,009</u>	<u>\$ 3,009</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 36
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(36)</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, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 2,031	\$ 2,031	\$ -	\$ 2,048	\$ 17
Resources (inflows):					
Use of money and property	60	60	-	121	61
Charges for services	1,200	1,200	-	1,254	54
Amounts available for appropriation	1,260	1,260	-	1,375	115
Charges to appropriations (outflows):					
Other financing uses	1,100	1,100	-	1,100	-
Non-general fund reserves	2,191	2,191	-	-	2,191
Total charges to appropriations	3,291	3,291	-	1,100	2,191
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 2,323	\$ 2,323

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

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

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Courthouse Construction Fund
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 2,141	\$ 2,141	\$ -	\$ 2,158	\$ 17
Resources (inflows):					
Fines, forfeitures and penalties	-	-	-	1	1
Use of money and property	60	60	-	119	59
Charges for services	1,200	1,200	-	1,253	53
Amounts available for appropriation	1,260	1,260	-	1,373	113
Charges to appropriations (outflows):					
Other financing uses	2,509	2,509	-	925	1,584
Non-general fund reserves	892	892	-	-	892
Total charges to appropriations	3,401	3,401	-	925	2,476
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 2,606	\$ 2,606

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 925
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(925)
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, 2003
(Dollars in Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 1,260	\$ 1,260	\$ -	\$ 1,077	\$ (183)
Resources (inflows):					
Use of money and property	-	-	-	56	56
Intergovernmental revenues	4,500	4,500	-	1,798	(2,702)
Charges for services	791	791	-	369	(422)
Miscellaneous revenue	454	454	-	22	(432)
Other financing sources	13,461	17,529	4,068	8,908	(8,621)
Amounts available for appropriation	<u>19,206</u>	<u>23,274</u>	<u>4,068</u>	<u>11,153</u>	<u>(12,121)</u>
Charges to appropriations (outflows):					
Fixed assets	20,466	24,534	4,068	11,143	13,391
Total charges to appropriations	<u>20,466</u>	<u>24,534</u>	<u>4,068</u>	<u>11,143</u>	<u>13,391</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,087</u>	<u>\$ 1,087</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 11,153
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(8,908)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital project funds	<u>\$ 2,245</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 11,143
Differences - budget to GAAP:	
Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>(2)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - nonmajor capital project funds	<u>\$ 11,141</u>



Nonmajor Enterprise Funds

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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 (expenses, including depreciation and amortization) of providing goods or services to the general public on a continuing basis be financed primarily through user charges; 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 the San Carlos and Half Moon Bay aviation facilities. Revenues include receipts under rental and lease arrangements involving County airport facilities 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, 2003
(Dollars in Thousands)

	Airports	Coyote Point Marina	Total
Assets:			
Current assets:			
Cash and investments	\$ 1,554	\$ 2,165	\$ 3,719
Securities lending collateral	265	370	635
Receivables (net):			
Accounts	25	18	43
Interest	11	16	27
Total current assets	1,855	2,569	4,424
Noncurrent assets:			
Capital assets:			
Nondepreciable:			
Land	6,843	1,335	8,178
Depreciable:			
Structures and improvements	11,565	10,570	22,135
Equipment	73	99	172
Less accumulated depreciation	(5,006)	(3,641)	(8,647)
Total noncurrent assets	13,475	8,363	21,838
Total assets	\$ 15,330	\$ 10,932	\$ 26,262
Liabilities:			
Current liabilities:			
Accounts payable	\$ 37	\$ 7	\$ 44
Accrued salaries and benefits	13	7	20
Securities lending collateral - due to borrowers	265	370	635
Due to other funds	7	-	7
Compensated absences - current	31	28	59
Long-term liabilities - current	-	128	128
Total current liabilities	353	540	893
Noncurrent liabilities:			
Deferred revenue	74	14	88
Deposits	1	3	4
Compensated absences - noncurrent	68	77	145
Long-term liabilities - noncurrent	-	1,395	1,395
Total noncurrent liabilities	143	1,489	1,632
Total liabilities	496	2,029	2,525
Net Assets:			
Invested in capital assets, net of related debt	13,475	6,840	20,315
Unrestricted	1,359	2,063	3,422
Total net assets	14,834	8,903	23,737
Total liabilities and net assets	\$ 15,330	\$ 10,932	\$ 26,262

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, 2003
(Dollars in Thousands)

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 25	\$ 1,089	\$ 1,114
Rent and concessions	1,742	35	1,777
Miscellaneous	36	8	44
Total operating revenues	<u>1,803</u>	<u>1,132</u>	<u>2,935</u>
Operating expenses:			
General and administrative	1,506	859	2,365
Depreciation and amortization	231	230	461
Total operating expenses	<u>1,737</u>	<u>1,089</u>	<u>2,826</u>
Operating income	<u>66</u>	<u>43</u>	<u>109</u>
Nonoperating revenues (expenses):			
State and federal grants	3	-	3
Interest and investment income	69	92	161
Interest expense	(2)	(76)	(78)
Securities lending activities:			
Securities lending income	3	5	8
Securities lending expenses	(3)	(4)	(7)
Total nonoperating revenues	<u>70</u>	<u>17</u>	<u>87</u>
Net income	136	60	196
Net assets - beginning	<u>14,698</u>	<u>8,843</u>	<u>23,541</u>
Net assets - ending	<u>\$ 14,834</u>	<u>\$ 8,903</u>	<u>\$ 23,737</u>

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2003
(Dollars in Thousands)

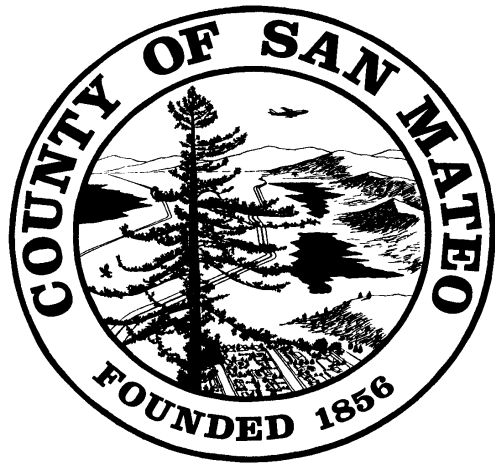
	Airports	Coyote Point Marina	Total
Cash flows from operating activities			
Cash receipts from customers	\$ 1,782	\$ 1,131	\$ 2,913
Cash paid to suppliers for goods and services	(996)	(487)	(1,483)
Cash paid to employees for services	(509)	(331)	(840)
Net cash provided by operating activities	277	313	590
Cash flows from noncapital financing activities			
Due to other funds	(1)	-	(1)
State and federal grant receipts	3	-	3
Net cash provided by noncapital financing activities	2	-	2
Cash flows from capital and related financing activities			
Disposal of fixed assets	(20)	(10)	(30)
Principal paid on long-term debt	-	(122)	(122)
Interest paid on long-term debt	(2)	(76)	(78)
Net cash used in capital and related financing activities	(22)	(208)	(230)
Cash flows from investing activities			
Investment income received	68	94	162
Net increase in cash and cash equivalents	325	199	524
Cash and cash equivalents, beginning of the year	1,229	1,966	3,195
Cash and cash equivalents, end of the year	\$ 1,554	\$ 2,165	\$ 3,719

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COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2003
(Dollars in Thousands)

	Airports	Coyote Point Marina	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 66	\$ 43	\$ 109
Adjustments to reconcile operating income to cash flows from operating activities:			
Depreciation	231	230	461
Decrease (increase) in:			
Accounts receivable	(11)	-	(11)
Increase (decrease) in:			
Accounts payable	29	(25)	4
Accrued salaries and benefits	67	66	133
Due to other governmental agencies	(95)	-	(95)
Deferred revenue	(10)	(1)	(11)
Net cash provided by operating activities	\$ 277	\$ 313	\$ 590

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Internal Service Funds

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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 at the County are listed below:

The *Fleet Maintenance Fund* is responsible for purchases and maintenance of all County vehicles and administers a lease program for county departments. 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. Remodeling and other craft services beyond the scope of building maintenance is provided to County departments and other government agencies on a fee for service basis. Capital project management and support and maintenance services to the Lighting Districts are also provided by this unit.

The *Self-Insurance Funds* are established to account for administrative costs and for payments of claims under the various insurance programs. Revenues are primarily premiums paid by other operating funds and interest on investments. The insurance programs are:

- Worker's Compensation Insurance
- Long-Term Disability Trust
- Employee Benefits Trust
- Personal Injury and Property Damage

COUNTY OF SAN MATEO
Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2003
(Dollars in Thousands)

	Fleet Maintenance	Tower Road Construction	Worker's Compensation Insurance	Long-Term Disability Trust	Employee Benefits Trust	Personal Injury and Property Damage	Total
Assets:							
Current assets:							
Cash and investments	\$ 6,817	\$ 178	\$ 10,184	\$ 2,845	\$ 8,047	\$ 31	\$ 28,102
Securities lending collateral	1,164	30	1,738	486	1,373	5	4,796
Receivables (net):							
Accounts	-	210	-	-	-	-	210
Interest	52	-	85	21	49	11	218
Due from other funds	127	-	-	-	-	-	127
Inventories	93	-	-	-	-	-	93
Total current assets	<u>8,253</u>	<u>418</u>	<u>12,007</u>	<u>3,352</u>	<u>9,469</u>	<u>47</u>	<u>33,546</u>
Noncurrent assets:							
Depreciable:							
Structures and improvements	852	-	-	-	-	-	852
Equipment	15,818	59	-	-	-	-	15,877
Less accumulated depreciation	(11,798)	(59)	-	-	-	-	(11,857)
Total noncurrent assets	<u>4,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,872</u>
Total assets	<u>\$ 13,125</u>	<u>\$ 418</u>	<u>\$ 12,007</u>	<u>\$ 3,352</u>	<u>\$ 9,469</u>	<u>\$ 47</u>	<u>\$ 38,418</u>
Liabilities:							
Current liabilities:							
Accounts payable	\$ 177	\$ 25	\$ 51	\$ -	\$ 174	\$ 321	\$ 748
Accrued interest payable	-	2	-	-	-	-	2
Accrued salaries and benefits	134	45	-	6	-	-	185
Securities lending collateral - due to borrowers	1,164	30	1,738	486	1,373	5	4,796
Due to other funds	203	54	-	-	-	-	257
Compensated absences - current	54	194	-	-	-	-	248
Estimated claims - current	-	-	10,200	252	-	1,477	11,929
Total current liabilities	<u>1,732</u>	<u>350</u>	<u>11,989</u>	<u>744</u>	<u>1,547</u>	<u>1,803</u>	<u>18,165</u>
Noncurrent liabilities:							
Deposits	94	-	-	-	-	-	94
Compensated absences - noncurrent	77	25	-	-	-	-	102
Estimated claims - noncurrent	-	-	15,971	1,979	327	2,038	20,315
Total noncurrent liabilities	<u>171</u>	<u>25</u>	<u>15,971</u>	<u>1,979</u>	<u>327</u>	<u>2,038</u>	<u>20,511</u>
Total liabilities	<u>1,903</u>	<u>375</u>	<u>27,960</u>	<u>2,723</u>	<u>1,874</u>	<u>3,841</u>	<u>38,676</u>
Net Assets:							
Invested in capital assets, net of related debt	4,872	-	-	-	-	-	4,872
Unrestricted	6,350	43	(15,953)	629	7,595	(3,794)	(5,130)
Total net assets	<u>11,222</u>	<u>43</u>	<u>(15,953)</u>	<u>629</u>	<u>7,595</u>	<u>(3,794)</u>	<u>(258)</u>
Total liabilities and net assets	<u>\$ 13,125</u>	<u>\$ 418</u>	<u>\$ 12,007</u>	<u>\$ 3,352</u>	<u>\$ 9,469</u>	<u>\$ 47</u>	<u>\$ 38,418</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, 2003
(Dollars in Thousands)

	Fleet Maintenance	Tower Road Construction	Worker's Compensation Insurance	Long-Term Disability Trust	Employee Benefits Trust	Personal Injury and Property Damage	Total
Operating revenues:							
Charges for services	\$ 5,296	\$ 2,743	\$ 9,992	\$ 528	\$ 43,529	\$ 4,985	\$ 67,073
Miscellaneous	134	42	52	4	4	75	311
Total operating revenues	<u>5,430</u>	<u>2,785</u>	<u>10,044</u>	<u>532</u>	<u>43,533</u>	<u>5,060</u>	<u>67,384</u>
Operating expenses:							
General and administrative	2,685	3,272	1,948	84	1,161	1,327	10,477
Benefits and claims	-	-	10,394	60	4,558	1,610	16,622
Insurance premiums	317	12	767	-	34,774	3,878	39,748
Depreciation	1,844	6	-	-	-	-	1,850
Total operating expenses	<u>4,846</u>	<u>3,290</u>	<u>13,109</u>	<u>144</u>	<u>40,493</u>	<u>6,815</u>	<u>68,697</u>
Operating income (loss)	<u>584</u>	<u>(505)</u>	<u>(3,065)</u>	<u>388</u>	<u>3,040</u>	<u>(1,755)</u>	<u>(1,313)</u>
Non operating revenues (expenses)							
Loss from disposal of capital assets	(7)	-	-	-	-	-	(7)
Interest and investment income	294	-	473	128	312	47	1,254
Interest expense	-	(3)	-	-	-	-	(3)
Securities lending activities:							
Securities lending income	15	-	21	6	17	-	59
Securities lending expenses	(13)	-	(19)	(5)	(15)	-	(52)
Total nonoperating revenues (expenses)	<u>289</u>	<u>(3)</u>	<u>475</u>	<u>129</u>	<u>314</u>	<u>47</u>	<u>1,251</u>
Net income (loss) before capital contributions and transfers	873	(508)	(2,590)	517	3,354	(1,708)	(62)
Capital contributions	18	-	-	-	-	-	18
Transfers in	-	80	-	-	-	-	80
Change in net assets	<u>891</u>	<u>(428)</u>	<u>(2,590)</u>	<u>517</u>	<u>3,354</u>	<u>(1,708)</u>	<u>36</u>
Net assets - beginning	<u>10,331</u>	<u>471</u>	<u>(13,363)</u>	<u>112</u>	<u>4,241</u>	<u>(2,086)</u>	<u>(294)</u>
Net assets - ending	<u>\$ 11,222</u>	<u>\$ 43</u>	<u>\$ (15,953)</u>	<u>\$ 629</u>	<u>\$ 7,595</u>	<u>\$ (3,794)</u>	<u>\$ (258)</u>

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Fleet Maintenance	Tower Road Construction	Workers' Compensation	Long Term Disability
Cash flows from operating activities				
Cash received from interfund service provided	\$ 5,304	\$ 2,891	\$ 10,044	\$ 533
Cash payment to suppliers for goods and services	(1,844)	(1,514)	(2,666)	(85)
Cash payment to employees for services	(839)	(1,812)	-	1
Cash payment for judgments and claims	-	-	(7,244)	(374)
Net cash provided by (used in) operating activities	<u>2,621</u>	<u>(435)</u>	<u>134</u>	<u>75</u>
Cash flows from noncapital financing activities				
Transfers received	-	80	-	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(1,115)	-	-	-
Interest paid	-	(3)	-	-
Net cash used in capital and related financing activities	<u>(1,115)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Interest received on investments	289	-	478	131
Net increase (decrease) in cash and cash equivalents	1,795	(358)	612	206
Cash and cash equivalents, beginning of year	5,022	536	9,572	2,639
Cash and cash equivalents, end of year	<u>\$ 6,817</u>	<u>\$ 178</u>	<u>\$ 10,184</u>	<u>\$ 2,845</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 584	\$ (505)	\$ (3,065)	\$ 388
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,844	6	-	-
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	-	103	-	-
Due from other funds	(126)	3	-	1
Inventories	(1)	-	-	-
Increase (decrease) in:				
Accounts payable	155	(129)	49	(1)
Accrued salaries and benefits	136	76	-	1
Due to other funds	29	11	-	-
Estimated claims	-	-	3,150	(314)
Net cash provided by (used in) operating activities	<u>\$ 2,621</u>	<u>\$ (435)</u>	<u>\$ 134</u>	<u>\$ 75</u>
Noncash capital activities:				
Capital assets contributed from other fund	\$ 18	\$ -	\$ -	\$ -
Disposal of capital assets	(7)	-	-	-
Total noncash capital activities	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

Employee Benefits	Personal Property Damage	Total
\$ 43,533	\$ 5,060	\$ 67,365
(38,170)	(4,976)	(49,255)
-	-	(2,650)
(4,558)	(1,739)	(13,915)
<u>805</u>	<u>(1,655)</u>	<u>1,545</u>
-	-	80
-	-	(1,115)
-	-	(3)
-	-	(1,118)
<u>311</u>	<u>56</u>	<u>1,265</u>
1,116	(1,599)	1,772
6,931	1,630	26,330
<u>\$ 8,047</u>	<u>\$ 31</u>	<u>\$ 28,102</u>
\$ 3,040	\$ (1,755)	\$ (1,313)
-	-	1,850
-	-	103
-	-	(122)
-	-	(1)
(2,235)	229	(1,932)
-	-	213
-	-	40
-	(129)	2,707
<u>\$ 805</u>	<u>\$ (1,655)</u>	<u>\$ 1,545</u>
\$ -	\$ -	\$ 18
-	-	(7)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11</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 noncapital financing activities

Transfers received

Cash flows from capital and related financing activities

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

Cash flows from investing activities

Interest received on investments
Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents, beginning of year

Cash and cash equivalents, end of year

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

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:

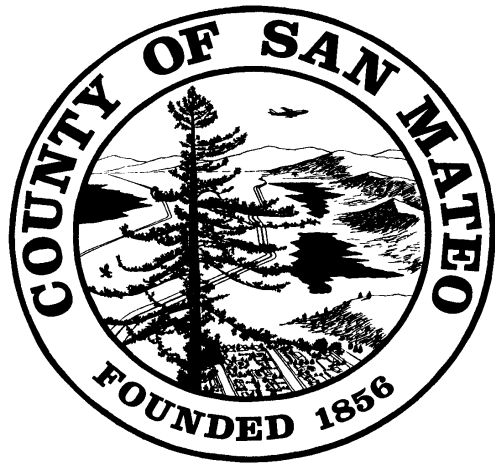
Accounts payable
Accrued salaries and benefits
Due to other funds
Estimated claims

Net cash provided by (used in) operating activities

Noncash capital activities:

Capital assets contributed from other fund
Disposal of capital assets
Total noncash capital activities

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Fiduciary Funds

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COUNTY OF SAN MATEO

Fiduciary Funds

Trust Funds

Pension Trust - This Fund, which is under the control of the Board of Retirement, accumulates contributions from the County, its employees and other participating employers, and earnings from the investments. Disbursements are made for retirement, disability and death benefits (based on a defined benefit formula) and administrative expenses. This Fund includes all assets of the San Mateo County Employees' Retirement Association.

Investment Trust:

- *External Investment Pool* – These funds are used by the County to account for the assets of legally separate entities that deposit cash with the County Treasurer. These 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. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- *Individual Investment Account* – This fund is used to account 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.

Agency Funds

The *County Library Fund* is governed by the Board of the San Mateo Joint Powers Authority (JPA). The JPA provides library services to 11 cities as well as all unincorporated areas of the County. The Board has 12 members, one representative from each of the 11 cities and one from the County Board of Supervisors. The main stream of revenue for this fund comes from property taxes.

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* is used to account for all of the Public Administrator's monies held by the County in a fiduciary capacity.

The *Public Guardian Fund* is used to account for all of the Public Guardian's monies held by the County in a fiduciary capacity.

The *Other Agency Fund* is used to account for assets held for other governmental agencies and governmental units by the County in a fiduciary capacity.

COUNTY OF SAN MATEO
Combining Statement of Fiduciary Net Assets
Investment Trust Funds
June 30, 2003
(Dollars in Thousands)

	External Investment Pool				Total
	Special Districts under Local Board	School Districts	Other Investment Trust	Individual Investment Account	
Assets:					
Cash and investments	\$ 100,436	\$ 791,179	\$ 706,643	\$ 3,235	\$ 1,601,493
Securities lending collateral	17,075	135,552	120,461	-	273,088
Interest receivables	801	6,570	5,521	-	12,892
Due from other funds	450	-	-	-	450
Due from other governmental agencies	16	-	-	-	16
Other assets	102	3	-	-	105
Total assets	118,880	933,304	832,625	3,235	1,888,044
Liabilities:					
Accounts payable	243	-	2,584	-	2,827
Securities lending collateral - due to borrowers	17,075	135,552	120,461	-	273,088
Total liabilities	17,318	135,552	123,045	-	275,915
Net Assets:					
Net assets held in trust for investment pool participants	\$ 101,562	\$ 797,752	\$ 709,580	\$ 3,235	\$ 1,612,129

COUNTY OF SAN MATEO
Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	External Investment Pool				Total
	Special Districts under Local Board	School Districts	Other Investment Trust	Individual Investment Account	
Additions:					
Contribution:					
Contribution to investment pool	\$ 162,161	\$ 1,783,432	\$ 446,897	\$ -	\$ 2,392,490
Net investment income:					
Net appreciation in fair value of investments	1,189	10,527	14,212	110	26,038
Interest income	3,593	25,887	94,267	-	123,747
Securities lending activities:					
Securities lending income	212	1,677	1,496	-	3,385
Securities lending expenses	(189)	(1,498)	(1,336)	-	(3,023)
Net investment income	4,805	36,593	108,639	110	150,147
Total additions	166,966	1,820,025	555,536	110	2,542,637
Deductions:					
Distribution from investment pool	169,409	1,709,650	437,194	1,499	2,317,752
Change in net assets	(2,443)	110,375	118,342	(1,389)	224,885
Net assets - beginning	104,005	687,377	591,238	4,624	1,387,244
Net assets - ending	\$ 101,562	\$ 797,752	\$ 709,580	\$ 3,235	\$ 1,612,129

COUNTY OF SAN MATEO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

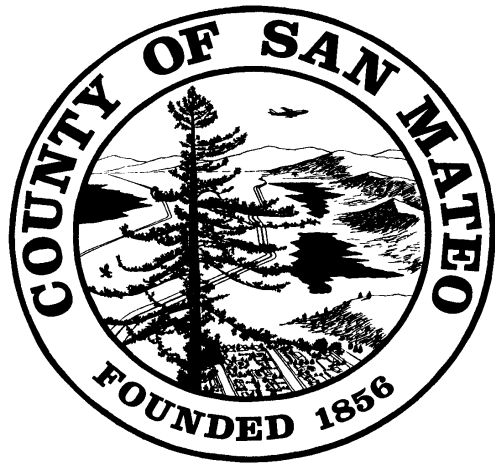
	Balance July 1, 2002	Addition	Deletion	Balance June 30, 2003
<u>COUNTY LIBRARY</u>				
Assets:				
Cash and investments	\$ 4,710	\$ 15,594	\$ 15,272	\$ 5,032
Securities lending collateral	-	859	-	859
Interest receivable	42	44	42	44
Tax receivable, net of allowance	1,494	1,319	1,494	1,319
Other assets	2,231	-	489	1,742
Total assets	<u>\$ 8,477</u>	<u>\$ 17,816</u>	<u>\$ 17,297</u>	<u>\$ 8,996</u>
Liabilities:				
Accounts payable	\$ 174	\$ 4,180	\$ 4,181	\$ 173
Securities lending collateral - due to borrowers	-	859	-	859
Fiduciary liability	8,303	-	339	7,964
Total liabilities	<u>\$ 8,477</u>	<u>\$ 5,039</u>	<u>\$ 4,520</u>	<u>\$ 8,996</u>
<u>TRIAL COURTS OPERATION</u>				
Assets:				
Cash and investments	\$ 13,845	\$ 44,747	\$ 42,041	\$ 16,551
Securities lending collateral	-	2,825	-	2,825
Interest receivable	134	129	134	129
Due from other funds	-	47	-	47
Due from other governmental agencies	1,008	132	1,008	132
Other assets	634	-	-	634
Total assets	<u>\$ 15,621</u>	<u>\$ 47,880</u>	<u>\$ 43,183</u>	<u>\$ 20,318</u>
Liabilities:				
Accounts payable	\$ 444	\$ 5,292	\$ 5,505	\$ 231
Securities lending collateral - due to borrowers	-	2,825	-	2,825
Due to other funds	1	-	1	-
Fiduciary liability	15,176	80,367	78,281	17,262
Total liabilities	<u>\$ 15,621</u>	<u>\$ 88,484</u>	<u>\$ 83,787</u>	<u>\$ 20,318</u>
<u>UNAPPORTIONED TAXES</u>				
Assets:				
Cash and investments	\$ 49,521	\$ 2,558,268	\$ 2,516,204	\$ 91,585
Securities lending collateral	-	15,631	-	15,631
Due from other funds	-	20	20	-
Total assets	<u>\$ 49,521</u>	<u>\$ 2,573,919</u>	<u>\$ 2,516,224</u>	<u>\$ 107,216</u>
Liabilities:				
Accounts payable	\$ -	\$ 24,228	\$ 24,221	\$ 7
Securities lending collateral- due to borrowers	-	15,631	-	15,631
Due to other funds	5,343	5,246	5,363	5,226
Fiduciary liabilities	44,178	2,695,774	2,653,600	86,352
Total liabilities	<u>\$ 49,521</u>	<u>\$ 2,740,879</u>	<u>\$ 2,683,184</u>	<u>\$ 107,216</u>
<u>PUBLIC ADMINISTRATOR</u>				
Assets:				
Cash and investments	\$ 6,623	\$ 18,230	\$ 15,681	\$ 9,172
Securities lending collateral	-	1,565	-	1,565
Interest receivable	61	68	61	68
Other assets	4,194	-	2,096	2,098
Total assets	<u>\$ 10,878</u>	<u>\$ 19,863</u>	<u>\$ 17,838</u>	<u>\$ 12,903</u>
Liabilities:				
Accounts payable	\$ 263	\$ 8,340	\$ 6,464	\$ 2,139
Securities lending collateral - due to borrowers	-	1,565	-	1,565
Advances from other funds	20	-	-	20
Fiduciary liability	10,595	24,925	26,341	9,179
Total liabilities	<u>\$ 10,878</u>	<u>\$ 34,830</u>	<u>\$ 32,805</u>	<u>\$ 12,903</u>

(Continued)

COUNTY OF SAN MATEO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2003
(Dollars in Thousands)

	Balance July 1, 2002	Addition	Deletion	Balance June 30, 2003
<u>PUBLIC GUARDIAN</u>				
Assets:				
Cash and investments	\$ 21,488	\$ 49,051	\$ 49,963	\$ 20,576
Securities lending collateral	-	3,511	-	3,511
Interest receivable	187	303	322	168
Other assets	41,574	13,631	16,578	38,627
Total assets	<u>\$ 63,249</u>	<u>\$ 66,496</u>	<u>\$ 66,863</u>	<u>\$ 62,882</u>
Liabilities:				
Accounts payable	\$ -	\$ 72	\$ 72	\$ -
Securities lending collateral - due to borrowers	-	3,511	-	3,511
Due to other funds	930	619	930	619
Due to other governmental agencies	-	72	-	72
Advances from other funds	50	-	-	50
Fiduciary liability	62,269	117,240	120,879	58,630
Total liabilities	<u>\$ 63,249</u>	<u>\$ 121,514</u>	<u>\$ 121,881</u>	<u>\$ 62,882</u>
<u>OTHER AGENCY</u>				
Assets:				
Cash and investments	\$ 78,152	\$ 4,584,029	\$ 4,588,900	\$ 73,281
Securities lending collateral	-	12,669	-	12,669
Accounts receivable, net of allowance	11,164	3,638	217	14,585
Interest receivable	1,507	1,549	1,507	1,549
Tax receivables, net of allowance	133,171	121,811	130,813	124,169
Other receivables	4	17	6	15
Due from other funds	5,301	10,284	10,456	5,129
Other assets	249	4,284	4,277	256
Total assets	<u>\$ 229,548</u>	<u>\$ 4,738,281</u>	<u>\$ 4,736,176</u>	<u>\$ 231,653</u>
Liabilities:				
Accounts payable	\$ -	\$ 3,409,483	\$ 3,409,074	\$ 409
Securities lending collateral - due to borrowers	-	12,669	-	12,669
Due to other funds	1,600	4,099	5,167	532
Due to other governmental agencies	-	124	124	-
Fiduciary liability	227,948	946,765	956,670	218,043
Total liabilities	<u>\$ 229,548</u>	<u>\$ 4,373,140</u>	<u>\$ 4,371,035</u>	<u>\$ 231,653</u>
<u>TOTALS</u>				
Assets:				
Cash and investments	\$ 174,339	\$ 7,269,919	\$ 7,228,061	\$ 216,197
Securities lending collateral	-	37,060	-	37,060
Receivables:				
Accounts, net of allowance	11,164	3,638	217	14,585
Interest	1,931	2,093	2,066	1,958
Tax, net of allowance	134,665	123,130	132,307	125,488
Other	4	17	6	15
Due from other funds	5,301	10,351	10,476	5,176
Due from other governmental agencies	1,008	132	1,008	132
Other assets	48,882	17,915	23,440	43,357
Total assets	<u>\$ 377,294</u>	<u>\$ 7,464,255</u>	<u>\$ 7,397,581</u>	<u>\$ 443,968</u>
Liabilities:				
Accounts payable	\$ 881	\$ 3,451,595	\$ 3,449,517	\$ 2,959
Securities lending collateral - due to borrowers	-	37,060	-	37,060
Due to other funds	7,874	9,964	11,461	6,377
Due to other governmental agencies	-	196	124	72
Advances from other funds	70	-	-	70
Fiduciary liability	368,469	3,865,071	3,836,110	397,430
Total liabilities	<u>\$ 377,294</u>	<u>\$ 7,363,886</u>	<u>\$ 7,297,212</u>	<u>\$ 443,968</u>

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STATISTICAL SECTION
(Unaudited)

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COUNTY OF SAN MATEO

Statistical Section

This part of the County's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and required supplementary information. Data are grouped into five categories as follows:

Financial Trends Information

These schedules contain trend information that may assist the reader in assessing the County's current financial performance by placing it in historical perspective.

Revenue Capacity Information

These schedules contain information that may assist the reader in assessing the viability of the County's most significant local revenue source, the property taxes.

Debt Burden Information

These schedules present information that may assist the reader in analyzing the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic & Economic Information

These schedules offer economic and demographic indicators that are commonly used for financial analysis and that can enhance a reader's understanding of the County's present and ongoing financial status.

Operating Information

These schedules contain service and maintenance indicators about how the information in the County's financial statements relates to the services the County provides and the activities it performs.

Note: The County implemented GASB Statement No. 34 in FY 2000-01. Schedules presenting government-wide information begin in that year.

COUNTY OF SAN MATEO

**Government-wide Expenses and Program Revenues
By Function/Program
Last Three Fiscal Years
(accrual basis of accounting)
(dollars in thousands)**

<u>Function/Program</u>	<u>Fiscal Year</u>		
	<u>2001</u>	<u>2002</u>	<u>2003</u>
Expenses:			
Governmental Activities			
General government	\$ 50,942	\$ 61,071	\$ 60,667
Public protection	191,195	204,037	224,777
Public ways and facilities	15,611	24,925	21,546
Health and sanitation	142,654	154,955	152,449
Public assistance	149,934	169,021	172,014
Education	179	194	190
Recreation	7,277	8,011	7,685
Interest on long-term debt	<u>13,866</u>	<u>14,677</u>	<u>14,603</u>
Total governmental activities	<u>571,658</u>	<u>636,891</u>	<u>653,931</u>
Business-type Activities			
San Mateo Medical Center	158,606	142,399	131,243
Airports	1,591	1,525	1,744
Coyote Point Marina	1,260	1,027	1,153
Housing Authority	<u>34,052</u>	<u>48,314</u>	<u>68,695</u>
Total business-type activities	<u>195,509</u>	<u>193,265</u>	<u>202,835</u>
Total primary government expenses	<u>\$ 767,167</u>	<u>\$ 830,156</u>	<u>\$ 856,766</u>
Program Revenues:			
Governmental Activities			
General government	\$ 44,684	\$ 38,128	\$ 38,067
Public protection	119,773	125,613	122,052
Public ways and facilities	21,118	17,618	19,217
Health and sanitation	117,521	121,917	134,005
Public assistance	127,112	134,917	137,424
Education	6	3	20
Recreation	<u>1,297</u>	<u>1,230</u>	<u>1,245</u>
Total governmental activities	<u>431,511</u>	<u>439,426</u>	<u>452,030</u>
Business-type Activities			
San Mateo Medical Center	139,975	110,931	108,379
Airports	1,696	1,941	1,771
Coyote Point Marina	1,497	1,087	1,123
Housing Authority	<u>32,679</u>	<u>46,294</u>	<u>69,676</u>
Total business-type activities	<u>175,847</u>	<u>160,253</u>	<u>180,949</u>
Total primary government program revenues	<u>\$ 607,358</u>	<u>\$ 599,679</u>	<u>\$ 632,979</u>

(Continued)

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

COUNTY OF SAN MATEO

**Government-wide Net (Expense)/Revenue by Function/Program and
General Revenues by Source
Last Three Fiscal Years
(accrual basis of accounting)
(dollars in thousands)**

	<u>Fiscal Year</u>		
	<u>2001</u>	<u>2002</u>	<u>2003</u>
Net (Expense)/Revenue ¹			
<u>Function/Program</u>			
Governmental Activities			
General government	\$ (6,258)	\$ (22,943)	\$ (22,600)
Public protection	(71,422)	(78,424)	(102,725)
Public ways and facilities	5,507	(7,307)	(2,329)
Health and sanitation	(25,133)	(33,038)	(18,444)
Public assistance	(22,822)	(34,104)	(34,590)
Education	(173)	(191)	(170)
Recreation	(5,980)	(6,781)	(6,440)
Interest on long-term debt	(13,866)	(14,677)	(14,603)
Total governmental activities	<u>(140,147)</u>	<u>(197,465)</u>	<u>(201,901)</u>
Business-type Activities			
San Mateo Medical Center	(18,631)	(31,468)	(22,864)
Airports	105	416	27
Coyote Point Marina	237	60	(30)
Housing Authority	(1,373)	(2,020)	981
Total business-type activities	<u>(19,662)</u>	<u>(33,012)</u>	<u>(21,886)</u>
Total primary government net expenses	<u>\$ (159,809)</u>	<u>\$ (230,477)</u>	<u>\$ (223,787)</u>
Percent of increase (decrease) in primary government net expenses	-	44.22%	-2.90%
General Revenues			
Taxes:			
Property taxes	\$ 130,871	\$ 139,879	\$ 141,582
Property transfer taxes	5,534	4,984	5,849
Sales and use taxes	18,243	16,155	15,882
Transient occupancy taxes	766	666	590
Aircraft taxes	1,166	1,336	1,123
Other taxes	1,776	-	-
Motor vehicle in-lieu taxes	44,814	46,295	49,785
Unrestricted interest and investment earnings	28,896	23,520	24,048
Securities lending activities:			
Securities lending income	-	-	619
Securities lending expenses	-	-	(552)
Miscellaneous	12,087	28,719	14,739
Special items	495	(13,043)	-
Total primary government general revenues	<u>\$ 244,648</u>	<u>\$ 248,511</u>	<u>\$ 253,665</u>
Percent of increase (decrease) in primary government general revenues	-	1.58%	2.07%

Note: ¹ Net (expense)/revenue 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. Numbers without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.

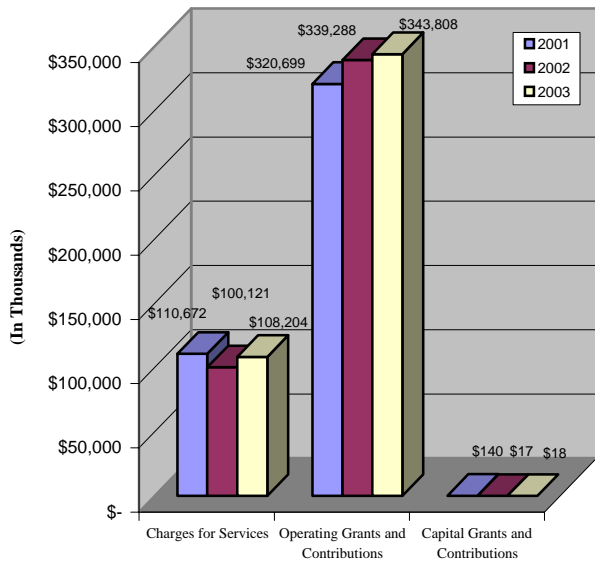
Source: Comprehensive Annual Financial Reports - County of San Mateo, California

COUNTY OF SAN MATEO

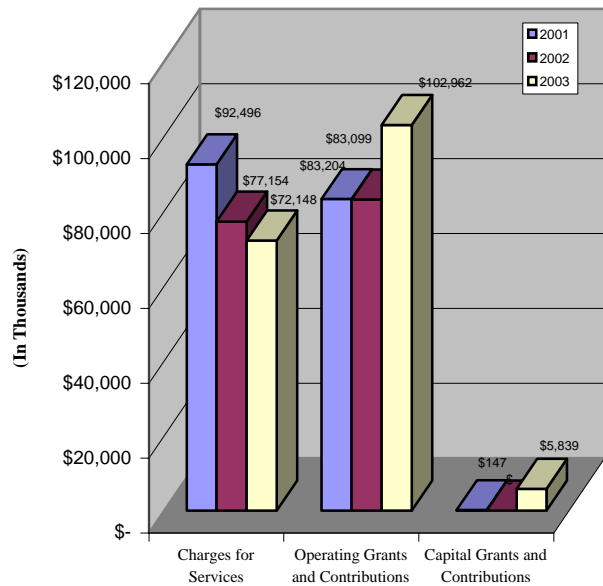
Government-wide Program Revenues by Category
Last Three Fiscal Years
(accrual basis of accounting)
(dollars in thousands)

	Fiscal Year		
	<u>2001</u>	<u>2002</u>	<u>2003</u>
Governmental Activities			
Charges for services	\$ 110,672	\$ 100,121	\$ 108,204
Operating grants and contributions	320,699	339,288	343,808
Capital grants and contributions	140	17	18
Subtotal governmental activities program revenues	<u>431,511</u>	<u>439,426</u>	<u>452,030</u>
Business-type Activities			
Charges for services	92,496	77,154	72,148
Operating grants and contributions	83,204	83,099	102,962
Capital grants and contributions	147	-	5,839
Subtotal business-type activities program revenues	<u>175,847</u>	<u>160,253</u>	<u>180,949</u>
Primary Government			
Charges for services	203,168	177,275	180,352
Operating grants and contributions	403,903	422,387	446,770
Capital grants and contributions	287	17	5,857
Total primary government program revenues	<u>\$ 607,358</u>	<u>\$ 599,679</u>	<u>\$ 632,979</u>
Percent of increase (decrease) in primary government program revenues	-	-1.26%	5.55%

**Governmental Activities
Program Revenues by Category**



**Business-type Activities
Program Revenues by Category**

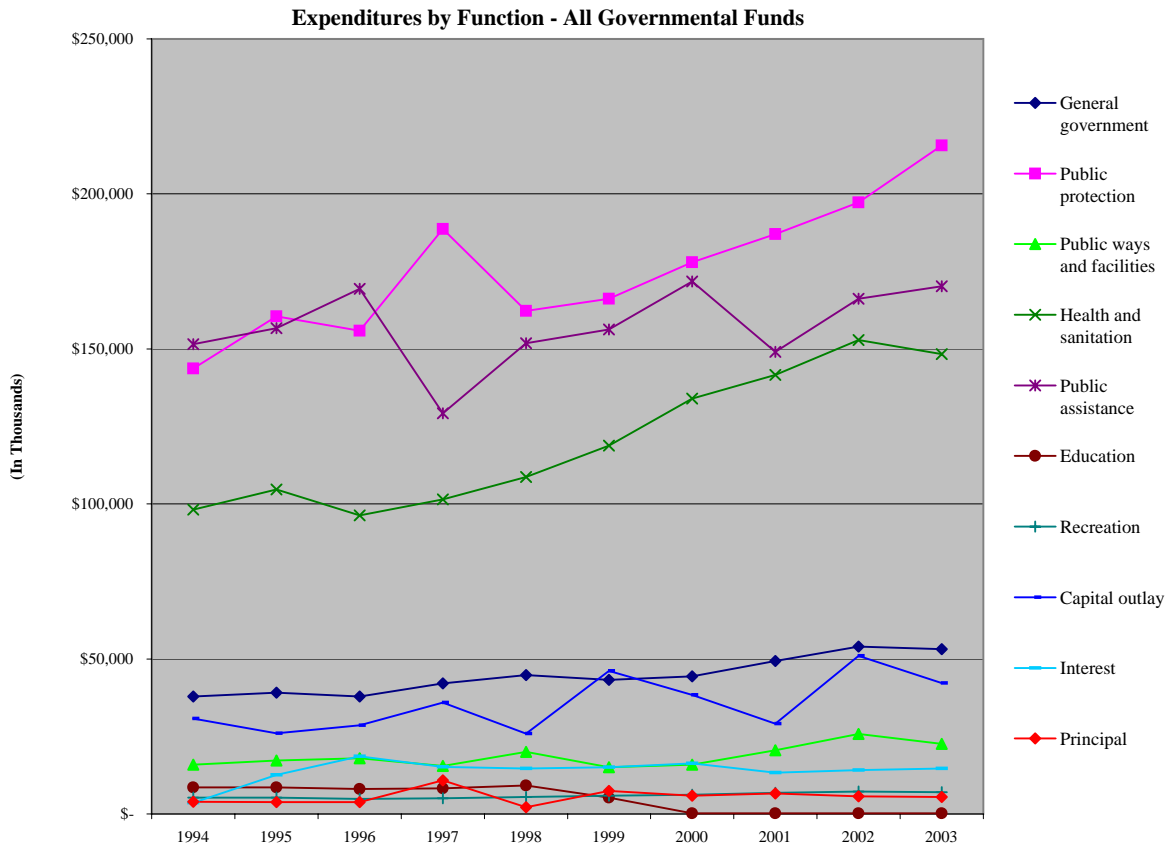


Source: Comprehensive Annual Financial Reports - County of San Mateo, California

COUNTY OF SAN MATEO

Expenditures by Function for All Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

Function	Fiscal Year									
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
General government	\$ 37,855	\$ 39,075	\$ 37,861	\$ 42,141	\$ 44,811	\$ 43,233	\$ 44,420	\$ 49,311	\$ 53,959	\$ 53,134
Public protection	143,643	160,527	155,878	188,657	162,311	166,206	177,912	187,004	197,230	215,660
Public ways and facilities	15,881	17,244	17,945	15,495	20,033	15,044	15,921	20,505	25,758	22,606
Health and sanitation	98,130	104,657	96,294	101,421	108,679	118,811	134,028	141,622	152,896	148,363
Public assistance	151,509	156,665	169,435	129,215	151,800	156,236	171,723	149,100	166,134	170,225
Education	8,524	8,597	8,068	8,229	9,194	5,274	185	183	197	192
Recreation	5,290	5,223	4,872	5,046	5,501	5,914	6,182	6,773	7,241	7,018
Capital outlay	30,736	25,963	28,611	35,919	25,948	46,107	38,414	29,126	50,986	42,169
Debt service:										
Principal	3,957	3,838	3,855	10,864	2,213	7,480	5,902	6,656	5,693	5,440
Interest	3,616	12,620	18,534	15,143	14,614	15,023	16,336	13,365	14,177	14,707
Bond issuance costs	-	-	-	-	-	-	-	-	703	-
Total expenditures	<u>\$ 499,141</u>	<u>\$ 534,409</u>	<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>
Percent of increase (decrease) in total expenditures	4.00%	7.07%	1.30%	1.99%	-1.27%	6.28%	5.47%	-1.21%	11.82%	0.67%
Debt service as a percentage of total expenditures	1.5%	3.1%	4.1%	4.7%	3.1%	3.9%	3.6%	3.3%	3.0%	3.0%



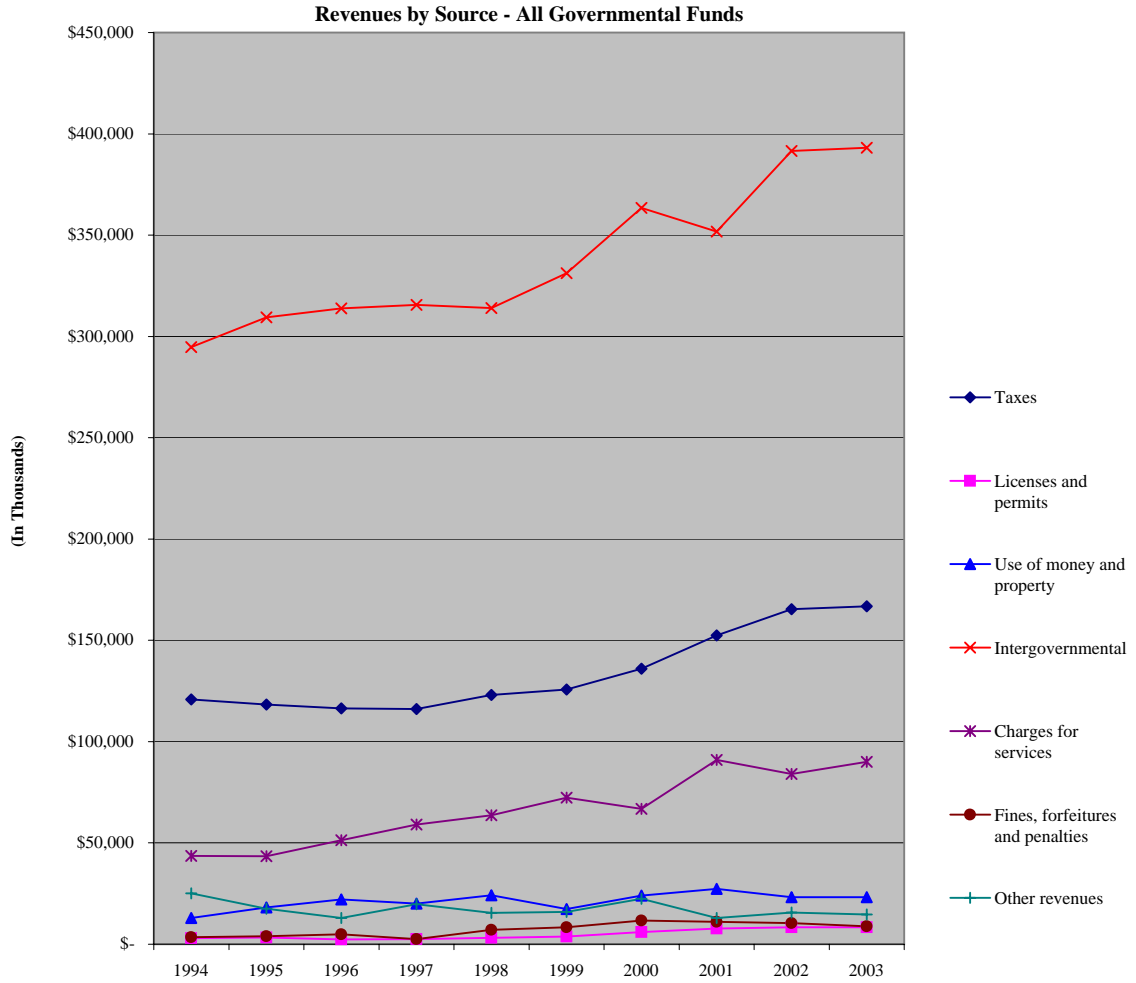
Source: Comprehensive Annual Financial Reports - County of San Mateo, California

COUNTY OF SAN MATEO

**Revenues by Source for All Governmental Funds
Last Ten Fiscal Years**

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

<u>Source</u>	<u>Fiscal Year</u>									
	<u>1994</u>	<u>1995</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>
Taxes	\$ 120,880	\$ 118,301	\$ 116,487	\$ 116,039	\$ 123,070	\$ 125,733	\$ 135,970	\$ 152,469	\$ 165,309	\$ 166,717
Licenses and permits	3,052	3,240	2,426	2,592	3,162	3,716	6,079	7,786	8,419	8,306
Use of money and property	12,980	18,150	22,093	20,082	24,116	17,300	23,954	27,325	23,269	23,172
Intergovernmental	294,716	309,461	313,837	315,663	314,056	331,205	363,420	351,795	391,521	393,075
Charges for services	43,653	43,458	51,326	59,123	63,717	72,386	66,842	90,972	84,090	90,071
Fines, forfeitures and penalties	3,512	3,893	4,881	2,470	7,110	8,330	11,626	11,127	10,445	8,789
Other revenues	<u>25,082</u>	<u>17,538</u>	<u>12,890</u>	<u>19,764</u>	<u>15,545</u>	<u>16,027</u>	<u>22,363</u>	<u>12,882</u>	<u>15,635</u>	<u>14,760</u>
Total revenues	\$ 503,875	\$ 514,041	\$ 523,940	\$ 535,733	\$ 550,776	\$ 574,697	\$ 630,254	\$ 654,356	\$ 698,688	\$ 704,890
Percent of increase in total revenues	11.50%	2.02%	1.93%	2.25%	2.81%	4.34%	9.67%	3.82%	6.77%	0.89%



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

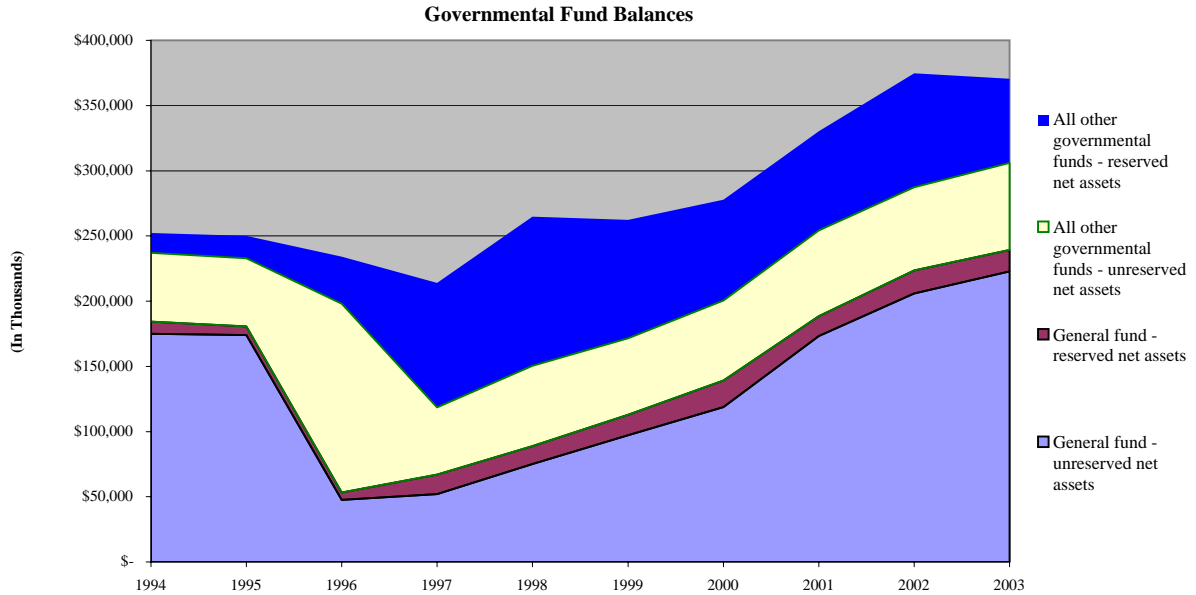
COUNTY OF SAN MATEO

**Governmental Fund Balances
Last Ten Fiscal Years**

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

	Fiscal Year									
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
General Fund										
Reserved for:										
Encumbrances	\$ 7,491	\$ 5,805	\$ 5,230	\$ 5,959	\$ 6,465	\$ 8,655	\$ 9,943	\$ 9,977	\$ 12,609	\$ 11,274
Inventories and advances	1,757	756	595	9,015	7,133	6,948	10,516	5,218	5,173	5,099
Unreserved	175,043	173,960	47,518	51,937	75,172	97,223	118,691	173,189	205,836	222,896
Subtotal general fund	<u>184,291</u>	<u>180,521</u>	<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>
All Other Governmental Funds										
Reserved for:										
Encumbrances	10,237	13,212	11,017	12,818	5,760	9,425	11,339	15,221	11,245	7,768
Debt service	-	-	20,902	77,888	104,745	77,546	62,240	57,255	72,592	34,505
Inventories and advances	4,984	3,861	4,011	4,747	3,805	3,900	3,789	3,603	3,569	3,369
Capital projects	-	-	-	-	-	-	-	-	-	18,917
Unreserved	52,724	52,394	144,777	51,628	61,584	58,728	61,297	65,962	63,701	66,790
Subtotal all other governmental funds	<u>67,945</u>	<u>69,467</u>	<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>
Total Governmental Funds										
Reserved for:										
Encumbrances	17,728	19,017	16,247	18,777	12,225	18,080	21,282	25,198	23,854	19,042
Debt service	-	-	20,902	77,888	104,745	77,546	62,240	57,255	72,592	34,505
Inventories and advances	6,741	4,617	4,606	13,762	10,938	10,848	14,305	8,821	8,742	8,468
Capital projects	-	-	-	-	-	-	-	-	-	18,917
Unreserved	227,767	226,354	192,295	103,565	136,756	155,951	179,988	239,151	269,537	289,686
Total governmental funds	<u>\$ 252,236</u>	<u>\$ 249,988</u>	<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>

Percent of increase (decrease) in all governmental fund balances	102.13%	-0.89%	-6.38%	-8.57%	23.68%	-0.85%	5.86%	18.94%	13.41%	-1.10%
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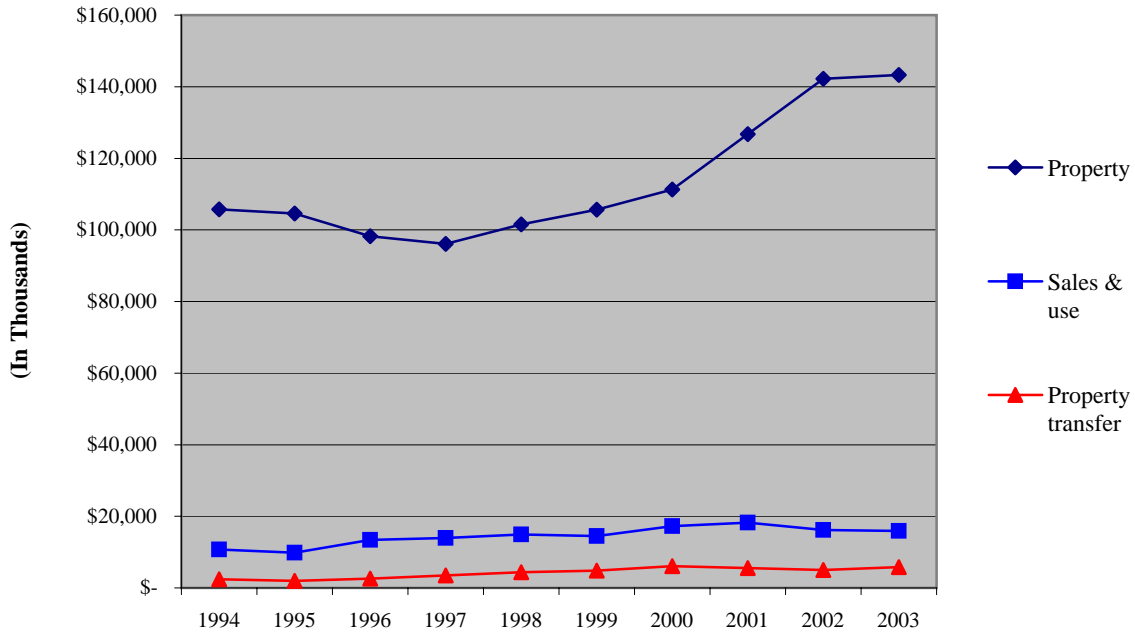
Sources: Comprehensive Annual Financial Reports - County of San Mateo, California

COUNTY OF SAN MATEO

**Tax Revenues by Source for All Governmental Funds
Last Ten Fiscal Years**
(modified accrual basis of accounting)
(dollars in thousands)

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales & Use</u>	<u>Aircraft</u>	<u>Property Transfer</u>	<u>Transient Occupancy</u>	<u>Franchise</u>	<u>Total</u>
1994	\$ 105,712	\$ 10,735	\$ 513	\$ 2,444	\$ 1,263	\$ 213	\$ 120,880
1995	104,550	9,797	411	1,928	1,615	-	118,301
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
Change 1994 - 2003	35.5%	47.9%	118.9%	139.3%	-53.3%	-100.0%	37.9%

Tax Revenues by Source - All Governmental Funds



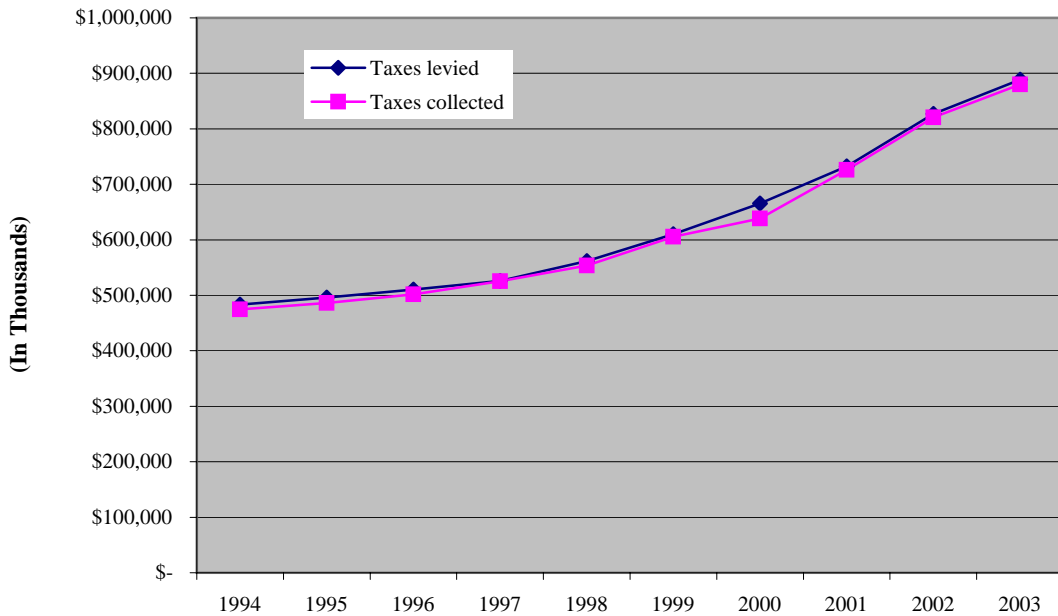
Source: Controller's Office - County of San Mateo, California

COUNTY OF SAN MATEO

Property Tax Levies and Collections
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Uncollected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy	Amount	Percentage of Levy
1994	\$ 483,537	\$ 474,539	98.14%	\$ 8,998	1.86%
1995	496,165	486,049	97.96%	10,116	2.04%
1996	510,321	501,723	98.32%	8,598	1.68%
1997	525,680	525,493	99.96%	187	0.04%
1998	561,459	553,732	98.62%	7,727	1.38%
1999	610,124	605,415	99.23%	4,709	0.77%
2000	665,637	638,601	95.94%	27,036	4.06%
2001	732,233	726,243	99.18%	5,990	0.82%
2002	827,118	820,488	99.20%	6,630	0.80%
2003	888,758	880,057	99.02%	8,701	0.98%

Property Tax Levies and Collections



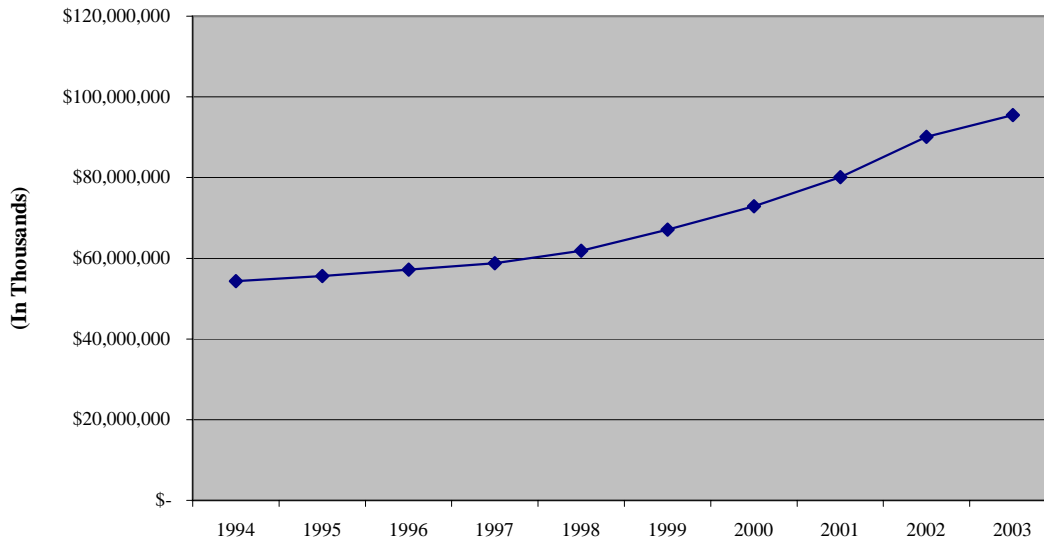
Source: Assessor's Office - County of San Mateo, California.

COUNTY OF SAN MATEO

**Taxable Assessed Value of Property
Last Ten Fiscal Years
(dollars in thousands)**

Fiscal Year Ended June 30,	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Net Increase	
					Amount	Percentage
1994	\$ 51,027,600	\$ 5,549,457	\$ 2,283,008	\$ 54,294,049	\$ 2,429,776	4.70
1995	52,424,834	5,522,456	2,355,848	55,591,442	1,297,393	2.39
1996	54,097,429	5,518,896	2,399,481	57,216,844	1,625,402	2.92
1997	55,683,796	5,506,158	2,420,565	58,769,389	1,552,545	2.71
1998	58,534,192	5,866,439	2,502,633	61,897,998	3,128,609	5.32
1999	62,862,243	6,795,063	2,542,875	67,114,431	5,216,433	8.43
2000	68,989,934	6,594,451	2,669,020	72,915,365	5,800,934	8.64
2001	75,398,222	7,450,029	2,727,954	80,120,297	7,204,932	9.88
2002	84,984,729	8,043,961	2,920,396	90,108,294	9,987,997	12.47
2003	90,740,193	7,787,859	3,073,046	95,455,006	5,346,712	5.93

Total Taxable Assessed Value ¹



Note: ¹ 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 which appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased:

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

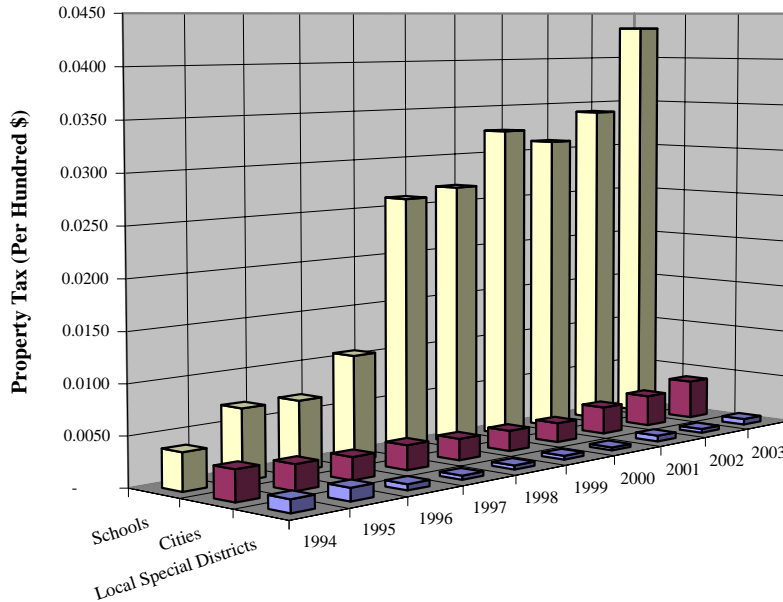
Source: Assessor's Office - County of San Mateo, California

COUNTY OF SAN MATEO

Direct and Overlapping Property Tax Rates¹
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year	County Direct Rate	Overlapping Governments			Total
		Local Special Districts	Schools	Cities	
1994	1.0000	0.0013	0.0038	0.0031	1.0082
1995	1.0000	0.0013	0.0071	0.0026	1.0110
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

Overlapping Property Tax Rates



Note:¹ California voters, on June 6, 1978, approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, which limits the taxing power of California public agencies. Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each County will levy the maximum tax permitted by Article XIII A of \$1 per \$100 of full cash value. Assessed value is equal to full cash value, pursuant to Senate Bill 1656, Statutes of 1978. The rates shown above are percentages of assessed valuation.

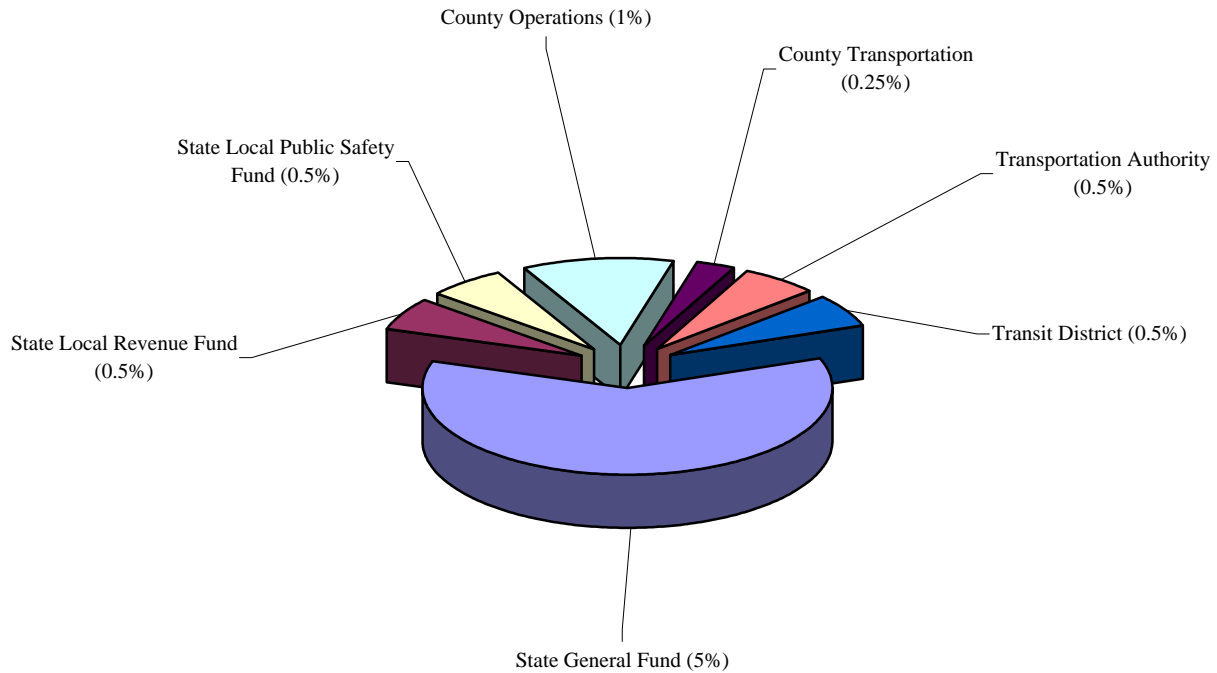
Source: Assessor's Office - County of San Mateo, California

COUNTY OF SAN MATEO

**Direct and Overlapping Sales Tax Rates
Last Ten Years**

Year	State			Direct Government		Overlapping Governments		Total
	General Fund	Local Revenue Fund	Local Public Safety Fund	County Operations	County Transportation	Transportation Authority	Transit District	
1994	5.00%	0.50%	0.50%	1.00%	0.25%	0.50%	0.50%	8.25%
1995	5.00%	0.50%	0.50%	1.00%	0.25%	0.50%	0.50%	8.25%
1996	5.00%	0.50%	0.50%	1.00%	0.25%	0.50%	0.50%	8.25%
1997	5.00%	0.50%	0.50%	1.00%	0.25%	0.50%	0.50%	8.25%
1998	5.00%	0.50%	0.50%	1.00%	0.25%	0.50%	0.50%	8.25%
1999	5.00%	0.50%	0.50%	1.00%	0.25%	0.50%	0.50%	8.25%
2000	5.00%	0.50%	0.50%	1.00%	0.25%	0.50%	0.50%	8.25%
2001 ¹	4.75%	0.50%	0.50%	1.00%	0.25%	0.50%	0.50%	8.00%
2002	5.00%	0.50%	0.50%	1.00%	0.25%	0.50%	0.50%	8.25%
2003	5.00%	0.50%	0.50%	1.00%	0.25%	0.50%	0.50%	8.25%

Sales Tax Rate Distribution of 8.25% - FY 2003



Note: ¹ The sales tax rate has remained at 8.25% for the past ten years except in 2001 when it was temporarily reduced by 0.25% to 8%.

Source: State Board of Equalization.

COUNTY OF SAN MATEO

Principal Property Tax Payers
Current Year, Five Years Ago, Nine Years Ago
(dollars in thousands)

1994 ¹			1998		
Taxpayer	Taxable Assessed Value ²	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
United Airlines	\$ 2,265,406	4.08%	United Airlines	\$ 2,190,211	3.54%
Pacific Gas & Electric	516,609	0.93%	Genetech, Inc.	630,605	1.02%
Genetech, Inc.	424,476	0.77%	Pacific Gas & Electric	543,003	0.88%
Pacific Bell	358,357	0.65%	Pacific Bell	402,716	0.65%
American Airlines	320,554	0.58%	Oracle	357,443	0.58%
Raychen	233,153	0.42%	Sun Microsystems	261,549	0.42%
Oracle	203,274	0.37%	American Airlines	254,203	0.41%
Detla Airlines	150,787	0.27%	Raychen	179,828	0.29%
Standford Research	133,091	0.24%	Geisar, Inc.	155,965	0.25%
Northwest Airlines	132,629	0.24%	Northwest Airlines	134,607	0.22%
Total	\$ 4,738,336	8.55%	Total	\$ 5,110,130	8.26%

2003		
Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
United Airlines ³	\$ 2,709,543	2.84%
Genentech, Inc.	676,421	0.71%
Oracle Corporation	528,782	0.55%
Pacific Gas & Electric	518,257	0.54%
Sun Microsystems	497,899	0.52%
Pacific Shores Development	466,341	0.49%
American Airlines	394,681	0.41%
Pacific Bell	345,790	0.36%
The Gap, Inc.	337,829	0.35%
Franklin Templeton Corp.	249,980	0.26%
Total	\$ 6,725,523	7.05%

Notes:

¹ The principal taxpayer information prior to FY 1993-94 is not available.

² The taxable assessed value includes tax assessments on the real properties and personal properties.

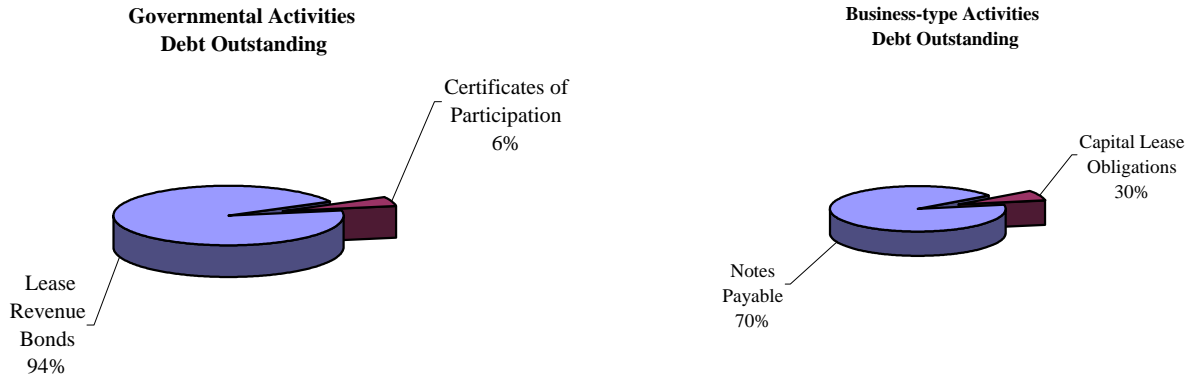
³ United Airlines filed for Chapter 11 reorganization on December 9, 2002. Its restructuring may affect the County's property tax income in the coming years.

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

COUNTY OF SAN MATEO

**Ratios of Total Debt Outstanding by Type
Last Ten Fiscal Years
(dollars in thousands)**

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government
	Lease Revenue Bonds ¹	Certificates of Participation ²	Notes Payable	Capital Lease Obligations ³	Total	Notes Payable	Capital Lease Obligations	Total	
1994	\$ 201,923	18,245	\$ 5,213	\$ 1,307	\$ 226,688	1,604	94	\$ 1,698	\$ 228,386
1995	221,148	15,325	5,066	536	242,075	1,526	303	1,829	243,904
1996	221,148	12,145	5,024	126	238,443	1,445	1,149	2,594	241,037
1997	220,503	1,915	4,855	18	227,291	1,360	952	2,312	229,603
1998	251,623	17,135	4,727	2,045	275,530	1,270	1,161	2,431	277,961
1999	260,058	15,780	5,318	1,580	282,736	1,178	1,194	2,372	285,108
2000	255,560	15,585	4,430	1,544	277,119	1,757	904	2,661	279,780
2001	254,364	15,385	389	913	271,051	1,796	1,251	3,047	274,098
2002	282,296	15,175	353	251	298,075	1,645	655	2,300	300,375
2003	277,234	14,955	315	131	292,635	1,523	117	1,640	294,275



Notes:

¹ 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.

² 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.

³ 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.

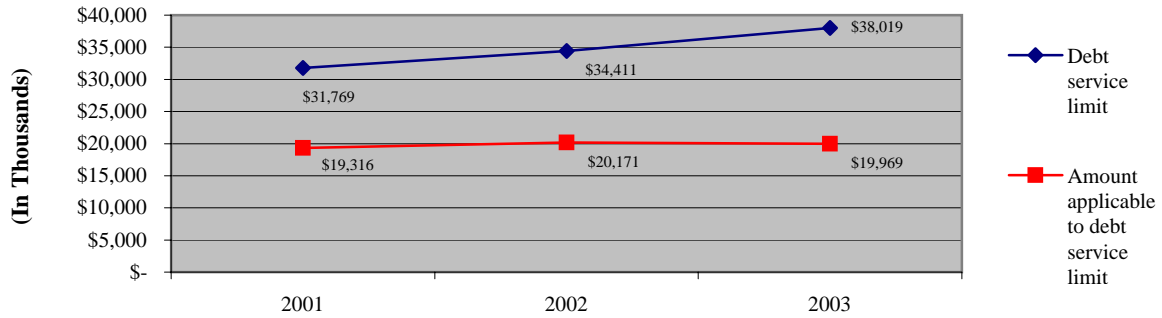
Source: Comprehensive Annual Financial Reports - County of San Mateo, California

COUNTY OF SAN MATEO

**Legal Debt Service Margin
Last Three Fiscal Years
(dollars in thousands)**

	<u>Fiscal Year</u>		
	<u>2001</u>	<u>2002</u>	<u>2003</u>
Average Annual County budget ¹ for the current and preceding four fiscal years	\$ 794,213	\$ 860,283	\$ 950,486
Legal debt service limit ²			
Debt service limit (4% of average county annual budget for the current and preceding four fiscal years)	31,769	34,411	38,019
Less: Amount applicable to debt service limit ³	<u>19,316</u>	<u>20,171</u>	<u>19,969</u>
Legal debt service margin	<u>\$ 12,453</u>	<u>\$ 14,240</u>	<u>\$ 18,050</u>
As a percentage of debt service limit	39.20%	41.38%	47.48%

Legal Debt Service Limit



Notes:

¹ The annual County budget represents the adopted annual budget of all funds in the County.

² 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.

³ 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: Adopted Budget Book - County of San Mateo, California.

COUNTY OF SAN MATEO

Direct and Overlapping Debt

As of June 30, 2003

(dollars in thousands)

Assessed Valuation (including unitary utility valuation)	\$ 95,455,006
Less: Redevelopment incremental valuation ¹	<u>(8,302,123)</u>
Adjusted assessed valuation	<u>\$ 87,152,883</u>

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:	Debt Outstanding	Percentage Applicable
Direct General Fund Obligation Debt		
San Mateo County General Fund Obligations	\$ 277,234	100.00%
San Mateo County Flood Control District Certificates of Participation	<u>14,955</u>	100.00%
	292,189	
Overlapping General Fund Obligation Debt		
<i>Cities</i>		
City of Burlingame General Fund Obligations	34,420	100.00%
City of Redwood City General Fund Obligations	27,915	100.00%
Other City General Fund Obligations	73,472	100.00%
<i>Special Districts</i>		
Midpeninsula Regional Open Space Park General Fund Obligations	32,992	30.52%
San Mateo County Mosquito Abatement District Certificate of Participation	1,905	100.00%
Granada Sanitary District Certificates of Participation	958	100.00%
<i>School Districts</i>		
Cabrillo Unified School District General Fund Obligations	13,850	100.00%
Belmont School District General Fund Obligations	5,750	100.00%
San Mateo County Board of Education Certificates of Participation	4,960	100.00%
Other School Districts General Fund Obligations	<u>7,960</u>	100.00%
Total gross direct and overlapping general fund obligation debt	496,371	
Less: City of Burlingame Certificates of Participation	<u>(12,440)</u>	100.00%
Total net direct and overlapping general fund obligation debt	<u>483,931</u>	
OVERLAPPING TAX AND ASSESSMENT DEBT:		
<i>Cities</i>	51,170	100.00%
<i>Special Districts</i>		
Estero Municipal Improvement District	13,660	100.00%
Redwood City General Improvement District No. 1-64	7,175	100.00%
Community Facilities Districts	26,095	100.00%
Other Special Districts	2,910	100.00%
<i>School Districts</i>		
Jefferson and San Mateo Union High School Districts	135,706	100.00%
Cabrillo Unified School District	29,861	100.00%
South San Francisco School District	36,094	100.00%
Sequoia Union High School District	130,200	100.00%
Laguna Salada School District	29,827	100.00%
Redwood City School District	63,655	100.00%
San Mateo - Foster City School District	103,934	100.00%
San Mateo Community College District	96,876	100.00%
Other School District	186,134	100.00%
<i>Unincorporated areas</i>		
1915 Act Special Assessment Bonds	<u>62,335</u>	100.00%
Total overlapping tax and assessment debt	<u>975,632</u>	
Total net direct and overlapping debt	<u>\$ 1,459,563</u> ²	
Ratio of total net direct and overlapping debt to adjusted assessed value	1.67%	
Direct debt per capita (absolute dollars)	\$ 405	
Total net direct and overlapping debt per capita (absolute dollars)	\$ 2,025	

Notes:

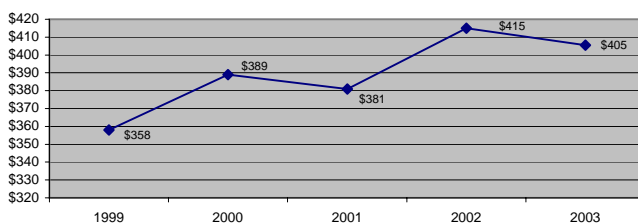
¹ Redevelopment incremental valuation refers to the difference between base year assessed value and current year assessed value of properties in areas designated for redevelopment. Base year assessed value is the agreed upon value of a property at the time the redevelopment agency was established.

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

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

Source: California Municipal Statistics, Inc.

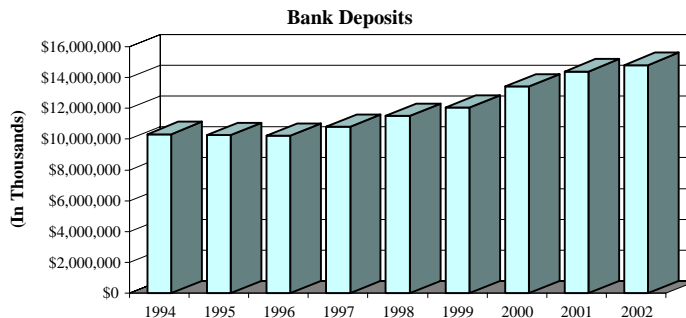
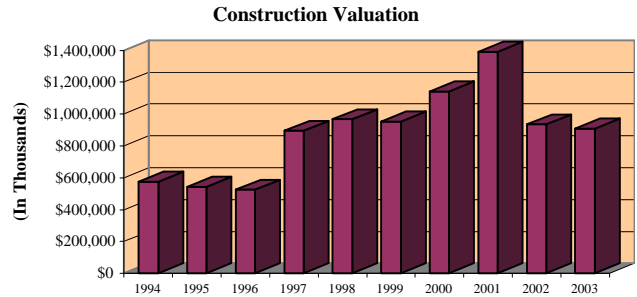
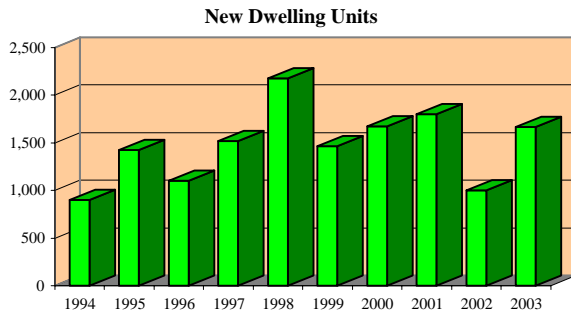
Direct debt per capita³



COUNTY OF SAN MATEO

**Construction and Bank Deposits
Last Ten Fiscal Years
(dollars in thousands)**

Fiscal Year	New Dwelling Units ¹		Construction Valuation		Bank Deposits ²
	Single Family	Multiple Family	Residential ¹	Non-Residential ¹	
1994	599	301	\$283,457	\$291,961	\$10,323,409
1995	717	707	330,871	211,575	10,273,142
1996	673	432	302,251	223,216	10,223,902
1997	922	597	424,466	470,272	10,806,308
1998	988	1,187	545,702	421,845	11,521,817
1999	837	629	515,218	437,069	12,040,333
2000	838	833	476,690	665,973	13,403,000
2001	849	955	579,110	810,635	14,391,000
2002	681	321	446,313	488,651	14,805,000
2003	790	875	603,705	306,434	N/A



In the fiscal year 2003, the median price for a single family home in the County was \$644 and for a townhouse was \$395. Home ownership remains out of reach of many residents as an annual gross income of \$196 (or \$16.3 monthly) is needed to purchase a \$644 home with a 10% downpayment.

N/A - Not Available

Sources:

¹ Construction Industry Research Board

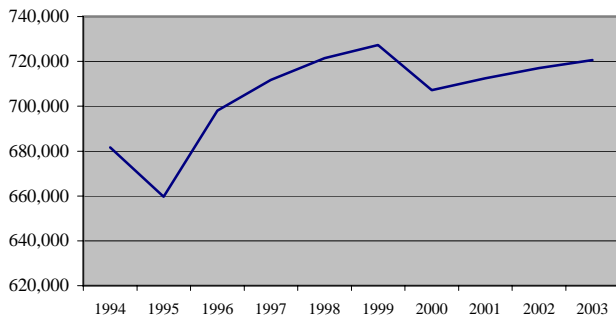
² Federal Deposit Insurance Corporation

COUNTY OF SAN MATEO

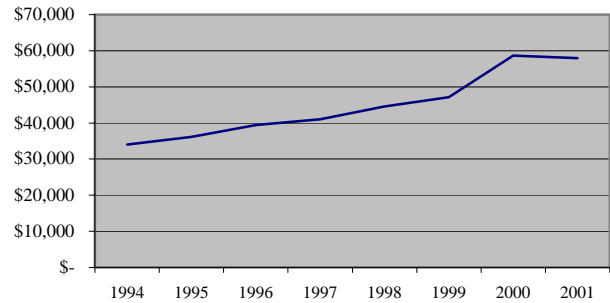
Demographic and Economic Statistics Last Ten Years

Year	Population ¹	Personal Income <i>(millions of dollars)</i>	Per Capita Income ¹	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
1994	681,700	\$ 22,883	\$ 33,994	N/A	86,583	4.7%
1995	659,700	24,512	36,162	36.0	88,064	4.2%
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	44,537	N/A	92,763	2.4%
1999	727,300	35,028	47,146	N/A	92,825	2.1%
2000	707,161	41,512	58,644	36.8	92,285	2.0%
2001	712,400	41,039	57,906	N/A	91,206	1.6%
2002	717,000	N/A	N/A	N/A	89,361	4.0%
2003	720,630	N/A	N/A	N/A	88,954	5.2%

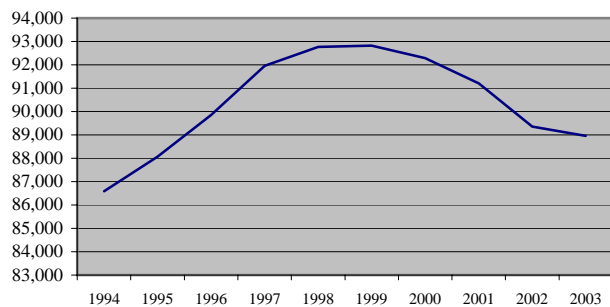
Population



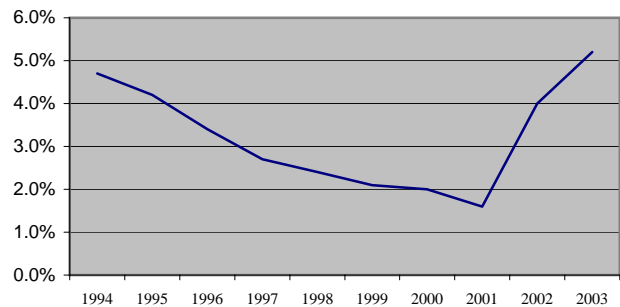
Per Capita Income



School Enrollment



Unemployment Rate



N/A - not available.

Sources:

¹ State of California - Department of Finance

² Association of Bay Area Governments (California)

³ State of California - Department of Education and San Mateo County Office of Education

⁴ State of California - Employment Development Department

COUNTY OF SAN MATEO

**Principal Employers
Two Years Ago, Six Years Ago, Nine Years Ago**

1994 ¹			1997 ²		
Employer	Employees	Percentage of Total County Employment	Employer	Employees	Percentage of Total County Employment
United Airlines	18,430	6.22%	United Airlines	17,600	4.67%
County of San Mateo	4,596	1.55%	Oracle Corporation	5,800	1.54%
Raychem	4,500	1.52%	County of San Mateo	4,200	1.11%
Oracle Corporation	2,800	0.94%	United States Postal Service	2,937	0.78%
Genentech Inc.	2,600	0.88%	Raychem	2,850	0.76%
Sun Microsystems	2,400	0.81%	Genentech Inc.	2,670	0.71%
SRI International	2,400	0.81%	American Airlines	2,400	0.64%
Seton Medical Center	2,200	0.74%	Franklin Templeton Corp.	2,260	0.60%
Franklin Templeton Corp.	2,100	0.71%	Safeway Inc.	1,900	0.50%
Mill-Peninsula Service	1,900	0.64%	Mill-Peninsula Service	1,802	0.48%
Total	43,926	14.82%	Total	44,419	11.79%

2001 ³		
Employer	Employees	Percentage of Total County Employment
United Airlines	17,700	4.61%
Oracle Corporation	7,400	1.93%
County of San Mateo	4,944	1.29%
Genentech Inc.	3,700	0.96%
Visa International	2,677	0.70%
Mills-Peninsula Health Services	2,474	0.64%
United States Postal Service	1,898	0.49%
Applied Biosystems	1,765	0.46%
Siebel System Inc.	1,626	0.42%
SF International Airport	1,497	0.39%
Total	45,681	11.90%

Notes:

¹ The principal employer information for 1993 (ten years ago) is not available and; therefore, the 1994's information is presented instead.

² The principal employer information for 1998 (five years ago) is not available and; therefore, the 1997's information is presented instead.

³ The principal employer information for 2002 and 2003 is not available and; therefore, the 2001's information is presented instead.

Source: San Francisco Business Times Book of Lists

(Note: San Francisco Business Times skips the annual update to the principal employers when insignificant changes are noted or insufficient data collected.)

COUNTY OF SAN MATEO

**Miscellaneous Statistical Information
June 30, 2003**

Geographical Location: South of San Francisco in the Bay Area.
Bordered by the City/County of San Francisco on the North,
by the Pacific Ocean on the West and South,
by the San Francisco Bay on the East,
by the County of Santa Clara on the South East, and
by the County of Santa Cruz on the South South East.

Altitude: Sea level to 2,417 feet at Sierra Morena

Date of Incorporation: April 19, 1856

Governed by: Five Member Board of Supervisors

Area: 449 square miles with 20 incorporated cities and
the San Francisco International Airport

County Seat: Redwood City

Roads: 317.5 miles of County maintained streets and
roads in the unincorporated areas

Registered Voters:	June 1998	November 1998	March 2000	November 2000	March 2002	November 2002
	<u>Primary Election</u>	<u>General Election</u>	<u>Primary Election</u>	<u>General Election</u>	<u>Primary Election</u>	<u>General Election</u>
Democrats	174,279	166,899	160,802	171,184	167,817	166,843
Republicans	99,180	95,333	89,709	92,702	90,218	89,266
Other (including decline to state)	63,287	62,885	64,677	74,347	74,322	75,961
Total registered voters	<u>336,746</u>	<u>325,117</u>	<u>315,188</u>	<u>338,233</u>	<u>332,357</u>	<u>332,070</u>
Number Voting	150,967	210,282	181,190	226,198	121,660	179,279
Percent Voting	44.8%	64.7%	57.5%	66.8%	36.6%	54.0%

County employees at January 1:	<u>Year</u>	<u>Number of Employees</u>	<u>Percent of Increase (Decrease)</u>	<u>Employees Per Thousand of Population</u>
1995	4,716	2.6	7.1	
1996	4,760	0.9	6.8	
1997	4,693	(1.4)	6.6	
1998	4,749	1.2	6.6	
1999	4,535	(4.5)	6.2	
2000	4,598	1.4	6.5	
2001	4,578	(0.4)	6.4	
2002	4,742	3.6	6.6	
2003	4,815	1.5	6.7	

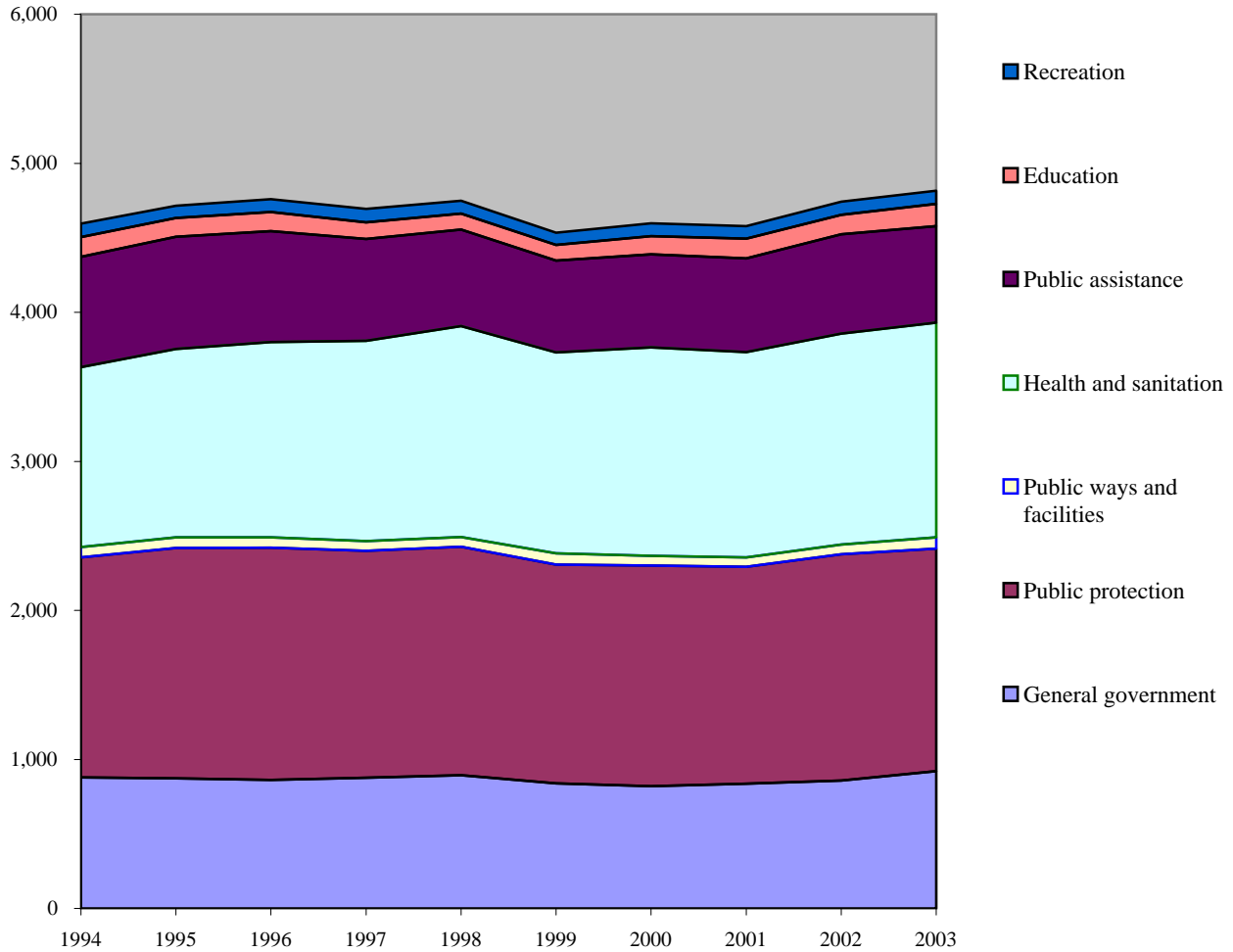
Source: Controller's Office - County of San Mateo, California.

COUNTY OF SAN MATEO

Full-time Equivalent County Employees by Function/Program Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1994</u>	<u>1995</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>
General government	880	873	863	877	893	839	820	838	857	922
Public protection	1,476	1,545	1,558	1,522	1,534	1,468	1,480	1,455	1,519	1,493
Public ways and facilities	69	71	68	65	66	75	66	62	65	74
Health and sanitation	1,207	1,265	1,312	1,345	1,414	1,349	1,399	1,377	1,415	1,441
Public assistance	740	753	743	684	649	616	625	630	667	649
Education	133	127	129	111	106	106	120	133	130	148
Recreation	91	82	87	89	87	82	88	83	89	88
Total full-time equivalent employees	4,596	4,716	4,760	4,693	4,749	4,535	4,598	4,578	4,742	4,815

Full-time Equivalent County Employees by Function



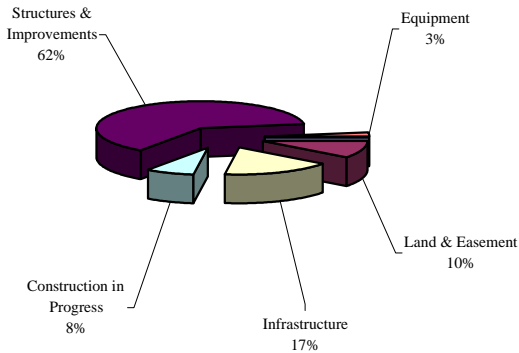
Source: Controller's Office - County of San Mateo, California.

COUNTY OF SAN MATEO

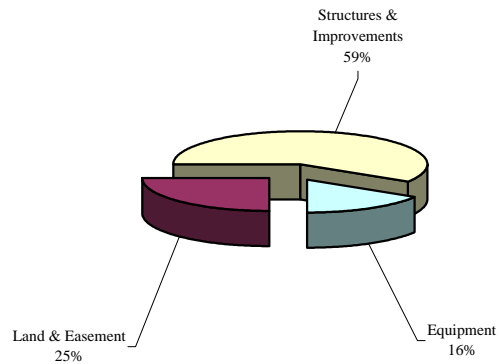
**Capital Asset and Infrastructure Statistics
Last Three Fiscal Years
(Dollars in Thousands)**

<u>Fiscal Year</u>	<u>Non-depreciable</u>			<u>Depreciable</u>			<u>Total</u>
	<u>Land & Easement</u>	<u>Infra-structure</u>	<u>Construction in Progress</u>	<u>Infra-structure</u>	<u>Structures & Improvements</u>	<u>Equipment</u>	
Governmental Activities:							
2001	\$ 54,490	\$ 62,762	\$ 51,513	\$ 21,219	\$ 275,658	\$ 15,054	\$ 480,696
2002	58,020	65,907	88,921	19,800	281,458	15,755	529,861
2003	58,220	67,237	42,450	26,901	352,530	14,265	561,603
Business-type Activities:							
2001	10,147	-	6,428	-	32,852	7,432	56,859
2002	10,147	-	278	-	24,621	6,822	41,868
2003	10,147	-	-	-	23,836	6,493	40,476

**Governmental Activities - Capital Assets¹
(FY 2002-03)**



**Business-type Activities - Capital Assets
(FY 2002-03)**



Note:¹ The County implemented GASB Statement No. 34 in FY 2000-01 and started reporting capital assets of both governmental and business-type activities at net book value with distinction made between depreciable and nondepreciable capital assets. Prior to FY 2000-01, capital assets of the governmental funds were not depreciated and infrastructure not reported, and therefore they are not included in this presentation.

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

COUNTY OF SAN MATEO

**Operating Statistics by Function/Program
For the Fiscal Years Ended 2000, 2001 and 2002**

Function/program:	Fiscal Year		
	2000	2001	2002
<u>General government</u>			
<i>County Counsel</i>			
Number of litigation cases	n/a ¹	1,366	1,316
Percent of litigation cases resolved within 2 years	n/a	84%	66%
Attorney per capita	1:34,495	1:33,674	1:33,674
<i>Public Safety Communication</i>			
Number of calls received	n/a	481,623	746,500 ²
Percent of customers rating overall services as good or excellent	90%	99%	98%
<i>Utilities</i>			
Number of streetlights maintained	2,638	2,643	2,900
Number of properties served by County sewer districts	11,283	11,289	11,376
<u>Public Protection</u>			
<i>Child Support Services</i>			
Number of child support cases	17,593	15,702	15,384
Total amount of child support collected (in millions)	\$28.3	\$29.4	\$30.5
Percent of cases with a court ordered child support obligation	81%	85%	84%
<i>District Attorney</i>			
Number of felony cases with victims	1,387	1,308	1,323
Number of cases opened	49	61	52
Number of cases closed	54	39	51
Percent of cases closed within 12 months	72%	60%	65%
<i>Sheriff's Office -- Multi-Jurisdictional Services</i>			
Countywide Narcotics Task Force/Vehicle Theft Task Force			
Number of investigations performed annually	689	654	686
Number of arrests made annually	465	380	252
Number of law enforcement operations supported annually through the Northern California High Intensity Drug Trafficking Area (HIDTA) narcotics information center			
	25,750	26,455	31,856
Number of forensic examinations performed annually at the Crime Lab			
	22,427	22,864	26,130
<i>Sheriff's Office -- Patrol Bureau</i>			
Number of dispatched calls for service	60,057	59,049	70,668
Number of parking and other citations issued	8,482	9,084	10,490
Number of total traffic activities by Patrol Deputies (non-citation)	19,211	17,388	18,092
Average response time for priority dispatched calls (in minutes):			
Urbanized service areas	2.63	3.15	3.7
Rural service areas	13.03	8.4	9.75
<u>Public ways and facilities</u>			
<i>Primary road (road with a defined structural section):</i>			
Number of miles and percent of road miles with Pavement Condition Index greater than established baseline of 55			
	77/75%	77/75%	77/74%
<i>Secondary road (road without a defined structural section):</i>			
Number of miles and percent of road miles with Pavement Condition Index greater than established baseline of 40			
	128/60%	128/60%	126/79%

Notes: ¹ n/a - not available.

² The September 11th terrorist attacks generated an exceptionally high volume of calls.

(continued)

COUNTY OF SAN MATEO

**Operating Statistics by Function/Program
For the Fiscal Years Ended 2000, 2001 and 2002**

Function/program:	Fiscal Year		
	<u>2000</u>	<u>2001</u>	<u>2002</u>
<i>Road maintenance:</i>			
Asphalt, concrete, pavement			
Number of service hours	32,100	31,470	38,688
Percent of work completed	94%	93%	85%
Traffic control (signs & legends)			
Number of service hours	6,764	4,635	4,921
Percent of work completed	97%	95%	88%
Drainage facilities			
Number of service hours	20,661	21,986	18,099
Percent of work completed	98%	98%	98%
Vegetation management			
Number of service hours	15,426	20,469	22,015
Percent of work completed	99%	100%	97%
<u>Health and sanitation</u>			
<i>Emergency Medical Services (EMS)</i>			
Number of 9-1-1 calls for medical response	38,121	40,013	37,028
Percent of EMS calls responded to on time	94%	94%	95%
<i>Mental Health Adult Services</i>			
Number of clients served:			
Intensive level of service	2,680	2,676	2,575
Outpatient level of service	7,207	7,442	7,582
Lanterman Petris Short Conservatorship	477	437	392
Percent of customers rating services good or better	91%	92%	94%
<i>Mental Health Youth Services</i>			
Number of clients served:			
Intensive	685	700	719
Non-intensive	1,220	1,328	1,292
Early intervention	155	213	246
Percent of youth survey respondents rating services good or better	85%	86%	86%
<i>Family Health Services</i>			
Number of customers served:			
Field nursing and maternal, child and adolescent health	2,528	2,330	2,405
Prenatal to three	5,503	6,316	6,764
Women, infants and children	22,600	22,600	19,050
California children services	3,446	3,327	4,480
Child health and disability prevention	3,900	7,862	3,732
Lead	65	140	185
California nutrition network	6,872	8,015	10,938
Percent of customer survey respondents rating services as good or better	97%	97%	98%
Percent of customers receiving services in a timely manner	78%	80%	83%
<i>Health Promotion and Disease Control</i>			
Number of clients served:			
AIDS progrm clinical services	549	554	576
Mobile clinic clinical services	n/a	n/a	2,975
Smoke free start	67	58	158
STD Control	1,035	1,301	1,872
TB Control	n/a	237	641
Vital statistics (births and deaths)	10,888	10,433	10,445
Percent of customer survey respondents rating services as good or better	95%	96%	98%
Percent of customer survey respondents rating response time as good or better	92%	95%	96%

(continued)

COUNTY OF SAN MATEO

**Operating Statistics by Function/Program
For the Fiscal Years Ended 2000, 2001 and 2002**

Function/program:	Fiscal Year		
	<u>2000</u>	<u>2001</u>	<u>2002</u>
<u>Public Assistance</u>			
<i>Community-Based Program</i>			
Number of adult protective services cases opened	968	1,125	1,243
Number of people served through Area Agency on Aging funds	11,544	12,168	10,547
Percent of cases that are effectively resolved and stabilized for at least twelve months	85%	85%	82%
<i>Economic Self-Sufficiency</i>			
Number of enrolled participants in Peninsula Works Intensive and Training services	603	466	1,817
Number and percent of Peninsula Works participants employed in jobs six months after hire	n/a	64/90%	78/78%
<u>Education</u>			
<i>U.C. Cooperative Extension</i>			
Number of educational programs offered	115	130	119
Percent of youth served	40%	45%	45%
Percent of survey respondents rating services good or better	71%	75%	75%
<u>Recreation</u>			
<i>Parks & Recreation</i>			
Number of visitors	2,044,000	2,042,000	2,103,629
Percent of ranger staff time spent on facility maintenance	75%	75%	80%
Number of volunteer hours	16,390	23,753	29,252
Number of sensitive habitat acres restored during year	6	6	11
Ton of material recycled	365	365	410
Percent of customer survey respondents rating service and facilities as good or better	82%	94%	96%