

COUNTY OF SAN MATEO, CALIFORNIA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

Juan Raigoza, Controller





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County of San Mateo, California

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Fiscal Year Ended June 30, 2015



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Controller

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2015**

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INTRODUCTORY SECTION

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COUNTY OF SAN MATEO
OFFICE OF THE CONTROLLER

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December 9, 2015

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

California Government Code sections 25250 and 25253 require that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. The Comprehensive Annual Financial Report (CAFR) of the County of San Mateo (County) for the fiscal year ended June 30, 2015 is hereby published.

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

The County's independent auditor, Macias Gini & O'Connell LLP, has issued an unmodified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

The Management's Discussion and Analysis (MD&A) section, which appears on pages 4-23 of this report, provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The County, one of the nine counties in the San Francisco Bay Area, was established by an Act of the State Law in 1856. The County occupies 455 square miles and contains 20 cities on a peninsula bounded by the City and County of San Francisco to the North, Santa Clara County to the South, San Francisco Bay to the East, and the Pacific Ocean to the West. Though sandwiched between two large urban areas, the County is a pleasant mix of suburban and rural areas. Most of the County's 753,123 residents live in the suburban corridor east of the Santa Cruz Mountains, which bisects the County. The western part of the County remains primarily rural and has some of California's most beautiful coastline.

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

Under a charter form of government, the County is governed by a five-member Board of Supervisors (the Board) that serves four-year terms on a full-time basis. Each Supervisor must reside in one of the five districts of the County and is elected by district in non-partisan elections. The Board is responsible, among other duties, for passing ordinances,

adopting the County's budget, and appointing committees, the County Manager/Clerk of the Board and the County Counsel. The County Manager appoints the non-elected directors of ten departments. The County has six elected officials responsible for the offices of the Assessor-County Clerk-Recorder & Elections, Controller, Coroner, Sheriff, District Attorney, and Treasurer-Tax Collector.

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

Economic and Financial Outlook

Global growth remains moderate, with uneven prospects across the main countries and regions. Relative to last year, the outlook for advanced economies has improved, while growth in emerging market and developing economies is projected to be lower. As a result, global gross domestic product (GDP) is projected to grow at 3.5% in 2015, 3.8% in 2016 and 3.2% in 2017. Meanwhile, the outlook for the United States is slightly lower, and forecasted to grow at an annual rate of 2.9% in 2015, 2.8% in 2016 and 2.4% in 2017.

Unemployment rates in both the State and County have declined steadily during the past years. As of June 2015, the County's unemployment rate is 3.3%, which is lower than the State's rate of 6.2% and the national rate of 5.3%. Among California counties, San Mateo County consistently has one of the lowest monthly unemployment rates in the State.

Since property tax revenues are the County's largest source of general fund revenues, the health of the local real estate market and associated changes in property assessed values are key indicators of the County's financial outlook. For the fiscal year (FY) 2015-16 total Property Assessment Roll value for the County is \$177 billion, \$12.6 billion or 7.64% higher than the prior year. This will increase the local property tax revenue base to \$1.77 billion. Property tax revenues are shared by all local taxing agencies (schools, cities, special districts, and the County). The FY 2015-16 property assessment values in the County are at a historic high. FY 2015-16 is the fifth consecutive year that new historic highs have been set and reflect the County's continuing vibrant economic condition.

The median price paid for a home (house and condo) in the Bay Area in July 2015 was \$661,000, up 7.1% from \$617,000 in July 2014. Within the County the median home price for July 2015 increased to \$987,500, a 25.3% increase from July 2014 when the median price was \$788,000. The County's median single-family home price rose 12.8% to \$1,300,000 as of June 2015 from \$1,152,500 as of June 2014. In 2014 the County's residential real estate market surpassed the 2007 peak. While this will result in higher assessed property values and property tax revenues in the future, affordability continues to decline across the Bay Area. The affordability index in the Bay Area dropped from 23 to 20 from March to June 2015. San Mateo County's affordability index dropped from 14 to 13 in the same period, while the overall U.S. index is 57 and the State's is 30, as of June 2015. This index indicates that the County is one of the most unaffordable places for housing in the nation, State and Bay Area.

In the near term, the forecasted low unemployment rate, steady growth in gross domestic product, and local indicators such as growth in the technology business sector and continued growth in property tax revenues will allow the County to maintain its sound finances if prudently managed.

Long-Term Financial Planning

Educational Revenue Augmentation Fund (ERAF)

Since FY 1992-93 local taxing entities (cities, special districts, and the County) are mandated to shift a portion of their property tax dollars to the ERAF and use these monies to reduce the State's obligation to fund school districts up to the minimum State guaranteed amount. Starting in FY 2013-14, legislation created a new funding formula to determine the

minimum State guaranteed amount for K-12 school districts. The new formula, referred to as the Local Control Funding Formula (LCFF), is expected to increase the State's minimum funding requirements for school districts. School districts that receive less than their minimum State guaranteed amount, as calculated in accordance with the LCFF, are eligible to receive revenues from the ERAF and are referred to as LCFF funded schools. School districts that receive property taxes equal to or greater than their minimum State guaranteed amount do not receive ERAF monies.

Any monies in the ERAF that are in excess of the total amount the LCFF funded school districts are eligible to receive, less special education funding as determined by the California Department of Education and funding for community colleges, is refunded back to the contributing local taxing agencies, and is referred to as Excess ERAF. It is refunded in the same proportion as their contributions. Generally, the fewer LCFF funded school districts, the larger the Excess ERAF amount. In FY 2014-15, 9 out of 23 K-12 school districts were LCFF funded school districts. Over time, as the State increases minimum funding requirements, the LCFF is expected to increase the number of LCFF funded school districts and reduce the amount of Excess ERAF revenues returned to the County, cities, and special districts.

The County's portion of Excess ERAF monies was \$118 million in FY 2014-15. The Board is conservative in spending Excess ERAF monies, as the revenues are subject to legislative risks.

In-Lieu Sales and Use Taxes (Triple Flip) and the Vehicle License Fee (VLF) Swap

Triple Flip and the VLF Swap were part of the State's 2004 budget in which sales and use taxes and vehicle licensing fees that previously went to counties and cities were instead diverted to the State so that they could be used to repay the State's Economic Recovery Bonds. In turn, monies from the ERAF were used to repay counties and cities their lost sales and use taxes and vehicle license fees.

Under current law, there is no statutory mechanism to fully reimburse counties and cities for lost sales and use tax and vehicle license fee revenues when the ERAF account has insufficient funds.

In FY 2012-13, due to insufficient funds in the ERAF, the County and cities did not receive \$10.9 million of their Triple Flip revenues. Due to County's efforts, the State ultimately made the County and cities whole through an appropriation in the State's FY 2014-15 budget. The State reimbursed \$1.9 million to the County and \$9 million to the cities.

In FY 2013-14, again, due to insufficient funds in the ERAF, the County and cities had a \$3.4 million Triple Flip shortfall. In addition, there was a \$0.1 million VLF shortfall based on the final FY 2011-12 school district revenue limit amounts certified by the California Department of Education in June 2014. The State, again, made the County and cities whole through an appropriation in the State's FY 2015-16 budget. The State reimbursed \$0.8 million to the County and \$2.7 million to the cities.

Employees' Retirement Plan

This year the County has implemented the new Government Accounting Standards Board (GASB) Statement No. 68 related to financial reporting of pension plans on the financial statements. It also requires full disclosures in the basic notes and required supplementary information sections of the CAFR. SamCERA (the Plan) is the pension plan for the County. In summary, this new standard requires SamCERA and the County to use two different actuarial valuation methods for its pension plan – one for financial reporting purposes as required by GASB No. 68 and the other for funding purposes to determine the County's annual contribution to the plan. The new method, for financial reporting purposes, is used to calculate the net pension liability that appears in the Government-Wide financial statements. While financial reporting has changed, the method used to determine the annual contribution to the pension plan by the County has not changed and is consistent with the prior years.

This year, for financial reporting purposes, the net pension liability is now displayed on the face of the financial statements (Statement of Net Position). For funding purpose, information about unfunded pension liabilities will continue to be disclosed in the basic notes and required supplementary information sections of the CAFR, not on the financial statements.

The table below reflects major differences between the two actuarial valuation methodologies.

	Funding Purposes	Financial Reporting Purposes
Discount Rate / Assumed Rate of Return	7.25%	7.45%
Measurement Date of Assets	June 30, 2015	June 30, 2014
Recognition of Investment Income (Loss)	Gain (loss) recognized over 5-year period, 20% per year	Projected gain plus/minus 20% of difference between projected and actual gain (loss)
Funded Ratio as of June 30, 2015	82.6%	88.8%
Unfunded Actuarial Accrued Liability as of June 30, 2015	\$666 million	
Net Pension Liability as of June 30, 2015		\$389.3 million

As of June 30, 2015, for financial reporting purposes, the County’s net pension liability is \$389.3 million, and the plan’s funded ratio is 88.8%. Contributions from the County to the pension plan totaled \$172 million in FY 2014-15.

As of June 30, 2015, for funding purposes as reported by SamCERA, the entire pension plan’s Unfunded Actuarial Accrued Liability (UAAL) totaled \$702.2 million – a decrease of \$101.6 million from the UAAL of \$803.8 million in FY 2013-14. For funding purposes, the pension plan’s funded ratio increased from 78.8%, as of June 30, 2014, to 82.6% as of June 30, 2015, while the County’s proportionate share of the plan’s unfunded liability decreased to \$666 million (94.84% of \$702.2 million).

For FY 2014-15, three key assumptions generated most of the difference between these two methods. Firstly, for financial reporting purposes, the projected investment gains plus or minus 20% of the difference between projected and actual gains (losses) is used to value the plan’s assets, while for funding purposes the investment gains (losses) in a given year are recognized over five years. The net pension liability reported in the financial statements will change significantly from year to year if the County’s pension plan experiences large investment gains or losses in any given year. Hence, the value of pension assets, and amount of assets minus liabilities, will be more volatile for financial reporting purposes than for funding purposes. Secondly, the value of plan assets was measured as of June 30, 2015 for funding purposes, but as of June 30, 2014 for financial reporting purposes. Thirdly, the assumed actuarial investment rate of return of 7.45% for financial reporting purposes is higher than the rate of 7.25% used for funding purposes. All else being equal, the higher the rate the lower the actuarially determined pension liability amount. The discount rate used for financial reporting purposes is higher due to the addition of an administrative expense load of 0.20%. GASB Nos. 67 and 68 require the investment rate of return assumption to be gross of administrative expense.

The discount rate, the assumed investment rate of return, has a major impact when determining the actuarial net pension liability amount. Note 13, Employees’ Retirement Plans, in the CAFR includes a new required disclosure titled *Sensitivity of the County’s Proportionate Share of Net Pension Liability to Changes in the Discount Rate*. Decreasing the discount rate by 1% from 7.45% to 6.45% would increase the County’s net pension liability, for financial statement reporting purposes, from \$389.3 to \$868.6 million. Similarly, significant changes to the unfunded liability amount, as calculated by SamCERA for funding purposes, would result if that discount rate was decreased from 7.25% to 6.25%.

In FY 2013-14, the Board approved a resolution to accelerate the payment of unfunded pension liabilities by contributing an additional \$50 million in FY 2013-14 from reserves, and an additional \$10 million in each of the following nine years. These extra contributions are in addition to the annual contractually required contribution amounts. Under this scenario, which started in FY 2013-14, the County is expecting to achieve a 90% funded ratio in 7 years, and 100% in 11 years, if actuarial assumptions used for funding purposes are realized. It is estimated that these additional contributions will save the County about \$304 million in cumulative contributions and, therefore, reduce operating costs over the next 30 years.

Other Postemployment Benefits (OPEB)

The County administers a postemployment benefit (OPEB) Retiree Health Plan. For the fiscal year ended June 30, 2015, the County contributed \$23.9 million to the Retiree Health Plan. As of June 30, 2015, the Retiree Health Plan's unfunded actuarial accrued liability (UAAL) increased by 18.7% to \$150.3 million. Its funded ratio increased from 60.4% as of June 30, 2014 to 61.0% as of June 30, 2015.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. Similar to the new pension reporting standards prescribed by GASB No. 68, implementation of GASB No. 75 will require reporting of the net OPEB liability amount on the face of the financial statements. It will also require additional basic notes and supplementary information disclosures about the assumptions and methods used to account for OPEB plans.

Measure A Sales Tax Revenues

In November 2012 the voters approved Measure A which provides for a one-half cent countywide sales tax increase over the next ten years. Measure A programs and initiatives are tracked separately for budgeting and reporting purposes, and are mostly funded on a reimbursement basis, while success is measured through approved performance measures. San Mateo County Performance, an online dashboard, was launched by the County to provide transparent reporting of the use of Measure A funds and allow for citizen feedback.

In FY 2014-15, Measure A tax generated \$80.6 million while \$36.4 million was spent. Significant Measure A expenditures include:

- Seton Medical Center initiative to ensure that the hospital, emergency room, and long term care beds remain open and available for low income patients - \$13.3 million
- SamTrans' Youth, Elderly and Disabled initiative to support paratransit services - \$5 million
- Prevention and Early Intervention for At Risk Children initiative – \$4.4 million
- Technology Infrastructure and Open Data projects - \$4.7 million
- Parks Department Operations and Maintenance initiative to support capital projects and maintenance of existing parks - \$2 million

The remaining monies were distributed to other initiatives and programs that offer services to address a range of issues and needs of the community. For several Measure A initiatives, unspent budgeted amounts for FY 2014-15 were re-appropriated in the FY 2015-16 budget period.

Measure A funded initiatives totaling \$204.7 million were appropriated in the FY 2015-16 and FY 2016-17 budgets using a combination of projected Measure A revenues of \$166.5 million and prior year revenues of \$38.2 million. Some of the approved initiatives for FY 2015-16 include:

- The Big Lift early learning program - \$12.5 million
- Public Safety Dispatch Center, Emergency Operations Center and Data Center - \$15.1 million
- North Fair Oaks General Plan Implementation - \$10.5 million
- Prevention and Early Intervention for At Risk Children - \$8.2 million
- Affordable Housing Fund - \$6.25 million

Affordable Care Act

The Affordable Care Act (ACA) changed health care coverage for Americans in two significant ways. It expands Medicaid (called Medi-Cal in California) to cover more impoverished individuals, and provides subsidies for low and middle income Americans who can now purchase insurance through State-established health insurance marketplaces.

The implementation of the ACA in San Mateo County has been a great success. The Human Services Agency carried out the first two seasons of Open Enrollment for health insurance coverage under the ACA. By the end of the 2015 enrollment period, approximately 91% of San Mateo County residents were insured. Effective local enrollment efforts

have made San Mateo County's Health System the highest enrollment government entity in the State for the second year in a row.

In 2015 an additional 8,000 new Medi-Cal members have selected or were assigned by the Health Plan of San Mateo to the San Mateo Medical Center (SMMC) for health care, which now provides medical care to 37,000 Medi-Cal members.

In addition to the expansion of Medi-Cal coverage, the ACA added treatment for moderate mental illness and for substance abuse as Medi-Cal benefits. The increased mental health coverage has already made a big difference. The number of County residents able to obtain treatment for moderate mental health issues has increased four-fold.

As a result of ACA, 63,000 people in the County were enrolled into affordable health insurance coverage, with 31,000 enrolled in Medi-Cal coverage and 32,000 enrolled in subsidized private health insurance through Covered California. SMMC's revenues and net operating results improved from FY 2013-14 to FY 2014-15 since a greater percent of the patients it serves now have insurance. However, the full long-term financial impacts to SMMC may not be known until the ACA is fully implemented.

The County implemented ACA employer mandates by offering nearly 400 extra-help employees who work more than 30 hours per week an affordable health insurance plan. Over 200 employees have enrolled as of April 2015.

Infrastructure

The countywide capital projects budget for FY 2015-16 includes a total of \$125 million from General Fund, Measure A, and other County funding sources.

Major General Fund projects include the Maguire Correctional Facility improvements (\$13.8 million), Medical Center projects (\$6.2 million), Animal Care Shelter replacement (\$5 million), Parks and Marina projects (\$2.9 million) and Cordilleras Mental Health Facility replacement (\$2.1 million).

Some capital projects funded by Measure A include the Public Safety Dispatch and Emergency Operations Center, Skylonda Fire Station replacement, several Parks Department projects, and the Maple Street Shelter renovation project. These and other investments in public infrastructure will help to reduce the County's list of deferred maintenance items caused by the 2008 Recession.

In 2014, net proceeds totaling \$87.1 million from the sale of the Circle Star Plaza property were set aside in the Accumulated Capital Outlay Fund (ACO) for future construction projects. County Office Building No. 1 restoration/replacement project, the San Mateo Medical Center's old hospital building upgrades, and the Information Systems Department facilities remodel project will be funded from the ACO in FY 2015-16 and FY 2016-17.

Meeting the Future

As the local economy continues to grow, the County's financial condition strengthens. Many of the County's economic and financial indicators are improving. Unemployment is down while real estate values and sales taxes are up. Measure A sales tax revenues are helping to fund a variety of services, programs and projects. The prepayment of pension liabilities will lower future required contributions, while repairing infrastructure will help to ensure that vital safety, health and welfare services can be provided into the future.

The adopted budgets for FY 2015-16 and FY 2016-17 refocus the County's efforts to address homelessness, foster care, childcare, education, and affordable housing. These important initiatives, plus the expected reduction in Excess ERAF revenues, the State's continuous realignment efforts that pass costs and services down to the local level, the ongoing funding of pension and OPEB liabilities, and potential net increased costs associated with providing health care under the ACA will all challenge the County to continually assess the use of its financial resources.

Relevant Financial Policies

Investments

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

Reserves

The Board approved the original County Reserves Policy in April 1999. The creation of this policy was initiated to reduce the negative impact on the County's financial resources during times of economic uncertainty and potential losses of funding from other governmental agencies. In 2010, the Board adopted the revised policy to align it with the current fiscal environment. In 2012 the Board authorized the use of 50% of future Excess ERAF proceeds for ongoing purposes. The current ERAF reserves and 50% of future proceeds are only used for one-time purposes as described in the County Reserves Policy.

Fund balance and reserves are viewed as one-time sources of funding and can only be used either for one-time purposes or as part of a multi-year financial plan to balance the budget. Such constraints prohibit creation of operating deficits through dependency on fund balance and reserves for ongoing expenditures. The policy requires departments to maintain reserves at a minimum of 2% of net appropriation; General Fund reserves shall be maintained at a minimum of 5% of total General Fund net appropriations; appropriations for contingencies shall be maintained at 3% of total general fund net appropriations; a minimum reserve of \$2 million shall be maintained for capital improvements; and a minimum \$2 million in reserves for countywide automation projects. In 2013 the Board directed the County Manager to amend the Fund Balance Policy by changing the year-end Fund Balance split with General Fund departments to 50/50. The Board subsequently adopted this change to reduce the use of these one-time funds for ongoing General Fund operations and maintain an appropriate level of savings.

Budget

Under State law, the County is required to adopt a balanced budget by October 2nd of each year. Except for the Joint Powers Financing Authority and certain other special revenue funds, the County Manager's Office prepares a budget for all governmental funds on the modified accrual basis of accounting in accordance with California Government Code Sections 29000 and 29143.

The annual budget serves as the foundation for the County's financial planning and control of expenditures. The legal level of budgetary control, where expenditures may not exceed appropriations, is at the object level (e.g., salaries and benefits) within a budget unit in a fund. Budget expenditures are enacted into law through the passage of an Appropriation Ordinance. The ordinance sets limits on expenditures, which cannot be changed except by subsequent amendments to the budget.

Budget appropriation transfers/amendments are used to appropriate new expenditures, unanticipated revenues, or to transfer existing appropriations from one budget unit to another, or between objects within the same budget unit. Transfers of any amount within a budget unit and within a fund, except transfers to/from reserves and contingencies, may be approved by the County Manager and Controller without Board of Supervisors approval, provided that the overall appropriations of budget unit are not increased. All other budget transfers and appropriations must be approved by the Board.

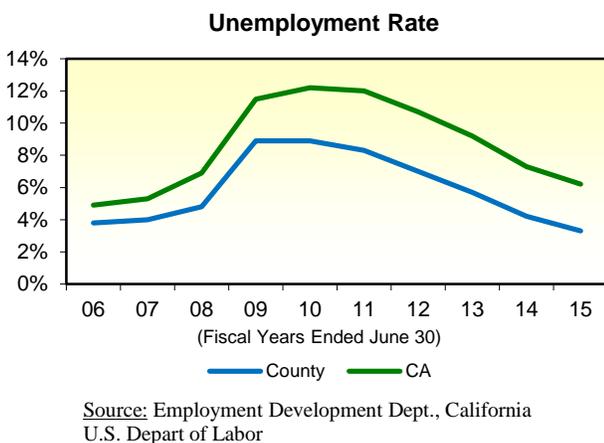
Debt Service Limit

Under the County's Debt Limit Ordinance, the Board is required to establish the County debt service limit annually. The debt service limit is applicable to non-voter approved debt that is the obligation of the County. The limit does not include any voter approved debt or any debts of agencies, whether governed by the Board or not, other than the County. The annual debt service limit shall not exceed 4% of the average annual County budget for the current and the preceding four fiscal years. The approved limit can be exceeded only through a 4/5 vote of the Board and upon a finding that such action is necessary and in the best interest of the County and its citizens. For FY 2014-15, the County continued to remain within this limit.

Factors Affecting Economy

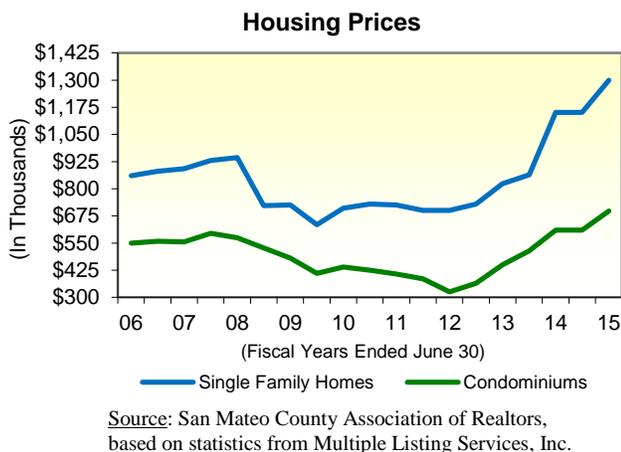
Employment

- The County had an estimated 14,600 unemployed residents as of June 2015.
- The County's unemployment rate was 3.3% for June 2015, down 0.9% from 4.2% in June 2014.
- This compares with an unemployment rate of 6.2% for California and 5.3% for the U.S. for June 2015.
- Among California's 58 counties, the County recorded the lowest unemployment rate as of June 2015.



Residential Property

- The County's median single-family home price rose 12.8% to \$1,300,000 as of June 2015 from \$1,152,500 as of June 2014.
- The County's median condominium price rose 14.3% to \$697,500 as of June 2015 from \$610,000 as of June 2014.



Commercial Property

- The County's vacancy rate in June 2015 was at 7.7%, much lower than 16.3% for June 2014, and 16.8% for the period ending June 2013.
- The average asking rate to lease space in the County rose 14.9% to \$4.40 per square foot per month as of June 2015, up from \$3.83 per square foot as of June 2014, and \$3.69 per square foot in June 2013.

Tourism

- San Francisco International Airport remains a significant economic engine in the region by providing tens of thousands of jobs. The Airport's total passenger volume rose 4.3% to 48.2 million for June 2015 from 46.2 million for June 2014.



Taxable Sales

- The County's total taxable sales rose 5.6% to \$3.8 billion for the second quarter ended June 2014 (latest data) from \$3.6 billion for the same period ended June 2013.

Median Family Income & Per Capita Income

- The County's estimated median family decreased to \$88,202 for 2013 (latest data), a 9.7% decrease from \$97,779 for 2012. This recent trend of annual decreases to median family income began in 2010.
- The County's per capita personal income increased to \$79,893 in 2013 (latest data), a 7.1% increase from \$74,582 in 2012. This recent trend of annual increases to per capita personal income began in 2010.

Major Initiatives



Healthy Community

Health System

- Replace Mental Health Rehabilitation Center to allow residents to develop the skills and support needed to live independently.
- Open the Mental Health Respite Center to help divert mentally ill residents away from the jail or hospitals.
- Create an Elder Dependent Adult Protection Team to protect elderly residents from physical, mental and financial abuse.



Safe Community

Department of Public Works / Sheriff’s Office / County Manager’s Office

- Manage construction of the new Public Safety Communications and Office of Emergency Services facility.

District Attorney’s Office

- Coordinate with county law enforcement agencies on cyber threat program to assist in the identification, deterrence and prevention of cyber threats.
- Implement new Human Trafficking and Commercially Sexually Exploited Children program to prevent their abuse.



Environmentally Conscious Community

Office of Sustainability-County Manager’s Office

- Work in collaboration with the State Coastal Conservancy on a countywide vulnerability assessment and adaptation strategy to address sea level rise adaptation efforts.
- Perform a technical study to analyze countywide electrical needs to procure electricity from renewable energy sources.



Prosperous Community

Human Services Agency

- Continue implementation of End Homelessness 2020 program by re-designing the system of care for homelessness and expanding the Homeless Outreach program.

Human Services Agency

- Improve support to foster youth by providing more housing and expanding the Supporting Transition to Employment Program.

Department of Public Works / Health System / County Manager’s Office

- Work on solar installation, hospital seismic retrofit and new parking projects at San Mateo Medical Center.



Livable Community

Department of Housing

- Work on 60-unit housing project in Menlo Park and 50-unit housing project in Colma to significantly reduce homelessness among veterans.
- Work on redevelopment of Midway Village housing complex in Daly City to increase access to affordable housing.

Parks Department

- Collaborate with Midpeninsula Regional Open Space District to complete key section of Ravenswood Bay Trail to provide residents access to multi-use trails to enjoy the shoreline and commute to school and work.



Collaborative Community

Board of Supervisors

- Continue study within the County Facilities Master Plan to validate potential development of the Government Center and new parking garage.

Tax Collector /Assessor / Controller’s Office

- Work on acquisition and implementation of an integrated Assessment and Property Tax System.

Assessor-Clerk-Recorder-Elections

- Implement digital conversion of vital (birth, death and marriage) and land (deeds, mortgages and liens) records.

Awards and Acknowledgements

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report (CAFR) for the prior fiscal year ended June 30, 2014. This was the fifteenth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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. The County also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2014.

Acknowledgements

My goal for this CAFR is to provide financial information that is transparent to our residents, policy leaders, and County management. We welcome input from all users of this CAFR. This report would not have been possible without the dedication of all the fiscal officers and staff of the County. Their day-to-day hard work help ensure the financial stability and integrity of the County. I would particularly like to acknowledge the extra efforts extended for the preparation of this report by the Controller's Office's personnel. I also wish to thank the County's independent auditors Macias Gini & O'Connell LLP.

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

Finally, I wish to thank all of the citizens of San Mateo County for their support and trust in me and the opportunity to serve as Controller; and employees of the County for their dedication and many contributions to County government.

Respectfully submitted,



Juan Raigoza
Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

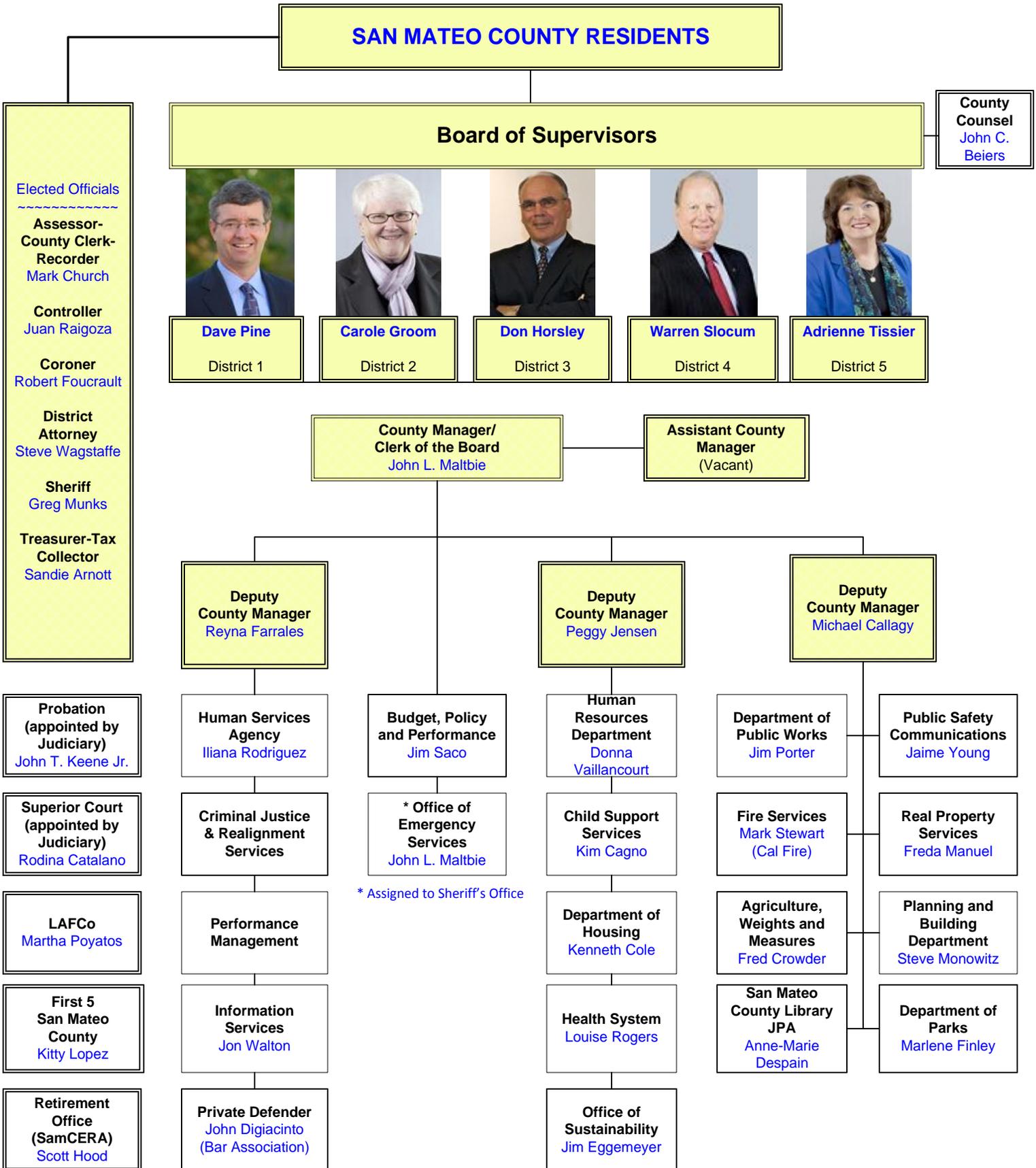
**County of San Mateo
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

COUNTY OF SAN MATEO
Organization Chart
 June 30, 2015



COUNTY OF SAN MATEO
Public Officials

ELECTED OFFICIALS

Board of Supervisors:

Supervisor – District 1	Dave Pine
Supervisor – District 2	Carole Groom
Supervisor – District 3	Don Horsley
Supervisor – District 4	Warren Slocum
Supervisor – District 5	Adrienne Tissier

Assessor-County Clerk-Recorder	Mark Church
Controller	Juan Raigoza
Coroner	Robert Foucrault
District Attorney	Steve Wagstaffe
Sheriff	Greg Munks
Treasurer-Tax Collector	Sandie Arnott

APPOINTED OFFICIALS

County Manager/Clerk of the Board (<i>appointed by the Board of Supervisors</i>)	John L. Maltbie
Assistant County Manager	(Vacant)
Deputy County Manager – Public Safety Communications	Michael Callagy
Deputy County Manager – Performance Management	Reyna Farrales
Deputy County Manager – Community Services	Peggy Jensen
Court Executive Officer and Jury Commissioner (<i>appointed by Judiciary</i>)	Rodina Catalano
Probation Officer (<i>appointed by Judiciary</i>)	John T. Keene Jr.

DEPARTMENT DIRECTORS

County Counsel	John C. Beiers
Child Support Services	Kim Cagno
Department of Housing	Kenneth Cole
Department of Parks	Marlene Finley
Department of Public Works	Jim Porter
Health System	Louise Rogers
Human Resources Department	Donna Vaillancourt
Human Services Agency	Iliana Rodriguez
Information Services	Jon Walton
Planning and Building Department	Steve Monowitz

AFFILIATED ORGANIZATIONS

First 5 San Mateo County, Executive Director	Kitty Lopez
San Mateo County Housing Authority, Director	Kenneth Cole
San Mateo County Joint Powers Financing Authority, President	Paul Scannell
San Mateo County Employees' Retirement Association, Chief Executive Officer	Scott Hood



FINANCIAL SECTION

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



Independent Auditor’s Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of San Mateo, California (County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the County of San Mateo (Housing Authority), the San Mateo County Employees’ Retirement Association (SamCERA), the First 5 San Mateo County (First 5), and the Health Plan of San Mateo (HPSM), which represent the following percentages of the assets and deferred outflows, net positions/fund balances, and revenues/additions of the following opinion units as of and for the year ended June 30, 2015.

Opinion Unit	Assets and Deferred Outflows	Net Positions/ Fund Balances	Revenues/ Additions
Business-type activities	13%	43%	25%
Major enterprise fund – Housing Authority	100%	100%	100%
Aggregate remaining fund information	51%	55%	7%
Aggregate discretely presented component units	100%	100%	100%

Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Housing Authority, SamCERA, First 5, and HPSM, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the HPSM were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of New Accounting Pronouncement

As discussed in Note 2.G. to the financial statements, effective as of July 1, 2014, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, information on the infrastructure assets reported using the modified approach, the schedule of proportionate share of the net pension liability, the schedule of County contributions – pension plan, the schedule of funding progress – other postemployment benefits and the budgetary comparison information – General Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2015 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Walnut Creek, California
December 9, 2015



Management's Discussion and Analysis
(Unaudited)

COUNTY OF SAN MATEO
Management's Discussion and Analysis
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2015

This Management's Discussion and Analysis provides a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we provided in our transmittal letter in the preceding section. **All dollar amounts are expressed in thousands unless otherwise indicated.**

Financial Highlights

Government-wide financial position

The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year 2014-15 by \$1.5 billion (*net position*):

- \$516 million represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets (*net investment in capital assets*). These capital assets are used to provide services to citizens and are not available for future spending.
- \$311 million represents resources that are subject to external restrictions on their use and are available to meet the County's ongoing obligations for programs with external restrictions (*restricted net position*).
- \$714 million is available to fund County programs for citizens and debt obligations to creditors (*unrestricted net position*).

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, to improve accounting and financial reporting by state and local governments for pensions. In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* to address an issue in Statement No. 68 concerning provisions related to certain pension contributions made to defined benefit pension plans prior to the implementation of that Statement by employers and nonemployer contributing entities. As of July 1, 2014, the County implemented these Statements and restated the beginning net position on the government wide statements by \$590.8 million (\$502.6 million governmental activities and \$88.2 million business-type activities) and recognized \$193.6 million of beginning deferred outflows of resources for its pension contributions (including \$143.6 million in pension contributions made subsequent to the measurement date in FY 2013-14 and a \$50 million net pension asset from FY 2013-2014) and to establish beginning net pension liability of \$734.4 million.

The County's total net position decreased \$234.3 million to \$1.5 billion over the year. The negative change in County's net position is due to the implementation of GASB Statement Nos. 68 and 71 related to the change in the accounting and financial reporting of pension benefits. Absent the impacts of this change in measurement, the financial position of the County has improved in fiscal year 2015.

- \$332.2 million increase in net position was derived from governmental activities predominantly from increases in charges for services, operating grants, property taxes and all other taxes.
- \$24.3 million increase in net position was derived from business-type activities with \$22.5 million from the Medical Center, \$0.5 million from the Housing Authority, \$1 million from the Airports and \$0.3 million from Coyote Point Marina.
- \$590.8 million decrease in net position was due to the restatement of net position required by the implementation of GASB Statement Nos. 68 and 71. \$502.6 million decrease to governmental activities and \$88.2 million decrease to business-type activities beginning net position.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2015

Fund financial position

The County's governmental funds reported combined fund balances of \$1.1 billion at the close of fiscal year, an increase of \$118 million compared to the prior year. About \$738 million (sum of assigned and unassigned fund balances) of this amount, or 68%, is available for spending at the County's discretion.

Capital asset and debt administration

The County's *capital assets* increased \$100 million to \$981 million with \$903 million for the governmental activities and \$78 million for the business-type activities. The increase was mainly from a \$81 million increase in construction in progress (including \$75 million for the jail construction and \$6 million for other projects). The remaining increase was due to \$10 million increase in land and easements for the purchase of land located at 2700 Middlefield Road, \$4 million increase in infrastructure (including \$2 million for the Crystal Springs sanitary sewer system improvement project and \$2 million increase in the value of the road infrastructure due to the completion of Menlo Park San Benito Avenue reconstruction, Green Street Improvement project, Valparaiso Avenue reconstruction, and 2014 In-house Chip Seal project, offset by depreciation), and a \$5 million increase in equipment (including \$2 million for Sheriff and Probation Information System and \$3 million for various San Mateo Medical Center equipment purchases).

The County's total outstanding *long-term debt* (including lease revenue bonds, certificates of participation, notes payable, and other long-term obligations) decreased \$15 million to \$526 million. The decrease was mainly caused by normal debt payments made on the lease revenue bonds and certificates of deposit (\$16 million including bond premiums) and other long-term debt payments (\$1.0 million, partially offset by the issuance of other long term obligations (\$1.3 million) and accreted interest (\$0.4 million).

Overview of Financial Statements

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

Government-wide Financial Statements provide readers with a broad overview of the County's finances, in a manner similar to private-sector businesses.

The *statement of net position* presents information on all of the County's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period (e.g., uncollected taxes).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, and recreation. The business-type activities of the County include programs operated by the San Mateo Medical Center (Medical Center), County-owned Airports, Coyote Point Marina Park and Recreation, and the Housing Authority.

The government-wide financial statements include not only the County itself (known as the primary government), but also legally separate entities for which the County is financially accountable (known as component units). Some of

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2015

these entities, although legally separate, function for all practical purposes as departments of the County and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 24-26 of this report.

Fund Financial Statements provide a narrower view of the County's finances. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of the County are divided into three categories: (1) Governmental Funds include general, special revenue, debt service, and capital project funds; (2) Proprietary Funds include enterprise and internal service funds; and (3) Fiduciary Funds include investment trust, pension trust, and agency 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 governmental activities, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 20 individual governmental funds. Information for the General Fund and the major fund, San Mateo County Joint Powers Financing Authority (JPFA), is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Other governmental funds (special revenue funds including various special districts governed by the County's governing board, debt service fund, and capital project funds) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the *combining statements* in this report.

The governmental fund financial statements can be found on pages 27-30 of this report.

Proprietary funds are comprised of two different fund types:

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

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

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

The proprietary fund financial statements can be found on pages 31-34 of this report.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2015

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

The fiduciary fund financial statements can be found on pages 35-36 of this report.

The basic financial statements also incorporate *component units* that are legally separate entities for which the County is financially accountable. A component unit can be "blended" or "discretely presented" in the County's financial statements. A blended component unit functions, for all practical purposes, as an integral part of the primary government (the County), whereas a discretely presented component unit does not function as an integral part of the County.

The County's blended component units include JPFA, Housing Authority, In-Home Supportive Services Public Authority, and special districts governed by the County Board of Supervisors (including County service areas, sewer and sanitation, flood control, lighting and other special districts). First 5 San Mateo County (First 5) and Health Plan of San Mateo (HPSM) do not meet the requirements for blending; therefore, are separately reported as discretely presented component units of the County.

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

The notes can be found on pages 37-86 of this report.

Required Supplementary Information consists of: 1) *infrastructure assets reported using the modified approach* to account for the County's road subsystem; 2) *net pension liability and contributions schedules* for pension benefits; 3) *funding progress schedules* for other postemployment benefits; and 4) the *County's General Fund budgetary comparison schedule* to demonstrate compliance with the County's adopted budget.

Required supplementary information can be found on pages 87-100 of this report.

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

Combining and individual fund statements and schedules can be found on pages 101-143 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the County's net position may serve over time as a useful indicator of whether the County's financial position is improving or deteriorating. Other factors, such as market conditions, should be considered in measuring the County's overall financial position. Reclassifications were made to the prior year's financial statements to conform to the current year's presentation. The County's net position is summarized as follows:

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2015

County's Net Position
(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2015	2014*	2015	2014*	2015	2014*	Amount	Percentage
Current and other assets	\$ 1,657,886	\$ 1,582,612	\$ 209,013	\$ 155,925	\$ 1,866,899	\$ 1,738,537	\$ 128,362	7%
Capital assets	903,267	806,871	77,924	74,425	981,191	881,296	99,895	11%
Total assets	2,561,153	2,389,483	286,937	230,350	2,848,090	2,619,833	228,257	9%
Deferred outflows of resources	178,468	7,336	31,480	-	209,948	7,336	202,612	2762%
Long-term liabilities	606,935	620,468	13,394	12,203	620,329	632,671	(12,342)	-2%
Net pension liability	325,438	-	63,439	-	388,877	-	388,877	100%
Other liabilities	162,271	152,229	116,768	66,671	279,039	218,900	60,139	27%
Total liabilities	1,094,644	772,697	193,601	78,874	1,288,245	851,571	436,674	51%
Deferred inflows of resources	191,225	-	37,277	-	228,502	-	228,502	100%
Net position:								
Net investment in capital assets	441,955	418,671	73,924	70,560	515,879	489,231	26,648	5%
Restricted	310,348	449,146	930	980	311,278	450,126	(138,848)	-31%
Unrestricted	701,449	756,305	12,685	79,936	714,134	836,241	(122,107)	-15%
Total net position	\$ 1,453,752	\$ 1,624,122	\$ 87,539	\$ 151,476	\$ 1,541,291	\$ 1,775,598	\$ (234,307)	-13%

* 2014 financial data has not been restated for GASB Statement Nos. 68 and 71 because amounts are not available.

Analysis of Net Position. The County's net position decreased \$234 million, or 13%, to \$1.5 billion at June 30, 2015.

Governmental Activities decreased the County's net position by \$170 million, or 10% to \$1.5 billion.

Total assets increased \$172 million, or 7%, to \$2.6 billion. The significant changes in assets occurred in the following areas:

- *Cash and investment* increased by \$148 million. This increase was due primarily to \$44 million in unspent Measure A sales and use tax revenues, \$37 million in unspent HPSM capitation rate, \$27 million in unspent intergovernmental transfers (IGTs), \$16.3 million in unspent health realignment, \$11.4 million in unspent public safety (including Proposition 172 public safety augmentation and trial court security funds), \$9.9 million in unspent Medi-Cal SSI, and \$2.4 million in various other unspent revenues received in the current fiscal year.
- *Due from other governmental agencies* decreased by \$20 million primarily due to the receipt of state mandates payments under SB90 for which the State had postponed payment for 15 years.
- *Net pension asset* decreased by \$50 million due to the change in financial reporting requirements of GASB Statement Nos. 68 and 71 and the change in reporting of pension contributions in excess of the contractual contribution requirements to SamCERA as part of deferred outflows of resources.
- *Capital assets* increased by \$97 million. The significant changes occurred in the following areas:
 - \$81 million increase in construction in progress resulted from the jail construction of \$75 million and other projects totaling \$6 million.
 - \$4.0 million increase in infrastructure resulted from \$2.0 million increase in value of the maintained road subsystem due to the completion of Menlo Park San Benito Avenue reconstruction, Green Street Improvement

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project, Valparaiso Avenue reconstruction, and 2014 In-house Chip Seal project and \$2 million increase due to completion of Crystal Springs Sanitary Sewer System Improvement Project, offset by depreciation.

- \$2.0 million increase in software due to the completion of Jail Management Information System, District Attorney Case Management Information System, and County Website.
- \$10.0 million increase in land due to the purchase of land located at 2700 Middlefield Road.

Total liabilities increased \$322 million, or 42% to \$1.1 billion. The significant changes in liabilities occurred in the following areas:

- *Net pension liability* is required to be reported in the amount of \$325.4 million due to the implementation of GASB Statement Nos. 68 and 71.
- *Long-term liabilities (lease revenue bonds and certificates of participation)* decreased by \$15.0 million due primarily to regularly scheduled debt payments, accreted interest.
- *Unearned revenues* increased by \$11.3 million primarily due to the timing of grant drawdowns.

Business-Type Activities decreased the County's net position by \$64 million, or 42% to \$88 million.

Total assets increased \$57 million, or 25%, to \$287 million. The increase was primarily caused by the following:

- The *Medical Center's total assets* increased \$55.1 million. The significant changes are discussed below:
 - \$69.9 million increase in cash and cash equivalents due to higher cash receipts from patients, governmental agencies, insurers and others.
 - \$6.4 million decrease in net patient accounts receivable due mainly to improved collections of accounts receivable from patients, insurers, and others.
 - \$12.5 million increase in due from other County funds due to an outstanding balance related to capitation receivables.
 - \$19.5 million decrease in due from other governmental agencies because of an increase in the audit reserve for uncertainty with the 1115 waiver funding, higher payments received on the Low Income Health Program-Federally Qualified Health Center (LIHP-FQHC) program and displacement of Health Plan of San Mateo Inter-Government Transfer (HPSM IGT) from capitation.
 - \$3.4 million decrease in prepayments due to a change in contract terms for the Access to Care for Everyone (ACE) County Program.
 - \$1.8 million net increase in capital assets primarily from equipment purchases.
- The *Housing Authority's total assets* increased \$0.8 million. The increase resulted primarily from the following:
 - \$0.9 million increase in notes receivable for a loan to the MidPen Housing Corporation for the development of the Half Moon Bay Senior Campus (HBMSC).
 - \$0.8 million increase in capital assets due mainly to a \$1.6 million addition to capital assets (\$1.3 million in structures and improvements and \$0.3 million in equipment) offset by \$0.8 in depreciation.
 - \$0.9 decrease in cash and cash equivalents due mainly to the purchase of capital assets.
- The *Coyote Point Marina's total assets* increased \$0.5 million due to the construction in progress for Dock 10 and Dock 29 at the Coyote Point Marina Park.
- The *Airport's total assets* increased \$0.6 million due to the construction in progress for various capital projects.

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Total liabilities increased \$115 million, or 145%, to \$194 million. The increase was primarily due to the following:

- The *Medical Center's total liabilities* increased \$114.3 million mainly from recognition of a net pension liability of \$62.9 million due to the implementation of GASB Statement Nos. 68 and 71, an increase of \$5.1 million in accounts payable, other current liabilities and accrued salaries and benefits due to timing of vendor and employee payments, an increase of \$44.2 million in due to other governmental agencies as a result of additional audit reserves for uncertainty associated with Medi-Cal/Uninsured Waiver and FQHC, and an increase of \$1.1 million in accrued compensated absences due to higher costs for employee vacation, paid holiday and compensation time in 2015.
- The *Housing Authority's total liabilities* increased \$0.3 million due to an increase in accounts payable.
- The *Coyote Point Marina's total liabilities* increased \$0.4 million due to additional borrowings from the State Department of Boating and Waterways.

The **County's total net position** decreased by \$234 million, or 13%, to \$1.5 billion as of June 30, 2015. The County's net position can be divided into three categories: net investment in capital assets, restricted, and unrestricted.

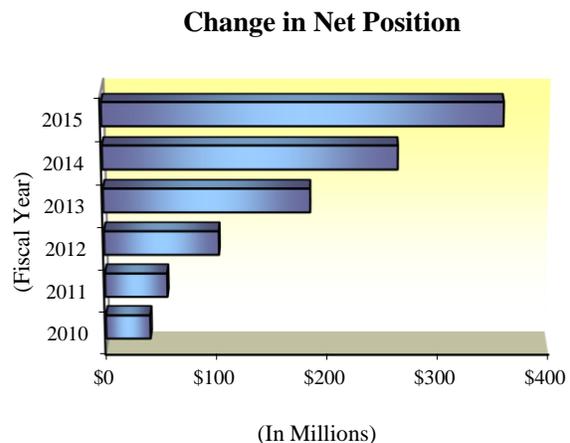
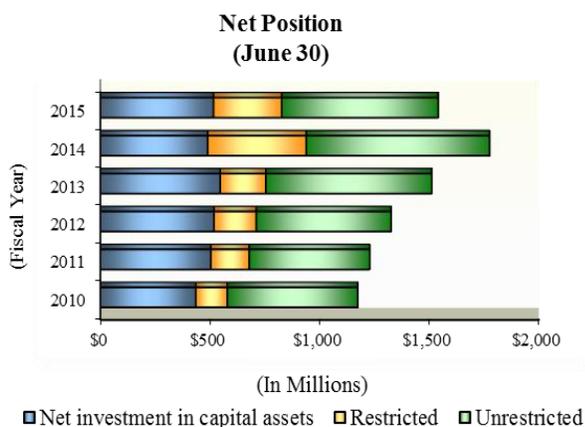
- 33%, or \$516 million, of the County's net position reflects its *investment in capital assets* (e.g., land, buildings and equipment); net of any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to citizens. These assets, therefore, are *not* available for future spending. Although the County's investment in capital assets is reported net of related debt, the resources needed to repay this debt are provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.
- 20%, or \$311 million, of the County's net position represents resources that are subject to external restrictions on how they may be used and therefore *restricted*.
- 47%, or \$714 million, of the County's net position represents resources that may be used to meet the County's ongoing obligations to citizens and creditors and therefore *unrestricted*.

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Change in Net Position
(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2015	2014	2015	2014	2015	2014	Amount	Percentage
Revenues:								
Program revenues:								
Charges for services	\$ 179,625	\$ 151,081	\$ 267,292	\$ 190,952	\$ 446,917	\$ 342,033	\$ 104,884	31%
Operating grants and contributions	516,195	481,941	5,369	70,400	521,564	552,341	(30,777)	-6%
Capital grants and contributions	-	-	2,279	6,623	2,279	6,623	(4,344)	-66%
Total program revenues	695,820	633,022	274,940	267,975	970,760	900,997	69,763	8%
General revenues:								
Property taxes	455,001	430,981	-	-	455,001	430,981	24,020	6%
Other taxes	134,683	125,002	-	-	134,683	125,002	9,681	8%
Unrestricted interest and investment earnings	13,742	11,861	333	170	14,075	12,031	2,044	17%
Miscellaneous	35,070	39,880	502	5,547	35,572	45,427	(9,855)	-22%
Total general revenues	638,496	607,724	835	5,717	639,331	613,441	25,890	4%
Total revenues	1,334,316	1,240,746	275,775	273,692	1,610,091	1,514,438	95,653	6%
Expenses:								
Program expenses:								
General government	120,104	108,980	-	-	120,104	108,980	11,124	10%
Public protection	321,375	353,458	-	-	321,375	353,458	(32,083)	-9%
Public ways and facilities	16,369	19,419	-	-	16,369	19,419	(3,050)	-16%
Health and sanitation	243,919	246,652	-	-	243,919	246,652	(2,733)	-1%
Public assistance	211,921	221,761	-	-	211,921	221,761	(9,840)	-4%
Recreation	11,537	10,420	-	-	11,537	10,420	1,117	11%
Interest on long-term liabilities	22,980	16,351	-	-	22,980	16,351	6,629	41%
San Mateo Medical Center	-	-	233,186	244,015	233,186	244,015	(10,829)	-4%
Airports	-	-	3,312	2,877	3,312	2,877	435	15%
Coyote Point Marina	-	-	921	790	921	790	131	17%
Housing Authority	-	-	68,016	71,052	68,016	71,052	(3,036)	-4%
Total expenses	948,205	977,041	305,435	318,734	1,253,640	1,295,775	(42,135)	-3%
Excess (deficiency) before special item and transfers	386,111	263,705	(29,660)	(45,042)	356,451	218,663	137,788	63%
Special items	-	45,283	-	-	-	45,283	(45,283)	100%
Transfers	(53,939)	(53,788)	53,939	53,788	-	-	-	0%
Change in net position	332,172	255,200	24,279	8,746	356,451	263,946	92,505	35%
Net position - beginning, as previously stated	1,624,122	1,368,922	151,476	142,730	1,775,598	1,511,652	263,946	17%
Cumulative effect of accounting change	(502,542)	-	(88,216)	-	(590,758)	-	(590,758)	0%
Net position - beginning, as restated	1,121,580	1,368,922	63,260	142,730	1,184,840	1,511,652	(326,812)	-22%
Net position - ending	\$ 1,453,752	\$ 1,624,122	\$ 87,539	\$ 151,476	\$ 1,541,291	\$ 1,775,598	\$ (234,307)	-13%

The County is able to report positive balances in all reported categories of net position, both for the County as a whole, and for its separate governmental and business-type activities. The same held true for the prior fiscal year. The charts below provide a snapshot of County's net position and change in net position for the past five fiscal years:



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The reasons for the overall decrease in net position are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. Governmental activities decreased the County's net position by \$170 million to \$1.5 billion for the fiscal year ended June 30, 2015. Such decrease accounted for 73% of the County's overall decrease in net position.

Analysis of Governmental Activities - Revenues

Program Revenues accounted for 52% of the County's overall governmental activities revenues. Program revenues consisted of three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. Program revenues increased \$62.8 million, or 10%, from the prior year. The significant changes included the following:

- *Charges for services* increased \$28.5 million, or 19%, to \$180 million due primarily to an increase in capitation revenue received to administer the new Medi-Cal programs under the Affordable Care Act.
- *Operating grants and contributions* increased \$34.3 million, or 7%, to \$516 million due primarily to \$11 million increase in SB 90 (State Mandates) received for payment of claims that were postponed over the past 15 years and \$13 million increase in Intergovernmental Transfers (IGTs) and Supplemental IGTs representing a full year of revenues as compared to the prior year, and \$10 million increase in revenues due to staffing increases to implement the Affordable Care Act programs that were fully reimbursed by the State.

General Revenues increased \$31 million, or 5%, from the prior year. General revenues accounted for 48% of the County's overall governmental activities revenues. The significant changes included the following:

- *Property Tax Revenues* increased \$24 million, or 6%, to \$455 million. The significant changes included the following:
 - \$10.5 million increase in secured property tax revenues due primarily to growth in real property assessed values and decreased refunds.
 - \$1.3 million decrease in property tax refunds issued.
 - \$7.8 million increase in refunds from excess Education Revenue Augmentation Fund (ERAF). Local taxing agencies are required to shift a portion of their property tax revenue to ERAF from which funds are distributed to school districts if their property tax revenues fall below the minimum guaranteed amounts. Effective in FY 2014-15, the distribution of the excess ERAF reserves has been changed from 3.5 years to 2.5 years. As a result of this change, an additional year of reserves was released for FY 2014-15 only. This change in reserve policy resulted in a \$7.8 million increase from FY 2013-14 to FY 2014-15.
 - \$3.2 million increase in revenues from former Redevelopment Agencies (RDAs) dissolved on February 1, 2012. Property tax dollars previously allocated to former RDAs are now transferred to the Redevelopment Property Tax Trust Fund (RPTTF) to cover administrative costs, pass-through payments to tax agencies, and payments to successor agencies. Residual balances in RPTTF are distributed to local taxing agencies.
 - \$1.0 million increase in Property Tax In-Lieu of Vehicle License Fee due to growth in property assessed values and adjustments.
- *Other Tax Revenues* increased \$10 million, or 8%, to \$135 million. The significant changes are discussed below.
 - \$7.4 million increase in sales and use taxes, including a \$5.0 million increase in Measure A sales and use tax revenues. In November 2012 San Mateo County voters approved a measure increasing the County's sales tax by half cent for the next 10 year to fund County critical facilities and services (Measure A) effective on April 1, 2013. Countywide sales activity increased in FY 2014-15 as compared to FY 2013-14.

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- \$1.6 million increase in property transfer taxes due to increased property sales over the prior year.
- \$1.0 million increase in property tax in-lieu of sales taxes due to increased revenues received from the State.
- *Unrestricted Interest and Investment Earnings* increased \$2 million, or 16%, due primarily to unrealized gains on investment due to improved economic and market conditions.
- *Miscellaneous Revenues* decreased \$5 million, or 12%. The decrease is due to \$5 million decreased recoveries from investment loss caused by Lehman's bankruptcy in 2009.

Analysis of Governmental Activities – Expenses

Expenses for *General Government* increased by \$11 million, or 10%. This increase was due to the increased in expenses for initiatives funded by Measure A sales and use tax revenues.

Expenses for *Public protection* decreased by \$32 million, or 9%. The implementation of GASB Statement Nos. 68 and 71 resulted in a \$48.3 million decrease in pension expense due to a change in measuring pension costs. This decrease was offset by an increase of \$5.3 million for realignment programs and administration costs, \$3.9 million increase in salaries and benefits associated with the Maple Street Correctional Center and increased overtime for inmate transportation and Youth Services Center Juvenile Hall due to coverage for vacancies, a \$1.3 million increase in private defender program, and a \$1.2 million increase in depreciation.

Expenses for *Public ways and facilities* decreased by \$3 million or 16%. The implementation of GASB Statement Nos. 68 and 71 resulted in a \$1.2 million decrease in pension expense due to a change in measuring pension costs. There was an additional \$2 million decrease in road construction project work performed compared to the prior year. The majority of work on the following projects was performed in the prior year: County In-House Seal Project, Resurfacing of various roads in unincorporated area and Alpine Road Resurfacing.

Expenses for *Health and sanitation* decreased by \$3 million, or 1%. The implementation of GASB Statement Nos. 68 and 71 resulted in an \$18.0 million decrease in pension expense due to a change in measuring pension costs. This decrease was offset by a \$6.4 million increase in Supplemental Intergovernmental Transfer payments to the State Department of Health Care Services, a \$2.6 million increase in realignment expenses, a \$6.1 million increase in contract services for MHSA youth and adult services, newly funded Measure A agreements and payments to Redwood City for sewer services.

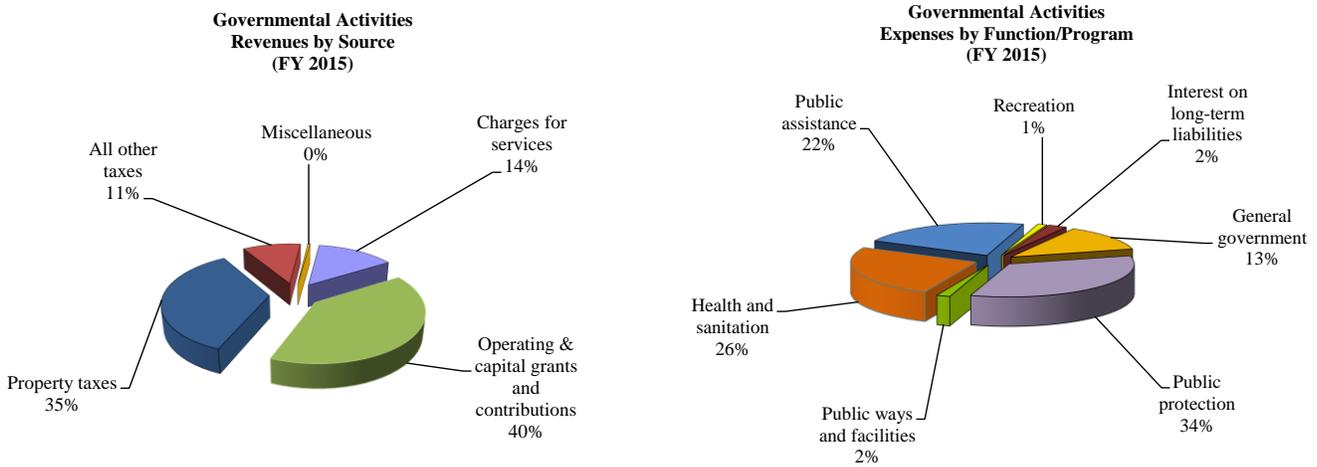
Expenses for *Public assistance* decreased by \$10 million, or 4%. The entire decrease is due to a \$14.8 million decrease in pension expense due to a change in measuring pension cost, offset by a \$7.2 million increase in salaries and benefits of the Human Services Agency.

Expenses for *Recreation* increased by \$1 million, or 11%. All of this increase was from a \$1 million increase in professional contracts and other costs for various Measure A projects.

Expenses for *Interest on long-term liabilities* increased \$7 million, or 41% due to payment of a full year of interest expense on the 2014 lease revenue bonds.

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For the fiscal year ended June 30, 2015, revenues and expenses for governmental activities are as follows:



Special Item (events that are either unusual or infrequent) of \$45 million, in the prior year, represented the gain from sale of Circle Star Plaza. In March 2011, the County purchased two office buildings (the Circle Star Plaza) in City of San Carlos with a carrying value of \$41.8 million. The buildings were originally intended to house various County departments to reduce operating costs from leasing. The County later changed its initial plan. Instead of relocating certain County departments to the Plaza, the County decided to sell the Circle Star Plaza to The GN Net Member, LCC for \$90 million. There were no special items in the current year.

Transfers out to business-type activities were relatively the same in the current year.

Business-type Activities. The net position for business-type activities decreased \$64 million to \$88 million.

Analysis of Business-type Activities – Revenues and Expenses

Medical Center. The net position of Medical Center decreased \$65 million, or 82%, to \$14 million.

The Medical Center's net operating loss decreased \$22 million, or 37%, to \$37 million. The significant changes included the following:

- \$12.4 million decrease in salaries and benefit expenses due to the change in measuring pension expenses by the deferring of FY 2015 pension contributions accounting for \$26.2 million. This was partially offset by the cost of salaries and benefits for new employees plus a Medical Center wide 4% cost of living adjustment.
- \$7.3 million recorded as pension expense is due to the initial implementation of GASB Statements Nos. 68 and 71. This increase was recognized in the current fiscal year as the net amortization of the prior periods' Deferred Outflows (Inflows) of Resources. No such amount was reported in the prior period as information was not available.
- \$1.4 million decrease in drugs costs from the previous year. This decrease was due to the discontinuance of drug purchases for the ACE population that transitioned to the Medi-Cal program.
- \$4.4 million decrease in contract provider services due to lower claims resulting from the transition of ACE patients to the Medi-Cal programs as a result of the implementation of ACA.
- \$2.2 million increase in other operating expenses including depreciation \$0.8 million, rent and lease expense \$0.8 million and other fees and purchased services \$0.6 million.

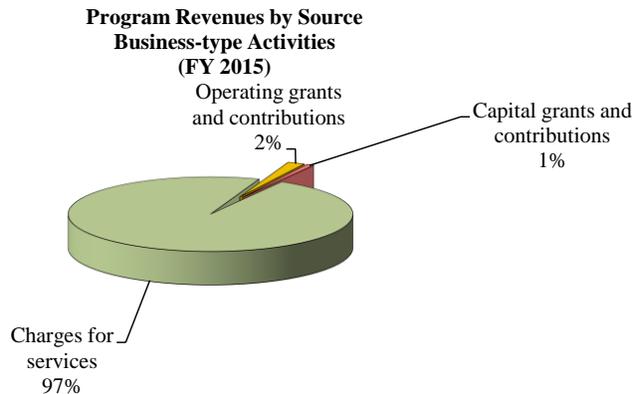
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- \$15.8 million increase in other operating revenues, including \$66.2 million increase in premium revenue from capitation offset by a \$48.5 decrease in other program revenues due to transition to Medi-Cal under the Affordable Care Act.

The operating loss was partially absorbed by \$3.8 million non-operating revenues from Medi-Cal rate differential payment received, which was decreased by \$0.6 million from FY 2013-14. The remaining operating loss was covered by the County General Fund contribution of \$64.0 million, which was increased by \$0.7 million from the prior year.

Housing Authority. The net position of the Housing Authority increased \$0.5 million, or 1%, to \$37.6 million. Major factors for the Housing Authority’s net surplus of \$0.5 million included a \$1.4 million decreased subsidies and grants from HUD due to decreased needs for rental assistance programs and a \$1.5 million decreased other revenues. The decrease was offset by a \$3.5 million decrease in expenses, including \$0.3 in administrative expense, \$1.1 million in Port-In Housing Assistance Payment (HAP) program expenses, and \$2.1 million in HAP expenses primarily due to decreased use of vouchers because of the shortage of affordable housing units available in the County.

Program revenues for business-type activities are distributed as follows:



FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

Governmental funds. As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of unrestricted resources. Such information is useful in assessing the County’s financing requirements. In particular, assigned and unassigned fund balance at the end of the fiscal year may serve as a useful measure of the County’s net resources available for spending.

As of June 30, 2015, the County’s governmental funds reported combined fund balances of \$1.1 billion at year-end, an increase of \$118 million, or 12%, compared to the prior fiscal year. Approximately 68% of the combined amount, or \$738 million, constitutes fund balance that is available for appropriation in the upcoming year. The remainder of the fund balance totaling \$354 million is nonspendable and restricted, including \$36 million “not in spendable form” for items that are not expected to be converted into cash such as inventories and long-term loans, and \$318 million restricted for specific purposes.

The *General Fund* is the primary operating fund of the County. At June 30, 2015, the General Fund’s total assigned and unassigned fund balance (*unrestricted*) was \$644 million with total fund balance at \$765 million. As a measure of liquidity, total unrestricted fund balance as well as total fund balance can be compared to total fund expenditures. Total unrestricted fund balance represents 68% of total fund expenditures, and total fund balance represents 81% of total fund expenditures. The overall fund balance in the General Fund has increased \$189 million during the current fiscal year.

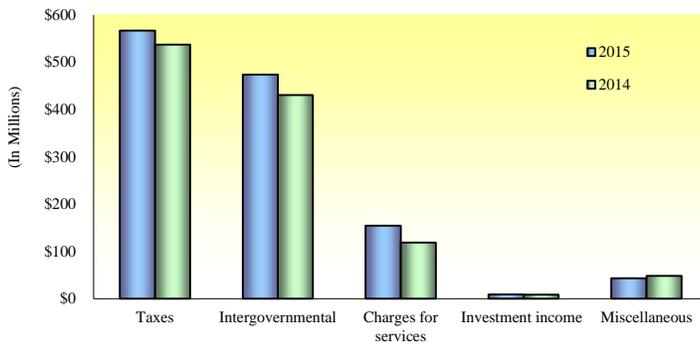
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For the fiscal years ended June 30, 2015 and 2014, revenues for the General Fund are distributed as follows:

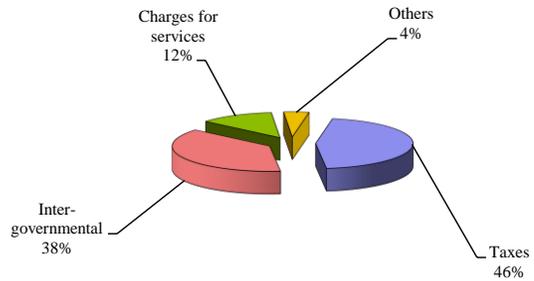
General Fund - Revenues by Source
(In Thousands)

Revenues by Source	FY 2015		FY 2014		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 567,088	45%	\$ 537,162	47%	\$ 29,926	6%
Licenses and permits	7,058	1%	6,826	1%	232	3%
Intergovernmental	473,709	38%	430,615	38%	43,094	10%
Charges for services	154,498	12%	118,857	10%	35,641	30%
Fines, forfeitures, and penalties	8,834	1%	9,194	1%	(360)	-4%
Rents and concessions	1,078	0%	3,443	0%	(2,365)	-69%
Investment income	9,282	1%	8,526	1%	756	9%
Other	26,224	2%	28,829	3%	(2,605)	-9%
Total	\$ 1,247,771	100%	\$ 1,143,452	100%	\$ 104,319	9%

General Fund - Revenues by Source



General Fund - Revenues by Source (FY 2015)



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

Taxes increased by \$30 million, or 6%. See explanations on pages 12 and 13.

Intergovernmental revenue increased by \$43 million, or 10%. See explanations on pages 12 and 13. The unexplained increase on pages 12 and 13 is mainly due to the timing in revenue recognition. Revenues in the governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when they become “measurable and available” within two months after year-end. Revenues not available within this period are deferred. On the contrary, revenues in the statement of activities are reported using the accrual basis of accounting. Under this method, revenues are recognized when they are earned, regardless when the related cash flows take place.

Charges for services increased by \$36 million, or 30%. See explanations on pages 12 and 13. The unexplained increase on pages 12 and 13 was primarily from the timing in revenue recognition discussed in the preceding paragraph.

Rents and concessions decreased by \$2 million, or 69%, due primarily to the loss of \$1.4 million rental income from the leasing of County-owned facility, Circle Star Plaza, that was sold in May 2014.

Investment income increased by \$1 million, or 9%, due primarily to unrealized gains on investment due to improved economic and market conditions.

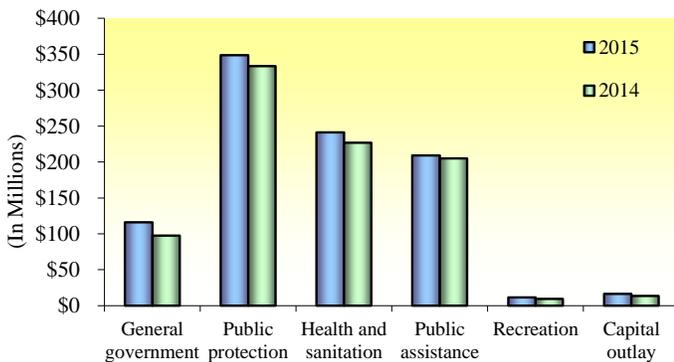
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For the fiscal years ended June 30, 2015 and 2014, expenditures for the General Fund are distributed as follows:

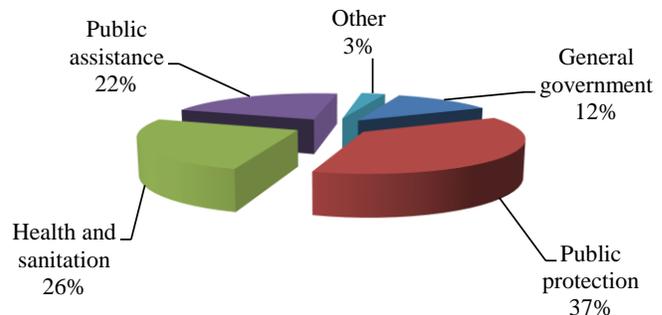
General Fund - Expenditures by Function
 (In Thousands)

Expenditures by Function	FY 2015		FY 2014		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 116,241	12%	\$ 97,478	11%	\$ 18,763	19%
Public protection	348,761	37%	333,532	38%	15,229	5%
Health and sanitation	241,407	26%	226,935	26%	14,472	6%
Public assistance	209,320	22%	204,991	23%	4,329	2%
Recreation	11,553	1%	9,633	1%	1,920	20%
Capital outlay	16,681	2%	13,472	2%	3,209	24%
Debt services	-	0%	20	0%	(20)	-100%
Total	\$ 943,963	100%	\$ 886,061	100%	\$ 57,902	7%

General Fund - Expenditures by Function



General Fund - Expenditures by Function (FY 2015)



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

Expenditures for *General Government* increased by \$19 million, or 19%. See explanations on page 13.

Expenditures for *Public Protection* increased by \$15 million, or 5%. See explanations on page 13. The \$48.3 million decrease in pension expense does not explain this increase because the pension expense only applies to governmental activities.

Expenditures for *Health and Sanitation* increased by \$14 million, or 6%. See explanations on page 13. The \$18 million decrease in pension expense does not explain this increase because the pension expense only applies to governmental activities.

Expenditures for *Public Assistance* increased by \$4 million, or 2%. See explanations on page 13. The \$14.8 million decrease in pension expense does not explain this increase because the pension expense only applies to governmental activities.

Expenditures for *Recreation* increased by \$2 million, or 20%. See explanations on page 13.

Capital Outlay increased by \$3 million, or 24%, due primarily to a \$10 million increase in land and easements for the purchase of land located at 2700 Middlefield Road offset by a \$2.2 million decrease in software, a \$1 million decrease in equipment, and a \$3 million decrease in structure and improvements expenditures.

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Joint Powers Financing Authority is a major governmental fund. During FY 2014-15, JPFA's fund balance decreased \$83.5 million to \$87.1 million. The decrease resulted predominantly from \$75 million increase in expenditures on the jail construction project and \$9 million in interest paid on behalf of the County for the 2014 lease revenue bonds.

Nonmajor governmental funds experienced a \$13 million increase in fund balance as a whole. The significant changes occurred in the following areas:

Special Revenue Funds. The overall fund balance for special service funds increased \$11 million to \$119 million. The significant changes occurred in the following funds:

- The Road Fund finished the year with a \$3.4 million increase in fund balance due to a \$3.4 million decrease in road project expenditures. The majority of work on the following projects was performed in the prior year: County In-House Seal Project, Resurfacing of various roads in unincorporated area and Alpine Road Resurfacing.
- The Sewer and Sanitation Fund reported a \$3.1 million increase in fund balance primarily from \$0.9 million increase in charges for services and \$1.3 million increase in proceeds from long term debt.
- The Flood Control Zone Fund reported a \$2.2 million increase in fund balance. The Fund received \$4.1 million from property taxes, transferred \$1.5 million to meet the debt service requirements, and experienced a \$0.4 million combined decrease in other areas.

Capital Project Fund. The overall fund balance for capital project funds increased \$0.5 million to \$94.5 million. This increase in fund balance is due to \$0.6 million in investment income in the Accumulated Capital Outlays Fund.

Proprietary funds. The County's proprietary funds provide the same type of information that can be found in the government-wide financial statements, but in more detail.

Enterprise Funds. The overall net position of enterprise funds decreased \$64 million, with \$64.4 million from major enterprise funds (Medical Center and Housing Authority) and the remaining from nonmajor enterprise funds (Airports and Coyote Point Marina). Discussion on major enterprise funds can be found in the business-type activities section.

Airports Fund's net position increased \$0.4 million to \$27 million, due primarily from a \$1.5 increase in federal categorical grants offset by a \$0.5 million increase in operating expenses and a negative \$0.6 million prior period adjustment for implementation of GASB Statement Nos. 68 and 71.

Coyote Point Marina Fund's net position stayed about the same as last year. Overall, the Fund operated at nearly break-even with a surplus of \$0.2 million offset by a negative \$0.2 million prior year adjustment due to implementation of GASB Statement Nos. 68 and 71.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's final budget exceeded the original budget by \$38 million, or 3%, for the fiscal year ended June 30, 2015. Supplemental appropriations were sponsored through unanticipated revenues. In most cases, unanticipated revenues were appropriated within budget units receiving the revenues in the same accounting period.

During FY 2014-15, the General Fund realized a total of \$38 million unanticipated revenues primarily from the following:

- \$25.6 million from Excess ERAF proceeds for the build-out of the Maple Street Correctional Center "warm shell", adding 256 inmate jail beds to the new facility scheduled to open in March 2016.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2015

- \$7.2 million in Measure A sales tax proceeds for the continuation of the three-party agreement between Seton Medical Center, the Health Plan of San Mateo, and the County of San Mateo for the continuation of safety net health care services to county residents at the Seton Medical Center and Seton Coastside through June 30, 2015.
- \$1.6 million from the agreement with South Bay Recycling for participant wages, incentive bonuses, program staff and administrative overhead for training and transitional employment opportunities to Vocational Rehabilitation Services (VRS) program participants.
- \$1.0 million from the Health Plan of San Mateo to meet increasing demands on the mental health system of care due to changes in eligibility requirements and new mandates from the California Department of Health Care Services.
- \$0.9 million in Measure A sales tax proceeds for a variety of safety net initiatives, including motel vouchers; emergency housing assistance; startup costs for a day reporting program for adults with serious mental illness; and programming enhancements to the Clarity System, the case management system used by the County's core service agencies.
- \$1.7 million from other sources for various purposes.

Actual General Fund revenues were above budgeted by \$59 thousand, or 0.01%. Revenues from intergovernmental agencies were far below anticipated by \$52.6 million, while other financing sources were \$506 thousand above. Actual tax revenues, however, exceeded the total budgeted by \$42.3 million due primarily to better than expected income from sales and use taxes (Measure A), property taxes, and vehicle rental business license tax. The overall revenue from the remaining sources was \$9.9 million higher than expected.

Actual General Fund expenditures were below budgeted by \$426 million, or 28%. The unspent appropriations can be found in the following areas:

- \$183.5 million unspent appropriations in contingencies resulted from cognizant long-term financial planning.
- \$82.6 million unspent appropriation in other financing uses due primarily to major capital projects funded by Non-Departmental Services either not yet started or completed, including the Maple Street Correctional Center Warm Shell Project; planned improvements to the Maguire Correctional Facility; security enhancements at the Redwood City campus; planning and architectural design of the Cordilleras Mental Health Facility Replacement Project, and two fire station replacement projects. Also included here is the County's contribution of \$10 million to the Big Lift initiative, which had not yet started as of June 30, 2015.
- \$80.1 million unspent appropriations in services and supplies due primarily to IT innovation projects not yet started or completed, slower than anticipated ramp up for some Measure A initiatives, and prudent spending.
- \$56.0 million unspent appropriations in salaries and benefits due primarily to savings from unfilled positions and the recording of \$10 million additional pension contribution as a "special item" rather than benefit expenditures.
- \$36.0 million unspent appropriations in other charges due primarily to lower than anticipated CalWORKs payments, lower than anticipated loan proceeds provided to the Crystal Springs Sanitation District, delayed projects, and prudent spending.
- \$17.4 million unspent appropriations in fixed assets due primarily to planned equipment purchases not yet made.

COUNTY OF SAN MATEO
Management’s Discussion and Analysis (Continued)
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2015

The overall unspent appropriation discussed above was offset by unrealized *intrafund transfers* (reimbursements from General Fund departments) of \$29.6 million.

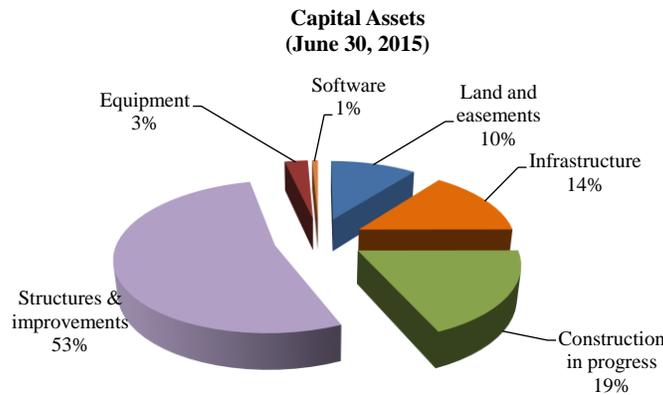
CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The County’s investment in capital assets increased \$100 million, or 11%, to \$981 million (net of accumulated depreciation). The investment includes land, easements, infrastructure, construction in progress, structures and improvement, equipment, and software. The County’s capital assets as of June 30, 2015 and 2014, are comprised of the following:

Capital Assets
Net of Accumulated Depreciation
(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2015	2014	2015	2014	2015	2014	Amount	Percentage
Land and easements	\$ 89,569	\$ 79,652	\$ 13,157	\$ 13,157	\$ 102,726	\$ 92,809	\$ 9,917	11%
Infrastructure	142,205	137,968	-	-	142,205	137,968	4,237	3%
Construction in progress	178,146	97,223	3,615	3,734	181,761	100,957	80,804	80%
Structures and improvements	473,531	476,387	46,123	44,145	519,654	520,532	(878)	0%
Equipment	16,666	14,852	11,187	8,016	27,853	22,868	4,985	22%
Software	3,150	789	3,842	5,373	6,992	6,162	830	13%
Total	\$ 903,267	\$ 806,871	\$ 77,924	\$ 74,425	\$ 981,191	\$ 881,296	\$ 99,895	11%

The County’s capital assets are comprised of and distributed as follows:



Additional information on the County’s capital assets can be found in Note 8 on pages 61-63 of this report.

Infrastructure assets reported under the modified approach are not subject to depreciation per GASB Statement No. 34. The County reports its maintained pavement subsystem of the road network totaling \$89 million using the modified approach. The County manages its maintained pavement subsystem of the road network using the Metropolitan Transportation Commission’s Pavement Management Program (Program). This Program establishes a Pavement Condition Index (PCI) on a scale of zero to one hundred (0 – 100) for each road segment. Roads with a PCI of 40 or higher are considered in “Fair” or better condition, and roads with a PCI of 55 or higher in “Good” or better condition. The County policy requires that at least 75 percent of its primary maintained road subsystem (roads with structural sections) be maintained at a PCI of 55 or higher, and at least 65 percent of its secondary maintained pavement subsystem (roads without structural sections) at a PCI of 40 or higher.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2015

A complete condition assessment on the County's maintained pavement subsystem is performed every three years. From the latest complete condition assessment in FY 2012-13, the County's maintained pavement subsystem was rated at a PCI of 74 based on a weighted average by area for the primary roads and 58 for the secondary roads.

PCI Condition Rating	2013		2010		2007	
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
Primary:						
Good to excellent (55-100)	139.19	89.3%	138.22	88.8%	137.62	87.7%
Substandard to fair (0-54)	16.73	10.7%	17.35	11.2%	19.22	12.3%
Total	<u>155.92</u>	<u>100.0%</u>	<u>155.57</u>	<u>100.0%</u>	<u>156.84</u>	<u>100.0%</u>
Secondary:						
Fair to excellent (40-100)	128.16	80.3%	117.05	73.2%	118.16	75.0%
Substandard (0-39)	31.36	19.7%	42.77	26.8%	39.41	25.0%
Total	<u>159.52</u>	<u>100.0%</u>	<u>159.82</u>	<u>100.0%</u>	<u>157.57</u>	<u>100.0%</u>

Major events related to capital assets included the following:

- *Purchase of land and easements.* In September 2014 the County purchased land located at 2700 Middlefield Road for \$10 million for the purpose of building a youth center or County library in the future.
- *Construction of new County jail.* In December 2010 the County purchased real properties at Chemical Way in Redwood City to build a 6-level new jail for incarcerated men and women. The jail project was budgeted for \$165 million to house 768 beds as well as administrative and support facilities. The County has agreed to finance \$26.2 million to affix a warm shell to the new jail. The new jail with this amendment is expected to be completed by August 2016. The total project cost since inception through June 30, 2015 was \$139.9 million and reported as construction-in-progress. Of this amount, \$75.0 million was incurred during FY 2014-15.
- *Crystal Springs Sanitary Sewer System Improvement Project.* In FY 2014-15, there was an increase of \$2 million for the Crystal Springs Sanitary Sewer System Improvement Project.
- *Roads Infrastructure.* In FY 2014-15, there was an increase of \$4 million in the value of the road infrastructure due to the completion of Menlo Park San Benito Avenue reconstruction, Green Street Improvement project, Valparaiso Avenue reconstruction, and 2014 In-house Chip Seal project.
- *Various Equipment Projects.* In FY 2014-15, there was an increase of \$5 million in the value of equipment due to the completion of a \$2 million Sheriff and Probation Information System and \$3 million for various San Mateo Medical Center equipment purchases.

Major capital project commitments include the following:

- *Maple Street Correctional Center.* In May 2014, the JPFA issued lease revenue bonds of \$175 million to finance the jail construction. As of June 30, 2015, about \$51 million remains in the budget to fund the construction. The County has authorized \$26.2 million in County funds to finance the construction of a warm shell affixed to the Maple Street Correctional Center. The estimated date of completion is around July 2016.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2015

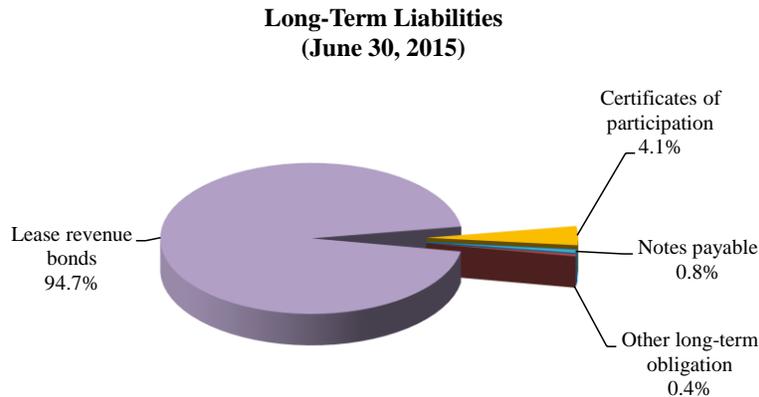
- *Skylonda Fire Station.* In August 2013, the JPFA issued the 2013 Bonds totaling \$40 million of which \$4 million is used to finance capital improvements at the Skylonda Fire Station located on Skyline Boulevard in the Town of Woodside, California. This project replaces the existing barracks and offices at Station 58 and adds a community room in a new 6,000 square foot facility. The estimated project cost is \$4 million. As of June 30, 2015, approximately \$4.0 million has been committed to fund this project. Construction will begin in January 2016 with estimated completion in December 2016.

Long-term Debt. The County's total debt decreased \$15 million, or 3%, to \$526 million as of June 30, 2015. The decrease is mainly caused by paying the scheduled retirement of outstanding debts. As indicated in the table below, the County's total debt is primarily comprised of \$498 million in lease revenue bonds, \$22 million in certificates of participation, \$4 million in notes payable, and \$2 million in other long-term obligations.

Long-Term Liabilities
(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2015	2014	2015	2014	2015	2014	Amount	Percentage
Lease revenue bonds (including accreted interest)	\$ 498,063	\$ 513,149	\$ -	\$ -	\$ 498,063	\$ 513,149	\$ (15,086)	-3%
Certificates of participation	21,488	21,914	-	-	21,488	21,914	(426)	-2%
Notes payable	-	124	4,000	3,865	4,000	3,989	11	0%
Other long-term obligations	2,293	1,486	-	-	2,293	1,486	807	54%
Total	\$ 521,844	\$ 536,673	\$ 4,000	\$ 3,865	\$ 525,844	\$ 540,538	\$ (14,694)	-3%

The County's debts as of June 30, 2015, are distributed as follows:



Additional information on the County's long-term debt can be found in Note 10 on pages 64-68 of this report.

Major events related to the long-term debts included the following:

- *Scheduled Retirement of Outstanding Debt.* The County retired a total of \$15.9 million other outstanding lease revenue bonds and certificates of participation, including amortization of premiums and discounts, based on the debt service payment schedules.

County Ordinance No. 3773 limits the County annual debt service to 4% of the average annual County total budget for the current and the preceding four fiscal years. The debt service limit for FY 2014-15 was \$77.8 million. The amount applicable to the debt service limit was \$37.0 million, which was \$40.8 million, or 52.5%, less than authorized.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's economy continues to improve. The following economic factors were considered in the preparation of the County's final budget for FY 2015-16.

- Unemployment rate decreased to 3.3% for June 2015 from 4.2% for June 2014.
- Overall assessed value for secured property (real property) is anticipated to grow 7.7% for FY 2015-16. A 1% increase in the secured roll generates about \$2.8 million in General Fund discretionary income.
- Housing prices and commercial rents continue to climb due to recovery in economy. The median single family home price was \$1.3 million for June 2015, increased by 13% from \$1.15 million for June 2014. The average asking rent price for commercial space increased 14.9% to \$4.40 per square feet per month as of June 2015, from \$3.83 per square feet per month as of June 2014.
- Due to lower fuel prices and the County's reliance on jet fuel sales at San Francisco International Airport, the County's sales tax revenue is expected to remain flat in FY 2015-16.

In September 2015 the County Board approved the final budget of \$2.5 billion for FY 2015-16.

REQUEST FOR INFORMATION

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, 4th Floor, Redwood City, CA 94063.

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

- SamCERA at 100 Marine Parkway, Suite 125, Redwood Shores, CA 94065
- Housing Authority of the County of San Mateo at 264 Harbor Boulevard, Building A, Belmont, CA 94002
- First 5 San Mateo County at 1700 S. El Camino Real, Suite 405, San Mateo, CA 94402
- Health Plan of San Mateo at 701 Gateway Blvd., Suite 400, South San Francisco, CA 94080



Basic Financial Statements -
Government-Wide Financial Statements

COUNTY OF SAN MATEO
Statement of Net Position
June 30, 2015
(In Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	First 5 San Mateo County	Health Plan of San Mateo (December 31, 2014)
ASSETS					
Cash and investments	\$ 1,199,519	\$ 131,888	\$ 1,331,407	\$ 18,612	\$ 321,087
Restricted cash and investments	32,257	324	32,581	-	-
Restricted assets	-	-	-	-	300
Receivables (net)	153,219	14,376	167,595	1,433	7,016
Due from other governmental agencies	171,820	17,876	189,696	-	66,922
Inventories	475	2,882	3,357	-	-
Other assets	6,077	5,410	11,487	-	9,700
Internal balances	(7,357)	7,357	-	-	-
Notes/Loans receivable	-	4,869	4,869	-	-
Net OPEB asset	101,876	24,031	125,907	166	-
Capital assets:					
Nondepreciable	356,727	16,772	373,499	-	-
Depreciable, net	546,540	61,152	607,692	-	3,367
Total assets	<u>2,561,153</u>	<u>286,937</u>	<u>2,848,090</u>	<u>20,211</u>	<u>408,392</u>
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized losses on refunding of debts	6,977	-	6,977	-	-
Pension contributions subsequent to measurement date	145,406	26,396	171,802	170	-
Changes of pension-related assumptions	23,942	4,666	28,608	30	-
Changes in proportionate share of net pension liability	821	160	981	1	-
Difference in actual and proportionate share of pension contributions	1,322	258	1,580	2	-
Total deferred outflows of resources	<u>178,468</u>	<u>31,480</u>	<u>209,948</u>	<u>203</u>	<u>-</u>
LIABILITIES					
Accounts payable	48,886	14,427	63,313	3,397	1,850
Medical claims payable	-	-	-	-	73,692
Provider incentives payable	-	-	-	-	362
Payable from restricted cash and investments	-	198	198	-	-
Accrued interest payable	7,366	50	7,416	-	-
Accrued salaries and benefits	16,567	4,466	21,033	27	-
Accrued liabilities	7	33	40	-	53,615
Due to other governmental agencies	25,562	97,033	122,595	-	64,545
Unearned revenues	63,776	557	64,333	-	-
Deposits	107	4	111	-	-
Long-term liabilities:					
Net pension liability - due beyond one year	325,438	63,439	388,877	410	-
Net OPEB obligation - due beyond one year	-	118	118	-	-
Lease revenue bonds - due within one year	16,302	-	16,302	-	-
Lease revenue bonds - due beyond one year	481,761	-	481,761	-	-
Certificates of participation - due within one year	447	-	447	-	-
Certificates of participation - due beyond one year	21,041	-	21,041	-	-
Notes payable - due within one year	-	343	343	-	-
Notes payable - due beyond one year	-	3,657	3,657	-	-
Other long-term obligations - due within one year	582	-	582	-	-
Other long-term obligations - due beyond one year	1,711	-	1,711	-	-
Estimated claims - due within one year	14,612	12	14,624	-	-
Estimated claims - due beyond one year	32,667	632	33,299	-	-
Compensated absences - due within one year	31,360	8,467	39,827	29	-
Compensated absences - due beyond one year	6,452	165	6,617	17	-
Total liabilities	<u>1,094,644</u>	<u>193,601</u>	<u>1,288,245</u>	<u>3,880</u>	<u>194,064</u>
DEFERRED INFLOWS OF RESOURCES					
Differences between expected and actual pension experience	19,869	3,873	23,742	25	-
Differences between projected and actual earnings on pension investments	171,356	33,404	204,760	216	-
Total deferred inflows of resources	<u>191,225</u>	<u>37,277</u>	<u>228,502</u>	<u>241</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	441,955	73,924	515,879	-	3,367
Restricted for:					
Foreclosure crisis recovery	172	-	172	-	-
Office of emergency services JPA	116	-	116	-	-
Health Realignment	3,921	-	3,921	-	-
Calworks	178	-	178	-	-
Social services realignment	32,783	-	32,783	-	-
Medi-Cal	21,956	-	21,956	-	-
Health services programs	12,621	-	12,621	-	-
California assistance program for immigrants	6,794	-	6,794	-	-
Wraparound program	5,455	-	5,455	-	-
Other social services programs	1,820	-	1,820	-	-
Debt services	105,907	-	105,907	-	-
Road improvement	38,000	-	38,000	-	-
Fire services	4,947	-	4,947	-	-
Sewer maintenance	20,922	-	20,922	-	-
Flood control	19,617	-	19,617	-	-
Lighting maintenance	12,606	-	12,606	-	-
Highway and transportation improvement	2,273	-	2,273	-	-
Waste management	9,089	-	9,089	-	-
Emergency care	2,685	-	2,685	-	-
Garbage and fire protection	4,036	-	4,036	-	-
Parks acquisition and development	2,361	-	2,361	-	-
Courthouse construction	818	-	818	-	-
Others	1,271	-	1,271	-	-
Healthcare services	-	-	-	-	300
Airport management by FAA	-	709	709	-	-
Fuel Dock 10 project	-	137	137	-	-
Housing assistance programs	-	84	84	-	-
Unrestricted	701,449	12,685	714,134	16,293	210,661
Total net position	<u>\$ 1,453,752</u>	<u>\$ 87,539</u>	<u>\$ 1,541,291</u>	<u>\$ 16,293</u>	<u>\$ 214,328</u>

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

COUNTY OF SAN MATEO
Statement of Activities
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs:				
Primary government				
Governmental activities:				
General government	\$ 120,104	\$ 30,261	\$ 19,701	\$ -
Public protection	321,375	35,191	152,669	-
Public ways and facilities	16,369	2,527	20,521	-
Health and sanitation	243,919	104,099	149,032	-
Public assistance	211,921	5,898	174,217	-
Recreation	11,537	1,649	55	-
Interest on long-term liabilities	22,980	-	-	-
Total governmental activities	948,205	179,625	516,195	-
Business-type activities:				
San Mateo Medical Center	233,186	195,904	3,879	2,279
Airports	3,312	2,674	1,490	-
Coyote Point Marina	921	1,089	-	-
Housing Authority	68,016	67,625	-	-
Total business-type activities	305,435	267,292	5,369	2,279
Total primary government	\$ 1,253,640	\$ 446,917	\$ 521,564	\$ 2,279
Component units:				
First 5 San Mateo County	\$ 10,225	\$ -	\$ 6,886	\$ -
Health Plan of San Mateo	\$ 663,092	\$ 728,883	\$ -	\$ -
General revenues:				
Taxes:				
Property taxes				
Property transfer taxes				
Sales and use taxes				
Property tax in-lieu of sales taxes				
Transient occupancy taxes				
Aircraft taxes				
Vehicle rental business license tax				
Unrestricted interest and investment earnings				
Miscellaneous				
Transfers				
Total general revenues, special item, and transfers				
Change in net position				
Net position, beginning of year, as previously reported				
Cumulative effect of accounting change				
Net position, beginning of year, as restated				
Net position, end of year				

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

(Continued)

COUNTY OF SAN MATEO
Statement of Activities
For the Fiscal Year Ended June 30, 2015
(In Thousands)

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business- type Activities	Total	First 5 San Mateo County	Health Plan of San Mateo (For the Year Ended December 31, 2014)
\$ (70,142)	\$ -	\$ (70,142)		
(133,515)	-	(133,515)		
6,679	-	6,679		
9,212	-	9,212		
(31,806)	-	(31,806)		
(9,833)	-	(9,833)		
(22,980)	-	(22,980)		
(252,385)	-	(252,385)		
-	(31,124)	(31,124)		
-	852	852		
-	168	168		
-	(391)	(391)		
-	(30,495)	(30,495)		
(252,385)	(30,495)	(282,880)		
			\$ (3,339)	
				\$ 65,791
455,001	-	455,001	-	-
10,333	-	10,333	-	-
102,724	-	102,724	-	-
6,793	-	6,793	-	-
1,527	-	1,527	-	-
1,125	-	1,125	-	-
12,181	-	12,181	-	-
13,742	333	14,075	141	390
35,070	502	35,572	96	2,986
(53,939)	53,939	-	-	-
584,557	54,774	639,331	237	3,376
332,172	24,279	356,451	(3,102)	69,167
1,624,122	151,476	1,775,598	19,965	145,161
(502,542)	(88,216)	(590,758)	(570)	-
1,121,580	63,260	1,184,840	19,395	145,161
\$ 1,453,752	\$ 87,539	\$ 1,541,291	\$ 16,293	\$ 214,328

Functions/Programs:

Primary government

Governmental activities:

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

Business-type activities:

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

Component units:

First 5 San Mateo County

Health Plan of San Mateo

General revenues:

Taxes:

- Property taxes
- Property transfer taxes
- Sales and use taxes
- Property tax in-lieu of sales taxes
- Transient occupancy taxes
- Aircraft taxes
- Vehicle rental business license tax
- Unrestricted interest and investment earnings
- Miscellaneous

Transfers

Total general revenues, special item, and transfers

Change in net position

Net position, beginning of year, as previously reported

Cumulative effect of accounting change

Net position, beginning of year, as restated

Net position, end of year

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



Basic Financial Statements -

Fund Financial Statements

COUNTY OF SAN MATEO
Balance Sheet
Governmental Funds
June 30, 2015
(In Thousands)

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
ASSETS				
Cash and investments	\$ 819,828	\$ 67,631	\$ 245,957	\$ 1,133,416
Restricted cash and investments	-	32,257	-	32,257
Receivables (net):				
Accounts	17,347	-	63	17,410
Interest	13,481	177	406	14,064
Taxes	17,711	-	1,110	18,821
Mortgages	78,733	-	-	78,733
Advances	295	-	-	295
Other	23,768	-	-	23,768
Due from other funds	5,161	-	1,861	7,022
Due from other governmental agencies	165,832	-	2,934	168,766
Other assets	3,082	-	18	3,100
Inventories	58	-	329	387
Advances to other funds	11,465	-	-	11,465
Total assets	<u>\$ 1,156,761</u>	<u>\$ 100,065</u>	<u>\$ 252,678</u>	<u>\$ 1,509,504</u>
LIABILITIES				
Accounts payable	\$ 36,954	\$ 5,766	\$ 5,503	\$ 48,223
Accrued salaries and benefits	16,184	-	304	16,488
Accrued liabilities	7	-	-	7
Due to other funds	14,513	159	1,773	16,445
Due to other governmental agencies	25,558	-	4	25,562
Advances from other funds	-	7,033	1,740	8,773
Unearned revenues	62,375	-	1,133	63,508
Deposits	-	-	13	13
Total liabilities	<u>155,591</u>	<u>12,958</u>	<u>10,470</u>	<u>179,019</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,997	-	126	2,123
Unavailable revenue - intergovernmental revenues	77,352	-	1,628	78,980
Unavailable revenue - mortgages and related interest	90,412	-	-	90,412
Unavailable revenue - excess ERAF	53,501	-	488	53,989
Unavailable revenue - SB 90	7,806	-	-	7,806
Unavailable revenue - others	5,433	-	68	5,501
Total deferred inflows of resources	<u>236,501</u>	<u>-</u>	<u>2,310</u>	<u>238,811</u>
FUND BALANCES				
Nonspendable:				
Inventories	58	-	329	387
Prepaid items	3,082	-	18	3,100
Long-term interfund advances	11,465	-	-	11,465
Long-term receivables	20,664	-	-	20,664
Restricted:				
Foreclosure crisis recovery	172	-	-	172
Office of emergency services JPA	116	-	-	116
Health realignment	3,921	-	-	3,921
Calworks	178	-	-	178
Social services realignment	32,783	-	-	32,783
Medi-Cal	21,956	-	-	21,956
Health services programs	12,621	-	-	12,621
California assistance program for immigrants	6,794	-	-	6,794
Wraparound program	5,455	-	-	5,455
Other social services programs	1,820	-	-	1,820
Debt service	-	87,107	26,166	113,273
Road improvement	-	-	38,000	38,000
Fire services	-	-	4,947	4,947
Sewer maintenance	-	-	20,922	20,922
Flood control	-	-	19,617	19,617
Lighting maintenance	-	-	12,606	12,606
Highway and transportation improvement	-	-	2,273	2,273
Waste management	-	-	9,089	9,089
Emergency care	-	-	2,685	2,685
Garbage and fire protection	-	-	4,036	4,036
Parks acquisition and development	-	-	2,361	2,361
Courthouse construction	-	-	818	818
Others	-	-	1,271	1,271
Assigned:				
Capital projects and improvements	1,623	-	91,350	92,973
Public services	-	-	3,889	3,889
Unassigned				
	641,961	-	(479)	641,482
Total fund balances	<u>764,669</u>	<u>87,107</u>	<u>239,898</u>	<u>1,091,674</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,156,761</u>	<u>\$ 100,065</u>	<u>\$ 252,678</u>	<u>\$ 1,509,504</u>

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

COUNTY OF SAN MATEO
Reconciliation of the Governmental Funds Balance Sheet to
the Government-wide Statement of Net Position
June 30, 2015
(In Thousands)

Fund balances - total governmental funds (page 27)		\$ 1,091,674
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		177,916
Deferred inflows of resources in governmental activities does not require the use of financial resources and, therefore, are not reported in the governmental funds.		(190,571)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		899,574
Net OPEB asset is not a financial resource and, therefore, is not reported in the governmental funds.		101,191
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized in the governmental funds.		238,811
Internal service funds are used by management to charge the costs of management of fleet maintenance, Tower Road construction, workers' compensation, long-term disability, employee benefits, and personal injury and property damage to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.		26,312
Interest payable on long-term liabilities does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.		(7,366)
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	\$ (498,063)	
Certificates of participation	(21,488)	
Other long-term obligations	(2,293)	
Compensated absences	(37,620)	
Net pension liability	(324,325)	
	(883,789)	(883,789)
Net position of governmental activities (page 24)		\$ 1,453,752

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

COUNTY OF SAN MATEO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 567,088	\$ -	\$ 20,723	\$ 587,811
Licenses and permits	7,058	-	2,965	10,023
Intergovernmental	473,709	-	34,677	508,386
Charges for services	154,498	-	22,156	176,654
Fines, forfeitures and penalties	8,834	-	2,264	11,098
Rents and concessions	1,078	-	100	1,178
Investment income	9,282	1,307	1,598	12,187
Other revenues	26,224	30	2,275	28,529
Total revenues	<u>1,247,771</u>	<u>1,337</u>	<u>86,758</u>	<u>1,335,866</u>
Expenditures:				
Current:				
General government	116,241	82	3,054	119,377
Public protection	348,761	-	9,651	358,412
Public ways and facilities	-	-	16,790	16,790
Health and sanitation	241,407	-	17,417	258,824
Public assistance	209,320	-	15,976	225,296
Recreation	11,553	-	-	11,553
Capital outlay	16,681	75,693	33,099	125,473
Debt service:				
Principal	-	14,130	-	14,130
Interest	-	24,377	-	24,377
Total expenditures	<u>943,963</u>	<u>114,282</u>	<u>95,987</u>	<u>1,154,232</u>
Excess (deficiency) of revenues over (under) expenditures	<u>303,808</u>	<u>(112,945)</u>	<u>(9,229)</u>	<u>181,634</u>
Other financing sources (uses):				
Proceeds from long term debt	-	-	1,332	1,332
Transfers in	1,019	29,565	58,902	89,486
Transfers out	(106,156)	(141)	(38,393)	(144,690)
Total other financing sources (uses)	<u>(105,137)</u>	<u>29,424</u>	<u>21,841</u>	<u>(53,872)</u>
Change in fund balances before special item	<u>198,671</u>	<u>(83,521)</u>	<u>12,612</u>	<u>127,762</u>
Special item:				
Additional pension contribution to SamCERA	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Net change in fund balances	188,671	(83,521)	12,612	117,762
Fund balances - beginning	<u>575,998</u>	<u>170,628</u>	<u>227,286</u>	<u>973,912</u>
Fund balances - end	<u>\$ 764,669</u>	<u>\$ 87,107</u>	<u>\$ 239,898</u>	<u>\$ 1,091,674</u>

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

COUNTY OF SAN MATEO
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-wide Statement of Activities
For the Fiscal Year Ended June 30, 2015
(In Thousands)

Net change in fund balances - total governmental funds (page 29) \$ 117,762

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 the assets' estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets and infrastructure	\$ 125,473	
Expenditures not subject to capitalization	(8,027)	
The net effect of various miscellaneous transactions involving capital assets such as sales, retirements, trade-ins, and donations	(1,462)	
Less current year depreciation	(20,130)	95,854

Pension contributions made subsequent to the measurement date is an expenditure in the governmental funds, but reported as a deferred outflow of resources in the government-wide financial statements 144,943

Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are recognized as revenues in the statement of activities. (2,538)

Repayment of long-term liabilities are expenditures in the governmental funds but reduces long-term liabilities in the statement of net position. Payments towards:

Lease revenue bonds	13,705	
Certificates of participation	424	14,129

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 premium	1,794	
Amortization of loss on refunding of debt	(359)	
Change in accrued interest payable	373	
Accretion of capital appreciation bonds	(411)	
Change in net OPEB asset	130	
Change in notes payable	124	
Change in other long-term liabilities	(807)	
Change in compensated absences	(2,734)	(1,890)

Changes to net pension liability and pension related deferred outflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds (37,905)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues of certain activities of the internal service funds are reported with governmental activities. 1,817

Change in net position of governmental activities (page 26) **\$ 332,172**

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

COUNTY OF SAN MATEO
Statement of Fund Net Position
Proprietary Funds
June 30, 2015
(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 105,935	\$ 24,740	\$ 1,213	\$ 131,888	\$ 66,103
Restricted cash and investments	-	324	-	324	-
Receivables (net):					
Accounts	9,486	433	141	10,060	9
Grant	482	-	-	482	-
Interest	3,112	44	2	3,158	119
Other	676	-	-	676	-
Due from other funds	12,525	-	7	12,532	255
Due from other governmental agencies	17,382	-	494	17,876	3,054
Inventories	2,882	-	-	2,882	88
Notes receivable	-	4	-	4	-
Other assets	4,311	113	-	4,424	2,977
Total current assets	<u>156,791</u>	<u>25,658</u>	<u>1,857</u>	<u>184,306</u>	<u>72,605</u>
Noncurrent assets:					
Notes receivable	200	4,665	-	4,865	-
Deposits	986	-	-	986	-
Net OPEB asset	23,727	-	304	24,031	685
Capital assets:					
Nondepreciable:					
Land	841	4,138	8,178	13,157	-
Construction in progress	1,360	-	2,255	3,615	198
Depreciable:					
Structures and improvements	13,941	22,902	44,262	81,105	1,867
Equipment	18,850	1,331	179	20,360	21,218
Software	14,880	-	-	14,880	9
Less accumulated depreciation	(20,881)	(17,885)	(16,427)	(55,193)	(19,599)
Total capital assets	<u>28,991</u>	<u>10,486</u>	<u>38,447</u>	<u>77,924</u>	<u>3,693</u>
Total noncurrent assets	<u>53,904</u>	<u>15,151</u>	<u>38,751</u>	<u>107,806</u>	<u>4,378</u>
Total assets	<u>210,695</u>	<u>40,809</u>	<u>40,608</u>	<u>292,112</u>	<u>76,983</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions subsequent to measurement date	26,159	-	237	26,396	463
Changes of pension-related assumptions	4,625	-	41	4,666	83
Changes in proportionate share of net pension liability	159	-	1	160	2
Difference in actual and proportionate share of pension contributions	255	-	3	258	4
Total deferred outflows of resources	<u>31,198</u>	<u>-</u>	<u>282</u>	<u>31,480</u>	<u>552</u>
LIABILITIES					
Current liabilities:					
Accounts payable	13,558	776	93	14,427	663
Payable from restricted cash and investments	-	198	-	198	-
Accrued interest payable	-	-	50	50	-
Accrued salaries and benefits	4,329	101	36	4,466	79
Accrued liabilities	-	33	-	33	-
Due to other funds	3,336	-	26	3,362	2
Due to other governmental agencies	97,033	-	-	97,033	-
Unearned revenues	534	6	17	557	268
Deposits	-	-	4	4	94
Notes payable - current	-	-	343	343	-
Compensated absences - current	8,139	263	65	8,467	115
Estimated claims - current	-	12	-	12	14,612
Total current liabilities	<u>126,929</u>	<u>1,389</u>	<u>634</u>	<u>128,952</u>	<u>15,833</u>
Noncurrent liabilities:					
Advances from other funds	944	725	-	1,669	1,023
Net pension liability - noncurrent	62,870	-	569	63,439	1,113
Net OPEB obligation - noncurrent	-	118	-	118	-
Notes payable - noncurrent	-	185	3,472	3,657	-
Compensated absences - noncurrent	-	126	39	165	77
Estimated claims - noncurrent	-	632	-	632	32,667
Total noncurrent liabilities	<u>63,814</u>	<u>1,786</u>	<u>4,080</u>	<u>69,680</u>	<u>34,880</u>
Total liabilities	<u>190,743</u>	<u>3,175</u>	<u>4,714</u>	<u>198,632</u>	<u>50,713</u>
DEFERRED INFLOWS OF RESOURCES					
Differences between expected and actual pension experience	3,838	-	35	3,873	68
Differences between projected and actual earnings on pension investments	33,104	-	300	33,404	586
Total deferred inflows of resources	<u>36,942</u>	<u>-</u>	<u>335</u>	<u>37,277</u>	<u>654</u>
NET POSITION					
Net investment in capital assets	28,991	10,301	34,632	73,924	3,693
Restricted:					
Airport management by FAA	-	-	709	709	-
Fuel Dock 10 project	-	-	137	137	-
Housing assistance programs	-	84	-	84	-
Unrestricted	(14,783)	27,249	363	12,829	22,475
Total net position	<u>\$ 14,208</u>	<u>\$ 37,634</u>	<u>\$ 35,841</u>	<u>87,683</u>	<u>\$ 26,168</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(144)	
Net position of business-type activities (page 24)				<u>\$ 87,539</u>	

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

COUNTY OF SAN MATEO
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Business-type Activities - Enterprise Funds			Total	Governmental Activities
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds		Internal Service Funds
Operating revenues:					
Charges for services	\$ 393,629	\$ 3,015	\$ 1,093	\$ 397,737	\$ 133,330
Less:					
Contractual allowances	(302,643)	-	-	(302,643)	-
Provision for doubtful accounts	(4,769)	-	-	(4,769)	-
Net charges for services	<u>86,217</u>	<u>3,015</u>	<u>1,093</u>	<u>90,325</u>	<u>133,330</u>
Other program revenues:					
Supplemental programs	20,628	-	-	20,628	-
Premium revenues	73,257	-	-	73,257	-
Sales tax	201	-	-	201	-
Other operating revenues:					
Rent and concessions	2,511	-	2,670	5,181	-
Revenue from state and federal grants	-	64,610	-	64,610	-
Revenue from foundations	5,316	-	-	5,316	-
Sales of drugs and medical supplies, fees, and others	7,774	-	-	7,774	-
Miscellaneous	-	642	51	693	2,884
Total operating revenues	<u>195,904</u>	<u>68,267</u>	<u>3,814</u>	<u>267,985</u>	<u>136,214</u>
Operating expenses:					
Salaries and benefits	125,418	4,656	1,155	131,229	2,234
Pension expenses	7,348	-	67	7,415	130
Pharmaceutical drugs	7,054	-	-	7,054	-
Supplies	10,616	-	-	10,616	-
Contract provider services	32,813	-	-	32,813	-
Other fees and purchased services	39,722	-	-	39,722	-
General and administrative	7,162	3,981	1,876	13,019	13,234
Benefits and claims	-	-	-	-	16,554
Insurance premiums	-	-	-	-	102,879
Depreciation and amortization	3,157	761	888	4,806	1,050
Housing assistance payments	-	58,618	-	58,618	-
Total operating expenses	<u>233,290</u>	<u>68,016</u>	<u>3,986</u>	<u>305,292</u>	<u>136,081</u>
Operating income (loss)	<u>(37,386)</u>	<u>251</u>	<u>(172)</u>	<u>(37,307)</u>	<u>133</u>
Nonoperating revenues (expenses):					
State and federal grants	-	-	1,490	1,490	-
Medi-Cal rate differential	3,879	-	-	3,879	-
Recoveries from settlement	2	-	-	2	-
Loss from disposal of capital assets	(193)	-	-	(193)	-
Investment income	86	236	11	333	462
Interest expense	-	-	(187)	(187)	-
Total nonoperating revenues, net	<u>3,774</u>	<u>236</u>	<u>1,314</u>	<u>5,324</u>	<u>462</u>
Income (loss) before capital contributions and transfers	<u>(33,612)</u>	<u>487</u>	<u>1,142</u>	<u>(31,983)</u>	<u>595</u>
Capital contributions	2,279	-	-	2,279	-
Transfers in	64,038	-	117	64,155	1,295
Transfers out	<u>(10,216)</u>	<u>-</u>	<u>-</u>	<u>(10,216)</u>	<u>(29)</u>
Change in net position	<u>22,489</u>	<u>487</u>	<u>1,259</u>	<u>24,235</u>	<u>1,861</u>
Net position - beginning, as previously stated	79,144	37,147	35,373		25,854
Cumulative effect of accounting change	<u>(87,425)</u>	<u>-</u>	<u>(791)</u>		<u>(1,547)</u>
Net position - beginning, as restated	<u>(8,281)</u>	<u>37,147</u>	<u>34,582</u>		<u>24,307</u>
Net position - end	<u>\$ 14,208</u>	<u>\$ 37,634</u>	<u>\$ 35,841</u>		<u>\$ 26,168</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				44	
Change in net position of business-type activities (page 26)				<u>\$ 24,279</u>	

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

COUNTY OF SAN MATEO
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Cash receipts from customers	\$ 257,504	\$ 68,160	\$ 3,287	\$ 328,951	\$ -
Cash receipts from interfund services provided	-	-	-	-	138,860
Cash paid to suppliers of goods and services	(93,422)	(3,591)	(1,862)	(98,875)	(116,342)
Cash paid to employees for services	(149,608)	(4,523)	(1,398)	(155,529)	(2,659)
Cash paid for housing assistance	-	(59,095)	-	(59,095)	-
Cash paid for judgments and claims	-	-	-	-	(18,006)
Net cash provided by operating activities	<u>14,474</u>	<u>951</u>	<u>27</u>	<u>15,452</u>	<u>1,853</u>
Cash flows from noncapital financing activities					
County subsidy transfers	64,038	-	-	64,038	-
Transfers received from other funds	-	-	117	117	1,295
Transfers paid to other funds	(10,216)	-	-	(10,216)	(29)
Loan from other funds	944	-	-	944	(338)
Loan repayments to other funds	686	-	-	686	-
Cash received from management service income	3,879	-	-	3,879	-
State and federal grant receipts	-	-	1,490	1,490	-
Net cash provided by noncapital financing activities	<u>59,331</u>	<u>-</u>	<u>1,607</u>	<u>60,938</u>	<u>928</u>
Cash flows from capital and related financing activities					
Acquisition of capital assets	(5,180)	(1,602)	(1,717)	(8,499)	(1,592)
Capital contribution	2,279	-	-	2,279	-
Loan repayments to other funds	(1,000)	-	-	(1,000)	-
Proceeds from long term borrowings	-	-	465	465	-
Payment on long-term liabilities	-	-	(330)	(330)	-
Interest paid on long-term liabilities	-	(22)	(191)	(213)	-
Net cash used in capital and related financing activities	<u>(3,901)</u>	<u>(1,624)</u>	<u>(1,773)</u>	<u>(7,298)</u>	<u>(1,592)</u>
Cash flows from investing activities					
Cash disbursed for loans	(86)	(500)	-	(586)	-
Interest received from loans	-	4	-	4	-
Investment income received	86	189	10	285	431
Recoveries from settlement	2	-	-	2	-
Net cash provided by (used in) investing activities	<u>2</u>	<u>(307)</u>	<u>10</u>	<u>(295)</u>	<u>431</u>
Net increase (decrease) in cash and cash equivalents	69,906	(980)	(129)	68,797	1,620
Cash and cash equivalents, beginning	36,029	26,044	1,342	63,415	64,483
Cash and cash equivalents, end	<u>\$ 105,935</u>	<u>\$ 25,064</u>	<u>\$ 1,213</u>	<u>\$ 132,212</u>	<u>\$ 66,103</u>
Financial statement presentation:					
Cash and cash equivalents	\$ 105,935	\$ 24,740	\$ 1,213	\$ 131,888	\$ 66,103
Cash and equivalents - restricted	-	324	-	324	-
Cash and cash equivalents, end	<u>\$ 105,935</u>	<u>\$ 25,064</u>	<u>\$ 1,213</u>	<u>\$ 132,212</u>	<u>\$ 66,103</u>
Supplemental disclosure of noncash activities:					
Noncash capital and related financing activities:					
Equipment donated to the Medical Center	\$ 289	\$ -	\$ -	\$ 289	\$ -

(Continued)

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

COUNTY OF SAN MATEO
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ (37,386)	\$ 251	\$ (172)	\$ (37,307)	\$ 133
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	3,157	761	888	4,806	1,050
Decrease (increase) in:					
Accounts receivable	6,416	9	(78)	6,347	430
Grant receivable	363	-	-	363	-
Other receivable	(256)	-	-	(256)	-
Due from other funds	(12,510)	-	4	(12,506)	(188)
Due from other governmental agencies	19,547	(385)	(280)	18,882	986
Deposits	(128)	-	-	(128)	-
Inventories	(110)	-	-	(110)	1
Net OPEB asset	(27)	-	-	(27)	-
Other assets	3,392	(20)	-	3,372	1,418
Deferred outflows of resources	107	-	-	107	2
Increase (decrease) in:					
Accounts payable	4,183	432	14	4,629	64
Accrued salaries and benefits	910	15	5	930	37
Deferred inflows of resources	36,942	-	335	37,277	654
Net pension liability	(55,860)	-	(504)	(56,364)	(988)
Accrued liabilities	-	1	-	1	-
Due to other funds	-	-	(163)	(163)	(386)
Due to other governmental agencies	44,184	-	-	44,184	-
Unearned revenues	464	(108)	(9)	347	92
Net OPEB obligation	-	3	-	3	-
Compensated absences	1,086	(8)	(12)	1,066	-
Refundable deposits	-	-	(1)	(1)	-
Estimated claims	-	-	-	-	(1,452)
Net cash provided by operating activities	<u>\$ 14,474</u>	<u>\$ 951</u>	<u>\$ 27</u>	<u>\$ 15,452</u>	<u>\$ 1,853</u>

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

COUNTY OF SAN MATEO
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015
(In Thousands)

	SamCERA Pension Trust	Investment Trust	Agency Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments (in County investment pool)	\$ 2,171	\$ 2,480,617	\$ 354,929
Cash and investments (outside County investment pool)	174,651	-	-
Receivables (net):			
Due from broker for investments sold	14,438	-	-
Contributions	5,693	-	-
Interest	6,434	4,412	631
Security lending income	37	-	-
Taxes	-	-	136,990
Other	113	-	-
Due from other governmental agencies	-	10,524	17,634
Prepaid expense	8	-	-
Net OPEB asset	459	-	-
Investments:			
Fixed income securities:			
Domestic	567,117	-	-
International	98,285	-	-
Equities:			
Domestic	1,122,265	-	-
International	675,590	-	-
Real estate	218,473	-	-
Private equities	193,266	-	-
Real assets	4,177	-	-
Risk parity	265,104	-	-
Hedge funds	139,680	-	-
Commodities	89,291	-	-
Capital assets, net	3,206	-	-
Other assets	-	109	42,307
Total assets	<u>3,580,458</u>	<u>2,495,662</u>	<u>552,491</u>
LIABILITIES			
Accounts payable	2,043	966	\$ -
Due to broker for investments purchased	21,246	-	-
Due to other governmental agencies	99,387	274	79,943
Other liabilities	3,306	6,627	-
Fiduciary liabilities	-	-	472,548
Total liabilities	<u>125,982</u>	<u>7,867</u>	<u>\$ 552,491</u>
NET POSITION			
Net position restricted for pension benefits/investment pool participants	<u>\$ 3,454,476</u>	<u>\$ 2,487,795</u>	

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

COUNTY OF SAN MATEO
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	SamCERA Pension Trust	Investment Trust
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Employer contributions	\$ 180,704	\$ -
Plan member contributions	48,012	-
Contributions to investment pool	-	4,170,822
Total contributions	<u>228,716</u>	<u>4,170,822</u>
Net investment income:		
Net appreciation (depreciation) in fair value of investments	99,877	(131)
Investment income	44,434	49,880
Investment expense	(32,991)	-
Securities lending activities:		
Securities lending income	185	-
Securities lending expenses	125	-
Total net investment income	<u>111,630</u>	<u>49,749</u>
Total additions	<u>340,346</u>	<u>4,220,571</u>
DEDUCTIONS		
Benefits and refunds paid to plan members and beneficiaries:		
Service retirement benefits	147,267	-
Disability retirement benefits	20,039	-
Death and other benefits	804	-
Withdrawals of members' contributions	3,357	-
Total benefits and refunds paid to plan members and beneficiaries	<u>171,467</u>	<u>-</u>
Distributions from investment pool	-	3,761,824
Administrative expenses	5,978	-
Other expense	119	-
Total deductions	<u>177,564</u>	<u>3,761,824</u>
Change in net position	162,782	458,747
Net position - beginning	<u>3,291,694</u>	<u>2,029,048</u>
Net position - end	<u>\$ 3,454,476</u>	<u>\$ 2,487,795</u>

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



Basic Financial Statements -
Notes to the Basic Financial Statements

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015
(In Thousands)

NOTE 1 – THE FINANCIAL REPORTING ENTITY

(a) Reporting Entity

The County of San Mateo, California (County), a Charter County, is a legal subdivision of the State of California established by an Act of the State Legislature in 1856. The County is governed by a five-member Board of Supervisors (County Board) with legislative and executive control of the County. Major services provided by the County include law enforcement and legal justice, detention, social, health, hospital, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, though they are legally separate entities, are in substance part of the County's operations. Thus, blended component units are presented as funds of the County. The discretely presented component units, on the other hand, are reported in separate columns in the government-wide financial statements to emphasize that they are not considered as an integral part of the primary government.

The County's financial statements include all financial activities for which the primary government is financially accountable or closely related. 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 County Joint Powers Financing Authority

The San Mateo County Joint Powers Financing Authority (JPFA), a joint exercise of powers agency organized under the laws of the State of California by agreements dated May 15, 1993, was formed to assist the County in the financing of public capital improvements. The County Board appointed a five-member board to set policies. The JPFA has no employees, and its daily operation is conducted by County employees or consultants. Because its financial and operational relationship with the County is closely integrated, the JPFA is reported as a major governmental fund in the County's basic financial statements. The JPFA issues a separate financial report that can be obtained by writing to the Office of the County Manager, 400 County Center, 1st Floor, Redwood City, California 94063.

Housing Authority of the County of San Mateo

The Housing Authority of the County of San Mateo (Housing Authority), established pursuant to the State Health and Safety Code by the County Board, provides housing assistance to low and moderate-income families at rents they can afford. Eligibility is determined by family composition and income in areas served by the Housing Authority. Most of the housing programs administered by the Housing Authority are funded by contributions from the U.S. Department of Housing and Urban Development (HUD) pursuant to the United States Housing Act of 1937 and the HUD Act. The Housing Authority's Board of Commissioners is composed of the same members as the County Board. Decisions affecting the Housing Authority are addressed as part of the Board's overall meeting. The County is financially accountable for the Housing Authority because the County holds a voting majority and may impose its will on the Housing Authority. Thus, the Housing Authority is reported as a major enterprise fund in the County's basic financial statements. The Housing Authority issues a separate financial report that can be obtained by writing to Housing Authority of the County of San Mateo at 264 Harbor Boulevard, Building A, Belmont, California 94002.

In-Home Supportive Services (IHSS) Public Authority

The IHSS Public Authority assists IHSS clients in finding qualified caregivers. Though a legally separate entity, the IHSS Public Authority is programmatically integrated into the County service systems for seniors and persons with disabilities. The County Board serves as its governing body. The County is financially accountable for the IHSS Public Authority because the County holds a voting majority and may impose its will on the Housing Authority. Because of

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

this relationship with the County, the IHSS Public Authority is reported as a nonmajor governmental fund in the County's basic financial statements.

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

The County Board, acting as a governing body, approves budgets, special taxes, and fees of the County Service Areas, Sewer and Sanitation, Flood Control, Lighting, and Other Special Districts (special districts). The County is financially accountable for these entities because the County holds a voting majority and may impose its will on each of these entities. Each of these special districts is, in substance, an integral part of the County and is reported as a nonmajor special revenue fund in the County's basic financial statements.

(c) Discretely Presented Component Units

First 5 San Mateo County

The First 5 San Mateo County (First 5) was created in 1998 as an "agency" of the County with independent authority with the passage of Proposition 10, the California Children and Families First Act. This Act levied tobacco tax to support an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development to ensure that children are ready to enter school.

The primary role of First 5 is to ensure resources from the California Children and Families Trust Fund are allocated in a fiscally responsible manner. Its governing board consists of nine members, including County public officials and community leaders from the fields of early childhood education, healthcare, and family support. First 5 board members are appointed and can be removed at will by the County Board. If the County opts to dismiss First 5 in the future, all of the residual equity with First 5 must return to the State. Because First 5 has independent authority over its strategic plan and its governing board is not substantially the same of the County, First 5 is reported as a discretely presented component unit in the County's basic financial statements. First 5 issues a separate financial report that can be obtained by writing to First 5 San Mateo County at 1700 South El Camino Real, Suite 405, San Mateo, California 94402.

Health Plan of San Mateo

The San Mateo Health Commission and the San Mateo Community Health Authority, doing business as Health Plan of San Mateo (HPSM), was established by the County Board under an ordinance pursuant to Section 14087.51 and Section 14087.54 of the Welfare and Institutional Code, respectively, as a Health Insuring Organization. The majority of HPSM's revenues are generated from a contract with the State of California Medi-Cal Program and a contract with the Centers for Medicare and Medicaid Services (CMS) for a Medicare program.

HPSM is a legally separate entity governed by eleven Commissioners appointed by the County Board. Because the County Board has the ability to appoint and remove all the Commissioners at will, HPSM is included in the County's basic financial statements as a discretely presented component unit. HPSM is a nonprofit entity that is separate and apart from the County, and is not considered to be an agency, division, or department of the County. Furthermore, HPSM is not governed by, nor is it subject to, the Charter of the County and is not subject to the County's policies or operational rules. HPSM's debts are not expected to be repaid with County resources. Therefore, HPSM's data are presented separately from the data of the primary government.

HPSM is responsible for managing a capitated prepaid health care system for residents of the County who are eligible for various health care programs, including Medi-Cal; a Medicare Dual Eligible Special Needs Plan; HealthWorx, an insurance program for In-Home Supportive Services employees, San Mateo County Extra Help employees, and certain City of San Mateo non-merit part-time and Library per diem employees; and Healthy Kids, a locally funded insurance product for children with family income levels of 400% of poverty or lower who do not qualify for Medi-Cal.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

HPSM acquired a license under the Knox-Keene Health Care Services Plan Act, and is regulated by the State's Department of Health Care Services (DHCS), California's Department of Managed Health Care (DMHC), and the Centers for Medicare and Medicaid Services (CMS). HPSM issues a separate financial report that can be obtained by writing to HPSM at 701 Gateway Blvd., Suite 400, South San Francisco, CA 94080.

(d) Component Unit – Fiduciary in Nature

San Mateo County Employees' Retirement Association

The San Mateo County Employees' Retirement Association (SamCERA) exists to serve as the administrator of the County's pension plan. SamCERA's management is vested in the Board of Retirement consisting of nine members. Pursuant to the County Employees Retirement Law of 1937, board members include the County Treasurer, two general members of SamCERA elected by their peers, four members appointed by the County Board, one member from SamCERA's safety members, and one member from the retirees. The Board of Retirement undertakes the administrative and fiduciary responsibility over the pension plan. Because of its fiduciary relationship with the County, SamCERA is a component unit of the County (fiduciary in nature) and reported as a pension trust fund in the County's basic financial statements. SamCERA issues a separate financial report that can be obtained by writing to SamCERA at 100 Marine Parkway, Suite 125, Redwood Shores, California 94065.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the *statement of net position* and the *statement of activities*) report information on all of the non-fiduciary activities of the County and its component units. All fiduciary activities are reported only in the fund financial statements. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component units. Governmental activities, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees charged to external customers. Likewise, the County is reported separately from certain legally separate component units for which the County is financially accountable.

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 specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Certain indirect costs, which cannot be identified and broken down, are included in the program expense reported for individual functions and activities. Interfund charges, which equal or approximate the external exchange value of services provided, are reported as program revenues. Interfund reimbursements, repayments from the funds responsible for particular expenses to the funds that initially paid for them, are treated as adjustments to expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the County's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

Fund Financial Statements

The fund financial statements provide information about the County's funds, including its 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, which are each displayed in a separate column. All remaining governmental and enterprise funds are respectively aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are presented as separate columns in the fund financial statements.

The County reports the following major governmental funds:

- *General Fund* is the County's primary operating fund and accounts for all financial resources of the County, except those accounted for in another fund. The activities carried out by the General Fund include general government, public protection, health and sanitation, public assistance, and recreation services.
- *Joint Powers Financing Authority (JPFA)* accounts for debts issued to finance County-sponsored capital projects and debt service payments to creditors. The JPFA's revenues predominantly come from lease payments made by the County under individual lease agreements.

The County reports the following major enterprise funds:

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

The County also reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet services, road maintenance or construction services (provided to departments or other governmental agencies), risk management services (including claims for workers' compensation, long-term disability, general liability, and personal injury and property damage) and employee benefits (including medical, vision, and dental) on a cost-reimbursement basis.
- *Fiduciary Funds* are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and other government units.

These funds include:

- *SamCERA Pension Trust Fund* accumulates contributions from the County, the San Mateo County Mosquito and Vector Control District, the Superior Courts of the County of San Mateo, and their employees. Earnings from investments are credited to and disbursements are made from this fund for retirement, disability, death benefits (based on a defined benefit formula), and administrative expenses. This fund reports all assets of the SamCERA.
- *Investment Trust Fund* accounts for assets of legally separate entities (commonly known as *External Investment Pool*) being held by the County Treasurer. These entities include school and community college districts; other special districts governed by local boards, regional boards and authorities; and pass through funds for tax collections for cities. The County Treasurer is obligated to disburse monies from these funds on demand at a maximum of 20% of the principal balance each month, exclusive of apportionment, payrolls and day-to-day operations. Additional requests for withdrawals must be specifically authorized by the County Treasurer.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

- *Agency Funds* are custodial in nature and do not report operating results. These funds are used to account for assets held by the County as an agent for various local governments and individuals, such as the County Library Fund governed by the Board of San Mateo Joint Powers Authority; unapportioned taxes for other local governmental agencies; funds administered by the San Mateo County Superior Court; and funds held for the Public Administrator, Public Guardian, and other governmental agencies.

During the course of operations, the County has activity between funds for various purposes through due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between those funds included in the governmental activities (i.e., the governmental and the internal service funds) are eliminated so that only the net amount is reported as internal balances in the governmental activities column. Similarly, balances between those funds included in the business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Certain activities occur during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between those funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between those funds included in the business-type activities are eliminated so that only the net amount is included as transfer in the business-type activities column.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, and the basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting method, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay for liabilities of the current period. The County considers revenues to be available if they are collected within the first two months (i.e. July and August) after year-end. Property and sales taxes, interest, certain state and federal grants, and charges for services are recognized if their receipt occurs within two months after year-end. Expenditures generally are recorded when liabilities are incurred, as under the accrual basis of accounting. However, expenditures for debt service, compensated absences, and claims and judgments are recorded only when payments are due. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The pension and investment trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but uses the accrual basis of accounting for reporting of its assets and liabilities.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. 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.

2. Investments

The County sponsors an investment pool to invest funds of the County and external public entities. The County's pool activity is governed by California Government Code Sections 27000.1 and 53607 as well as the County's Investment Policy, which delegate the County Treasurer to invest in securities issued by the United States, certain corporate bonds and notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, the State of California Local Agency Investment Fund, and securities lending transactions. SamCERA has its own investment policy and accounting policies for its investments that are separately discussed in Note 4.

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

Participants' equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains or losses are not apportioned to pool participants.

For the fiscal year ended June 30, 2015, the County Treasurer has not entered into any legally binding guarantees to support the participant equity in the investment pool. Income from pooled investments is allocated to individual funds or external participants based on each fund's or participant's average daily cash balance at quarter end in relation to the total pool investments. Investment income earned in agency funds with no interest earning requirements is assigned to the General Fund. Income from non-pooled investments is deposited into funds that provided the resources.

3. Restricted Cash and Investments

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

4. Mortgages Receivable

For the purpose of the fund financial statements, governmental fund expenditures arising from long-term loan subsidy programs are charged to operations upon funding. The loans are recorded, net of an estimated allowance for potentially uncollectible loans, as mortgages receivable with an offset to deferred inflows of resources. The balance of the mortgages receivable includes loans that may be forgiven if certain terms and conditions are being met. The County reported mortgages receivable of \$78.7 million, net of allowance of \$6.0 million, on the governmental fund balance sheet as of June 30, 2015.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

5. Inventories

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

6. Capital Assets

Capital assets, including public domain (except for the maintained pavement subsystem), are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value. The County defines capital assets as assets with an initial unit cost of more than \$5 thousand and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (for assets under capital leases) using the straight-line method over the lesser of their estimated useful live or the capital lease period in the government-wide financial statements and the proprietary funds. Estimated useful lives for the capital assets are as follows:

Infrastructure	20 to 50 years
Structures and improvements	50 years
Equipment	3 to 15 years
Software	3 to 5 years

The County has six networks of infrastructure assets: road, bridge, water and sewer, lighting, drainage, and flood control. The County’s maintained pavement subsystem has been classified as roads with or without formal structural sections and is reported using the modified approach. In FY 2012-13 the County performed a complete, physical assessment of the maintained pavement subsystem condition. The condition assessment is completed triennially.

Each road segment is rated and given a Pavement Condition Index (PCI) value from zero to one hundred (0 – 100). Roads with a PCI of 40 or higher are considered in a “Fair” or better condition. Roads with a PCI of 55 or higher are in a “Good” or better condition. The County’s policy is to maintain a minimum PCI of 40 for at least 65 percent of roads with no defined structural section (secondary roads), and a minimum PCI of 55 for at least 75 percent of roads with a defined structural section (primary roads). Under the modified approach, depreciation is not reported for this subsystem and all expenditures, except for betterments and major improvements, made to the subsystem are expensed.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives of the capital assets, 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.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources related to the unamortized losses on refunding of debts and related to pensions. The losses on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources related to unavailable revenues reported under the modified accrual basis of accounting in the governmental funds balance sheet and related to pensions in its proprietary and government-wide statements. The governmental funds report unavailable revenues from property taxes, advances from the federal and State, and other sources as appropriate. These amounts are deferred and recognized as revenues in the period the amounts become available.

8. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's pension plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by SamCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Plan investments are reported at fair value.

9. Other Postemployment Benefits (OPEB)

The County is not obligated to pay for unused sick leave if employees terminate employment prior to retirement, except for laid-off employees. Upon retirement, employees can convert their unused sick leave to postemployment healthcare benefits. The amount and duration of the County-paid benefits vary, depending on the bargaining units to which the employee belongs. See Note 14 for further discussion.

10. Compensated Absences (Accrued Vacation, Compensatory Time, and Holiday)

The County's policy allows employees to accumulate earned but unused vacation, compensatory, and holiday time, which are eligible for payment upon separation from the County service. The liability of such time is reported as incurred in the government-wide and proprietary fund financial statements. The liability for those amounts is recorded in the governmental funds only if the liability has matured as result of employee resignations or retirements. The liability for compensated absences includes the County's share of Social Security and Medicare contributions payable on behalf of the employees. Accumulated sick leave lapses when employees leave the County and, upon separation from service, no monetary obligation exists.

11. Net Position

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To determine the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The County considers restricted net position to have been depleted before unrestricted net position is applied.

12. Fund Balance Policies

Fund balance of governmental funds is reported in the following categories based on the nature of limitations confining the use of resources for specific purposes:

- *Nonspendable Fund Balance* – includes amounts that are (1) not in spendable form, or (2) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories, prepaid amounts, and long-term interfund advances and receivables.
- *Restricted Fund Balance* – includes amounts that can be spent only for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

COUNTY OF SAN MATEO
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- *Committed Fund Balance* – represents amounts that can only be used for specific purposes through resolutions authorized by the County Board. Commitments can only be modified or lifted through Board resolutions.
- *Assigned Fund Balance* – comprises of amounts intended to be used by the County for specific purposes that are neither restricted nor committed. The County Manager and department heads can assign available fund balance to be used for specific purposes during budget identification. Budgets recommended by departments require the County’s Board approval. Unlike commitments, assignments generally only exist temporarily. Further action is not needed to remove the assignment.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (committed, assigned, and unassigned fund balances). To determine the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. The County considers restricted fund balance to have been depleted before unrestricted fund balance is applied. Further, in circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

D. Revenues and Expenditures/Expenses

1. Property Tax Levy, Collection, and Maximum Rates

The State’s Constitution Article XIII A, commonly known as Proposition 13, provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless two-thirds of the voters have approved additional taxes be levied to fund general obligation bond debt service. Under Proposition 13, beginning with FY 1978-79, assessed value is calculated at 100% of market value and may be adjusted by no more than 2% per year unless the property is sold or transferred. In November 2000, California voters approved Proposition 39 that sets the approval threshold at 55% for school facilities related bonds.

The County is responsible for assessing, collecting, and distributing property taxes in accordance with State law. Property taxes are levied on both secured (real property) and unsecured (personal property other than land and buildings) property. Supplemental property taxes are assessed upon transfer of ownership in property or completion of new construction. The State legislature determines the method of distribution of receipts from a 1% tax levy among the County, cities, school districts, and other districts. After deducting redevelopment tax allocation increment of \$13.9 billion for the fiscal year 2014-15, the total secured and unsecured assessed property value, net of Homeowner’s Exemptions, and including utility, unitary, and railroad properties assessed by the State, was \$152.5 billion. On the government-wide financial statements, property tax revenues are recognized in the fiscal year for which they are levied. On the fund financial statements, property tax revenues are deferred if not received within two months after fiscal year-end. The County levies, bills, and collects taxes as follows:

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

Effective July 1, 1993, the County began apportioning secured property tax revenue in accordance with the alternate method of distribution, the Teeter Plan, as prescribed by Section 4717 of the California Revenue and Taxation Code. Under the Teeter Plan, the County allocates to local taxing agencies 100% of the secured property taxes billed. In return, the County retains penalties and interest on delinquent secured taxes in the Tax Loss

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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 legally is required to maintain a minimum of 1% of the total tax levies on secured properties within the tax areas of participating entities, which was about \$19.8 million at June 30, 2015.

County management believes that any ownership rights to the TLRF the County may have are effective only upon a Board-approved transfer or to the extent of losses related to the sale of tax defaulted property. Balance in TLRF is being held in a custodial capacity for the participants in the County's Teeter Plan and accounted for in an agency fund. The balance in the TLRF was \$142.4 million at June 30, 2015.

Pursuant to Section 97.2 (D)(4)(i) of the California Revenue and Taxation Code (Code), in 1992 the County established an agency fund, the Educational Revenue Augmentation Fund (ERAF), to redirect property tax from the County, cities, and special districts to public education programs. Each of these local agencies is required to shift an amount of property tax revenues prescribed by the Code to ERAF. Once school districts and programs are paid the maximum allowable, the Code requires the excess ERAF be refunded to these local agencies. The County General Fund received a total of \$118 million from the excess ERAF for the fiscal year ended June 30, 2015.

2. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. *Operating revenues*, such as charges for services, generally result from exchange transactions associated with the principal activity of each fund. The Medical Center particularly defines its operating revenues as deemed by management to be ongoing, major, or central to the provision of healthcare services. Its operating revenues are derived from direct patient care, other programs (such as supplemental program and medical managed program), and revenues from the sale of other goods and services. *Nonoperating revenues* are mainly derived from interest income, rent and concessions, County contributions, state and federal grants, and management services. *Operating expenses* include costs for providing services and delivering goods such as administrative expenses and depreciation on capital assets. All other expenses not meeting this definition are reported as *nonoperating expenses*.

3. Special Item

Special items are transactions or events that are within the control of County Management and that are either unusual in nature or infrequent in occurrence.

E. 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 may affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Interfund Transactions

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

- Loans reported as receivables and payables are referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the *governmental activities* and the *business-type activities* are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in the applicable governmental funds to indicate that they are not in spendable form.
- Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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- Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.
- All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

G. Implementation of Governmental Accounting Standards Board (GASB) Statements

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27, to improve accounting and financial reporting by state and local governments for pensions. In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* to address an issue in Statement No. 68 concerning provisions related to certain pension contributions made to defined benefit pension plans prior to the implementation of that Statement by employers and nonemployer contributing entities. As of July 1, 2014, the County implemented these Statements and restated the beginning net position on the government wide statements by \$590.8 million (\$502.6 million governmental activities and \$88.2 million business-type activities) and recognized \$193.6 million of beginning deferred outflows of resources for its pension contributions (including \$143.6 million in pension contributions made subsequent to the measurement date in FY 2013-14 and a \$50 million net pension asset from FY 2013-2014) and to establish beginning net pension liability of \$734.4 million.

First 5 also implemented these statements and restated its beginning net position \$0.6 million and recognized \$0.2 million of beginning deferred outflows of resources for its pension contributions and to establish beginning net pension liability of \$0.8 million.

The County has insufficient prior year data which makes it impractical to restate the amounts of all applicable deferred outflows of resources, net pension liability and deferred inflows of resources related to pensions. Therefore, the County has elected to report the implementation of these Statements as a cumulative effect of an accounting change in the fiscal year 2014-2015 financial statements.

The County is currently evaluating its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

- In February 2015, the GASB issued GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement is intended to improve accounting and financial reporting for state and local governments' investments by enhancing the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2016.
- In June 2014, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which establishes new accounting and financial reporting requirements for OPEB plans improving the accounting and financial reporting by state and local governments for OPEB and provides information provided by state and local government employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. GASB Statement No. 75 is effective for the County's fiscal year ending June 30, 2018.
- In June 2014, the GASB issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which clarifies the hierarchy of generally accepted accounting principles (GAAP), and reduces the GAAP hierarchy to two catalogues of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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transaction or other event is not specified within the scope of authoritative GAAP. GASB Statement No. 76 is effective for the County's fiscal year ending June 30, 2016.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Equity

At June 30, 2015, the IHSS Public Authority, a special revenue fund; the Tower Road Construction, the Workers' Compensation Insurance, and the Long-Term Disability internal service funds, reported net deficits of \$0.5 million, \$0.9 million, \$20.0 million, and \$0.2 million, respectively.

IHSS Public Authority. Revenues received to support this program were insufficient to offset increased operating expenditures in the current year. The County will take steps to cure the revenue shortfall through obtaining additional revenues and making staffing and spending reductions.

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

Workers' Compensation Insurance. This fund has accumulated sufficient net position to pay for workers compensation claims on a pay as you go basis. In addition, the County has sufficient General Fund reserve to cover the deficit in this fund as needed.

Long-Term Disability. Premiums collected from departments were insufficient to offset increased operating expenses in the past years. The County will continue to phase in premium rate increases and work with departments to inhibit growth in operating costs.

NOTE 4 – CASH AND INVESTMENTS

The County investment pool includes both voluntary and involuntary participation from external public entities. Certain special districts and entities are required under State statutes to maintain their cash surplus in the pool. The investment pool is not registered with the Securities and Exchange Commission as an investment company. Part of the JPFA's and SamCERA's cash and investments are deposited in and managed by outside financial institutions. As of June 30, 2015, the net asset value of involuntary participation in the investment pool was \$3.30 billion.

The investment pool activity is governed by the California Government Code and the County Investment Policy. The County Treasurer is responsible for managing the investment pool with deposits from the County, all County school districts, various districts, and some cities within the County pursuant to California Government Code Section 53600. The objectives of the County investment policy, in order of priority, are safety, liquidity, and yield. The pool attempts to match maturities with planned outlays and maximize the return on investment over various market cycles. Yield is considered only after safety and credit quality have been met, consistent with limiting risk and prudent investment principles. The County Board annually reviews the County Investment Policy, and all amendments to the policy require the County Board's approval.

In accordance with Article 6 Section 27131 of the California Government Code, the County Board established an eight-member County Treasury Oversight Committee (Oversight Committee) to oversee the management of public funds in the investment pool. The Oversight Committee meets at least three times annually to evaluate general strategies, monitor results, and assess economic outlook, portfolio diversification, maturity structure, and potential risks to the funds. Monthly the County Treasurer prepares and submits a comprehensive investment report to the members of the County Board, the members of the Oversight Committee, and the investment pool participants. The report covers the type of investments in the pool, name of the issuer, maturity date, par value, actual cost, and fair value. Significant accounting policies for investments are discussed in Note 2.C.2. The maximum allowable maturity of instruments in the County pool at the time of investment is seven years and the maximum dollar weighted average maturity of the fund is three years.

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Cash and cash equivalents:

Cash on hand - County	\$ 2,786
Cash on hand - Agency funds	45
Certificates of deposit - County	75,000
Money market deposit accounts - JPFA	20,445
Money market mutual fund - JPFA	5,403
Cash and deposits - SamCERA	174,651
U.S. Treasury bills	13,999
Deposits - County	(15,518) ¹
Cash deposits - HPSM	174,386 ²
Cash equivalents - HPSM	40,179 ²
Total cash	<u>491,376</u>

Investments:

In Treasurer's pool	4,172,967
With fiscal agents of the JPFA	8,349
In SamCERA's portfolio	3,373,248
In HPSM's portfolio	43,612 ²
Total investments	<u>7,598,176</u>
Perspective difference	<u>(249) ³</u>
Total cash and investments	<u>\$8,089,303</u>

The County's Cash and investments are reported as follows:

Primary government	\$ 1,363,988
Discretely presented component unit - First 5	18,612
Discretely presented component unit - HPSM	321,087 ²
Pension trust fund	3,550,070
Investment trust fund	2,480,617
Agency funds	<u>354,929</u>
Total cash and investments	<u>\$ 8,089,303</u>

¹ At year-end, the carrying amount of the County's cash deposits was \$(15,518) and the bank balance was \$32,835. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

² HPSM's cash and investments were as of December 31, 2014, for its year ended December 31, 2014.

³ Perspective difference represents the difference between HPSM's participation in the Treasurer's pool at December 31, 2014 and June 30, 2015, which was \$62,909 and \$63,158, respectively.

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Investments

The table below summarizes total investments reported as of June 30, 2015:

Total investments as of June 30, 2015, consist of the following:

	Interest Rates	Maturities	Par Value	Fair Value	Weighted Average Maturity (Years)
Investments in Investment Pool					
U.S. government securities	0.625% - 1.625%	11/30/16 - 4/30/20	\$ 725,000	\$ 720,495	3.84
U.S. government securities - floating rate	0.060%	1/31/16	20,000	20,000	0.59
U.S. government agency securities	0.066% - 2.375%	7/1/15 - 6/22/20	1,897,252	1,898,731	1.24
U.S. government agency securities - floating rate	0.241%	2/27/2017	20,000	20,025	1.67
Corporate bonds	0.450% - 2.30%	7/1/15 - 3/6/20	560,095	560,377	2.04
Corporate bonds - floating rate	0.309% - 0.874%	7/29/15 - 6/15/18	446,750	447,030	1.41
Local Agency Investment Fund	0.300%	2/27/16	50,000	50,000	0.66
Commercial paper	0.200% - 0.280%	7/8/15 - 10/9/15	143,350	143,309	0.12
Repurchase agreements	0.120%	7/1/15	313,000	313,000	0.00
Total investments in investment pool			<u>\$ 4,175,447</u>	<u>\$ 4,172,967</u>	1.68
Investments outside of Investment Pool					
<i>San Mateo Joint Powers Financing Authority</i>					
Federal Home Loan Bank - discount note				\$ 1,940	*
Hong Kong and Shanghai Banking Corporation - repurchase agreements				938	1.28
Investment contract				5,471	3.93
Subtotal				<u>8,349</u>	2.72
<i>San Mateo County Employees' Retirement Association</i>					
Fixed income securities:					
Asset backed securities				6,398	17.21
Commerical mortgage backed securities				4,544	24.92
Corporate				36,949	12.23
Government agencies				2,450	10.18
Government bonds				24,559	13.47
Government mortgage backed securities				31,030	27.09
Government-issued commercial mortgage-backed				695	21.75
Index linked government bonds				69,033	9.77
Non-government backed CMOs				9,845	23.36
Other fixed income				15,699	**
Commingled fixed income portfolio				464,200	8.80
Equities:					
Domestic				1,122,265	**
International				675,590	**
Real estate				218,473	**
Private equities				193,266	**
Real assets				4,177	**
Risk parity				265,104	**
Hedge funds				139,680	**
Commodities				89,291	**
Subtotal				<u>3,373,248</u>	2.04
<i>Health Plan of San Mateo</i> (as of December 31, 2014)					
Local Agency Investment Fund				43,612	**
Total investments outside of investment pool				<u>3,425,209</u>	
Total investments				<u>\$ 7,598,176</u>	

* Weighted average maturity is less than 0.01 year.

** Not applicable or not available.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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County Investment Pool

California Government Code and the County Investment Policy govern the investment pool activity. The composition and value of investments in the County pool vary from time to time depending on cash flow needs of the County and pool participants as well as trading of securities.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years or less in accordance with its investment policy. At June 30, 2015, the investment pool had a weighted average maturity of 1.68 years and its investment in floating rate securities was \$447 million which are tied to the three-month London Interbank Offered Rate (LIBOR) index.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. State law and the County's investment policy limit the County's investments in commercial paper to the rating of "A1" or better by Standard & Poor's, or "P1" or better by Moody's Investors Service, and corporate bonds to the rating of "A" or higher by both Standard & Poor's and Moody's Investors Service. No limits are placed on the U.S. government agency securities and U.S. Treasuries. The County's investment pool was unrated.

Investment as of June 30, 2015	Standard & Poor's Rating	% of Portfolio
U.S. Government Securities		
U.S. Treasury Securities	AA+	17.27%
U.S. Treasury Securities - Floating Rate	AA+	0.48%
U.S. Government Agency Securities		
Federal Home Loan Bank	AA+	16.67%
Federal Home Loan Mortgage Corporation	AA+	18.51%
Federal National Mortgage Association	AA+	10.19%
Federal Farm Credit Bank	AA+	0.12%
Federal Farm Credit Bank - Floating Rate	AA+	0.48%
Corporate Bonds		
Corporate Bonds	AAA	1.86%
Corporate Bonds	AA+	1.68%
Corporate Bonds	AA	1.56%
Corporate Bonds	AA-	4.67%
Corporate Bonds	A+	3.30%
Corporate Bonds	A	0.36%
Corporate Bonds - Floating Rate Securities	AAA	0.60%
Corporate Bonds - Floating Rate Securities	AA+	1.68%
Corporate Bonds - Floating Rate Securities	AA	0.96%
Corporate Bonds - Floating Rate Securities	AA-	3.62%
Corporate Bonds - Floating Rate Securities	A+	3.73%
Corporate Bonds - Floating Rate Securities	A	0.12%
Local Agency Investment Fund	Not rated	1.20%
Commercial Paper	A1+	1.20%
Commercial Paper	A1	2.24%
Repurchase Agreements	AA+	7.50%
Total		100.00%

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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Custodial Credit Risk for Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The County's investment policy requires that deposits in banks must meet the requirements of California Government Code. Under this code, any deposits of more than \$0.25 million must be collateralized at 110% to 150% of the value of the deposit to guarantee the safety of the public funds. The first \$0.25 million of the County's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than the \$0.25 million insured amount are fully collateralized by Union Bank by pledging identifiable U.S. Government securities at 110% or more.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer of securities. State law and the County Investment Policy restrict the County's investments in U.S. Treasury Obligations to 100% of its portfolio (100% per issuer); Obligations of U.S. Agencies or government sponsored enterprises to 100% (40% per issuer); banker's acceptance to 15% (5% per issuer); collateralized time deposits within the State to 15 % (5% per issuer), negotiable certificates of deposit, corporate bonds and medium-term notes to 30% (5% per issuer); commercial paper to 40% (5% per issuer); repurchase agreements secured by U.S. Treasury or agency obligation to 100% (100% per issuer for U.S. Treasuries and 40% per issuer for agency obligations); shares of beneficial interest issued by diversified management companies as defined in Government Code section 53601 to 10% (5% per issuer); and mortgage backed securities to 20% (5% per issuer). As of June 30, 2015, the investment pool has more than 5% of its total investments with the following issuers: 16.67% in Federal Home Loan Bank, 18.51% in Federal Home Loan Mortgage Corporation, 10.19% in Federal National Mortgage Association, and 9.29% in Wells Fargo Bank.

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

The County's investment pool is invested in the State of California Local Agency Investment Fund (LAIF), which is part of the State of California Pooled Money Investment Account (PMIA). As of June 30, 2015, the PMIA balance was \$69.6 billion, of which 0.97% is in structured notes and medium-term asset backed securities, and 1.11% in short-term asset-backed commercial paper. The total amount invested by all public agencies in LAIF was \$21.5 billion, while the County's investment in LAIF was \$50 million and HPSM's investment in LAIF was \$43.6 million. The value of the pool shares in LAIF is determined on an amortized cost basis, which approximates fair value. PMIA is not SEC-registered, but is required to invest according to the California Government Code. The average maturity of PMIA investments was 239 days as of June 30, 2015. The Local Investment Advisory Board, which consisted of five members designated by State statutes, has oversight responsibility for LAIF.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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County Investment Pool Condensed Financial Information

Below is the condensed statement of the investment pool as of June 30, 2015:

Statement of Net Position

Assets:	
U.S. government securities	\$ 720,495
U.S. government securities - floating rate	20,000
U.S. government agency securities	1,898,731
U.S. government agency securities - floating rate	20,025
Corporate bonds	560,377
Corporate bonds - floating rate	447,030
Local Agency Investment Fund	50,000
Commerical paper	143,309
Repurchase agreements	313,000
Total investments	<u>4,172,967</u>
Other assets	15,045
Pool deposits	32,835
Total assets	<u>4,220,847</u>
Liabilities:	
Unfunded checks and warrants	48,353
Other liabilities	7,867
Total liabilities	<u>56,220</u>
Net Position:	
Equity of internal pool participants	1,676,832
Equity of external pool participants	2,487,795
Total net position	<u>\$ 4,164,627</u>

Statement of Changes in Net Position

Net position at July 1, 2014	\$ 3,452,368
Net change in investments by pool participants	712,259
Net position at June 30, 2015	<u>\$ 4,164,627</u>

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

Participant units outstanding (one dollar par value)	\$ 4,164,758
Undistributed and unrealized gain	(131)
Net position at June 30, 2015	<u>\$ 4,164,627</u>

Participant net position at fair value price per share (\$4,164,627 divided by 4,164,758 units)	<u>\$ 1.0000</u>
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COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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JPFA's Investment Portfolio

All moneys held by the JPFA's trustee are invested in "permitted investments" as defined in the Trust Agreement.

Interest Rate Risk. The JPFA has not adopted a formal policy that limits investment maturity as a means of managing its exposure to declines in fair values arising from increasing interest rates. As of June 30, 2015, the JPFA's investment portfolio had a weighted average maturity of 2.72 years.

Credit Risk. The JPFA's bond trust agreements include provisions which restrict the JPFA's investment in (a) money market mutual funds rated "AAm" or "AAM-G" by Standard & Poor's, or better; (b) repurchase agreements with any domestic bank the long-term debt of which is rated at least "A" or better by Standard & Poor's Corporation and Moody's Investors Service; (c) specific obligations of government sponsored agencies which are not backed by the full faith and credit of the United State of America, including Federal Home Loan Bank, and (d) investment agreements. As of June 30, 2015, the JPFA's money market mutual fund was rated "AAA" by Standard & Poor's and "Aaa" by Moody's Investors Service. The repurchase agreement with the Hong Kong and Shanghai Banking Corporation was rated "A1" by Moody's Investors Service. The remaining investments were unrated including the discount note with the Federal Home Loan Bank and the investment contract with Financial Guaranty Insurance Company Capital Market Services Group.

Concentration of Credit Risk. The JPFA places no limit on the amount invested in any one issuer. At June 30, 2015, the JPFA has \$0.9 million, or 11%, of its total investments in repurchase agreements with the Hong Kong and Shanghai Banking Corporation; \$2 million, or 23%, in a discount note with the Federal Home Loan Bank; and \$5.5 million, or 66%, in an investment contract with Financial Guaranty Insurance Company Capital Market Services Group.

SamCERA's Investment Portfolio

Investments. The Board of Retirement has exclusive control of SamCERA's investments. The 1937 Act authorizes the Board of Retirement to invest, or delegate the authority to invest, the assets of SamCERA in any investment allowed by statutes and deemed prudent in the informed opinion of the Board of Retirement. SamCERA records investment transactions on the trade date. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. An independent appraisal is obtained once every quarter to determine the fair market value of the real estate assets.

Private equity partnerships are reported in SamCERA's financial statements based on the fair value provided by the General Partner on a quarterly basis. The management assumptions are based upon the nature of the investment and the underlying business.

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

Security Lending Activity. Security lending transactions are short-term collateralized loans of SamCERA securities for the purpose of generating additional investment income. For each lending transaction, SamCERA receives either cash collateral or non-cash collateral. The underlying securities out on loan are reported on SamCERA's statements of plan net position as if the lending transaction had not occurred.

In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transaction*, cash collateral held (or any security that can be sold or pledged without a default by the borrower) is separately reported on the statements of fiduciary net position among the current assets. A corresponding liability of an equal amount, which represents the obligation to return the cash collateral, is reported as a liability. Non-cash collateral held and the corresponding liability are not reported on the statement of fiduciary net position.

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

SamCERA's investments are managed by independent investment management firms subject to the guidelines and controls specified in the SamCERA's investment policy and contracts. SamCERA uses a third party institution to serve as an independent custodian over the pension plan's assets. The guidelines stipulate the investment style, performance objective, performance benchmarks, and portfolio characteristics.

Derivatives. SamCERA's investment contains various derivative positions as of and for the year ended June 30, 2015, primarily in swaps and foreign currency forward positions. In comparison to SamCERA's total investments at fair value, the fair value of SamCERA's derivative positions as of June 30, 2015 is not material. SamCERA held derivatives with a negative notional amount of \$36.4 million and a fair value of \$51 thousand at June 30, 2015. Changes in fair value during FY 2015 are reported in the statement of changes in fiduciary net position as a component of investment income. No derivatives were held that would be classified as hedging derivatives – all are classified as investment derivatives.

The fair values of the derivatives are determined using a pricing service and validated by SamCERA's custodian. Management of SamCERA accepts these valuations. Further disclosure on the derivative positions held at fiscal year-end are contained in the table below.

<u>Investment Derivatives as of June 30, 2015</u>	<u>Notional Value</u>	<u>Fair Value</u>
Interest rate contracts - long	\$ 90,749	\$ -
Interest rate contracts - short	(127,155)	-
Options on futures	-	(63)
Swaps	-	100
Forwards	-	14
Total	<u>\$ (36,406)</u>	<u>\$ 51</u>

Currency Forward Contracts. SamCERA's investment managers use forward currency contracts to control currency exposure and facilitate the settlement of international security purchase and sale transactions. These contracts are agreements to exchange different currencies at specified rates and settlement dates. Differences between the contract and market exchange rates at settlement result in gains or losses, which are included in net investment income. Risks may arise from the possible inability of counterparties to meet the terms of their contracts and from movements in exchange and interest rates. The fair values of currency forward contracts are determined using a proprietary pricing service, which uses published foreign exchange rates as the primary source. The fair values of credit default swaps, interest rate swaps, warrants, and "to-be-announced" transactions are determined by the custodian pricing vehicles.

Interest Rate Risk. SamCERA has investments in eight fixed income portfolios containing individual debt securities as well as investments in external investment pools containing debt securities. SamCERA's investment policy does not have a formal policy that limits investment duration as a means of managing its exposure to fair value losses arising from increasing interest rates. SamCERA's active bond portfolios that reside in separate accounts are generally managed to duration limits that are within a very narrow band (typically +/- 20% or +/-1 year) to their respective benchmark.

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Credit Risk - Investments. SamCERA’s investment policy seeks to maintain a diversified portfolio of fixed income instruments to obtain the highest total return for the fund at an acceptable level of risk within the asset class. To control credit risk, credit quality guidelines have been established for separately managed accounts. The table below summarizes the credit breakdown of SamCERA’s investments in bonds.

<u>Credit Risk</u>	<u>Active Management</u>	<u>Commingled Management</u>
AAA	1.10%	20.00%
AA	61.80%	4.18%
A	8.00%	17.43%
BBB	10.30%	10.60%
Less than BBB	4.70%	33.99%
Not rated	14.10%	13.80%
	<u>100.00%</u>	<u>100.00%</u>

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

Concentration of Credit Risk. SamCERA’s investment policy has no general policy on the concentration of credit risk. The responsibility for securities selection, purchase and sale decisions, and proxy voting (where appropriate) is delegated to the external investment managers. The individual investment guideline parameters (including diversification constraints, concentration limits, asset type exclusions, etc.) and performance objectives for each investment manager will be established within the Investment Management Agreement with each firm.

Custodial Credit Risk - Deposits. SamCERA has no general policy on custodial credit risk for deposits. SamCERA maintains operation cash deposits to support day-to-day cash management requirements. At June 30, 2015, cash held with a financial institution in a pooled money market fund totaled \$31.6 million and cash held in the County’s investment pool was \$2.1 million. The deposits are not exposed to custodial credit risk as they are eligible and covered by insurance in accordance with applicable law and Federal Deposit Insurance Corporation rules and regulations. However, \$0.4 million held with the Northern Trust Company is uninsured and uncollateralized. Thus it is subject to custodian credit risk.

Custodial Credit Risk - Investments. The individual investment guidelines for each investment manager require that managed investments be held in the name of SamCERA. The master custodian may rely on sub-custodians. The custodial requirement does not apply to real estate investments and investments in pools. As of June 30, 2015, SamCERA had no investments that were exposed to custodial credit risk because all securities held by SamCERA’s custodian bank are in SamCERA’s name. SamCERA does not have a general policy addressing custodial credit risk.

Custodial Credit Risk - Derivatives. As of June 30, 2015, SamCERA’s derivatives were not subject to custodial credit risk. However, they are subject to other risks.

Foreign Currency Risk. SamCERA’s investment policy states that forward currency contracts and currency futures are permitted for defensive currency hedging to mitigate foreign currency risk on the portfolio.

Foreign Currency Risk - Foreign Exchange Contracts. Foreign currency contracts are subject to foreign currency risk. Foreign exchange contracts include forward contracts and spot contracts. Currency forward contracts are derivatives and generally serve to hedge or offset the impact of foreign currency exchange rate fluctuations on the reported U.S. dollar fair value of investments denominated in foreign currencies. Spot contracts are generally used when SamCERA

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is required to make or receive payments in a foreign currency. Spot contracts are agreements to buy or sell a certain amount of foreign currency at the current market rate, for settlement in two business days.

The table below shows the fair value of investments in U.S. dollars that are exposed to foreign currency risk as of June 30, 2015, by investment type and currency denomination.

<u>Currency</u>	<u>Common Stock</u>	<u>Foreign Currency</u>	<u>Government Issues</u>	<u>Total</u>
Australian	\$ 11,479	\$ -	\$ -	\$ 11,479
Brazil	-	-	740	740
Canada	2,002	777	-	2,779
Denmark	11,620	-	-	11,620
Europe	70,508	(2,017)	2,248	70,739
Hong Kong	6,694	-	-	6,694
Japan	65,845	95	-	65,940
Republic of Korea	3,373	-	-	3,373
Mexico	1,265	-	2,793	4,058
New Zealand	1,168	183	-	1,351
Norway	592	3	-	595
Philippines	846	-	-	846
Singapore	11,726	46	-	11,772
South Africa	6,948	-	-	6,948
Sweden	21,480	-	-	21,480
Switzerland	32,675	-	-	32,675
Turkey	2,699	-	-	2,699
United Kingdom	78,660	(263)	-	78,397
Total	<u>\$ 329,580</u>	<u>\$ (1,176)</u>	<u>\$ 5,781</u>	<u>\$ 334,185</u>

Securities Lending Activity. Beginning on July 1, 2007, the Board of Retirement authorized SamCERA to participate in a securities lending program. Security lending transactions are short-term collateralized loans of SamCERA securities for the purpose of generating additional investment income. SamCERA has a securities lending agreement in place that authorizes the securities lending agent to lend SamCERA securities to broker-dealers and banks pursuant to a loan agreement. In each securities lending transaction, SamCERA receives either cash or non-cash collateral. SamCERA invests the cash and receives earnings on it in exchange for paying a loan rebate fee to the borrower. In the case of non-cash collateral, the borrower also pays SamCERA a loan premium.

For the year ended June 30, 2015, SamCERA's securities lending agent lent SamCERA securities to borrowers under the securities lending agreement. In return, SamCERA received cash, securities issued or guaranteed by the United States government, and sovereign debt or irrevocable bank letters of credit as collateral. As SamCERA did not have the ability to pledge or sell collateral securities delivered absent a borrower default, such non-cash collateral is not reported on the statement of fiduciary position. Borrowers were required to maintain the designated margin percentage of collateral on a daily basis.

SamCERA did not impose any restrictions for the fiscal year ended June 30, 2015, on the amount of loans that the securities lending agent made on its behalf. The securities lending agent indemnified SamCERA by agreeing to purchase replacement securities or supplement the amount of cash collateral in the event the borrower failed to return the loaned securities and the collateral was inadequate to replace the securities lent or the borrower failed to pay SamCERA for any income distributions on loaned securities. There were no losses during the fiscal year ended June 30, 2015, resulting from a default of the borrowers or the securities lending agent.

SamCERA and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders had in a short-term investment pool managed by the securities lending agent. As of June 30, 2015, the fair

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value of securities on loan reported and the total collateral held amounted to \$109.9 million and \$112.2 million (\$99.4 million in cash collateral and \$12.8 million in non-cash collateral), respectively. The amount of collateral exceeded the amount of securities on loan by \$2.3 million.

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

Security Lending Collateral Interest Rate Risk. Cash collateral from loans of securities is invested in the State Street Navigator Securities Lending Prime Portfolio. Its average effective duration is restricted to 90 days or less. As of June 30, 2015, the average maturity of securities on loan was approximately 56 days, which generally matches the average duration of maturities of 33 days for the Northern Institutional Liquid Assets Portfolio cash collateral pool at June 30, 2015.

NOTE 5 – RECEIVABLES

As of June 30, 2015, receivables of the County’s major funds, nonmajor funds in aggregate, and internal service funds in aggregate, including allowances for uncollectible accounts, are listed below. The General Fund has a net receivable of \$151.3 million, of which about \$110.7 million is not expected to be collected within the next twelve months.

<u>Governmental Activities</u>	General Fund	JPFA	Nonmajor Governmental Funds	Internal Service Funds	Total
Accounts	\$ 275,955	\$ -	\$ 226	\$ 9	\$ 276,190
Interest	14,029	177	406	119	14,731
Taxes	28,334	-	1,776	-	30,110
Mortgages	84,758	-	-	-	84,758
Advances	295	-	-	-	295
Other	23,769	-	-	-	23,769
Gross receivables	427,140	177	2,408	128	429,853
Less: allowances for uncollectibles	(275,805)	-	(829)	-	(276,634)
Total receivables, net	<u>\$ 151,335</u>	<u>\$ 177</u>	<u>\$ 1,579</u>	<u>\$ 128</u>	<u>\$ 153,219</u>
<u>Business-type Activities</u>	Medical Center	Housing Authority	Nonmajor Enterprise Funds	Total	
Accounts	\$ 61,430	\$ 433	\$ 179	\$ 62,042	
Grant	482	-	-	482	
Interest	3,112	44	2	3,158	
Other	676	-	-	676	
Gross receivables	65,700	477	181	66,358	
Less: allowances for uncollectibles	(51,944)	-	(38)	(51,982)	
Total receivables, net	<u>\$ 13,756</u>	<u>\$ 477</u>	<u>\$ 143</u>	<u>\$ 14,376</u>	

NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES

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

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Due to/from other funds

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

The table below summarizes the County's interfund receivables and payables as of June 30, 2015:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	JPFA	\$ 159
	Nonmajor Governmental Funds	1,663
	Medical Center	3,336
	Nonmajor Enterprise Funds	1
	Internal Service Funds	<u>2</u>
		<u>5,161</u>
Nonmajor Governmental Funds	General Fund	1,835
	Nonmajor Governmental Funds	1
	Nonmajor Enterprise Funds	<u>25</u>
		<u>1,861</u>
Medical Center	General Fund	<u>12,525</u>
Nonmajor Enterprise Funds	General Fund	<u>7</u>
Internal Service Funds	General Fund	146
	Nonmajor Governmental Funds	<u>109</u>
		<u>255</u>
	Total	<u>\$ 19,809</u>

Advances to/from other funds

Advances from the General Fund are comprised of the following as of June 30, 2015:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	JPFA	\$ 7,033
	Nonmajor Governmental Funds	1,740
	Medical Center	944
	Housing Authority	725
	Internal Service Fund	<u>1,023</u>
	Total	<u>\$ 11,465</u>

- \$7.0 million was advanced to JPFA in May 2014 to satisfy the reserve requirement of its new bonds for the jail construction. JPFA will return the \$7.0 million to the County General Fund once the surety bonds kicks in after the facilities are completed in late 2015 or early 2016.
- \$1.7 million, of the authorized \$8.7 million, was advanced to Crystal Springs Sanitation District in April 2015 to begin construction of the Crystal Springs/El Cerrito Trunk Sewer to improve performance and capacity of sewer facilities. Crystal Springs Sanitation District will return the \$8.7 million to the County General Fund over a twenty year period with 2.10% interest from revenue of the Crystal Springs Sanitation District.
- \$0.9 million represents a 10% reserve on Behavioral Health programs operated by the Medical Center. This reserve will be returned by the Medical Center to the Behavioral Health department when the P14 audit is completed. The P14 audit is not scheduled to be completed in fiscal year 2015-2016.
- \$0.7 million outstanding advance resulted from a \$0.7 million loan in July 2003 to the Housing Authority for the development of affordable rental housing for low-income households.

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- \$1.0 million outstanding advance resulted from three separate advances (\$0.3 million in June 2009, \$0.5 million in June 2010, and \$0.6 million in June 2011) to the Tower Road Construction Fund to cover cash deficits at year-end offset by a \$0.4 million payment against advances.

NOTE 7 – INTERFUND TRANSFERS

Transfers are indicative of funding for capital projects, lease or debt service payments, subsidies, and revenue reallocations. The following schedules briefly summarize the County’s transfer activities:

(a) Between Governmental and Business-type Activities:

Transfer from	Transfer To	Amount	Purpose
General Fund	Medical Center	\$ 63,068	Provide subsidy to support indigent healthcare as budgeted.
	Medical Center	681	Provide subsidy to finance retiree health benefits.
	Subtotal	<u>63,749</u>	
General Fund	Nonmajor Enterprise Funds	8	Provide subsidy to finance retiree health benefits.
	Nonmajor Enterprise Funds	37	Transfer funds to finance capital projects.
	Nonmajor Enterprise Funds	72	Provide funds to cover salary increases.
	Subtotal	<u>117</u>	
Medical Center	Nonmajor Governmental Funds	9,973	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	243	Transfer funds to finance capital projects.
	Subtotal	<u>10,216</u>	
Nonmajor Governmental Funds	Medical Center	<u>289</u>	Transfer completed capital projects
	Total	<u>\$ 74,371</u>	

(b) Between Funds within Governmental Activities⁽¹⁾:

Transfer from	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 20,882	Provide funds to finance County capital projects.
	Nonmajor Governmental Funds	16,876	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	3,702	Contribute funds to support in-home supportive services.
	Nonmajor Governmental Funds	69	Provide funds to subsidize County retirement.
	Nonmajor Governmental Funds	161	Provide funds to cover salary increases.
	Subtotal	<u>41,690</u>	
General Fund	Internal Service Funds	17	Provide subsidy to finance retiree health benefits.
	Internal Service Funds	98	Provide funds to cover salary increases.
	Internal Service Funds	485	Transfer funds to finance purchases of capital assets.
	Subtotal	<u>600</u>	
JPFA	General Fund	<u>141</u>	Provide residual funds to finance County Radio System.
Nonmajor Governmental Funds	General Fund	691	Transfer funds to cover rent surcharges.
	General Fund	163	Provide funds to cover salary increases.
	Subtotal	<u>854</u>	
Nonmajor Governmental Funds	Nonmajor Governmental Funds	3,743	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	3,247	Transfer funds to finance capital improvements.
	Subtotal	<u>6,990</u>	
Nonmajor Governmental Funds	JPFA	<u>29,565</u>	Transfer funds to cover debt service payments.
Nonmajor Governmental Funds	Internal Service Funds	<u>695</u>	Transfer funds to cover debt service payments.
Internal Service Funds	General Fund	<u>23</u>	Provide funds to support Sheriff's driver's training program.
Internal Service Funds	Nonmajor Governmental Funds	3	Transfer funds to finance capital projects.
	Nonmajor Governmental Funds	3	Transfer funds to cover lease payments.
	Subtotal	<u>6</u>	
	Total	<u>\$ 80,564</u>	

⁽¹⁾ In the consolidation of the governmental activities, these transfers are eliminated in the government-wide statement of activities.

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NOTE 8 – CAPITAL ASSETS

Capital asset activities for the fiscal year ended June 30, 2015, are as follows:

	Balance July 1, 2014	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2015
Governmental activities					
<i>Capital assets, not being depreciated:</i>					
Land and easements	\$ 79,652	\$ 9,917	\$ -	\$ -	\$ 89,569
Infrastructure - maintained road subsystem	85,091	-	-	3,921	89,012
Construction in progress	97,223	101,732	(22)	(20,787)	178,146
Total capital assets, not being depreciated	<u>261,966</u>	<u>111,649</u>	<u>(22)</u>	<u>(16,866)</u>	<u>356,727</u>
<i>Capital assets, being depreciated:</i>					
Infrastructure	82,146	-	-	1,998	84,144
Structures and improvements	638,529	438	-	9,671	648,638
Equipment	90,014	6,917	(3,607)	142	93,466
Software	6,339	34	-	3,985	10,358
Total capital assets, being depreciated	<u>817,028</u>	<u>7,389</u>	<u>(3,607)</u>	<u>15,796</u>	<u>836,606</u>
<i>Less accumulated depreciation for:</i>					
Infrastructure	(29,269)	(1,682)	-	-	(30,951)
Structures and improvements	(162,142)	(12,965)	-	-	(175,107)
Equipment	(75,162)	(4,875)	3,253	(16)	(76,800)
Software	(5,550)	(1,658)	-	-	(7,208)
Total accumulated depreciation	<u>(272,123)</u>	<u>(21,180)</u>	<u>3,253</u>	<u>(16)</u>	<u>(290,066)</u>
Total capital assets, being depreciated, net	<u>544,905</u>	<u>(13,791)</u>	<u>(354)</u>	<u>15,780</u>	<u>546,540</u>
Governmental activities capital assets, net	<u>\$ 806,871</u>	<u>\$ 97,858</u>	<u>\$ (376)</u>	<u>\$ (1,086)</u>	<u>\$ 903,267</u>
Business-type activities					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 13,157	\$ -	\$ -	\$ -	\$ 13,157
Construction in progress	3,734	3,344	-	(3,463)	3,615
Total capital assets, not being depreciated	<u>16,891</u>	<u>3,344</u>	<u>-</u>	<u>(3,463)</u>	<u>16,772</u>
<i>Capital assets, being depreciated:</i>					
Structures and improvements	77,426	1,518	(19)	2,180	81,105
Equipment	17,110	4,199	(1,255)	306	20,360
Software	14,466	-	(35)	449	14,880
Total capital assets, being depreciated	<u>109,002</u>	<u>5,717</u>	<u>(1,309)</u>	<u>2,935</u>	<u>116,345</u>
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(33,281)	(1,705)	4	-	(34,982)
Equipment	(9,094)	(1,156)	1,077	-	(9,173)
Software	(9,093)	(1,945)	-	-	(11,038)
Total accumulated depreciation	<u>(51,468)</u>	<u>(4,806)</u>	<u>1,081</u>	<u>-</u>	<u>(55,193)</u>
Total capital assets, being depreciated, net	<u>57,534</u>	<u>911</u>	<u>(228)</u>	<u>2,935</u>	<u>61,152</u>
Business-type activities capital assets, net	<u>\$ 74,425</u>	<u>\$ 4,255</u>	<u>\$ (228)</u>	<u>\$ (528)</u>	<u>\$ 77,924</u>

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Depreciation

Depreciation expense was charged to various functions or activities as follows:

<u>Governmental Activities</u>	
General government	\$ 3,325
Public protection	11,176
Public ways and facilities	530
Health and sanitation	2,909
Public assistance	1,226
Recreation	964
Depreciation on capital assets held by the County's internal service funds are charged to various functions based on their usage of the assets.	1,050
Total depreciation - governmental activities	\$ 21,180
<u>Business-type Activities</u>	
Medical Center	\$ 3,157
Housing Authority	761
Airports	581
Coyote Point Marina	307
Total depreciation - business-type activities	\$ 4,806

Capital Project Commitments

The County has three major capital projects underway in FY 2014-15. They are as follows:

Youth Services Center

The main facility of the Youth Services Center was completed in September 2006 and the Receiving Home in January 2010. The demolition of the old Hillcrest Facility and re-sculpting of the Berm were completed November 2011. The current project underway at the Youth Services Center includes the Loop Road Security project. A risk assessment feasibility study for security improvements along Loop Road was conducted in 2009 and recommended constructing perimeter fencing, gates, controls and associated appurtenances, lighting, communications, and video surveillance. The Loop Road Security project was completed in the spring of 2014 for an overall project cost of \$1.3 million. The County also approved one additional project to replace deficient surveillance and security system throughout the facility. The Youth Services Center Video Surveillance Upgrade is scheduled for completion in Spring 2016.

Maple Street Correctional Center

In December 2010, the County purchased four parcels of land at 20-80 Chemical Way, Redwood City, to build a new jail (the Maple Street Correctional Center). This facility is approximately 259,806 square feet, consisting of a 768-bed facility, a surface parking for 189 vehicles, and all necessary on site and off site utility improvements. The correctional center will consist of an inmate processing/transport area, a non-secure inmate-housing unit, support services (food and laundry), and a secure inmate housing. The facility will also include a 4,660 square feet Central Utility Plant building. The estimated completion of phase one is the end of calendar year 2015 with occupancy in March of 2016. Phase two of the Maple Street correctional Center (MSCC) to build-out the warm shell (ground floor) has been approved by the Board of Supervisors and funded with approximately \$26 million. MSCC phase 2 – first floor build-out is currently in the design phase with estimated completion summer of 2016.

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Skylonda Fire Station

In August 2013, the JPFA issued the 2013 Bonds totaling \$40 million. A portion of the proceeds of the 2013 Bonds was used to finance capital improvements to the Skylonda Fire Station located on Skyline Boulevard in the Town of Woodside, California. This project will replace the existing barracks and offices at Station 58 and adds a community room in a new 6,000 square foot facility. The fire station will house two engines (a paramedic engine and a wildland engine) and serves the communities of Skylonda, Kings Mountain, La Honda, Upper Woodside, Alpine Road, Middleton Tract, and Skyline Boulevard. The estimated project cost is \$4 million. As of June 30, 2015, \$4.0 million has been committed to fund this project. Construction will begin in January 2016 with estimated completion in December 2016.

NOTE 9 – LEASES

The County occupies a number of non-County owned office buildings and facilities to conduct its business under non-cancelable operating leases. Total rental paid for these leases was approximately \$14.7 million for the fiscal year ended June 30, 2015, and the future minimum lease payments are as follows:

<u>Governmental Activities</u>		<u>Business-type Activities</u>	
<u>Fiscal year</u> <u>ending June 30,</u>		<u>Fiscal year</u> <u>ending June 30,</u>	
2016	\$ 13,899	2016	\$ 1,598
2017	13,250	2017	1,615
2018	10,834	2018	1,648
2019	9,263	2019	1,838
2020	5,230	2020	1,857
2021-2025	14,651	2021-2025	7,263
2026-2030	7,309	2026-2030	8,420
2031-2035	7,309	2031-2035	9,761
2036-2040	7,309	2036-2040	11,315
2041	1,462	2041-2043	7,176
Total	<u>\$ 90,516</u>	Total	<u>\$ 52,491</u>

The County also leases various County-owned properties to other entities under non-cancelable operating leases. Income from these rental activities amounted to \$1.2 million for the fiscal year ended June 30, 2015.

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NOTE 10 - LONG-TERM LIABILITIES

The County's long-term liabilities as of June 30, 2015, are as follows:

Type of indebtedness (purpose)	Maturities	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2015
<u>Governmental Activities</u>					
Lease Revenue Bonds:					
<u>1993 Issue</u>					
Purpose: To defease 1991 Certificates of Participation and finance the costs of a parking garage and jail.					
Term Current Interest Bonds	7/1/15 - 7/1/16	6.50%	\$3,730 - \$3,975	\$ 36,170	\$ 7,705
Term Current Interest Bonds	7/1/17 - 7/1/21	5% - 6%	\$4,230 - \$5,205	23,520	23,520
1993 Issue				<u>59,690</u>	<u>31,225</u>
<u>1993 Issue - Satellite Clinic</u>					
Purpose: To finance a portion of the costs of constructing and equipping the North County Satellite Clinic and an adjacent parking structure.					
Serial Capital Appreciation Bonds	9/1/17 - 9/1/26	5.9% - 6%	\$188 - \$233	2,085	2,085
Accreted interest on capital appreciation bonds				8,941	5,111
1993 Issue - Satellite Clinic				<u>11,026</u>	<u>7,196</u>
<u>2008 Issue</u>					
Purpose: To provide funds, together with other available moneys, to redeem the 2003 Bonds.					
Series A Current Interest Bonds	7/15/15 - 7/15/25	4% - 5%	\$3,275 - \$5,205	62,480	45,470
Term Interest Bonds	7/15/26 - 7/15/28	5.25%	\$5,465 - \$6,070	17,295	17,295
Term Interest Bonds	7/15/29 - 7/15/33	5%	\$6,390 - \$7,805	35,405	35,405
Term Interest Bonds	7/15/34 - 7/15/36	5%	\$8,205 - \$9,070	25,900	25,900
2008 Issue				<u>141,080</u>	<u>124,070</u>
<u>2009 Issue</u>					
Purpose: To provide funds, together with other available moneys, to refund a portion of the outstanding 1997 Bonds and the outstanding 1999 Bonds (collectively, the "Prior Bonds"), to pay costs of issuance of the 2009 Bonds, and to pay other costs relating to the refunding of the Prior Bonds.					
Serial Current Interest Bonds	7/15/15 - 7/15/17	4% - 5%	\$6,350 - \$6,145	46,130	19,170
Serial Current Interest Bonds	7/15/18 - 7/15/26	5% - 5.25%	\$6,475 - \$8,990	69,375	69,375
2009 Issue				<u>115,505</u>	<u>88,545</u>
<u>2013 Issue</u>					
Purpose: To provide funds, together with other available moneys, (i) to redeem outstanding 1997, 1999, and 2001 Bonds, (ii) to finance certain capital improvements, and (iii) to pay costs of issuance of the 2013 Bonds.					
Serial Current Interest Bonds	7/15/15 - 7/15/32	2% - 5.25%	\$550 - \$10,320	40,065	39,075
<u>2014 Issue</u>					
Purpose: To provide funds, together with other available moneys, (i) to finance the acquisition, construction and equipping of the Maple Street Correctional Center, (ii) to refund all of the outstanding notes previously issued by the County in FY 2013-14, the proceeds of which were used to reimburse the County for the purchase price of the jail project site, (iii) to pay capitalized interest on the 2014 Bonds through May 30, 2016, (iv) to provide the Reserve Account Requirement, and (v) pay issuance costs of the 2014 Bonds.					
Serial Current Interest Bonds	6/15/17 - 6/15/31	3% - 5%	\$5,675 - \$9,185	157,895	157,895
Term Interest Bonds	6/15/32 - 6/15/35	4%	\$2,500 - \$5,010	15,145	15,145
Term Interest Bonds	6/15/36 - 6/15/37	4%	\$495 - \$1,530	2,025	2,025
2014 Issue				<u>175,065</u>	<u>175,065</u>
Total lease revenue bonds and accreted interest on capital appreciation bonds				<u>542,431</u>	<u>465,176</u>

(Continued)

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

<u>Type of indebtedness (purpose)</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2015</u>
Certificates of Participation:					
<u>1997 Issue</u>					
Purpose: To finance the design, construction and installation of storm water, and flood control improvements located in the Colma Creek Flood Control Zone.					
Term Certificates	8/1/15 - 8/1/17	5.25%	\$400 - \$440	\$ 2,000	\$ 1,260
Term Certificates	8/1/18 - 8/1/32	5.125%	\$465 - \$935	10,145	10,145
1997 certificates of participation				<u>12,145</u>	<u>11,405</u>
<u>2004 Issue</u>					
Purpose: To finance the acquisition, design, construction, improvement, and installation of certain improvements to the flood control system.					
Serial Certificates	8/1/15 - 8/1/25	3.25% - 4.5%	\$45 - \$70	975	625
Term Certificates	8/1/26 - 8/1/29	4.75%	\$70 - \$85	310	310
Term Certificates	8/1/30 - 8/1/34	4.75%	\$85 - \$1,140	2,500	2,500
Term Certificates	8/1/35 - 8/1/39	5%	\$1,195 - \$1,450	6,595	6,595
2004 certificates of participation				<u>10,380</u>	<u>10,030</u>
Total certificates of participation				<u>22,525</u>	<u>21,436</u>
Total governmental activities				<u>\$ 564,956</u>	<u>\$ 486,612</u>
<u>Business-type Activities</u>					
Notes Payable:					
Coyote Point Marina					
Department of Boating and Waterways	8/1/15 - 8/1/29	4.5%	\$14 - \$50	\$ 2,314	\$ 543
Dock 29 loan	8/1/16 - 8/1/45	4.5%	\$30 - \$114	1,919	1,919
Housing Authority					
California Housing Finance Agency	5/20/57	0.00%	-	49	38
Downey Savings and Loan Bank ^a	2/28/16	0.00%	-	148	148
Airports					
Department of Transportation	2/7/16 - 2/7/23	4.78%	\$315 - \$362	4,000	1,352
Total business-type activities				<u>\$ 8,430</u>	<u>\$ 4,000</u>

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

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

The table below summarizes changes in the County's long-term liabilities for the fiscal year ended June 30, 2015.

	Balance July 1, 2014	Additions/ Accretions	Retirements	Balance June 30, 2015	Amounts Due Within One Year
Governmental Activities:					
Lease revenue bonds	\$ 473,770	\$ -	\$ (13,705)	\$ 460,065	\$ 14,510
Accreted interest on capital appreciation bonds	4,700	411	-	5,111	-
Add: unamortized premium	34,679	-	(1,792)	32,887	1,792
Less: unamortized discount	-	-	-	-	-
Lease revenue bonds, net	<u>513,149</u>	<u>411</u>	<u>(15,497)</u>	<u>498,063</u>	<u>16,302</u>
Certificates of participation	21,860	-	(424)	21,436	445
Add: unamortized premium	54	-	(2)	52	2
Certificates of participation, net	<u>21,914</u>	<u>-</u>	<u>(426)</u>	<u>21,488</u>	<u>447</u>
Notes payable	124	-	(124)	-	-
Other long-term obligations	1,486	1,332	(525)	2,293	582
Estimated claims	48,731	16,554	(18,006)	47,279	14,612
Compensated absences	<u>35,064</u>	<u>30,253</u>	<u>(27,505)</u>	<u>37,812</u>	<u>31,360</u>
Total Governmental Activities	<u>\$ 620,468</u>	<u>\$ 48,550</u>	<u>\$ (62,083)</u>	<u>\$ 606,935</u>	<u>\$ 63,303</u>
Business-type Activities:					
Notes payable	\$ 3,865	\$ 465	\$ (330)	\$ 4,000	\$ 343
Net OPEB Obligation	115	132	(129)	118	-
Estimated claims	657	-	(13)	644	12
Compensated absences	<u>7,566</u>	<u>8,554</u>	<u>(7,488)</u>	<u>8,632</u>	<u>8,467</u>
Total Business-type Activities	<u>\$ 12,203</u>	<u>\$ 9,151</u>	<u>\$ (7,960)</u>	<u>\$ 13,394</u>	<u>\$ 8,822</u>

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

- The *lease revenue bonds* are payable by a pledge of revenues from the base rental payments payable by the County, pursuant to individual lease agreements between the JPFA and the County for the use of equipment and facilities acquired or constructed by the JPFA. Under California law, the County cannot make lease payments until the County has constructive use or occupancy of the property being financed. Once construction is completed, the leases act like direct financing leases with lease payments equal to debt service payments. Total debt service requirements remaining on the lease revenue bonds is \$672.0 million payable through June 15, 2037. For the current year, principal and interest paid by the JPFA totaled \$13.7 million and \$23.3 million, respectively.
- The *certificates of participation* are payable by a pledge of revenues from the installment payments payable by the County Flood Control District, pursuant to Installment Payment Agreements between the JPFA and the County. Total debt service requirements remaining on the certificates of participation is \$37.5 million payable through August 1, 2039. For the current year principal and interest paid by the JPFA totaled \$0.4 million and \$1.1 million, respectively.
- *Notes payable* under business-type activities are funded separately by respective enterprise funds.
- *Other long-term obligation* is financed by the General Fund.
- *Net OPEB obligation* is financed by the Housing Authority.
- *Estimated claims* are liquidated by charges for services collected through individual internal service funds and reserves of the Housing Authority.
- *Compensated absences* are financed by governmental funds (General Fund and individual special revenue funds) and enterprise funds (Medical Center, Housing Authority, Airports, and Coyote Point Marina) that are responsible for the charges.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

Annual debt service requirements for the governmental activities as of June 30, 2015, are summarized as follows:

Fiscal Year Ended June 30,	Governmental Activities				
	<u>Lease Revenue Bonds</u>			<u>Certificates of Participation</u>	
	Principal	Interest		Principal	Interest
Accretion		Interest			
2016	\$ 14,510	\$ -	\$ 21,805	\$ 445	\$ 1,064
2017	33,000	-	21,082	470	1,041
2018	33,488	692	19,650	490	1,016
2019	33,072	728	18,088	515	991
2020	31,645	775	16,490	545	964
2021-2025	124,084	4,566	62,536	3,160	4,370
2026-2030	104,536	2,180	33,816	4,040	3,463
2031-2035	66,010	-	12,395	5,175	2,303
2036-2040	19,720	-	997	6,596	856
Total requirements	<u>460,065</u>	<u>8,941</u>	<u>206,859</u>	<u>\$ 21,436</u>	<u>\$ 16,068</u>
Less: unaccreted interest	-	(3,830)	-		
Total	<u>\$ 460,065</u>	<u>\$ 5,111</u>	<u>\$ 206,859</u>		

Annual debt service requirements for the business-type activities as of June 30, 2015, are summarized as follows:

Fiscal Year Ended June 30,	Business-type Activities	
	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 343	\$ 91
2017	538	162
2018	409	144
2019	428	125
2020	69	105
2021-2025	393	474
2026-2030	453	375
2031-2035	318	278
2036-2040	398	198
2040-2044	499	97
2045-2049	114	5
2050-2054	-	-
2055-2057	38	-
Total requirements *	<u>\$ 4,000</u>	<u>\$ 2,054</u>

* The County was awarded a \$2.1 million loan for plans, permits, environmental review, and construction of Dock 29. Under this loan agreement, the State Department of Boat and Waterways reimburses the County for the amount expended on the Dock 29 project. In exchange, the County is obligated to pay interest annually until the Dock 29 is constructed and then principal plus interest afterwards. The loan repayment schedule is not available until the project is fully completed. As of June 30, 2015, the total principal due to the State is \$1,919.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

Legal Debt Service Limit

The County's annual legal debt service limit shall not exceed 4% of the average annual County budget for the current and the preceding four fiscal years, and shall be for non-voter approved debt that is the obligation of the County. The County's legal debt service limit was \$77.8 million for the fiscal year ended June 30, 2015.

NOTE 11 – NET POSITION

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

- *Net Investment in Capital Assets* groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt, including debt related deferred outflows of resources, that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* reflects net position that is subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.
 - Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources and includes a *legally enforceable* requirement that those resources be used only for the specific purposes stipulated in the legislation.
 - A legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor. As of June 30, 2015, restricted net position for the governmental activities was \$310.3 million as reported on the government-wide statement of net position, and approximately \$62.8 million of which was restricted by enabling legislation.
- *Unrestricted Net Position* represents net position of the County that is not restricted for any project or purpose.

NOTE 12 – FUND BALANCES

The County Board adopted the County Reserves Policy in April 1999. The policy was created to help reduce the negative impact on the County in times of economic uncertainty and potential losses of funding from other governmental agencies. On February 9, 2010, the County Board approved a revised policy to keep pace with the current fiscal environment. County reserves are generally restricted for one-time purposes or as part of multi-year financial plan to balance the budget. The revised policy establishes minimum requirements for General Fund departmental reserves, General Fund non-departmental reserves, service department reserves and Non-General Fund department reserves, including guidelines for the use of these funds. On January 31, 2011, the Board authorized the use of 50% of future excess ERAF proceeds for ongoing purposes. The current ERAF reserves and 50% of future proceeds can only be used for one-time purposes as described in the County Reserves Policy.

General Fund Departmental Reserve Requirements

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

Departments must obtain approval from the County Manager prior to using reserves that will reduce the reserve below the two percent requirement. Excess fund balance at year end must first be used to replenish the minimum reserve requirement. Departments that are unable to demonstrate progress towards achieving the two percent requirement will be subject to enhanced fiscal oversight. Fund balance in excess of two percent minimum departmental reserves can only be allocated to the following: one-time purposes, purchase of capital assets, sinking fund for future replacement of

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
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assets, deferred maintenance, one-time departmental projects, reserve for audit disallowances, local match for grants, seed money for new departmental programs with ongoing funding sources and outcome measures, and short-term coverage of operational costs to maintain program integrity and prevent employee layoffs. Unexpended one-time funds from deferred and incomplete projects are carried over to the next fiscal year at 100% of the amount not spent.

General Fund Non-departmental Reserve Requirements

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

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

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

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

Service Departments and Non-General Fund Departments

Following the end of each fiscal year, the Service Charges Committee will evaluate the fund balance generated by service departments and recommend how the balance be used.

- Internal Service Funds can maintain reserve balances for future purposes including, but not limited to, vehicle and equipment replacement costs and risk management claims.
- Enterprise Funds and Special Revenue Funds should generate revenue sufficient, as a goal, to support the full operating costs of these funds above and beyond General Fund subsidy or contribution levels approved by the County Board.

NOTE 13 – EMPLOYEES’ RETIREMENT PLANS

San Mateo County Employees’ Retirement Association

(a) Plan Description

General. The San Mateo County Employees’ Retirement Association (SamCERA) is a cost-sharing multiple-employer, defined benefit pension plan that provides benefits for substantially all permanent employees of the County (primary government), First 5 (discrete component unit), and employees of the San Mateo County Library, the Superior Courts of the County of San Mateo, and the San Mateo County Mosquito and Vector Control District. SamCERA was founded in 1944 under the authority granted by Article XVI of the Constitution of the State of California and the County Employees’ Retirement Law of 1937 (the 1937 Act), and is not subject to the provisions of the Employee Retirement Income Security Act of 1974. SamCERA is a Pension Trust Fund of the participating employers.

Management of SamCERA is vested in the Board of Retirement consisting of nine members. SamCERA is governed by the California Constitution, the 1937 Act and the by-laws, procedures, and policies adopted by the Board of Retirement. Pursuant to the County Employees Retirement Law of 1937, board members include the County Treasurer, two general members of SamCERA elected by their peers, four members appointed by the County Board, one member from SamCERA’s safety members, and one member from the retired membership.

The Board of Retirement undertakes the administrative and fiduciary responsibility over the pension plan. 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 or via the Internet at www.samcera.org/comprehensive-annual-financial-reports.

Benefit Provisions. SamCERA provides service retirement, disability, and death benefits to plan members and beneficiaries based on defined benefit formulas using final average compensation, years of service, and age factors to calculate benefits payable. SamCERA has seven tiers that cover members classified as general, safety, or probation, and provides annual cost-of-living adjustments upon retirement to members of Tiers 1, 2, 4, 5, 6, and 7. The benefits of Tier 3 are reduced by a portion of Social Security benefits received by the member. The 1937 Act vests the County Board with the authority to initiate benefits, while Government Code Section 31592.2 empowers the Board of Retirement to provide certain ad hoc benefits when the Section 31592 reserve exceeds 1% of assets.

SamCERA has seven tiers covering members classified as general, safety or probation. The table on the following two pages provide details for each of these tiers.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	General Member	Probation Member	Safety Member
Plan 1*	Hire date	On or before 7/6/80	On or before 7/6/80
	Benefit factor	2% @ 55.5	3% @ 50
	Maximum COLA	5%	5%
	FAC period**	Highest 1 year	Highest 1 year
	Eligibility for service retirement	Age 50 with 10 years of service***; any age with 30 years of service; or age 70 regardless of years of service.	Age 50 with 10 years of service; any age with 20 years of service.
			Age 50 with 10 years of service; any age with 20 years of service.
Plan 2*	Hire date	7/7/80 - 7/12/97	7/7/80 - 7/12/97
	Benefit factor	2% @ 55.5	3% @ 50
	Maximum COLA	3%	3%
	FAC period	Highest 1 year	Highest 1 year
	Eligibility for service retirement	Age 50 with 10 years of service***; any age with 30 years of service; or age 70 regardless of years of service.	Age 50 with 10 years of service; any age with 20 years of service.
			Age 50 with 10 years of service; any age with 20 years of service.
Plan 3*	Hire date	On or before 12/22/12, a non-contributory plan.	
		(After five years of service, Plan 3 members can elect membership under the open contributory plan. Members currently working in a contributory plan with Plan 3 service may purchase an upgrade of their Plan 3 service. Plan 3 closed effective December 23, 2012.)	
		(If retirement occurs prior to age 65, benefit amount will be adjusted by an actuarial equivalent factor.)	
	Maximum COLA	No COLA	Not applicable
	FAC period	Highest 3 years (non-consecutive)	Not applicable
	Eligibility for service retirement	Age 65 with 10 years of service; reduced benefit at age 55 with 10 years of service.	Not applicable

* Plans 1, 2, 3 and 4 are closed to new entrants. However, eligible general members with reciprocity of the Mosquito District may participate in Plan 4.

** FAC period stands for "final average compensation" period.

*** Age 50 is replaced with age 55 for part-time employees.

(Continued)

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	<u>General Member</u>	<u>Probation Member</u>	<u>Safety Member</u>	
Plan 4*	Hire date	7/13/97 - 8/6/11	7/13/97 - 7/9/11	7/13/97 - 1/7/12
	Benefit factor	2% @55.5	3% @50	3% @50
	Maximum COLA	2%	2%	2%
	FAC period**	Highest 3 years (non-consecutive)	Highest 3 years (non-consecutive)	Highest 3 years (non-consecutive)
	Eligibility for service retirement	Age 50 with 10 years of service***; any age with 30 years of service; or age 70 regardless of years of service.	Age 50 with 10 years of service; any age with 20 years of service.	Age 50 with 10 years of service; any age with 20 years of service.
Plan 5	Hire date	8/7/11 - 12/13/12	7/10/11 - 12/31/12	1/8/12 - 12/31/12
	Benefit factor	2% @61.25	3% @55	3% @55
	Maximum COLA	2%	2%	2%
	FAC period	Highest 3 years (non-consecutive)	Highest 3 years (non-consecutive)	Highest 3 years (non-consecutive)
	Eligibility for service retirement	Age 50 with 10 years of service***; any age with 30 years of service; or age 70 regardless of years of service.	Age 50 with 10 years of service; any age with 20 years of service.	Age 50 with 10 years of service; any age with 20 years of service.
Plan 6	Hire date	Not applicable	7/10/11 - 12/31/12	1/8/12 - 12/31/12
	Benefit factor	Not applicable	2% @50	2% @50
	Maximum COLA	Not applicable	2%	2%
	FAC period	Not applicable	Highest 3 years (non-consecutive)	Highest 3 years (non-consecutive)
	Eligibility for service retirement	Not applicable	Age 50 with 10 years of service; any age with 20 years of service.	Age 50 with 10 years of service; any age with 20 years of service.
Plan 7	Hire date	On or after 1/1/13	On or after 1/1/13	On or after 1/1/13
	Benefit factor	2% @62	2.7% @57	2.7% @57
	Maximum COLA	2%	2%	2%
	FAC period	Highest 36 consecutive months	Highest 36 consecutive months	Highest 36 consecutive months
	Eligibility for service retirement	Age 52 with 5 years of service.	Age 50 with 5 years of service.	Age 50 with 5 years of service.

* Plans 1, 2, 3 and 4 are closed to new entrants. However, eligible general members with reciprocity of the Mosquito District may participate in Plan 4.

** FAC period stands for "final average compensation" period.

*** Age 50 is replaced with age 55 for part-time employees.

In addition to the basic member and the cost sharing contributions, certain plan members (except those in tier 3) are required to make contributions to fund the Cost of Living Adjustments (COLA). Certain members in tiers 1, 2 and 4 contribute a specific percentage of the retirement COLA cost. All members in tiers 5 and 6 contribute 50% of the COLA. Members in tier 7 contribute 50% of the aggregate normal cost rate for their plan.

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Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
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Pension Plan Membership. Plan membership as of June 30, 2015 is displayed in the table below.

	Tier 1*	Tier 2*	Tier 3*	Tier 4*	Tier 5	Tier 6	Tier 7	Total
RETIREES AND BENEFICIARIES CURRENTLY RECEIVING BENEFITS								
General	1,711	1,715	128	460	1	-	-	4,015
Safety	271	157	-	39	-	-	-	467
Probation	71	69	-	16	-	-	-	156
Subtotal	2,053	1,941	128	515	1	-	-	4,638
TERMINATED MEMBERS ENTITLED TO BUT NOT RECEIVING BENEFITS (INACTIVE/DEFERRED)								
General	17	380	121	702	22	-	25	1,267
Safety	1	26	-	43	2	-	1	73
Probation	-	12	-	32	-	-	-	44
Subtotal	18	418	121	777	24	-	26	1,384
CURRENT MEMBERS, VESTED								
General	24	780	73	2,191	3	-	5	3,076
Safety	3	87	-	228	-	-	1	319
Probation	1	48	-	198	-	-	-	247
Subtotal	28	915	73	2,617	3	-	6	3,642
CURRENT MEMBERS, NON-VESTED								
General	-	1	24	167	271	-	795	1,258
Safety	-	-	-	41	53	1	65	160
Probation	-	-	-	1	9	2	23	35
Subtotal	-	1	24	209	333	3	883	1,453
Total Members	2,099	3,275	346	4,118	361	3	915	11,117

* Plans closed to new entrants except eligible general members with reciprocity of the Mosquito District may participate in Plan 4.

Contributions. The 1937 Act established the basic obligations for employers and members to make contributions to the pension trust fund. The employer and member contribution rates are based on recommendations made by an independent actuary and adopted by the Board of Retirement. The participating employers are required by statutes to contribute the amounts necessary to fund the estimated benefits accruing to SamCERA members not otherwise funded by member contributions or expected investment earnings. Employer contribution rates for each tier are determined pursuant to Government Code Section 31453 of the 1937 Act. Contribution rates are actuarially determined using the entry age normal method and consist of an amount for normal cost (the estimated amount necessary to finance benefits earned by members during the year) and an amount required to amortize the unfunded actuarial accrued liability. Contributions to the plan from the County were \$171.8 million and First 5 were \$0.2 million for the year ended June 30, 2015.

(b) Net Pension Liability, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the County reported \$388.9 million of net pension liability for its proportionate share of the net pension liability, while First 5 reported \$0.4 million of net pension liability for its proportionate share of the net pension liability. The net pension liability of the plan is measured as of June 30, 2014, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The County's proportion of the net pension liability was based on statutory contributions. The County's proportionate share of the net pension liability, which includes First 5 was 94.57% as of June 30, 2014, which was an increase of 0.68% from its share measured as of June 30, 2013.

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For the year ended June 30, 2015, the County recognized pension expense of \$45.4 million and First 5 recognized pension expense of \$47.9 thousand. At June 30, 2015, the County and First 5 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Primary Government</u>		<u>First 5</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected pension experience		\$ (23,742)		\$ (25)
Change of pension-related assumptions	\$ 28,608		\$ 30	
Differences between projected and actual earnings on pension investments		(204,760)		(216)
Change in proportionate share of net pension liability	981		1	
Difference in actual and proportionate share of pension contributions	1,581		2	
Pension contributions subsequent to measurement date	171,802		170	
TOTAL	<u>\$ 202,972</u>	<u>\$ (228,502)</u>	<u>\$ 203</u>	<u>\$ (241)</u>

The County reported \$171.8 million and First 5 reported \$0.2 million as deferred outflows of resources related to pension contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>First 5</u>
2016	\$ (49,333)	\$ (52)
2017	(49,333)	(52)
2018	(49,333)	(52)
2019	(49,333)	(52)

(c) Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the entry age normal actuarial cost methods, an assumed 7.25% investment return, an assumed 3.50% annual total payroll growth rate, an inflation rate of 3.00% and an actuarial value on assets using a five-year smoothed method based on the difference between expected and actual market value of the assets as of the valuation date. Mortality rates are based on RP-2000 mortality tables. Further details can be found in the June 30, 2014 valuation report or on the Internet at <https://www.soa.org/research/experience-study/pension/research-rp-2000-mortality-tables.aspx>.

The actuarial assumptions used to determine the liabilities for the June 30, 2014 valuation are based on the results of the actuarial experience study for the period July 1, 2011, through April 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block approach in which a median (or expected) geometric rate of return is developed for each major asset class. The median rates are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and estimates of the median geometric rates of return for each major asset class are shown in the table below. The asset class return assumptions are presented on a nominal basis, and all assumptions include a base inflation rate assumption of 2.2%.

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Domestic Equity	30%	7.60%
International Equity	20%	8.00%
Fixed Incomes	20%	3.40%
Alternatives	16%	7.00%
Risk Parity	8%	6.50%
Real Estate	6%	6.10%
Total	100%	

Discount Rate. The investment rate of return assumption used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that employer and member contributions will be made at the funding requirements under SamCERA's funding policy and the legal requirements under the County Employees Retirement Law of 1937. In addition, the County intends to contribute additional amounts over the next 10 years to accelerate the elimination of the unfunded actuarial accrued liability. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, gross of administrative expenses.

Sensitivity of the County's Proportionate Share of Net Pension Liability to Changes in the Discount Rate. The following presents net pension liability of SamCERA, calculated using the discount rate of 7.45%, as well as what SamCERA's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.45%) or 1 percentage point higher (8.45%) than the current rate.

	Primary Government		
	1% Decrease:	Current Discount Rate:	1% Increase:
	6.45%	7.45%	8.45%
Total pension liability	\$3,978.3	\$3,498.6	\$3,103.4
Fiduciary net position	3,109.7	3,109.7	3,109.7
Net pension liability	868.6	388.9	(6.3)
	First 5		
	1% Decrease:	Current Discount Rate:	1% Increase:
	6.45%	7.45%	8.45%
Total pension liability	\$4.2	\$3.7	\$3.3
Fiduciary net position	3.3	3.3	3.3
Net pension liability	0.9	0.4	(0.0)

Pension Plan Fiduciary Net Position. Detailed information about the plan's fiduciary net position is available in the separately issued SamCERA financial report.

(d) Payable to the Pension Plan

At June 30, 2015, the County has paid all contributions to the pension plan required for the year ended June 30, 2015.

San Mateo County Supplemental Retirement Plan

The San Mateo County Supplemental Retirement Plan ("Supplemental Retirement Plan") is a defined contribution plan established in the form of a Governmental Money Purchase Plan & Trust administered by the ICMA Retirement Corporation.

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Federal and State tax laws, and the 1937 Act limit the annual compensation that can be used to determine benefits in SamCERA. All County employees who were hired after July 1, 1996, are subject to the annual limit, which is \$260 thousand for calendar year 2014. The Supplemental Retirement Plan was established in 2004 to invest contributions on compensation earnable over the annual limit to compensate for benefits that cannot be paid under SamCERA. The County is the plan trustee and is authorized to invest funds held under the Supplemental Retirement Plan. Fees are charged to the participants based on the fund selection.

Each year the County will contribute to the Supplemental Retirement Plan for certain employee participants. The amount of the contributions to the Supplemental Retirement Plan is the same amount that the County would have contributed to SamCERA for the benefits that cannot be paid under that plan. Contributions are fully vested. The employee participants and the amount of the County’s annual contributions are designated in the plan documents. During the year ended June 30, 2015, the County contributed \$242 thousand into the Supplemental Retirement Plan.

County of San Mateo Extra Help Agile 401a Plan

The County maintains a qualified defined contribution plan for extra help employees. Employees are eligible upon employment at their discretion. Employer contributions are discretionary and are determined by the County on an annual basis. Employer matching contributions made by the County, including any earnings, vest over a 3-year period. During the year ended June 30, 2015, the County contributed \$25 thousand into the Agile 401a Plan.

Housing Authority of the County of San Mateo

The Housing Authority has its own employees and participates in a defined contribution retirement plan administered by The Variable Annuity Life Insurance Company. Employees with more than six months of service can participate in the plan. This plan provides an individual account for each participant. The amount a participant will receive depends solely on the amount contributed to the participant’s account plus earnings from investments of those contributions.

The Housing Authority is required to deposit an amount as set forth in the plan to employee accounts. Employer contributions are vested 20% for each year of service of the individual employee until the employee becomes fully vested after five years. Under this plan, management employees do not need to make contributions. The Housing Authority contributes 14% of the gross salary monthly for management. The plan had 42 active participants as of June 30, 2015. During the fiscal year ended June 30, 2015, the Housing Authority contributed \$0.3 million to its retirement plan.

Monthly contributions made by the Housing Authority and its non-management employees are as follows:

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

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS

County of San Mateo

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

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

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

The County contracts with Kaiser, Secure Horizons, and Blue Shield to provide supplemental health coverage for retirees enrolled in Medicare. Medical premiums for retirees enrolled in Medicare are not based on blended active experience; therefore, implicit subsidy does not exist in premiums for retirees enrolled in Medicare and receiving supplemental health coverage.

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

Funding Policy. The current funding policy of the County is to contribute the annual required contribution each year. Contribution requirements or amendments for members and the County are established through negotiations with individual bargaining units. For the fiscal year ended June 30, 2015, the County contributed \$23.9 million, or 100.7% of the annual required contribution to the Retiree Health Plan.

Annual OPEB Cost and Net OPEB Asset. The County's annual OPEB cost consists of: (1) the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, (2) one year's interest on the beginning balance of the net OPEB asset, and (3) an adjustment to the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over a closed 30-year period from July 1, 2005. The remaining amortization period as of June 30, 2015, is 20 years.

The County currently has a net OPEB asset as a result of the contribution in FY 2007-08. If the County does not set aside funds equal to the ARC (less current year benefit payments made directly by the County) each year, then the ARC (less benefit payments) will offset the net OPEB asset that has accumulated on the County's statement of net position. Similarly, if the County sets aside funds greater than the ARC each year, it will increase the net OPEB asset on the County's statement of net position.

The following table shows the components of the County's annual OPEB cost for the fiscal year ended June 30, 2015, the amount contributed to the plan, and changes in the County's net OPEB asset:

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Annual required contribution	\$ 23,893
Interest on prior year net OPEB asset	(8,606)
Adjustment to annual required contribution	<u>8,448</u>
Annual OPEB cost	23,735
Contribution made	<u>(23,893)</u>
Increase in net OPEB asset	(158)
Net OPEB asset - beginning of year	<u>(126,374)</u>
Net OPEB asset - end of year	<u><u>\$ (126,532)</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2013	\$ 19,947	104.8%	\$ (125,961)
6/30/2014	23,809	101.7%	(126,374)
6/30/2015	23,735	100.7%	(126,532)

The table below shows how the total net OPEB asset as of June 30, 2015, is distributed. SamCERA's and First 5's employees are County employees and thereby eligible for postemployment health benefits.

	Net OPEB Obligation (Asset)
Governmental Activities	\$ (101,876)
Business-type Activities	(24,031)
SamCERA	(459)
First 5 San Mateo County	<u>(166)</u>
	<u><u>\$ (126,532)</u></u>

Funded Status and Funding Progress. The unfunded actuarial accrued liability is being amortized as a level of percentage of expected payroll on a closed basis over 30 years, beginning July 1, 2005.

The table below indicates the funded status of the Retiree Health Plan (from the most recent actuarial valuation) as of June 30, 2015:

Actuarial accrued liability (AAL)	\$ 385,077
Actuarial value of plan assets	<u>234,779</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 150,298</u></u>
Funded ratio (actuarial value of plan assets/AAL)	61.0%
Annual covered payroll (active plan members)	\$ 464,721
UAAL as a percentage of annual covered payroll	32.3%

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

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

The Entry Age Normal Cost Method was used for the June 30, 2015 valuation. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percent of expected salary for each year of employment between entry age (age at hire) and assumed exit (maximum retirement age).

An excise tax for high cost health coverage, or “Cadillac” health plans was included in the Patient Protection and Affordable Care Act (ACA) passed into law in March 2010. The provision levies 40% tax on the value of health plan costs that exceed certain thresholds for single coverage or family coverage.

GASB Statement No. 45 indicates that the projection of benefits should include all benefits to be provided to retirees in accordance with the current “substantive” plan at the time of valuation. For this reason, the actuary has included the value of the excise tax in the June 30, 2015 valuation. The valuation also assumes that there will be no changes to the current law and that there will be no changes in plan design to help mitigate the impact of the tax.

Actuarial assumptions for the June 30, 2015 valuation included an annual investment rate of return of 6.73%, price inflation of 2.75%, dental cost trend of 5%, vision cost trend of 5%, and projected payroll increases of 3%. The health cost trend has been adjusted to reflect the costs expected to emerge as the result of ACA. The actuarial assumption for health cost trend is 6.9% for year 2015-16, 8.9% for 2016-17, 8.3% for 2017-18, and gradually reduced to reach an ultimate rate of 4.7% after year 2070-71. Future increases in retiree sick leave conversion benefits vary among various bargaining groups under the County’s latest bargaining agreements. Demographic assumptions regarding retirement, disability, and turnover are based on statistics from the June 30, 2015 pension valuation for SamCERA.

Housing Authority of the County of San Mateo

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

Funding Policy. Contribution requirements for the members and the Housing Authority are established through a Memorandum of Understanding between the Housing Authority and its employees. For each eight hours of unused sick leave, the Housing Authority will contribute \$165 towards the monthly health premiums for non-management retirees and their eligible dependents until the unused sick leave is fully depleted. The contribution increases to \$200 monthly for each 8 hours above 384 hours unused at retirement. The retiree may choose to convert more sick leave hours each month for higher payments. For each eight hours of unused sick leave, the Housing Authority will pay for the entire cost of monthly health premiums for management retirees and their eligible dependents until the unused sick leave is fully exhausted.

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

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The table below summarizes the position of the Housing Authority's OPEB plan for the fiscal year ended June 30, 2015.

Annual required contribution	\$ 134
Interest on prior year net OPEB obligation	6
Adjustment to annual required contribution	<u>(8)</u>
Annual OPEB cost	132
Contribution made	<u>(129)</u>
Decrease in net OPEB obligation	3
Net OPEB obligation - beginning of year	<u>115</u>
Net OPEB obligation - end of year	<u><u>\$ 118</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2013	\$ 90	17.1%	\$ 453
6/30/2014	130	359.4%	115
6/30/2015	132	97.6%	118

Funded Status and Funding Progress. The unfunded actuarial accrued liability is amortized as a level dollar over an "open" 30 years. The table below indicates the funded status as of July 1, 2015, the most recent actuarial valuation date.

Actuarial accrued liability (AAL)	\$ 1,946
Actuarial value of plan assets	<u>589</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 1,357</u></u>
Funded ratio (actuarial value of plan assets/AAL)	30.3%
Annual covered payroll (active plan members)	\$ 3,225
UAAL as a percentage of annual covered payroll	42.1%

Actuarial Methods and Assumptions. The Entry Age Normal Cost Method was used for the valuation at July 1, 2015. The actuarial assumptions included a 5.75% return on investment and the medical inflation rate of 7.5% for FY 2015-16 (7.00% for FY 2016-17 and 6.25% for FY 2017-2021) with an underlying general inflation rate at 2.5%. The demographic assumptions (including termination, retirement, and mortality), the sick leave accrual rate, and the sick leave usage rate are updated in each new valuation to determine the actuarial present value of projected benefits. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 15 – RISK MANAGEMENT

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

- Real and personal property in excess of \$100 per incident, but limited to a maximum of \$500,000.
- Earthquake in excess of \$250 or 5% of the replacement value, whichever is more per incident, but limited to a maximum of \$25,000 in aggregate.

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- 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 \$1,000 per incident, but limited to a maximum of \$55,000.
- Workers' compensation in excess of \$1,000 per incident including statutorily required limits.
- Auto liability in excess of \$1,000 per incident, but limited to a maximum of \$55,000.
- Malpractice in excess of \$500 per incident, but limited to a maximum of \$25,000 per claim and aggregate.

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

The estimated claims liability of \$47.3 million, as reported in the internal service funds at June 30, 2015, is based on requirements of GASB Statements No. 10 and 30. Under these statements, the County is required to report a liability for claims if, prior to issuance of the financial statements, information indicates that the liability is probable and the amount of loss can be reasonably estimated. About \$44.8 million of the \$47.3 million reported was actuarially determined at a discount rate of 2%. The actuarially determined liability (which covers workers' compensation losses, general liability, and automobile liability) includes allocated loss adjustment expenses, case reserves, development of known claims, and incurred but not reported claims. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years and there has not been a significant reduction in coverage in FY 2014-15. Changes to the claims liability for FY 2013-14 and FY 2014-15 are as follows:

Liability at June 30, 2013	\$	46,518
Current year claims and changes in estimates		20,028
Payments on claims		<u>(17,815)</u>
Liability at June 30, 2014		48,731
Current year claims and changes in estimates		16,554
Payments on claims		<u>(18,006)</u>
Liability at June 30, 2015	\$	<u><u>47,279</u></u>

Housing Authority. The Housing Authority is exposed to all common perils associated with the ownership and rental of real estate properties. Management has established a risk management program to minimize loss occurrence and to transfer risk through various levels of insurance. The Housing Authority is a member of Housing Authority Insurance Group (HAIG). Through HAIG, the Housing Authority maintains liability coverage for Commercial and Auto claims up to \$10 million and for public officials and employment practice up to \$1 million (defense only). All other common perils such as business, auto, and flood (where applicable) are insured through commercial insurance carriers. For fiscal year ended June 30, 2015, the Housing Authority paid \$109 thousand towards premium and received surplus distribution of \$10 thousand from HAIG.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Grants

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

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Encumbrances

The County uses “encumbrances” to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve portion of applicable appropriations. As of June 30, 2015, the County’s General Fund had a total of \$1.8 million in encumbrances.

Medical Center Third-Party Payors

The Medical Center is reimbursed for services provided to patients under certain programs administered by governmental agencies. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation. The Medical Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medi-Cal programs.

The majority of the Medical Center’s receivables are related to the care of patients covered by Medi-Cal and Medicare programs, and special funding created by legislative acts that subsidize certain health care facilities that treat a disproportionate share of Medi-Cal beneficiaries.

Medical Center Concentration of Credit Risk

Receivables from federal and state government agencies represent \$17.4 million at June 30, 2015, and Medical Center management does not believe that there is any credit risk associated with collection from these governmental agencies. Third party patient accounts receivable consist of receivables from various payors, including individuals involved in diverse activities subject to differing economic conditions, and do not represent any concentrated credit risk to the Medical Center. Management continually monitors and adjusts its allowances associated with these receivables and such allowances have historically been adequate to cover losses realized.

Medical Center Third-Party Reimbursement Agreements

The Medical Center provides services to patients covered by various reimbursement programs. The principal programs include the State of California Medi-Cal programs, Health Plan of San Mateo (HPSM) managed care program, Medicare, and other reimbursement programs. The amount of revenue to recognize under these programs is subject to management’s best estimates of the revenue that will ultimately be collected based on governmental regulations and contractual terms, including an assessment of risk related to potential retroactive audit adjustments and other uncertainties.

The Affordable Care Act (ACA) became effective on January 1, 2014. As a result, a portion of reimbursement under various Medi-Cal programs will begin to shift from supplemental program revenue to patient revenue as more of the Medical Center’s patients become eligible for Medi-Cal coverage. The most significant changes were the automatic transition of patients from the Medical Center’s LIHP to Medi-Cal, higher reimbursement for “Newly Eligible” Medi-Cal enrollees, and temporary Medi-Cal coverage through the Hospital Presumptive Eligibility program.

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

CMS granted DHCS a 60-day extension to extend the Demonstration waiver until October 31, 2010. Beginning November 1, 2010, California was granted a renewal of the section 1115 Medicaid Demonstration, which is now titled “California’s Bridge to Reform” (Bridge to Reform). The Bridge to Reform waiver covers the period from

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(In Thousands)

November 1, 2010 through October 31, 2015. On October 31, 2015, the Section 1115 Medicaid Waiver was extended to December 31, 2015.

The five-year Demonstration and Bridge to Reform waivers affect payments for 19 public hospitals, including all University of California owned hospitals, identified as Designated Public Hospitals, and private and non-designated public safety net hospitals that serve large numbers of Medi-Cal patients.

Under the Demonstration and Bridge to Reform programs, payments for the public hospitals were comprised of: 1) fee for service (FFS) reimbursement for inpatient hospital services (exclusive of physician component); 2) Medi-Cal Disproportionate Share Hospital (DSH) payments; 3) distribution from a newly created pool of federal funding for uninsured care, known as the Safety Net Care Pool (SNCP); 4) unreimbursed cost of physician and non-physician practitioner services; and 5) costs applicable to the Coverage Initiative. In addition, the Bridge to Reform program also covers i) LIHP which includes the Medicaid Expansion Coverage (MCE) and Health Care Coverage Initiative (HCCI) previously called Coverage Initiative; and ii) Delivery System Reform Incentive Pool (DSRIP) program which is a subset of the SNCP. The nonfederal share of these five types of payments is provided by the public hospitals rather than the State, primarily through Certified Public Expenditures (CPE) whereby the hospital expends its local funding for services to draw down federal financial participation (FFP) calculated using the Federal Medical Assistance Percentage (FMAP). The FMAP rate was 50% for FY 2015. For the inpatient hospital cost-based reimbursement, each hospital provides its own CPE and receives the resulting federal match. For the DSH and SNCP distributions, the CPEs of all the public hospitals are used in the aggregate to draw down the federal match. The Medical Center reports its CPEs to DHCS each fiscal year through submission of the State mandated "Paragraph 14" Workbook (P14).

The Demonstration waiver prioritizes payments so that, to the extent possible, total payments to hospitals are at a minimum "baseline" reimbursement level. For public hospitals, the baseline level is determined and satisfied on a hospital-specific basis. The Bridge to Reform waiver does not utilize a minimum "baseline" approach; reimbursement is based on a mix of allowable CPEs at the hospital specific level, at a total Public Hospital CPE level, and Intergovernmental Transfers (IGTs).

The Medical Center meets the requirements of a Hospital Based Federally Qualified Health Center (FQHC) provider for Medi-Cal program, and a large percentage of its outpatient clinic patients are covered by this reimbursement. Revenues for this type of reimbursement are included in net patient service revenue on the Statement of Revenues, Expenses and Changes in Net Position.

All CPEs reported by the Medical Center are subject to State and Federal audit and final reconciliation. If at the end of the final reconciliation process it is determined that the Medical Center's claimed CPEs resulted in an overpayment by the State, the Medical Center may be required to return the overpayment whether or not they received the federal matching funds. The Medical Center has established reserves for the uncertainty of future financial impact of potential audit and reconciliation adjustments. DSH and SNCP funds are shared among the California public hospitals participating in the Waiver, so there is uncertainty as to the outcome of all the P14 audits and their subsequent impact to DSH and SNCP funds' allocation to each hospital. The Medical Center has recorded these anticipated revenues based on estimates provided by the California Association of Public Hospitals (CAPH), with reserves established for the uncertainty of future financial impact of potential audit and reconciliation adjustments.

Payments to private and non-designated public DSH hospitals that exceed the aggregate baseline are considered stabilization funds and are included in the allocation of stabilization among all waiver hospitals based on State law. Stabilization is distributed to the designated public hospitals from the SNCP. The non-federal share of these funds is based on CPEs for services and as such is subject to interim and final cost settlement.

SB 1100 requires the DHCS to finalize the calculation of stabilization funding for each hospital and pay that amount by April 1 following the project year. This determination is based on cost estimates and specified adjustments. Under State law the stabilization determined through this process shall not be modified for any reason other than mathematical errors or mathematical omissions on the part of DHCS.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

Health Plan of San Mateo. HPSM, a Medi-Cal managed care plan under contract by the State, reimburses the Medical Center directly for services provided to Medi-Cal patients. Effective July 1, 2014, the Medical Center contracted with HPSM to cover the newly eligible Medi-Cal Managed Care patients for inpatient, outpatient, clinic and emergency room visits. This contract is a “per member per month” arrangement (capitation revenue). Most patients under this contract are newly eligible and former ACE enrollees. For traditional Medi-Cal patients, the Medical Center receives a fixed monthly premium payment for each patient enrolled to cover primary care services (primary care capitation payment) and receives fee-for-service (FFS) payments for hospital and specialty care services. Further, effective January 1, 2006, HPSM contracted with the Federal government to provide services to Medicare HMO patients, a program called Care Advantage. The Medical Center contracted with HPSM for this program to be reimbursed at the Medicare FFS rates.

The Medical Center received a total of \$107.0 million in fiscal year 2015 from HPSM, which includes \$33.8 million in FFS revenue, \$12.1 million in AB85 rate range capitation revenue, \$2.7 million in primary care capitation revenue, \$57.9 million in new eligible Medi-Cal Managed Care capitation revenue and \$0.50 million for pay-for-performance (P4P) revenue. The FFS revenue is reported as a component of net patient service revenue, while the AB85, primary care capitation, newly eligible Medi-Cal Managed Care capitation and P4P revenue are reported as premium revenues on the Statement of Revenues, Expenses and Changes in Net Position.

Medicare. Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Medical Center is reimbursed for Graduate Medical Education and Disproportionate Share Hospital amounts at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audit thereof by the Medicare fiscal intermediary. At June 30, 2015, the last Medical Center Medicare cost report audited by the fiscal intermediary was for June 30, 2012. Medicare revenue is presented as part of net patient service revenue on the Statement of Revenues, Expenses and Changes in Net Position. At June 30, 2015, the Medical Center recorded \$0.8 million of reserves related to potential Medicare cost report audit adjustments.

Health Realignment. In 1991, the State enacted a major change in the State and local government relationship, known as Realignment. In the areas of mental health, social services, and health, Realignment transferred programs from the state to county control, altered program cost-sharing ratios, and provided counties with dedicated tax revenues from the sales tax and vehicle license fee to pay for these changes.

With California electing to implement a State-run Medicaid Expansion afforded by the Affordable Care Act, the State anticipates that counties’ costs and responsibilities for the health care services for the indigent population will decrease as much of this population becomes eligible for coverage through Medi-Cal or Covered California. On June 27, 2013, Governor Brown signed into law AB 85 that provides a mechanism for the State to redirect State health realignment funding to fund social service programs. The redirected amount will be determined according to a formula-based approach that takes into account a county’s cost and revenue experience, and redirects 80% of any profits (longfalls) realized by the county. The formula options were developed in consultation with the counties and DHCS to ensure continued viability of the county safety net.

On May 13, 2014, the Medical Center received notice that there would be no Realignment funding redirection for fiscal year 2015. However, this decision will be reconciled against actual revenues and expenses during the fiscal year 2016. The financial impact of potential redirection of the Medical Center’s Realignment funding in future years is not yet known.

Medical Center Net Patient Service Revenue

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

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

Patient accounts receivables are recorded net of estimated allowances, which include allowances for contractual adjustments, bad debts, and administrative write-offs. These allowances are based on the collection history of closed patient accounts.

Premium Revenue

HPSM, a Medi-Cal Managed Care plan under contract by the State, reimburses the Medical Center directly for services provided to Medi-Cal patients. Effective July 1, 2014, the Medical Center contracted with HPSM to cover the newly eligible Medi-Cal Managed Care patients for inpatient, outpatient, clinic and emergency room visits. The Medical Center is not at risk for these patients who receive services out of-network. The contract is a “per-member-per-month” arrangement (premium revenue also known as capitation revenue). Most patients under this contract are newly eligible and former ACE enrollees. For traditional Medi-Cal patients, the Medical Center receives a fixed monthly premium payment for each patient enrolled to cover primary care services (primary care capitation payment) and receives fee-for-service payments for hospital and specialty care services. Premium payments are recognized in the month in which enrollees are entitled to care.

Charity Care

The Medical Center provides treatment to all patients regardless of their ability to pay. Throughout the admission, billing and collection processes, certain patients are identified by the Medical Center as qualifying for the charity-discounted-health program. Once a patient is determined to be eligible for the Medical Center program, the patient’s account is classified as charity-discounted care. Costs are the basis for valuing charity care. The cost of charity care provided was approximately \$187.5 million for the year ended June 30, 2015. The total cost estimate is based on a ratio of cost to charges, where costs are allocated as a percentage of payor mix. The net cost of charity-discount care is determined by the total charity care cost less payor revenue, patient-related revenue due to sliding-scale payments, and other patient-specific sources, was \$27.6 million for the year ended June 30, 2015.

Housing Authority of the County of San Mateo

The Housing Authority is a party, among other responsible parties, to a claim by the California Department of Toxic Substances Control (DTSC), for clean-up costs for the Midway Village and Bayshore Park in Daly City, California. Other parties named included the City of Daly City, California and Pacific Gas and Electric Company (collectively referred to as the Parties including the Housing Authority and DTSC).

In November 2008, the parties entered into a Release and Settlement Agreement (the Agreement) under which the parties agreed that the payments made pursuant to the Agreement represent a good faith compromise of disputed claims and that the compromise represents a fair, reasonable, and equitable discharge of the claim in the Agreement. Pursuant to the Agreement, on or before 15 years from the effective date (November 2008) of the Housing Agreement, the Housing Authority and the City of Daly City, California shall jointly and severally pay DTSC’s Response Costs in an amount of \$1 million, except that the Response Costs shall be reduced based on the time period of payments.

In addition to the Response Costs, Daly City and the Housing Authority shall jointly and severally pay to DTSC a “carrying charge” of \$24 thousand per year until the Response Cost payment is fully paid. During the fiscal year ended June 30, 2015, the Authority paid \$12 thousand to DTSC for carrying charge. At June 30, 2015, the balance of estimated contingent liability was \$644 thousand. This amount is presented as current and non-current estimated claims in the Statement of Net Position.

Genentech Tax Settlement

In April 2011, the County settled property tax claims brought by Genentech that the company paid excess taxes for the years 1990 through 1999. The original dispute arose when Genentech challenged the methodology used to determine the taxable value of its land, buildings, fixtures, and equipment. The settlement resolved all claims spanning 10 years and brought to an end years of litigation. The County agreed to credit Genentech with \$26.5 million in property taxes plus interest over six years. During the year, the County credited \$3.4 million, and the remaining balance of \$6.5 million will be credited as follows: \$3.3 million for FY 2015-16, and \$3.2 million for FY 2016-17, respectively.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

Property tax paid in San Mateo County is distributed to schools, cities and redevelopment agencies, the County, and special districts such as for flood control and mosquito abatement. Refunds of property tax overpayments are collected from these entities as determined by the County's Property Tax Division. Total tax refund due from the County to Genentech is approximately \$1.0 million as of June 30, 2015, and is recorded as other long-term obligation in the Statement of Net Position.

Pending Litigation

The County is a defendant in several lawsuits arising in the normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the County, the loss has been accrued in the accompanying financial statements. Litigation where loss to the County is reasonably possible has not been accrued. County management has set aside \$1 million to cover possible loss from such litigation.

NOTE 17 – SPECIAL ITEMS

Additional Pension Contribution to SamCERA

The County's total pension liability has increased over the past decade. On November 19, 2013, the Board adopted a resolution to deposit supplemental funding of \$50 million to SamCERA in fiscal year 2013-14 and \$10 million each fiscal year from fiscal years 2014-15 through 2022-23 to provide greater security for pension benefits for both active and retired members, enhance the solvency of SamCERA, and reduce County's long-term pension costs by accelerating the reduction of the net pension liability. The additional contribution was reported as a special item on the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances.

NOTE 18 – SUBSEQUENT EVENT

Joint Powers Financing Authority

On August 4, 2015, the Authority issued 2015 Revenue Refunding Bonds for the Colma Creek Flood Control Zone for a total of \$21.5 million with an average coupon interest rate of 4.97%. The 2015 bonds will mature on August 1, 2035 and were issued at coupon rates ranging from 2% to 5%. Proceeds of the 2015 bonds were used to refund the Certificates of Participation of 2004 and the Certificates of Participation of 1997 of the Colma Creek Flood Control Zone.

Waiver

On October 31, 2015, the Section 1115 Medicaid Waiver, originally set to expire on October 31, 2015, was extended to December 31, 2015. In addition, the State Department of Health Care Services and Centers for Medicare & Medicaid Services arrived at a conceptual agreement that outlines the major components of the waiver renewal, with the details of the renewal currently being finalized. The conceptual agreement includes the following core elements: (a) Global Payment Program for services to the uninsured in designated public hospital systems (DPH); (b) Delivery system transformation and alignment incentive program for DPHs and district/municipal hospitals, known as PRIME (Public hospital Redesign and Incentives in Medi-Cal); (c) Dental transformation incentive program; (d) Whole Person Care Pilot program which would be a county-based, voluntary program to target providing more integrated care for high-risk, vulnerable populations; (e) Independent assessment of access to care and network adequacy for Medi-Cal managed care beneficiaries; and (f) Independent studies of uncompensated care and hospital financing. The financial impact of the new Waiver in future years is not yet known.



Required Supplementary Information
(Unaudited)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

1. INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by the Governmental Accounting Standards Board (GASB) Statement No. 34. The maintained road subsystem of the road network, with a total value of \$89 million at June 30, 2015, is reported under the modified approach and is not subject to depreciation under GASB Statement No. 34.

The County manages its maintained pavement subsystem of the road network using the Metropolitan Transportation Commission's Pavement Management Program (Program). This Program establishes a Pavement Condition Index (PCI) on a scale from zero to one hundred (0 – 100) for each road segment. The pavement of roads with a PCI of 40 or higher is considered in a "Fair" or better condition, and roads with a PCI of 55 or higher in a "Good" or better condition. The County requires that at least 75 percent of the primary maintained road subsystem (roads with structural sections) be maintained at a PCI of 55 or higher, and at least 65 percent of the secondary maintained pavement subsystem (roads without structural sections) at a PCI of 40 or higher. A complete condition assessment is determined triennially. The latest complete condition assessment was completed in FY 2012-13.

PCI Condition Rating	2013	2013	2010	2010	2007	2007
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
Primary:						
Good to excellent (55-100)	139.19	89.3%	138.22	88.8%	137.62	87.7%
Substandard to fair (0-54)	16.73	10.7%	17.35	11.2%	19.22	12.3%
Total	<u>155.92</u>	<u>100.0%</u>	<u>155.57</u>	<u>100.0%</u>	<u>156.84</u>	<u>100.0%</u>
Secondary:						
Fair to excellent (40-100)	128.16	80.3%	117.05	73.2%	118.16	75.0%
Substandard (0-39)	31.36	19.7%	42.77	26.8%	39.41	25.0%
Total	<u>159.52</u>	<u>100.0%</u>	<u>159.82</u>	<u>100.0%</u>	<u>157.57</u>	<u>100.0%</u>

For the fiscal year ended June 30, 2015, the estimated maintenance and preservation cost exceeded the actual costs by \$492. The variance was primarily due to decreased spending required for the maintenance and preservation work.

Fiscal Year Ended June 30,	Maintenance and Preservation Cost		Variance
	Estimated	Actual	
2010	\$ 3,900	\$ 3,850	\$ 50
2011	3,425	3,931	(506)
2012	5,943	5,736	207
2013	5,731	6,110	(379)
2014	4,375	4,805	(430)
2015	3,964	3,472	492

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited) – (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

2. SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2015			
	Governmental	Business type	First 5	Total County
County's proportion of the collective net pension liability (asset)	79.06%	15.41%	0.10%	94.57%
County's proportionate share of the collective net pension liability (asset)	\$ 325,438	\$ 63,439	\$ 410	\$ 389,287
County's covered-employee payroll	\$ 333,641	\$ 65,038	\$ 420	\$ 399,099
County's proportionate share of the collective net pension liability as a percentage of covered payroll	97.54%	97.54%	97.54%	97.54%
Plan fiduciary net position as a percentage of the total pension liability	88.88%	88.88%	88.88%	88.88%

3. SCHEDULE OF COUNTY CONTRIBUTIONS - PENSION PLAN

SCHEDULE OF COUNTY CONTRIBUTIONS - PENSION PLAN

	2015			
	Governmental	Business type	First 5	Total County
Contractually required contributions	\$ 135,406	\$ 26,396	\$ 170	\$ 161,971
Contributions in relation to the contractually required contribution	\$ 145,406	\$ 26,396	\$ 170	\$ 171,971
Contribution deficiency (excess)	\$ (10,000)	\$ -	\$ -	\$ (10,000)
Covered payroll	\$ 333,641	\$ 65,038	\$ 420	\$ 399,099
Contributions as a percentage of covered payroll	43.58%	40.58%	40.35%	43.09%

	2014			
	Governmental	Business type	First 5	Total County
Contractually required contributions	\$ 112,044	\$ 31,588	\$ 204	\$ 143,836
Contributions in relation to the contractually required contribution	\$ 162,044	\$ 31,588	\$ 204	\$ 193,836
Contribution deficiency (excess)	\$ (50,000)	\$ -	\$ -	\$ (50,000)
Covered payroll	\$ 430,623	\$ 83,944	\$ 404	\$ 514,972
Contributions as a percentage of covered payroll	37.63%	37.63%	50.45%	37.64%

Note to Schedules – 2. and 3.

A cost-sharing employer is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan)—the collective net pension liability. A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

The schedules present information to illustrate changes in the County's proportionate share of the net pension liability and contributions over a ten year period when the information is available.

GASB Statement No. 68 requires the County to report a net pension liability. The County's net pension liability is measured as its proportionate share of the total pension plan's liability less the County's proportionate share of the pension plan's fiduciary net position. The net pension liability is an accounting measurement for financial statement reporting purposes.

Prior to the implementation of GASB Statement No. 68, the County presented a schedule of funding progress related to its pension plan measured under the provisions of GASB Statement No. 27. The schedule of funding progress reported that SamCERA's pension plan was 78.8% funded as of the June 30, 2014 actuarial valuation date, the actuarial value of assets was \$2,993.2 million, the actuarial accrued liability for benefits was \$3,797.0 million, and the unfunded actuarial accrued liability (UAAL) was \$803.8 million. Beginning with the financial statement as of June 30, 2015, financial reporting for pension assets and liabilities are computed under different actuarial assumptions and methods than in prior years. Furthermore, these assumptions and methods that are used for financial reporting purposes are different than those that are used for funding purposes.

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited) – (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

Actuarial Valuation Methods and Assumptions. The employer statutory contribution rates for the fiscal year ended June 30, 2015, are those calculated in the actuarial valuation as of June 30, 2013. Details of actuarial methods and assumptions selected for the actuarial valuation as of June 30, 2013, are summarized in the table below.

Actuarial Valuation as of June 30, 2013 (For Funding Purposes)	
Valuation date	6/30/2013
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	UAAL as of June 30, 2008, is amortized over a closed 15-year period ending June 30, 2023. Subsequent changes in the UAAL is amortized over separate closed 15-year layers which are determined annually.
Asset valuation method	5-year smoothed recognition of asset gains and losses (determined as the difference of the actual fair value to the expected fair value), which cannot vary more than 20% from the fair value.
Actuarial assumptions:	
Investment rate of return	7.50%, net of pension plan investment and administrative expenses
Inflation rate (CPI)	3.25%
Annual projected salary increases	3.75%

4. SCHEDULES OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
6/30/2011	\$ 167,852	\$ 267,927	\$ 100,075	62.6%	\$ 465,111	21.5%
6/30/2013	192,789	319,359	126,570	60.4%	452,750	28.0%
6/30/2015	234,779	385,077	150,298	61.0%	464,721	32.3%

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

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited) – (Continued)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
7/1/2013	\$ -	\$ 1,584	\$ 1,584	0.0%	\$ 3,328	47.6%
7/1/2014	472	1,667	1,195	28.3%	3,203	37.3%
7/1/2015	589	1,946	1,357	30.3%	3,225	42.1%



General Fund

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 377,080	\$ 377,080	\$ -	\$ 303,644	\$ (73,436)
Resources (inflows):					
Taxes	446,878	480,569	33,691	522,897	42,328
Licenses, permits and franchises	5,792	5,792	-	7,001	1,209
Fines, forfeitures and penalties	8,704	8,704	-	7,896	(808)
Use of money and property	7,308	7,308	-	9,915	2,607
Intergovernmental revenues	451,018	460,159	9,141	407,571	(52,588)
Charges for services	112,618	115,252	2,634	129,801	14,549
Interfund revenue	57,661	57,790	129	51,108	(6,682)
Miscellaneous revenue	33,719	26,158	(7,561)	25,096	(1,062)
Other financing sources	513	513	-	1,019	506
Amounts available for appropriation	1,124,211	1,162,245	38,034	1,162,304	59
General Government					
Board of Supervisors - Special Projects					
Salaries and benefits	35	35	-	-	35
Services and supplies	42	37	(5)	23	14
Other charges	-	5	5	2	3
Intrafund transfers	(31)	(31)	-	-	(31)
Total Board of Supervisors - Special Projects	46	46	-	25	21
Board of Supervisors - District 1					
Salaries and benefits	768	809	41	734	75
Services and supplies	77	75	(2)	42	33
Other charges	52	55	3	55	-
Other financing uses	3	3	-	3	-
Total Board of Supervisors - District 1	900	942	42	834	108
Board of Supervisors - District 2					
Salaries and benefits	756	797	41	694	103
Services and supplies	79	77	(2)	35	42
Other charges	52	55	3	55	-
Other financing uses	3	3	-	3	-
Total Board of Supervisors - District 2	890	932	42	787	145
Board of Supervisors - District 3					
Salaries and benefits	827	868	41	643	225
Services and supplies	79	72	(7)	43	29
Other charges	52	59	7	59	-
Other financing uses	3	3	-	3	-
Total Board of Supervisors - District 3	961	1,002	41	748	254
Board of Supervisors - District 4					
Salaries and benefits	794	836	42	645	191
Services and supplies	72	72	-	51	21
Other charges	52	52	-	49	3
Other financing uses	3	3	-	3	-
Total Board of Supervisors - District 4	921	963	42	748	215
Board of Supervisors - District 5					
Salaries and benefits	765	807	42	697	110
Services and supplies	80	75	(5)	42	33
Other charges	52	56	4	56	-
Other financing uses	3	3	-	3	-
Total Board of Supervisors - District 5	900	941	41	798	143

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
County Manager/Clerk of the Board					
Salaries and benefits	5,346	5,294	(52)	4,149	1,145
Services and supplies	1,999	3,398	1,399	1,291	2,107
Other charges	1,786	745	(1,041)	779	(34)
Other financing uses	15	70	55	15	55
Intrafund transfers	(641)	(642)	(1)	(182)	(460)
Contingencies	574	574	-	-	574
Total County Manager/Clerk of the Board	9,079	9,439	360	6,052	3,387
Special Services					
Salaries and benefits	667	700	33	613	87
Services and supplies	144	164	20	129	35
Other charges	15,130	15,133	3	15,133	-
Other financing uses	4	4	-	3	1
Intrafund transfers	(12,902)	(12,958)	(56)	(12,875)	(83)
Contingencies	1,125	1,125	-	-	1,125
Total Special Services	4,168	4,168	-	3,003	1,165
Assessor-Clerk-Recorder					
Salaries and benefits	16,548	17,033	485	15,566	1,467
Services and supplies	5,605	5,414	(191)	3,927	1,487
Other charges	1,058	1,058	-	981	77
Fixed assets	37	228	191	165	63
Other financing uses	661	661	-	661	-
Intrafund transfers	(2,979)	(2,979)	-	(1,825)	(1,154)
Contingencies	476	476	-	-	476
Total Assessor-Clerk-Recorder	21,406	21,891	485	19,475	2,416
Controller's Office					
Salaries and benefits	7,643	8,142	499	6,537	1,605
Services and supplies	1,841	2,049	208	1,329	720
Other charges	2,163	2,246	83	2,234	12
Other financing uses	224	224	-	224	-
Intrafund transfers	(2,835)	(2,835)	-	(993)	(1,842)
Contingencies	623	623	-	-	623
Total Controller's Office	9,659	10,449	790	9,331	1,118
Tax Collector/Treasurer					
Salaries and benefits	7,646	7,968	322	6,381	1,587
Services and supplies	2,860	2,828	(32)	969	1,859
Other charges	724	756	32	756	-
Other financing uses	223	223	-	223	-
Intrafund transfers	(3,066)	(3,066)	-	(3,455)	389
Contingencies	201	201	-	-	201
Total Tax Collector/Treasurer	8,588	8,910	322	4,874	4,036
County Counsel					
Salaries and benefits	9,329	10,058	729	9,652	406
Services and supplies	1,000	1,000	-	325	675
Other charges	466	466	-	465	1
Fixed assets	10	10	-	-	10
Other financing uses	26	26	-	26	-
Intrafund transfers	(1,170)	(1,170)	-	(1,805)	635
Contingencies	1,048	1,048	-	-	1,048
Total County Counsel	10,709	11,438	729	8,663	2,775

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive Negative
	Original	Final	Increase (Decrease)		
Human Resources					
Salaries and benefits	9,732	10,179	447	9,483	696
Services and supplies	2,473	2,521	48	2,160	361
Other charges	898	898	-	853	45
Fixed assets	475	475	-	-	475
Other financing uses	44	44	-	38	6
Intrafund transfers	(2,070)	(2,099)	(29)	(1,402)	(697)
Contingencies	457	457	-	-	457
Total Human Resources	12,009	12,475	466	11,132	1,343
Information Services					
Salaries and benefits	20,742	21,492	750	21,492	-
Services and supplies	53,281	53,281	-	45,861	7,420
Other charges	2,695	2,695	-	1,968	727
Fixed assets	9,256	9,256	-	3,453	5,803
Other financing uses	515	515	-	388	127
Intrafund transfers	(66,652)	(67,402)	(750)	(55,318)	(12,084)
Contingencies	6,523	6,523	-	-	6,523
Total Information Services	26,360	26,360	-	17,844	8,516
Public Works					
Salaries and benefits	23,830	24,657	827	22,002	2,655
Services and supplies	17,529	17,162	(367)	13,947	3,215
Other charges	4,386	4,223	(163)	2,554	1,669
Fixed assets	105	270	165	73	197
Other financing uses	688	1,205	517	981	224
Intrafund transfers	(17,981)	(18,037)	(56)	(19,465)	1,428
Contingencies	604	604	-	-	604
Total Public Works	29,161	30,084	923	20,092	9,992
Non-Departmental Services					
Salaries and benefits	13,950	14,061	111	3,354	10,707
Services and supplies	59,449	69,782	10,333	58,344	11,438
Other charges	13,824	13,936	112	2,595	11,341
Fixed assets	10,000	10,000	-	9,520	480
Other financing uses	71,827	103,411	31,584	25,883	77,528
Intrafund transfers	(671)	(671)	-	(722)	51
Contingencies	142,835	110,422	(32,413)	-	110,422
Total Non-Departmental Services	311,214	320,941	9,727	98,974	221,967
Total General Government	446,971	460,981	14,010	203,380	257,601
Public Protection					
Office of Sustainability					
Salaries and benefits	1,065	1,065	-	931	134
Services and supplies	6,696	6,981	285	451	6,530
Other charges	29	40	11	62	(22)
Other financing uses	-	4	4	4	-
Intrafund transfers	(40)	(40)	-	-	(40)
Total Office of Sustainability	7,750	8,050	300	1,448	6,602

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Public Safety Communication					
Salaries and benefits	9,888	10,182	294	10,093	89
Services and supplies	517	517	-	381	136
Other charges	541	541	-	493	48
Fixed assets	78	78	-	-	78
Other financing uses	29	29	-	29	-
Intrafund transfers	(316)	(316)	-	(321)	5
Contingencies	300	300	-	-	300
Total Public Safety Communication	11,037	11,331	294	10,675	656
Agricultural Commissioner					
Salaries and benefits	3,955	4,142	187	4,002	140
Services and supplies	257	261	4	174	87
Other charges	526	596	70	498	98
Fixed assets	33	33	-	-	33
Other financing uses	6	6	-	6	-
Contingencies	261	261	-	-	261
Total Agricultural Commission	5,038	5,299	261	4,680	619
Grand Jury					
Salaries and benefits	58	59	1	59	-
Services and supplies	496	495	(1)	399	96
Other charges	1	1	-	-	1
Total Grand Jury	555	555	-	458	97
Message Switch					
Services and supplies	467	467	-	367	100
Other charges	270	270	-	261	9
Intrafund transfers	(197)	(197)	-	(198)	1
Contingencies	816	816	-	-	816
Total Message Switch	1,356	1,356	-	430	926
Criminal Division					
Salaries and benefits	25,293	26,006	713	24,269	1,737
Services and supplies	2,523	2,523	-	1,292	1,231
Other charges	2,171	2,171	-	1,878	293
Fixed assets	49	49	-	479	(430)
Other financing uses	165	165	-	164	1
Contingencies	1,399	1,399	-	-	1,399
Total Criminal Division	31,600	32,313	713	28,082	4,231
Child Support Services					
Salaries and benefits	10,437	10,287	(150)	9,506	781
Services and supplies	494	644	150	401	243
Other charges	506	506	-	472	34
Other financing uses	290	290	-	290	-
Intrafund transfers	(106)	(106)	-	-	(106)
Total Child Support Services	11,621	11,621	-	10,669	952
County Support of Courts					
Salaries and benefits	505	505	-	486	19
Services and supplies	1,084	1,584	500	1,167	417
Other charges	19,097	19,097	-	18,337	760
Other financing uses	5	5	-	5	-
Total County Support of Courts	20,691	21,191	500	19,995	1,196

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive Positive (Negative)
	Original	Final	Increase (Decrease)		
Private Defender Program					
Services and supplies	17,455	18,455	1,000	18,456	(1)
Other charges	17	17	-	16	1
Other financing uses	44	44	-	43	1
Total Private Defender Program	17,516	18,516	1,000	18,515	1
Sheriff					
Salaries and benefits	153,181	156,083	2,902	144,561	11,522
Services and supplies	22,013	22,593	580	16,451	6,142
Other charges	21,689	21,689	-	20,527	1,162
Fixed assets	7,520	7,694	174	1,655	6,039
Other financing uses	1,451	1,978	527	1,488	490
Intrafund transfers	(1,803)	(2,081)	(278)	(1,753)	(328)
Contingencies	7,313	7,313	-	-	7,313
Total Sheriff	211,364	215,269	3,905	182,929	32,340
Probation					
Salaries and benefits	58,360	59,076	716	56,553	2,523
Services and supplies	25,815	25,816	1	23,254	2,562
Other charges	8,130	8,330	200	8,191	139
Fixed assets	1,822	1,822	-	638	1,184
Other financing uses	7,514	7,514	-	7,442	72
Intrafund transfers	(18,625)	(18,655)	(30)	(18,265)	(390)
Contingencies	2,420	2,420	-	-	2,420
Total Probation	85,436	86,323	887	77,813	8,510
Coroner's Office					
Salaries and benefits	1,774	1,897	123	1,540	357
Services and supplies	705	692	(13)	631	61
Other charges	303	316	13	316	-
Other financing uses	14	14	-	14	-
Contingencies	152	152	-	-	152
Total Coroner's Office	2,948	3,071	123	2,501	570
Local Agency Formation Commission					
Salaries and benefits	275	288	13	260	28
Services and supplies	126	141	15	117	24
Other charges	46	44	(2)	24	20
Intrafund transfers	(114)	(126)	(12)	(126)	-
Contingencies	43	43	-	-	43
Total Local Agency Formation Commission	376	390	14	275	115
Fire Protection					
Salaries and benefits	2	3	1	3	-
Services and supplies	7,956	7,955	(1)	6,711	1,244
Other charges	170	170	-	163	7
Fixed assets	3,553	3,553	-	457	3,096
Other financing uses	185	185	-	185	-
Total Fire Protection	11,866	11,866	-	7,519	4,347

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Planning					
Salaries and benefits	8,057	8,293	236	6,700	1,593
Services and supplies	2,090	2,165	75	1,382	783
Other charges	783	783	-	570	213
Fixed assets	-	27	27	14	13
Other financing uses	32	32	-	32	-
Intrafund transfers	(1,478)	(1,628)	(150)	(485)	(1,143)
Contingencies	563	563	-	-	563
Total Planning	10,047	10,235	188	8,213	2,022
Total Public Protection	429,201	437,386	8,185	374,202	63,184
Health and Sanitation					
Health Services Administration					
Salaries and benefits	2,683	2,770	87	2,769	1
Services and supplies	1,546	1,694	148	973	721
Other charges	768	768	-	6,485	(5,717)
Other financing uses	7,703	7,703	-	1	7,702
Intrafund transfers	(2,371)	(2,531)	(160)	(2,260)	(271)
Total Health Services Administration	10,329	10,404	75	7,968	2,436
Health Coverage Unit					
Salaries and benefits	3,691	3,871	180	3,483	388
Services and supplies	5,825	6,340	515	5,045	1,295
Other charges	154	154	-	118	36
Intrafund transfers	(2,437)	(2,437)	-	(2,596)	159
Total Health Coverage Unit	7,233	7,928	695	6,050	1,878
Health Policy Plan Promotion					
Salaries and benefits	16,334	16,704	370	14,711	1,993
Services and supplies	11,686	11,819	133	11,488	331
Other charges	2,131	2,131	-	1,801	330
Other financing uses	14	14	-	14	-
Intrafund transfers	(4,193)	(4,360)	(167)	(2,721)	(1,639)
Contingencies	1,032	1,032	-	-	1,032
Total Health Policy Plan Promotion	27,004	27,340	336	25,293	2,047
Health IT					
Salaries and benefits	2,255	2,294	39	1,603	691
Services and supplies	1,960	2,209	249	1,170	1,039
Other charges	749	749	-	289	460
Fixed assets	-	-	-	40	(40)
Intrafund transfers	(1,908)	(2,158)	(250)	(1,086)	(1,072)
Total Health IT	3,056	3,094	38	2,016	1,078
Emergency Medical Services					
Salaries and benefits	1,145	1,145	-	971	174
Services and supplies	4,663	4,663	-	4,531	132
Other charges	65	65	-	56	9
Other financing uses	1	1	-	1	-
Intrafund transfers	(113)	(113)	-	-	(113)
Total Emergency Medical Services	5,761	5,761	-	5,559	202
Contributions to Medical Center					
Other financing uses	58,866	63,068	4,202	63,068	-
Total Contributions to Medical Center	58,866	63,068	4,202	63,068	-

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive Negative
	Original	Final	Increase (Decrease)		
Environmental Health Services					
Salaries and benefits	11,507	11,906	399	11,797	109
Services and supplies	2,353	2,353	-	1,892	461
Other charges	1,310	1,310	-	1,254	56
Other financing uses	3	3	-	3	-
Intrafund transfers	(107)	(107)	-	(34)	(73)
Contingencies	391	391	-	-	391
Total Environmental Health Services	15,457	15,856	399	14,912	944
Behavioral Health Services					
Salaries and benefits	62,610	64,208	1,598	58,619	5,589
Services and supplies	62,515	60,951	(1,564)	56,854	4,097
Other charges	33,061	35,571	2,510	33,023	2,548
Fixed assets	-	10	10	10	-
Other financing uses	350	350	-	348	2
Intrafund transfers	(3,512)	(3,512)	-	(3,586)	74
Total Behavioral Health Services	155,024	157,578	2,554	145,268	12,310
Family Health Services					
Salaries and benefits	24,612	24,956	344	24,490	466
Services and supplies	3,615	3,615	-	2,549	1,066
Other charges	2,205	2,205	-	1,858	347
Fixed assets	106	106	-	-	106
Other financing uses	3	3	-	3	-
Intrafund transfers	(1,438)	(1,438)	-	(1,089)	(349)
Contingencies	520	520	-	-	520
Total Family Health Services	29,623	29,967	344	27,811	2,156
Correctional Health Services					
Salaries and benefits	13,078	13,384	306	12,970	414
Services and supplies	5,393	5,402	9	5,284	118
Other charges	621	636	15	627	9
Fixed assets	230	410	180	227	183
Intrafund transfers	(8,217)	(8,407)	(190)	(8,146)	(261)
Contingencies	174	174	-	-	174
Total Correctional Health Services	11,279	11,599	320	10,962	637
Total Health and Sanitation					
	323,632	332,595	8,963	308,907	23,688
Public Assistance					
Workforce Investment Board					
Salaries and benefits	1,260	1,260	-	638	622
Services and supplies	5,580	5,580	-	4,002	1,578
Other charges	800	800	-	484	316
Total Workforce Investment Board	7,640	7,640	-	5,124	2,516
Aging & Adult Services					
Salaries and benefits	19,020	19,801	781	17,774	2,027
Services and supplies	5,477	5,479	2	3,353	2,126
Other charges	5,437	5,640	203	4,407	1,233
Fixed assets	-	8	8	-	8
Other financing uses	6	6	-	6	-
Intrafund transfers	(4,331)	(4,493)	(162)	(2,426)	(2,067)
Contingencies	508	508	-	-	508
Total Aging & Adult Services	26,117	26,949	832	23,114	3,835

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive Negative
	Original	Final	Increase (Decrease)		
In Home Support Services - Public Authority					
Other charges	3,702	3,702	-	-	3,702
Other financing uses	-	-	-	3,702	(3,702)
Total In Home Support Services - Public Authority	3,702	3,702	-	3,702	-
Human Services Agency					
Salaries and benefits	95,022	98,439	3,417	95,792	2,647
Services and supplies	59,890	62,253	2,363	45,789	16,464
Other charges	69,987	69,987	-	59,064	10,923
Fixed assets	191	191	-	79	112
Other financing uses	916	916	-	791	125
Intrafund transfers	(30,534)	(30,850)	(316)	(24,151)	(6,699)
Contingencies	7,009	7,009	-	-	7,009
Total Human Services Agency	202,481	207,945	5,464	177,364	30,581
Department of Housing					
Salaries and benefits	1,708	1,883	175	1,608	275
Services and supplies	544	694	150	340	354
Other charges	8,198	8,198	-	3,382	4,816
Intrafund transfers	(100)	(349)	(249)	-	(349)
Contingencies	37	37	-	-	37
Total Department of Housing	10,387	10,463	76	5,330	5,133
Total Public Assistance	250,327	256,699	6,372	214,634	42,065
Recreation					
Parks & Recreation					
Salaries and benefits	7,739	8,258	519	7,696	562
Services and supplies	3,904	3,812	(92)	2,601	1,211
Other charges	1,686	1,991	305	1,648	343
Fixed assets	-	193	193	178	15
Other financing uses	5	5	-	19	(14)
Intrafund transfers	(716)	(1,137)	(421)	(393)	(744)
Contingencies	176	176	-	-	176
Total Parks & Recreation	12,794	13,298	504	11,749	1,549
Total Recreation	12,794	13,298	504	11,749	1,549
Contingencies					
Contingencies	38,366	38,366	-	-	38,366
Total Contingencies	38,366	38,366	-	-	38,366
Total charges to appropriations	1,501,291	1,539,325	38,034	1,112,872	426,453
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 353,076	\$ 353,076

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (page 90)	\$ 1,162,304
Differences - budget to GAAP:	
Reimbursements are inflows of budgetary resources but are used to offset expenditures for financial reporting purposes.	(51,108)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(1,019)
Receipts from County Agency subfunds are not budgeted but are reported as General Fund revenues for financial reporting purposes.	<u>137,594</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 29)	<u><u>\$ 1,247,771</u></u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule (page 97)	\$ 1,112,872
Differences - budget to GAAP:	
Expenditures offset by reimbursements for financial reporting purposes are outflow of budgetary appropriations, but are not expenditures for financial reporting purposes.	(51,108)
Encumbrances for supplies and services ordered but not received are reported in the year the orders are placed for budgetary purposes, but in the year the supplies and services are received for financial reporting purposes.	3,489
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(106,156)
Special item is an outflow of budgetary resources but is not an expenditure for financial reporting purposes.	(10,000)
Disbursements from sub-funds classified from County Agency Fund, not budgeted.	<u>(5,134)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 29)	<u><u>\$ 943,963</u></u>

See Notes to the Budgetary Comparison Schedule.

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2015
(In Thousands)

BUDGETARY BASIS OF ACCOUNTING

Under State law, the County is required to adopt a balanced budget by October 2nd of each year. Except for the Joint Powers Financing Authority and certain other special revenue funds, the County Manager's Office prepares a budget for all County funds on the modified accrual basis of accounting in accordance with California Government Code Sections 29000 and 29143.

The annual budget serves as the foundation for the County's financial planning and control of expenditures. The legal level of budgetary control, where expenditures may not exceed appropriations, is at the object level (e.g., salaries and benefits) within a budget unit in a fund. Budget expenditures are enacted into law through the passage of an Appropriation Ordinance. The ordinance sets limits on expenditures, which cannot be changed except by subsequent amendments to the budget.

Budget appropriation transfers/amendments are used to appropriate new expenditures, unanticipated revenues, or to transfer existing appropriations from one budget unit to another, or between objects within the same budget unit. Transfers of any amount within a budget unit and within a fund, except transfers to/from reserves and contingencies, may be approved by the County Manager and Controller without Board of Supervisors approval, provided that the overall appropriations of budget unit are not increased. All other budget transfers and appropriations must be approved by the Board.

The County uses an encumbrance system as an extension of normal budgetary accounting for all governmental funds except for the JPFA to control expenditures. Under the encumbrance system, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered in order to reserve that portion of applicable appropriations. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year-end; encumbered appropriations at year-end are carried forward in the ensuing year's budget and reported in the original budget column. The budgets for governmental funds may include an object level known as "intrafund transfers" in the charges to appropriations. This object level is an accounting mechanism used by the County to show reimbursements between operations within the same fund such as the General Fund.

The amounts reported on the budgetary basis differ from the basis used to present the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Annual budgets are prepared using the modified accrual basis of accounting except that (1) current year encumbrances are budgeted as expenditures, (2) reimbursements for amount disbursed on behalf of other governmental funds are reported as resources and related expenditures as charges to the appropriations, (3) certain transactions are accounted for in different periods between budgetary and GAAP reporting basis, and (4) transactions from sub-funds reclassified from County Agency funds are reported in GAAP reporting basis.



Combining and Individual Fund Statements and Schedules



Nonmajor Governmental Funds

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015
(In Thousands)

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 122,785	\$ 26,131	\$ 97,041	\$ 245,957
Receivables (net):				
Accounts	37	-	26	63
Interest	216	35	155	406
Taxes	1,110	-	-	1,110
Due from other funds	1,581	-	280	1,861
Due from other governmental agencies	2,826	-	108	2,934
Other assets	11	-	7	18
Inventories	329	-	-	329
Total assets	\$ 128,895	\$ 26,166	\$ 97,617	\$ 252,678
LIABILITIES				
Accounts payable	\$ 2,575	\$ -	\$ 2,928	\$ 5,503
Accrued salaries and benefits	304	-	-	304
Due to other funds	1,716	-	57	1,773
Due to other governmental agencies	2	-	2	4
Advances from other funds	1,740	-	-	1,740
Unearned revenues	1,107	-	26	1,133
Deposits	13	-	-	13
Total liabilities	7,457	-	3,013	10,470
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	126	-	-	126
Unavailable revenue - intergovernmental revenues	1,628	-	-	1,628
Unavailable revenue - excess ERAF	488	-	-	488
Unavailable revenue - others	-	-	68	68
Total deferred inflows of resources	2,242	-	68	2,310
FUND BALANCES				
Nonspendable:				
Inventories	329	-	-	329
Prepays	11	-	7	18
Restricted:				
Debt services	-	26,166	-	26,166
Road improvement	38,000	-	-	38,000
Fire services	4,947	-	-	4,947
Sewer maintenance	20,922	-	-	20,922
Flood control	19,617	-	-	19,617
Lighting maintenance	12,606	-	-	12,606
Highway and transportation improvement	2,273	-	-	2,273
Waste management	9,089	-	-	9,089
Emergency care	2,685	-	-	2,685
Garbage and fire protection	4,036	-	-	4,036
Parks acquisition and development	-	-	2,361	2,361
Courthouse construction	-	-	818	818
Miscellaneous purposes	1,271	-	-	1,271
Assigned:				
Capital projects and improvements	-	-	91,350	91,350
Miscellaneous purposes	3,889	-	-	3,889
Unassigned	(479)	-	-	(479)
Total fund balances	119,196	26,166	94,536	239,898
Total liabilities, deferred inflows of resources, and fund balances	\$ 128,895	\$ 26,166	\$ 97,617	\$ 252,678

COUNTY OF SAN MATEO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 17,836	\$ -	\$ 2,887	\$ 20,723
Licenses and permits	2,965	-	-	2,965
Intergovernmental	33,015	-	1,662	34,677
Charges for services	19,908	-	2,248	22,156
Fines, forfeitures and penalties	2,264	-	-	2,264
Rents and concessions	100	-	-	100
Investment income	828	112	658	1,598
Other	1,065	37	1,173	2,275
Total revenues	<u>77,981</u>	<u>149</u>	<u>8,628</u>	<u>86,758</u>
Expenditures:				
Current:				
General government	3,038	16	-	3,054
Public protection	9,651	-	-	9,651
Public ways and facilities	16,790	-	-	16,790
Health and sanitation	17,417	-	-	17,417
Public assistance	15,976	-	-	15,976
Capital outlay	6,876	-	26,223	33,099
Total expenditures	<u>69,748</u>	<u>16</u>	<u>26,223</u>	<u>95,987</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,233</u>	<u>133</u>	<u>(17,595)</u>	<u>(9,229)</u>
Other financing sources (uses):				
Proceeds from long term debt	1,332	-	-	1,332
Transfers in	5,726	30,594	22,582	58,902
Transfers out	(4,329)	(29,565)	(4,499)	(38,393)
Total other financing sources	<u>2,729</u>	<u>1,029</u>	<u>18,083</u>	<u>21,841</u>
Net change in fund balances	10,962	1,162	488	12,612
Fund balances - beginning	<u>108,234</u>	<u>25,004</u>	<u>94,048</u>	<u>227,286</u>
Fund balances - end	<u>\$ 119,196</u>	<u>\$ 26,166</u>	<u>\$ 94,536</u>	<u>\$ 239,898</u>

COUNTY OF SAN MATEO

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. The County's nonmajor special revenue funds include the following:

Road Fund – is responsible for routine and emergency road maintenance, performing inspections and issuing permits, constructing and installing sidewalks, signs, road markings, and landscaping maintenance. Revenues primarily come from state highway user taxes and federal grants.

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

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

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

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

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

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

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

County-Wide Road Improvement Fund – accounts for mitigation fees imposed on building permits. Such fees are mainly used to finance road repairs for damages caused by new developments in areas where the mitigation fees are collected.

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

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

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

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015
(In Thousands)

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
ASSETS							
Cash and investments	\$ 33,955	\$ 4,368	\$ 8,971	\$ 23,234	\$ 19,553	\$ 11,574	\$ 2,762
Receivables (net):							
Accounts	-	-	25	-	-	-	12
Interest	56	11	16	39	33	20	6
Taxes	-	424	257	48	290	84	-
Due from other funds	739	554	54	186	23	17	-
Due from other governmental agencies	518	87	3	138	137	207	194
Other assets	-	-	-	-	-	-	-
Inventories	329	-	-	-	-	-	-
Total assets	<u>\$ 35,597</u>	<u>\$ 5,444</u>	<u>\$ 9,326</u>	<u>\$ 23,645</u>	<u>\$ 20,036</u>	<u>\$ 11,902</u>	<u>\$ 2,974</u>
LIABILITIES							
Accounts payable	\$ 235	\$ -	\$ 417	\$ 831	\$ 9	\$ 10	\$ 277
Accrued salaries and benefits	236	-	-	25	-	-	-
Due to other funds	89	2	-	-	-	1	-
Due to other governmental agencies	-	-	-	2	-	-	-
Advances from other funds	-	-	59	1,681	-	-	-
Unearned revenues	105	422	213	40	246	69	12
Deposits	9	-	4	-	-	-	-
Total liabilities	<u>674</u>	<u>424</u>	<u>693</u>	<u>2,579</u>	<u>255</u>	<u>80</u>	<u>289</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	48	28	6	24	10	-
Unavailable revenue - intergovernmental revenues	287	-	-	-	-	-	-
Unavailable revenue - excess ERAF	-	-	3	138	140	207	-
Total deferred inflows of resources	<u>287</u>	<u>48</u>	<u>31</u>	<u>144</u>	<u>164</u>	<u>217</u>	<u>-</u>
FUND BALANCES							
Nonspendable:							
Inventories	329	-	-	-	-	-	-
Prepays	-	-	-	-	-	-	-
Restricted:							
Road improvement	33,917	-	-	-	-	-	-
Fire services	-	4,947	-	-	-	-	-
Sewer maintenance	-	-	-	20,922	-	-	-
Flood control	-	-	-	-	19,617	-	-
Lighting maintenance	-	-	1,001	-	-	11,605	-
Highway and transportation improvement	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-
Emergency care	-	-	-	-	-	-	2,685
Garbage and fire protection	-	-	4,036	-	-	-	-
Miscellaneous purposes	-	-	91	-	-	-	-
Assigned	390	25	3,474	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>34,636</u>	<u>4,972</u>	<u>8,602</u>	<u>20,922</u>	<u>19,617</u>	<u>11,605</u>	<u>2,685</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 35,597</u>	<u>\$ 5,444</u>	<u>\$ 9,326</u>	<u>\$ 23,645</u>	<u>\$ 20,036</u>	<u>\$ 11,902</u>	<u>\$ 2,974</u>

(Continued)

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015
(In Thousands)

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	IHSS Public Authority	Other Special Revenue	Total	
\$ 2,304	\$ 4,076	\$ 9,132	\$ 1,668	\$ 1,188	\$122,785	ASSETS
-	-	-	-	-	37	Cash and investments
6	7	16	4	2	216	Receivables (net):
-	-	-	-	7	1,110	Accounts
-	-	8	-	-	1,581	Interest
-	-	-	1,539	3	2,826	Taxes
11	-	-	-	-	11	Due from other funds
-	-	-	-	-	329	Due from other governmental agencies
<u>\$ 2,321</u>	<u>\$ 4,083</u>	<u>\$ 9,156</u>	<u>\$ 3,211</u>	<u>\$ 1,200</u>	<u>\$128,895</u>	Other assets
						Inventories
						Total assets
\$ 37	\$ -	\$ 38	\$ 711	\$ 10	\$ 2,575	LIABILITIES
-	-	28	15	-	304	Accounts payable
-	-	1	1,623	-	1,716	Accrued salaries and benefits
-	-	-	-	-	2	Due to other funds
-	-	-	-	-	1,740	Due to other governmental agencies
-	-	-	-	-	1,107	Advances from other funds
-	-	-	-	-	13	Unearned revenues
<u>37</u>	<u>-</u>	<u>67</u>	<u>2,349</u>	<u>10</u>	<u>7,457</u>	Deposits
						Total liabilities
-	-	-	-	10	126	DEFERRED INFLOWS OF RESOURCES
-	-	-	1,341	-	1,628	Unavailable revenue - property taxes
-	-	-	-	-	488	Unavailable revenue - intergovernmental revenues
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,341</u>	<u>10</u>	<u>2,242</u>	Unavailable revenue - excess ERAF
						Total deferred inflows of resources
-	-	-	-	-	329	FUND BALANCES
11	-	-	-	-	11	Nonspendable:
-	4,083	-	-	-	38,000	Inventories
-	-	-	-	-	4,947	Prepays
-	-	-	-	-	20,922	Restricted:
-	-	-	-	-	19,617	Road improvement
-	-	-	-	-	12,606	Fire services
2,273	-	-	-	-	2,273	Sewer maintenance
-	-	9,089	-	-	9,089	Flood control
-	-	-	-	-	2,685	Lighting maintenance
-	-	-	-	-	4,036	Highway and transportation improvement
-	-	-	-	1,180	1,271	Waste management
-	-	-	-	-	3,889	Emergency care
-	-	-	-	-	(479)	Emergency care
<u>2,284</u>	<u>4,083</u>	<u>9,089</u>	<u>(479)</u>	<u>1,180</u>	<u>119,196</u>	Garbage and fire protection
						Miscellaneous purposes
						Assigned
						Unassigned
						Total fund balances
<u>\$ 2,321</u>	<u>\$ 4,083</u>	<u>\$ 9,156</u>	<u>\$ 3,211</u>	<u>\$ 1,200</u>	<u>\$128,895</u>	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF SAN MATEO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
Revenues							
Taxes	\$ -	\$ 5,720	\$ 3,462	\$ 949	\$ 4,079	\$ 1,216	\$ -
Licenses and permits	224	-	127	-	-	-	-
Intergovernmental	20,235	2,023	18	3	36	4	-
Charges for services	1,770	296	1,485	13,868	-	85	-
Fines, forfeitures and penalties	-	-	-	-	-	-	2,261
Rents and concessions	64	31	-	-	5	-	-
Investment income	231	39	61	137	125	81	23
Other	79	56	8	24	18	10	58
Total revenues	<u>22,603</u>	<u>8,165</u>	<u>5,161</u>	<u>14,981</u>	<u>4,263</u>	<u>1,396</u>	<u>2,342</u>
Expenditures							
Current:							
General government	-	-	2,347	-	-	690	-
Public protection	-	6,914	2,159	-	564	-	-
Public ways and facilities	15,699	-	-	-	-	-	-
Health and sanitation	-	-	-	11,625	-	-	1,998
Public assistance	-	-	-	-	-	-	-
Capital outlay	4,746	-	215	1,626	1	288	-
Total expenditures	<u>20,445</u>	<u>6,914</u>	<u>4,721</u>	<u>13,251</u>	<u>565</u>	<u>978</u>	<u>1,998</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,158</u>	<u>1,251</u>	<u>440</u>	<u>1,730</u>	<u>3,698</u>	<u>418</u>	<u>344</u>
Other financing sources (uses)							
Proceed from long term debt	-	-	-	1,332	-	-	-
Transfers in	1,226	-	258	6	-	-	-
Transfers out	(3)	-	-	-	(1,511)	-	(674)
Total other financing sources (uses)	<u>1,223</u>	<u>-</u>	<u>258</u>	<u>1,338</u>	<u>(1,511)</u>	<u>-</u>	<u>(674)</u>
Net change in fund balances	<u>3,381</u>	<u>1,251</u>	<u>698</u>	<u>3,068</u>	<u>2,187</u>	<u>418</u>	<u>(330)</u>
Fund balances - beginning	<u>31,255</u>	<u>3,721</u>	<u>7,904</u>	<u>17,854</u>	<u>17,430</u>	<u>11,187</u>	<u>3,015</u>
Fund balances - end	<u>\$ 34,636</u>	<u>\$ 4,972</u>	<u>\$ 8,602</u>	<u>\$ 20,922</u>	<u>\$ 19,617</u>	<u>\$ 11,605</u>	<u>\$ 2,685</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, 2015
(In Thousands)

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	IHSS Public Authority	Other Special Revenue	Total	
\$ 2,369	\$ -	\$ -	\$ -	\$ 41	\$ 17,836	Revenues
-	-	2,614	-	-	2,965	Taxes
-	-	335	10,361	-	33,015	Licenses and permits
48	421	1,607	321	7	19,908	Intergovernmental
-	-	-	-	3	2,264	Charges for services
-	-	-	-	-	100	Fines, forfeitures and penalties
23	27	63	12	6	828	Rents and concessions
-	5	58	343	406	1,065	Investment income
<u>2,440</u>	<u>453</u>	<u>4,677</u>	<u>11,037</u>	<u>463</u>	<u>77,981</u>	Other
						Total revenues
-	-	-	-	1	3,038	Expenditures
-	-	-	-	14	9,651	Current:
1,091	-	-	-	-	16,790	General government
-	-	3,794	-	-	17,417	Public protection
-	-	-	15,976	-	15,976	Public ways and facilities
-	-	-	-	-	6,876	Health and sanitation
<u>1,091</u>	<u>-</u>	<u>3,794</u>	<u>15,976</u>	<u>15</u>	<u>69,748</u>	Public assistance
						Capital outlay
						Total expenditures
<u>1,349</u>	<u>453</u>	<u>883</u>	<u>(4,939)</u>	<u>448</u>	<u>8,233</u>	Excess (deficiency) of revenues over (under) expenditures
-	-	-	-	-	1,332	Other financing sources (uses)
-	-	534	3,702	-	5,726	Proceed from long term debt
(1,663)	-	(478)	-	-	(4,329)	Transfers in
<u>(1,663)</u>	<u>-</u>	<u>56</u>	<u>3,702</u>	<u>-</u>	<u>2,729</u>	Transfers out
						Total other financing sources (uses)
(314)	453	939	(1,237)	448	10,962	Net change in fund balances
<u>2,598</u>	<u>3,630</u>	<u>8,150</u>	<u>758</u>	<u>732</u>	<u>108,234</u>	Fund balances - beginning
<u>\$ 2,284</u>	<u>\$ 4,083</u>	<u>\$ 9,089</u>	<u>\$ (479)</u>	<u>\$ 1,180</u>	<u>\$ 119,196</u>	Fund balances - end

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Road Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 30,383	\$ 30,383	\$ -	\$ 29,108	\$ (1,275)
Resources (inflows):					
Licenses, permits and franchises	160	160	-	224	64
Use of money and property	277	277	-	295	18
Intergovernmental revenues	22,383	22,383	-	20,235	(2,148)
Charges for services	380	380	-	1,770	1,390
Interfund revenue	591	591	-	-	(591)
Miscellaneous revenue	170	170	-	79	(91)
Other financing sources	1,900	1,994	94	1,226	(768)
Amounts available for appropriation	<u>25,861</u>	<u>25,955</u>	<u>94</u>	<u>23,829</u>	<u>(2,126)</u>
Charges to appropriations (outflows):					
Public ways and facilities					
Salaries and benefits	10,156	10,250	94	9,456	794
Services and supplies	22,301	16,801	(5,500)	6,425	10,376
Other charges	1,413	1,413	-	1,100	313
Fixed assets	940	6,440	5,500	4,746	1,694
Other financing uses	3	3	-	3	-
Intrafund transfers	-	-	-	(1,282)	1,282
Contingencies	21,431	21,431	-	-	21,431
Total charges to appropriations	<u>56,244</u>	<u>56,338</u>	<u>94</u>	<u>20,448</u>	<u>35,890</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,489</u>	<u>\$ 32,489</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 23,829
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	<u>(1,226)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 22,603</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 20,448
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(3)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 20,445</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County Fire Protection Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 3,704	\$ 3,704	\$ -	\$ 3,721	\$ 17
Resources (inflows):					
Taxes	4,944	4,944	-	5,720	776
Use of money and property	42	42	-	70	28
Intergovernmental revenues	2,017	2,017	-	2,023	6
Charges for services	290	290	-	296	6
Miscellaneous revenue	19	19	-	56	37
Amounts available for appropriation	7,312	7,312	-	8,165	853
Charges to appropriations (outflows):					
Public protection					
Services and supplies	8,411	8,411	-	6,914	1,497
Non-general fund reserves	2,605	2,605	-	-	2,605
Total charges to appropriations	11,016	11,016	-	6,914	4,102
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 4,972	\$ 4,972

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County Service Area Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 7,895	\$ 7,917	\$ 22	\$ 7,904	\$ (13)
Resources (inflows):					
Taxes	3,061	3,061	-	3,462	401
Licenses, permits and franchises	103	103	-	127	24
Use of money and property	51	51	-	61	10
Intergovernmental revenues	719	719	-	18	(701)
Charges for services	1,553	1,553	-	1,485	(68)
Interfund revenue	340	340	-	-	(340)
Miscellaneous revenue	3	3	-	8	5
Other financing sources	-	-	-	258	258
Amounts available for appropriation	5,830	5,830	-	5,419	(411)
Charges to appropriations (outflows):					
General government and public protection					
Services and supplies	5,230	5,230	-	4,491	739
Other charges	234	256	22	15	241
Fixed assets	1,849	1,849	-	215	1,634
Contingencies	4,639	4,639	-	-	4,639
Non-general fund reserves	1,773	1,773	-	-	1,773
Total charges to appropriations	13,725	13,747	22	4,721	9,026
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 8,602	\$ 8,602

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 5,419
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	(258)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 5,161

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Sewer and Sanitation Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 18,990	\$ 19,461	\$ 471	\$ 17,854	\$ (1,607)
Resources (inflows):					
Taxes	547	547	-	949	402
Use of money and property	67	67	-	137	70
Intergovernmental revenues	3	3	-	3	-
Charges for services	11,197	11,197	-	13,868	2,671
Interfund revenue	11,517	11,517	-	-	(11,517)
Miscellaneous revenue	-	-	-	24	24
Other financing sources	989	989	-	6	(983)
Amounts available for appropriation	<u>24,320</u>	<u>24,320</u>	<u>-</u>	<u>14,987</u>	<u>(9,333)</u>
Charges to appropriations (outflows):					
Health and sanitation					
Salaries and benefits	1,096	1,096	-	982	114
Services and supplies	14,266	14,266	-	9,620	4,646
Other charges	8,478	8,949	471	1,023	7,926
Fixed assets	6,679	6,679	-	1,626	5,053
Other financing uses	39	39	-	-	39
Intrafund transfers	-	-	-	-	-
Contingencies	12,752	12,752	-	-	12,752
Total charges to appropriations	<u>43,310</u>	<u>43,781</u>	<u>471</u>	<u>13,251</u>	<u>30,530</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,590</u>	<u>\$ 19,590</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 14,987
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	<u>(6)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 14,981</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Flood Control Zone Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 17,420	\$ 17,760	\$ 340	\$ 17,430	\$ (330)
Resources (inflows):					
Taxes	2,708	2,708	-	4,079	1,371
Use of money and property	84	84	-	130	46
Intergovernmental revenues	25	25	-	36	11
Miscellaneous revenue	-	-	-	18	18
Other financing sources	2,950	2,950	-	-	(2,950)
Amounts available for appropriation	5,767	5,767	-	4,263	(1,504)
Charges to appropriations (outflows):					
Public protection					
Services and supplies	2,001	2,001	-	276	1,725
Other charges	2,776	3,116	340	288	2,828
Fixed assets	2,000	2,000	-	1	1,999
Other financing uses	4,462	4,462	-	1,511	2,951
Contingencies	11,948	11,948	-	-	11,948
Total charges to appropriations	23,187	23,527	340	2,076	21,451
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 19,617	\$ 19,617

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,076
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(1,511)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 565

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Lighting Districts Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 11,184	\$ 11,213	\$ 29	\$ 11,187	\$ (26)
Resources (inflows):					
Taxes	674	674	-	1,216	542
Use of money and property	51	51	-	81	30
Intergovernmental revenues	4	4	-	4	-
Charges for services	-	-	-	85	85
Miscellaneous revenue	-	-	-	10	10
Amounts available for appropriation	729	729	-	1,396	667
Charges to appropriations (outflows):					
General government					
Services and supplies	1,078	1,078	-	682	396
Other charges	-	29	29	8	21
Fixed assets	435	435	-	288	147
Intrafund transfers	(109)	(109)	-	-	(109)
Contingencies	10,509	10,509	-	-	10,509
Total charges to appropriations	11,913	11,942	29	978	10,964
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 11,605	\$ 11,605

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Emergency Medical Services Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 3,015	\$ 3,015	\$ -	\$ 3,015	\$ -
Resources (inflows):					
Fines, forfeitures and penalties	2,518	2,518	-	2,261	(257)
Use of money and property	32	32	-	23	(9)
Miscellaneous revenue	52	52	-	58	6
Amounts available for appropriation	2,602	2,602	-	2,342	(260)
Charges to appropriations (outflows):					
Health and sanitation					
Services and supplies	2,840	2,840	-	1,998	842
Other financing uses	-	-	-	674	(674)
Non-general fund reserves	2,777	2,777	-	-	2,777
Total charges to appropriations	5,617	5,617	-	2,672	2,945
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 2,685	\$ 2,685

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,672
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(674)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 1,998

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County Half-Cent Transportation Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 2,598	\$ 2,598	\$ -	\$ 2,598	\$ -
Resources (inflows):					
Taxes	1,865	1,865	-	2,369	504
Use of money and property	-	-	-	23	23
Charges for services	75	75	-	48	(27)
Amounts available for appropriation	1,940	1,940	-	2,440	500
Charges to appropriations (outflows):					
Public ways and facilities					
Salaries and benefits	3	3	-	-	3
Services and supplies	2,686	2,686	-	984	1,702
Other charges	119	119	-	107	12
Other financing uses	1,730	1,730	-	1,663	67
Total charges to appropriations	4,538	4,538	-	2,754	1,784
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 2,284	\$ 2,284

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,754
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(1,663)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 1,091

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County-Wide Road Improvement Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 3,629	\$ 3,629	\$ -	\$ 3,630	\$ 1
Resources (inflows):					
Use of money and property	25	25	-	27	2
Charges for services	262	262	-	421	159
Miscellaneous revenue	-	-	-	5	5
Amounts available for appropriation	287	287	-	453	166
Charges to appropriations (outflows):					
Public ways and facilities					
Contingencies	422	422	-	-	422
Non-general fund reserves	3,494	3,494	-	-	3,494
Total charges to appropriations	3,916	3,916	-	-	3,916
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 4,083	\$ 4,083

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Solid Waste Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 8,150	\$ 8,150	\$ -	\$ 8,150	\$ -
Resources (inflows):					
Licenses, permits and franchises	2,425	2,478	53	2,614	136
Use of money and property	31	47	16	63	16
Intergovernmental revenues	120	312	192	335	23
Charges for services	35	160	125	1,607	1,447
Interfund revenue	1,643	1,643	-	-	(1,643)
Miscellaneous revenue	-	-	-	58	58
Other financing sources	-	67	67	534	467
Amounts available for appropriation	4,254	4,707	453	5,211	504
Charges to appropriations (outflows):					
Health and sanitation					
Salaries and benefits	1,458	1,234	(224)	1,180	54
Services and supplies	5,655	4,569	(1,086)	2,438	2,131
Other charges	89	214	125	176	38
Other financing uses	32	4,427	4,395	478	3,949
Contingencies	4,421	2,413	(2,008)	-	2,413
Non-general fund reserves	749	-	(749)	-	-
Total charges to appropriations	12,404	12,857	453	4,272	8,585
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 9,089	\$ 9,089

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 5,211
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	(534)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 4,677

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,272
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(478)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 3,794

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
In-Home Supportive Services Public Authority Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 862	\$ 862	\$ -	\$ 758	\$ (104)
Resources (inflows):					
Use of money and property	-	-	-	12	12
Intergovernmental revenues	14,595	14,595	-	10,361	(4,234)
Charges for services	3,970	3,970	-	321	(3,649)
Miscellaneous revenue	-	-	-	343	343
Other financing sources	-	-	-	3,702	3,702
Amounts available for appropriation	18,565	18,565	-	14,739	(3,826)
Charges to appropriations (outflows):					
Public assistance					
Salaries and benefits	959	959	-	567	392
Services and supplies	4,234	4,234	-	3,439	795
Other charges	13,372	13,372	-	12,571	801
Non-general fund reserves	862	862	-	-	862
Total charges to appropriations	19,427	19,427	-	16,577	2,850
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ (1,080)	\$ (1,080)

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 14,739
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	(3,702)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 11,037

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 16,577
Differences - budget to GAAP:	
Disbursements from in-home supportive services, not budgeted	(601)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 15,976

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<u>Highlands Landscape Maintenance District</u>					
Budgetary fund balance, July 1	\$ 656	\$ 656	\$ -	\$ 144	\$ (512)
Resources (inflows):					
Taxes	29	29	-	41	12
Use of money and property	4	4	-	5	1
Charges for services	7	7	-	7	-
Miscellaneous revenue	-	-	-	1	1
Amounts available for appropriation	<u>40</u>	<u>40</u>	<u>-</u>	<u>54</u>	<u>14</u>
Charges to appropriations (outflows):					
Health and Sanitation					
Services and supplies	85	85	-	5	80
Contingencies	510	510	-	-	510
Non-general fund reserves	101	101	-	-	101
Total charges to appropriations	<u>696</u>	<u>696</u>	<u>-</u>	<u>5</u>	<u>691</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193</u>	<u>\$ 193</u>
<u>Fish and Game Fund</u>					
Budgetary fund balance, July 1	\$ 74	\$ 74	\$ -	\$ 76	\$ 2
Resources (inflows):					
Fines, forfeitures, and penalties	1	1	-	2	1
Use of money and property	-	-	-	1	1
Amounts available for appropriation	<u>1</u>	<u>1</u>	<u>-</u>	<u>3</u>	<u>2</u>
Charges to appropriations (outflows):					
General government					
Services and supplies	10	10	-	10	-
Non-general fund reserves	65	65	-	-	65
Total charges to appropriations	<u>75</u>	<u>75</u>	<u>-</u>	<u>10</u>	<u>65</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69</u>	<u>\$ 69</u>
<u>Total - Other Special Revenue Funds</u>					
Budgetary fund balance, July 1	\$ 730	\$ 730	\$ -	\$ 220	\$ (510)
Resources (inflows)	41	41	-	57	16
Charges to appropriations (outflows)	<u>771</u>	<u>771</u>	<u>-</u>	<u>15</u>	<u>756</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262</u>	<u>\$ 262</u>
Explanation of Differences between Budgetary Inflows and GAAP Revenues:					
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule					\$ 57
Differences - budget to GAAP:					
Receipts from other special revenue funds, not budgeted					<u>406</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds					<u>\$ 463</u>

COUNTY OF SAN MATEO

Nonmajor Governmental Funds

Debt Service Fund

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

Other Debt Service Fund – was established to centrally budget all County debt service payments. Amounts are transferred into this fund from various funding sources before payments are made.

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Other Debt Service Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 18,294	\$ 18,294	\$ -	\$ 25,004	\$ 6,710
Resources (inflows):					
Use of money and property	-	-	-	112	112
Interfund revenue	-	-	-	-	-
Miscellaneous revenue	-	-	-	37	37
Other financing sources	30,227	30,227	-	30,594	367
Amount available for appropriation	<u>30,227</u>	<u>30,227</u>	<u>-</u>	<u>30,743</u>	<u>516</u>
Charges to appropriations (outflows):					
Services and supplies	-	16	16	16	-
Other charges	29,869	29,853	(16)	-	29,853
Other financing uses	-	-	-	29,565	(29,565)
Non-general fund reserves	18,652	18,652	-	-	18,652
Total charges to appropriations	<u>48,521</u>	<u>48,521</u>	<u>-</u>	<u>29,581</u>	<u>18,940</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,166</u>	<u>\$ 26,166</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 30,743
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(30,594)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ 149</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 29,581
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(29,565)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ 16</u>

COUNTY OF SAN MATEO

Nonmajor Governmental Funds

Capital Projects Funds

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

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

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

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

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

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

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2015
(In Thousands)

	Parks Acquisition	Accumulated Capital Outlay	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
ASSETS						
Cash and investments	\$ 2,478	\$ 87,520	\$ 1,766	\$ 817	\$ 4,460	\$ 97,041
Accounts receivable	-	-	13	13	-	26
Interest receivable	3	149	4	1	(2)	155
Due from other funds	25	-	-	-	255	280
Due from other governmental agencies	108	-	-	-	-	108
Other assets	-	-	-	-	7	7
Total assets	<u>\$ 2,614</u>	<u>\$ 87,669</u>	<u>\$ 1,783</u>	<u>\$ 831</u>	<u>\$ 4,720</u>	<u>\$ 97,617</u>
LIABILITIES						
Accounts payable	\$ 156	\$ -	\$ -	\$ -	\$ 2,772	\$ 2,928
Due to other funds	29	-	-	-	28	57
Due to other governmental agencies	-	-	-	-	2	2
Unearned revenues	-	-	13	13	-	26
Total liabilities	<u>185</u>	<u>-</u>	<u>13</u>	<u>13</u>	<u>2,802</u>	<u>3,013</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - others	68	-	-	-	-	68
Total deferred inflows of resources	<u>68</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68</u>
FUND BALANCES						
Nonspendable						
Prepays	-	-	-	-	7	7
Restricted:						
Parks acquisition and development	2,361	-	-	-	-	2,361
Courthouse construction	-	-	-	818	-	818
Assigned	-	87,669	1,770	-	1,911	91,350
Total fund balances	<u>2,361</u>	<u>87,669</u>	<u>1,770</u>	<u>818</u>	<u>1,918</u>	<u>94,536</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,614</u>	<u>\$ 87,669</u>	<u>\$ 1,783</u>	<u>\$ 831</u>	<u>\$ 4,720</u>	<u>\$ 97,617</u>

COUNTY OF SAN MATEO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Parks Acquisition	Accumulated Capital Outlays	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,887	\$ 2,887
Intergovernmental	1,662	-	-	-	-	1,662
Charges for services	-	-	1,102	1,102	44	2,248
Investment income	13	619	16	5	5	658
Other	1,158	-	1	5	9	1,173
Total revenues	<u>2,833</u>	<u>619</u>	<u>1,119</u>	<u>1,112</u>	<u>2,945</u>	<u>8,628</u>
Expenditures:						
Capital outlay	1,511	-	-	5	24,707	26,223
Total expenditures	<u>1,511</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>24,707</u>	<u>26,223</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,322</u>	<u>619</u>	<u>1,119</u>	<u>1,107</u>	<u>(21,762)</u>	<u>(17,595)</u>
Other financing sources (uses)						
Transfers in	253	-	-	-	22,329	22,582
Transfers out	(1,284)	-	(1,100)	(1,130)	(985)	(4,499)
Total other financing sources (uses)	<u>(1,031)</u>	<u>-</u>	<u>(1,100)</u>	<u>(1,130)</u>	<u>21,344</u>	<u>18,083</u>
Net change in fund balances	291	619	19	(23)	(418)	488
Fund balances - beginning	<u>2,070</u>	<u>87,050</u>	<u>1,751</u>	<u>841</u>	<u>2,336</u>	<u>94,048</u>
Fund balances- end	<u>\$ 2,361</u>	<u>\$ 87,669</u>	<u>\$ 1,770</u>	<u>\$ 818</u>	<u>\$ 1,918</u>	<u>\$ 94,536</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Parks Acquisition Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	<u>\$ 2,177</u>	<u>\$ 2,177</u>	<u>\$ -</u>	<u>\$ 2,070</u>	<u>\$ (107)</u>
Resources (inflows):					
Taxes	300	300	-	-	(300)
Use of money and property	1	1	-	13	12
Intergovernmental revenues	1,285	2,095	810	1,662	(433)
Miscellaneous revenue	-	537	537	1,158	621
Other financing sources	711	711	-	253	(458)
Amounts available for appropriation	<u>2,297</u>	<u>3,644</u>	<u>1,347</u>	<u>3,086</u>	<u>(558)</u>
Charges to appropriations (outflows):					
Services and supplies	1,000	1,537	537	152	1,385
Other charges	-	26	26	30	(4)
Fixed assets	750	724	(26)	1,329	(605)
Other financing uses	1,520	2,483	963	1,284	1,199
Non-general fund reserves	1,204	1,051	(153)	-	1,051
Total charges to appropriations	<u>4,474</u>	<u>5,821</u>	<u>1,347</u>	<u>2,795</u>	<u>3,026</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,361</u>	<u>\$ 2,361</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 3,086
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	<u>(253)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 2,833</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,795
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(1,284)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 1,511</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Accumulated Capital Outlays Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 87,055	\$ 87,055	\$ -	\$ 87,050	\$ (5)
Resources (inflows):					
Use of money and property	-	-	-	619	619
Amounts available for appropriation	-	-	-	619	619
Charges to appropriations (outflows):					
Non-general fund reserves	87,055	87,055	-	-	87,055
Total charges to appropriations	87,055	87,055	-	-	87,055
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 87,669	\$ 87,669

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Criminal Facility Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 1,751	\$ 1,751	\$ -	\$ 1,751	\$ -
Resources (inflows):					
Use of money and property	12	12	-	16	4
Charges for services	1,050	1,050	-	1,102	52
Miscellaneous revenue	-	-	-	1	1
Amounts available for appropriation	1,062	1,062	-	1,119	57
Charges to appropriations (outflows):					
Other financing uses	1,100	1,100	-	1,100	-
Contingencies	160	160	-	-	160
Non-general fund reserves	1,553	1,553	-	-	1,553
Total charges to appropriations	2,813	2,813	-	1,100	1,713
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 1,770	\$ 1,770

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 projects funds	\$ -

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Courthouse Construction Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 841	\$ 841	\$ -	\$ 841	\$ -
Resources (inflows):					
Use of money and property	5	5	-	5	-
Charges for services	1,050	1,050	-	1,102	52
Miscellaneous revenue	-	-	-	5	5
Amounts available for appropriation	<u>1,055</u>	<u>1,055</u>	<u>-</u>	<u>1,112</u>	<u>57</u>
Charges to appropriations (outflows):					
Other charges	7	7	-	5	2
Other financing uses	1,325	1,325	-	1,130	195
Contingencies	191	191	-	-	191
Non-general fund reserves	373	373	-	-	373
Total charges to appropriations	<u>1,896</u>	<u>1,896</u>	<u>-</u>	<u>1,135</u>	<u>761</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 818</u>	<u>\$ 818</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,135
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(1,130)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 5</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Other Capital Projects Fund
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 2,336	\$ 2,336	\$ -	\$ 2,336	\$ -
Resources (inflows):					
Taxes	10,220	10,220	-	2,887	(7,333)
Use of money and property	-	-	-	5	5
Charges for services	-	-	-	44	44
Miscellaneous revenue	-	-	-	9	9
Other financing sources	60,845	93,166	32,321	22,329	(70,837)
Amounts available for appropriation	<u>71,065</u>	<u>103,386</u>	<u>32,321</u>	<u>25,274</u>	<u>(78,112)</u>
Charges to appropriations (outflows):					
Services and supplies	-	6,089	6,089	8,603	(2,514)
Other charges	-	-	-	6	(6)
Fixed assets	72,208	98,440	26,232	16,098	82,342
Contingencies	1,193	1,193	-	-	1,193
Other financing uses	-	-	-	985	(985)
Total charges to appropriations	<u>73,401</u>	<u>105,722</u>	<u>32,321</u>	<u>25,692</u>	<u>80,030</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,918</u>	<u>\$ 1,918</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 25,274
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(22,329)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 2,945</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 25,692
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(985)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 24,707</u>



Nonmajor Enterprise Funds

COUNTY OF SAN MATEO

Nonmajor Enterprise Funds

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

Airports Fund – was established to provide for operations and maintenance of San Carlos and Half Moon Bay aviation facilities. Revenues are derived from facility rental and federal aid.

Coyote Point Marina Fund – provides and maintains a fully utilized recreational facility for the boating public. Revenues arise from berth and facility rentals as well as interest earnings.

COUNTY OF SAN MATEO
Combining Statement of Fund Net Position
Nonmajor Enterprise Funds
June 30, 2015
(In Thousands)

	Airports	Coyote Point Marina	Total
ASSETS			
Current assets:			
Cash and investments	\$ 501	\$ 712	\$ 1,213
Receivables (net):			
Accounts	33	108	141
Interest	1	1	2
Due from other funds	7	-	7
Due from other governmental agencies	302	192	494
Total current assets	844	1,013	1,857
Noncurrent assets:			
Net OPEB asset	185	119	304
Capital assets:			
Nondepreciable:			
Land	6,844	1,334	8,178
Construction in progress	1,809	446	2,255
Depreciable:			
Structures and improvements	29,082	15,180	44,262
Equipment	73	106	179
Less accumulated depreciation	(9,786)	(6,641)	(16,427)
Total capital assets	28,022	10,425	38,447
Total noncurrent assets	28,207	10,544	38,751
Total assets	29,051	11,557	40,608
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	176	61	237
Changes of pension-related assumptions	31	10	41
Changes in proportionate share of net pension liability	1	-	1
Difference in actual and proportionate share of pension contributions	2	1	3
Total deferred outflows of resources	210	72	282
LIABILITIES			
Current liabilities:			
Accounts payable	87	6	93
Accrued interest payable	26	24	50
Accrued salaries and benefits	28	8	36
Due to other funds	1	25	26
Unearned revenues	17	-	17
Deposits	1	3	4
Notes payable - current	315	28	343
Compensated absences - current	44	21	65
Total current liabilities	519	115	634
Noncurrent liabilities:			
Notes payable - noncurrent	1,038	2,434	3,472
Net pension liability - noncurrent	424	145	569
Compensated absences - noncurrent	31	8	39
Total noncurrent liabilities	1,493	2,587	4,080
Total liabilities	2,012	2,702	4,714
DEFERRED INFLOWS OF RESOURCES			
Differences between expected and actual pension experience	26	9	35
Differences between projected and actual earnings on pension investments	223	77	300
Total deferred inflows of resources	249	86	335
NET POSITION			
Net investment in capital assets	26,669	7,963	34,632
Restricted for airport management by FAA	709	-	709
Restricted for Fuel Dock 10 project	-	137	137
Unrestricted	(378)	741	363
Total net position	\$ 27,000	\$ 8,841	\$ 35,841

COUNTY OF SAN MATEO
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 29	\$ 1,064	\$ 1,093
Rent and concessions	2,645	25	2,670
Miscellaneous	50	1	51
Total operating revenues	<u>2,724</u>	<u>1,090</u>	<u>3,814</u>
Operating expenses:			
Salaries and benefits	873	282	1,155
Pension expense	50	17	67
General and administrative	1,707	169	1,876
Depreciation and amortization	581	307	888
Total operating expenses	<u>3,211</u>	<u>775</u>	<u>3,986</u>
Operating income (loss)	<u>(487)</u>	<u>315</u>	<u>(172)</u>
Nonoperating revenues (expenses):			
State and federal grants	1,490	-	1,490
Investment income	7	4	11
Interest expense	(73)	(114)	(187)
Total nonoperating revenues (expenses)	<u>1,424</u>	<u>(110)</u>	<u>1,314</u>
Income before transfers	937	205	1,142
Transfers in	<u>87</u>	<u>30</u>	<u>117</u>
Change in net position	<u>1,024</u>	<u>235</u>	<u>1,259</u>
Net position - beginning, as previously reported	26,565	8,808	35,373
Cumulative effect of accounting change	(589)	(202)	(791)
Net position - beginning, as restated	<u>25,976</u>	<u>8,606</u>	<u>34,582</u>
Net position - end	<u>\$ 27,000</u>	<u>\$ 8,841</u>	<u>\$ 35,841</u>

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
Cash flows from operating activities			
Cash receipts from customers	\$ 2,442	\$ 845	\$ 3,287
Cash paid to suppliers of goods and services	(1,696)	(166)	(1,862)
Cash paid to employees for services	(1,057)	(341)	(1,398)
Net cash provided by (used in) operating activities	<u>(311)</u>	<u>338</u>	<u>27</u>
Cash flows from noncapital financing activities			
Transfers received from other funds	87	30	117
State and federal grants receipts	1,490	-	1,490
Net cash provided by noncapital financing activities	<u>1,577</u>	<u>30</u>	<u>1,607</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(1,296)	(421)	(1,717)
Proceeds from long term borrowings	-	465	465
Principal paid on long-term liabilities	(301)	(29)	(330)
Interest paid on long-term liabilities	(78)	(113)	(191)
Net cash used in capital and related financing activities	<u>(1,675)</u>	<u>(98)</u>	<u>(1,773)</u>
Cash flows from investing activities			
Investment income received	7	3	10
Net cash provided by investing activities	<u>7</u>	<u>3</u>	<u>10</u>
Net increase (decrease) in cash and cash equivalents	(402)	273	(129)
Cash and cash equivalents, beginning	903	439	1,342
Cash and cash equivalents, end	<u>\$ 501</u>	<u>\$ 712</u>	<u>\$ 1,213</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (487)	\$ 315	\$ (172)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	581	307	888
Decrease (increase) in:			
Accounts receivable	(1)	(77)	(78)
Due from other funds	(6)	10	4
Due from other governmental agencies	(261)	(19)	(280)
Net OPEB assets	-	-	-
Increase (decrease) in:			
Accounts payable	11	3	14
Accrued salaries and benefits	3	2	5
Deferred inflows of resources	249	86	335
Net pension liability	(375)	(129)	(504)
Due to other funds	(5)	(158)	(163)
Unearned revenues	(9)	-	(9)
Compensated absences	(11)	(1)	(12)
Refundable deposits	-	(1)	(1)
Net cash provided by (used in) operating activities	<u>\$ (311)</u>	<u>\$ 338</u>	<u>\$ 27</u>



Internal Service Funds

COUNTY OF SAN MATEO

Internal Service Funds

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

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

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

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

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

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

COUNTY OF SAN MATEO
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2015
(In Thousands)

	Fleet Maintenance	Tower Road Construction	Workers' Compensation Insurance	Long-Term Disability	Personal Injury and Property Damage	Employee Benefits	Total
ASSETS							
Current assets:							
Cash and investments	\$ 12,883	\$ 465	\$ 19,973	\$ 1,443	\$ 8,187	\$ 23,152	\$ 66,103
Receivables (net):							
Accounts	5	4	-	-	-	-	9
Interest	21	1	36	2	16	43	119
Due from other funds	116	8	52	-	79	-	255
Due from other governmental agencies	-	-	-	-	-	3,054	3,054
Inventories	88	-	-	-	-	-	88
Other assets	-	-	994	-	1,983	-	2,977
Total current assets	<u>13,113</u>	<u>478</u>	<u>21,055</u>	<u>1,445</u>	<u>10,265</u>	<u>26,249</u>	<u>72,605</u>
Noncurrent assets:							
Net OPEB asset	240	445	-	-	-	-	685
Capital assets:							
Nondepreciable:							
Construction in progress	198	-	-	-	-	-	198
Depreciable:							
Structures and improvements	1,867	-	-	-	-	-	1,867
Equipment	21,194	24	-	-	-	-	21,218
Software	9	-	-	-	-	-	9
Less accumulated depreciation	(19,575)	(24)	-	-	-	-	(19,599)
Total capital assets	<u>3,693</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,693</u>
Total noncurrent assets	<u>3,933</u>	<u>445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,378</u>
Total assets	<u>17,046</u>	<u>923</u>	<u>21,055</u>	<u>1,445</u>	<u>10,265</u>	<u>26,249</u>	<u>76,983</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pension contributions subsequent to measurement date	241	222	-	-	-	-	463
Changes of pension-related assumptions	43	40	-	-	-	-	83
Changes in proportionate share of net pension liability	1	1	-	-	-	-	2
Difference in actual and proportionate share of pension contributions	2	2	-	-	-	-	4
Total deferred outflows of resources	<u>287</u>	<u>265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>552</u>
LIABILITIES							
Current liabilities:							
Accounts payable	58	25	52	-	117	411	663
Accrued salaries and benefits	33	36	-	10	-	-	79
Due to other funds	1	1	-	-	-	-	2
Unearned revenues	-	46	157	-	65	-	268
Deposits	94	-	-	-	-	-	94
Compensated absences - current	39	76	-	-	-	-	115
Estimated claims - current	-	-	12,589	302	1,302	419	14,612
Total current liabilities	<u>225</u>	<u>184</u>	<u>12,798</u>	<u>312</u>	<u>1,484</u>	<u>830</u>	<u>15,833</u>
Noncurrent liabilities:							
Advances from other funds	-	1,023	-	-	-	-	1,023
Net pension liability - noncurrent	579	534	-	-	-	-	1,113
Compensated absences - noncurrent	64	13	-	-	-	-	77
Estimated claims - noncurrent	-	-	28,304	1,380	2,983	-	32,667
Total noncurrent liabilities	<u>643</u>	<u>1,570</u>	<u>28,304</u>	<u>1,380</u>	<u>2,983</u>	<u>-</u>	<u>34,880</u>
Total liabilities	<u>868</u>	<u>1,754</u>	<u>41,102</u>	<u>1,692</u>	<u>4,467</u>	<u>830</u>	<u>50,713</u>
DEFERRED INFLOWS OF RESOURCES							
Differences between expected and actual pension experience	35	33	-	-	-	-	68
Differences between projected and actual earnings on pension investments	305	281	-	-	-	-	586
Total deferred inflows of resources	<u>340</u>	<u>314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>654</u>
NET POSITION							
Net investment in capital assets	3,693	-	-	-	-	-	3,693
Unrestricted	12,432	(880)	(20,047)	(247)	5,798	25,419	22,475
Total net position	<u>\$ 16,125</u>	<u>\$ (880)</u>	<u>\$ (20,047)</u>	<u>\$ (247)</u>	<u>\$ 5,798</u>	<u>\$ 25,419</u>	<u>\$ 26,168</u>

COUNTY OF SAN MATEO
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Fleet Maintenance	Tower Road Construction	Workers' Compensation Insurance	Long-Term Disability	Personal Injury and Property Damage	Employee Benefits	Total
Operating revenues:							
Charges for services	\$ 6,742	\$ 1,790	\$ 12,788	\$ 882	\$ 6,217	\$ 104,911	\$ 133,330
Miscellaneous	105	(1)	2,168	126	424	62	2,884
Total operating revenues	<u>6,847</u>	<u>1,789</u>	<u>14,956</u>	<u>1,008</u>	<u>6,641</u>	<u>104,973</u>	<u>136,214</u>
Operating expenses:							
Salaries and benefits	1,138	1,096	-	-	-	-	2,234
Pension expense	68	62	-	-	-	-	130
General and administrative	2,863	243	2,608	-	3,658	3,862	13,234
Benefits and claims	-	-	8,346	(288)	3,026	5,470	16,554
Insurance premiums	-	-	1,392	-	5,857	95,630	102,879
Depreciation	1,050	-	-	-	-	-	1,050
Total operating expenses	<u>5,119</u>	<u>1,401</u>	<u>12,346</u>	<u>(288)</u>	<u>12,541</u>	<u>104,962</u>	<u>136,081</u>
Operating income (loss)	<u>1,728</u>	<u>388</u>	<u>2,610</u>	<u>1,296</u>	<u>(5,900)</u>	<u>11</u>	<u>133</u>
Nonoperating expenses							
Investment income	81	1	149	8	66	157	462
Total nonoperating expenses	<u>81</u>	<u>1</u>	<u>149</u>	<u>8</u>	<u>66</u>	<u>157</u>	<u>462</u>
Income (loss) before transfers	1,809	389	2,759	1,304	(5,834)	168	595
Transfers in	1,020	275	-	-	-	-	1,295
Transfers out	(6)	(2)	-	-	(21)	-	(29)
Change in net position	<u>2,823</u>	<u>662</u>	<u>2,759</u>	<u>1,304</u>	<u>(5,855)</u>	<u>168</u>	<u>1,861</u>
Net position - beginning, as previously reported	14,107	(800)	(22,806)	(1,551)	11,653	25,251	25,854
Cumulative effect of accounting change	(805)	(742)	-	-	-	-	(1,547)
Net position - beginning, as restated	<u>13,302</u>	<u>(1,542)</u>	<u>(22,806)</u>	<u>(1,551)</u>	<u>11,653</u>	<u>25,251</u>	<u>24,307</u>
Net position - end	<u>\$ 16,125</u>	<u>\$ (880)</u>	<u>\$ (20,047)</u>	<u>\$ (247)</u>	<u>\$ 5,798</u>	<u>\$ 25,419</u>	<u>\$ 26,168</u>

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	Fleet Maintenance	Tower Construction	Workers' Compensation Insurance
Cash flows from operating activities			
Cash received from interfund services provided	\$ 6,734	\$ 1,846	\$ 14,782
Cash payment to suppliers of goods and services	(3,235)	(289)	(3,982)
Cash payment to employees for services	(1,378)	(1,291)	-
Cash payment for judgments and claims	-	-	(11,263)
Net cash provided by (used in) operating activities	<u>2,121</u>	<u>266</u>	<u>(463)</u>
Cash flows from noncapital financing activities			
Transfers received from other funds	1,020	275	-
Transfers paid to other funds	(6)	(2)	-
Advances from other funds	-	(338)	-
Net cash provided by (used in) noncapital financing activities	<u>1,014</u>	<u>(65)</u>	<u>-</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(1,592)	-	-
Net cash used in capital and related financing activities	<u>(1,592)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities			
Investment income received	75	-	143
Net cash provided by investing activities	<u>75</u>	<u>-</u>	<u>143</u>
Net increase (decrease) in cash and cash equivalents	1,618	201	(320)
Cash and cash equivalents, beginning	11,265	264	20,293
Cash and cash equivalents, end	<u>\$ 12,883</u>	<u>\$ 465</u>	<u>\$ 19,973</u>
Financial statement presentation:			
Cash and cash equivalents	<u>\$ 12,883</u>	<u>\$ 465</u>	<u>\$ 19,973</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 1,728	\$ 388	\$ 2,610
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,050	-	-
Decrease (increase) in:			
Accounts receivable	1	-	-
Due from other funds	(114)	57	(52)
Due from other government agencies	-	-	-
Inventories	1	-	-
Other assets	-	-	(122)
Deferred outflows of resources	1	1	-
Increase (decrease) in:			
Accounts payable	13	(92)	(26)
Accrued salaries and benefits	1	26	-
Deferred inflows of resources	340	314	-
Net pension liability	(514)	(474)	-
Due to other funds	(386)	-	-
Unearned revenues	-	46	44
Estimated claims	-	-	(2,917)
Net cash provided by (used in) operating activities	<u>\$ 2,121</u>	<u>\$ 266</u>	<u>\$ (463)</u>

(Continued)

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2015
(In Thousands)

Long-Term Disability	Personal Injury and Property Damage	Employee Benefits	Total	
\$ 1,008	\$ 8,102	\$ 106,388	\$ 138,860	Cash flows from operating activities
(10)	(9,405)	(99,421)	(116,342)	Cash received from interfund services provided
10	-	-	(2,659)	Cash payment to suppliers of goods and services
(436)	(832)	(5,475)	(18,006)	Cash payment to employees for services
572	(2,135)	1,492	1,853	Cash payment for judgments and claims
				Net cash provided by (used in) operating activities
-	-	-	1,295	Cash flows from noncapital financing activities
-	(21)	-	(29)	Transfers received from other funds
-	-	-	(338)	Transfers paid to other funds
-	(21)	-	928	Advances from other funds
				Net cash provided by (used in) noncapital financing activities
-	-	-	(1,592)	Cash flows from capital and related financing activities
-	-	-	(1,592)	Acquisition of capital assets
				Net cash used in capital and related financing activities
7	67	139	431	Cash flows from investing activities
7	67	139	431	Investment income received
				Net cash provided by investing activities
579	(2,089)	1,631	1,620	Net increase (decrease) in cash and cash equivalents
864	10,276	21,521	64,483	Cash and cash equivalents, beginning
\$ 1,443	\$ 8,187	\$ 23,152	\$ 66,103	Cash and cash equivalents, end
				Financial statement presentation:
\$ 1,443	\$ 8,187	\$ 23,152	\$ 66,103	Cash and cash equivalents
				Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:
\$ 1,296	\$ (5,900)	\$ 11	\$ 133	Operating income (loss)
				Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:
-	-	-	1,050	Depreciation
-	-	429	430	Decrease (increase) in:
-	(79)	-	(188)	Accounts receivable
-	-	986	986	Due from other funds
-	-	-	1	Due from other government agencies
-	1,540	-	1,418	Inventories
-	-	-	2	Other assets
-	-	-	-	Deferred outflows of resources
(10)	108	71	64	Increase (decrease) in:
10	-	-	37	Accounts payable
-	-	-	654	Accrued salaries and benefits
-	-	-	(988)	Deferred inflows of resources
-	-	-	(386)	Net pension liability
-	2	-	92	Due to other funds
(724)	2,194	(5)	(1,452)	Unearned revenues
\$ 572	\$ (2,135)	\$ 1,492	\$ 1,853	Estimated claims
				Net cash provided by (used in) operating activities



Fiduciary Funds

COUNTY OF SAN MATEO

Fiduciary Funds

Trust Funds

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

Agency Funds

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

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

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

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

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

Other Agency Fund – accounts for assets held for other governmental agencies and entities by the County in a fiduciary capacity.

COUNTY OF SAN MATEO
Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2015
(In Thousands)

	External Investment Pool			Total
	Special Districts under Local Board	School Districts	Other Investment Trust	
ASSETS				
Cash and investments	\$ 214,922	\$ 1,559,990	\$ 705,705	\$ 2,480,617
Interest receivable	377	2,533	1,502	4,412
Due from other governmental agencies	4,775	4,149	1,600	10,524
Other assets	106	3	-	109
Total assets	<u>220,180</u>	<u>1,566,675</u>	<u>708,807</u>	<u>2,495,662</u>
LIABILITIES				
Accounts payable	210	-	756	966
Due to other governmental agencies	115	-	159	274
Other liabilities	4,708	-	1,919	6,627
Total liabilities	<u>5,033</u>	<u>-</u>	<u>2,834</u>	<u>7,867</u>
NET POSITION				
Net position restricted for investment pool participants	<u>\$ 215,147</u>	<u>\$ 1,566,675</u>	<u>\$ 705,973</u>	<u>\$ 2,487,795</u>

COUNTY OF SAN MATEO
Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	External Investment Pool			Total
	Special Districts under Local Board	School Districts	Other Investment Trust	
ADDITIONS				
Contributions:				
Contributions to investment pool	\$ 323,913	\$ 3,425,854	\$ 421,055	\$ 4,170,822
Net investment income:				
Net depreciation in fair value of investments	(9)	(88)	(34)	(131)
Investment income	1,513	9,183	39,184	49,880
Total net investment income	1,504	9,095	39,150	49,749
Total additions	325,417	3,434,949	460,205	4,220,571
DEDUCTIONS				
Distribution from investment pool	323,744	3,026,594	411,486	3,761,824
Change in net position	1,673	408,355	48,719	458,747
Net position - beginning	213,474	1,158,320	657,254	2,029,048
Net position - end	\$ 215,147	\$ 1,566,675	\$ 705,973	\$ 2,487,795

COUNTY OF SAN MATEO
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	<u>Balance</u> <u>July 1, 2014</u>	<u>Addition</u>	<u>Deletion</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>COUNTY LIBRARY</u>				
Assets:				
Cash and investments	\$ 23,292	\$ 28,846	\$ 25,348	\$ 26,790
Interest receivable	29	44	29	44
Taxes receivable, net	1,280	1,457	1,280	1,457
Due from other governmental agencies	1,669	1,632	1,669	1,632
Other assets	3,314	3,008	3,228	3,094
Total assets	<u>\$ 29,584</u>	<u>\$ 34,987</u>	<u>\$ 31,554</u>	<u>\$ 33,017</u>
Liabilities:				
Fiduciary liabilities	<u>\$ 29,584</u>	<u>\$ 30,293</u>	<u>\$ 26,860</u>	<u>\$ 33,017</u>
Total liabilities	<u>\$ 29,584</u>	<u>\$ 30,293</u>	<u>\$ 26,860</u>	<u>\$ 33,017</u>
<u>UNAPPORTIONED TAXES</u>				
Assets:				
Cash and investments	\$ 123,007	\$ 3,333,559	\$ 3,340,146	\$ 116,420
Interest receivable	145	175	146	174
Due from other governmental agencies	4,258	361	4,258	361
Total assets	<u>\$ 127,410</u>	<u>\$ 3,334,095</u>	<u>\$ 3,344,550</u>	<u>\$ 116,955</u>
Liabilities:				
Due to other governmental agencies	\$ 75,308	\$ 78,468	\$ 75,308	\$ 78,468
Fiduciary liabilities	52,102	2,591,178	2,604,793	38,487
Total liabilities	<u>\$ 127,410</u>	<u>\$ 2,669,646</u>	<u>\$ 2,680,101</u>	<u>\$ 116,955</u>
<u>TRIAL COURTS OPERATION</u>				
Assets:				
Cash and investments	\$ 423	\$ 31,011	\$ 31,043	\$ 391
Interest receivable	1	3	2	2
Other assets	1,109	-	1	1,108
Total assets	<u>\$ 1,533</u>	<u>\$ 31,014</u>	<u>\$ 31,046</u>	<u>\$ 1,501</u>
Liabilities:				
Fiduciary liabilities	<u>\$ 1,533</u>	<u>\$ 30,003</u>	<u>\$ 30,035</u>	<u>\$ 1,501</u>
Total liabilities	<u>\$ 1,533</u>	<u>\$ 30,003</u>	<u>\$ 30,035</u>	<u>\$ 1,501</u>
<u>PUBLIC ADMINISTRATOR</u>				
Assets:				
Cash and investments	\$ 23,118	\$ 14,681	\$ 17,718	\$ 20,081
Interest receivable	-	70	35	35
Other assets	6,800	2,782	491	9,091
Total assets	<u>\$ 29,918</u>	<u>\$ 17,533</u>	<u>\$ 18,244</u>	<u>\$ 29,207</u>
Liabilities:				
Due to other governmental agencies	\$ 22	\$ 27	\$ 22	\$ 27
Fiduciary liabilities	29,896	12,086	12,802	29,180
Total liabilities	<u>\$ 29,918</u>	<u>\$ 12,113</u>	<u>\$ 12,824</u>	<u>\$ 29,207</u>

(Continued)

COUNTY OF SAN MATEO
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2015
(In Thousands)

	<u>Balance</u> <u>July 1, 2014</u>	<u>Addition</u>	<u>Deletion</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>PUBLIC GUARDIAN</u>				
Assets:				
Cash and investments	\$ 20,737	\$ 44,989	\$ 42,386	\$ 23,340
Interest receivable	26	53	45	34
Other assets	28,778	3,746	5,435	27,089
Total assets	<u>\$ 49,541</u>	<u>\$ 48,788</u>	<u>\$ 47,866</u>	<u>\$ 50,463</u>
Liabilities:				
Due to other governmental agencies	\$ 992	\$ 1,328	\$ 992	\$ 1,328
Fiduciary liabilities	48,549	30,152	29,566	49,135
Total liabilities	<u>\$ 49,541</u>	<u>\$ 31,480</u>	<u>\$ 30,558</u>	<u>\$ 50,463</u>
<u>OTHER AGENCY</u>				
Assets:				
Cash and investments	\$ 153,383	\$ 5,921,642	\$ 5,907,118	\$ 167,907
Interest receivable	256	409	323	342
Taxes receivable, net	121,906	143,517	129,890	135,533
Due from other governmental agencies	16,629	19,576	20,564	15,641
Other assets	1,720	5,895	5,690	1,925
Total assets	<u>\$ 293,894</u>	<u>\$ 6,091,039</u>	<u>\$ 6,063,585</u>	<u>\$ 321,348</u>
Liabilities:				
Due to other governmental agencies	\$ 1,465	\$ 120	\$ 1,465	\$ 120
Fiduciary liabilities	292,429	6,279,264	6,250,465	321,228
Total liabilities	<u>\$ 293,894</u>	<u>\$ 6,279,384</u>	<u>\$ 6,251,930</u>	<u>\$ 321,348</u>
<u>TOTALS</u>				
Assets:				
Cash and investments	\$ 343,960	\$ 9,374,728	\$ 9,363,759	\$ 354,929
Receivables:				
Interest	457	754	580	631
Taxes, net	123,186	144,974	131,170	136,990
Due from other governmental agencies	22,556	21,569	26,491	17,634
Other assets	41,721	15,431	14,845	42,307
Total assets	<u>\$ 531,880</u>	<u>\$ 9,557,456</u>	<u>\$ 9,536,845</u>	<u>\$ 552,491</u>
Liabilities:				
Due to other governmental agencies	\$ 77,787	\$ 79,943	\$ 77,787	\$ 79,943
Fiduciary liabilities	454,093	8,972,976	8,954,521	472,548
Total liabilities	<u>\$ 531,880</u>	<u>\$ 9,052,919</u>	<u>\$ 9,032,308</u>	<u>\$ 552,491</u>



STATISTICAL SECTION
(Unaudited)

COUNTY OF SAN MATEO

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Economic and Demographic Information

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

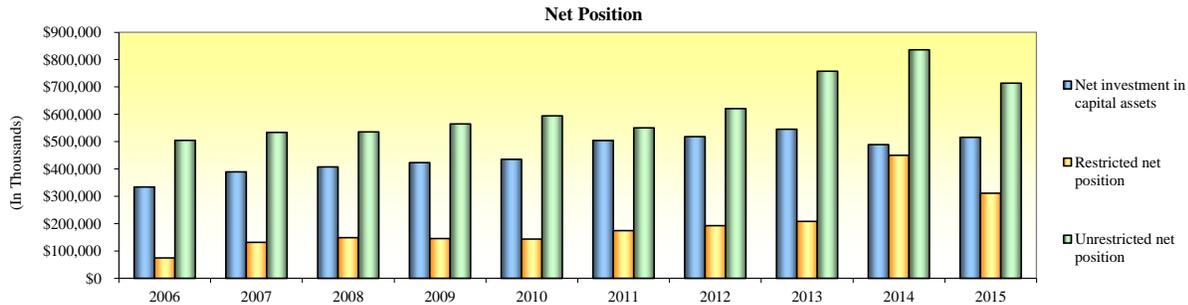
Operating Information

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

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

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

	As of June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net investment in capital assets ¹	\$ 292,983	\$ 342,916	\$ 360,632	\$ 375,392	\$ 381,801	\$ 449,235	\$ 459,511	\$ 482,077	\$ 418,671	\$ 441,955
Restricted for:										
Governmental programs ³	68,414	91,179	102,966	82,421	99,319	108,657	126,227	143,399	247,541	201,262
Capital projects	4,574	-	-	6,315	3,231	3,718	3,675	3,595	5,977	3,179
Debt service	65	40,248	38,158	46,504	40,605	61,056	60,863	60,726	195,628	105,907
Unrestricted	514,597	525,709	503,969	511,196	538,887	481,004	550,999	679,125	756,305	701,449
Subtotal governmental activities net position	880,633	1,000,052	1,005,725	1,021,828 ⁵	1,063,843	1,103,670	1,201,275	1,368,922	1,624,122	1,453,752
Business-type Activities										
Net investment in capital assets	41,223	46,614	47,003	47,946	53,559	54,851	58,904	63,516	70,560	73,924
Restricted for:										
Housing assistance programs	1,506	167	7,595	10,263	444	1,095	1,886	-	-	84
Airport management by FAA	-	-	-	-	-	-	-	524	843	709
Fuel Dock 10 project	-	-	-	-	-	-	-	-	137	137
Unrestricted (Deficit)	(9,901)	8,107	31,759	53,741	55,625	69,588	69,816	78,690	79,936	12,685
Subtotal business-type activities net position	32,828	54,888	86,357	111,950	109,628	125,534	130,606	142,730	151,476	87,539
Primary Government										
Net investment in capital assets	334,206	389,530	407,635	423,338	435,360	504,086	518,415	545,593	489,231	515,879
Restricted for:										
Governmental programs	68,414	91,179	102,966	82,421	99,319	108,657	126,227	143,399	247,541	201,262
Capital projects	4,574	-	-	6,315	3,231	3,718	3,675	3,595	5,977	3,179
Debt service	65	40,248	38,158	46,504	40,605	61,056	60,863	60,726	195,628	105,907
Housing assistance programs	1,506	167	7,595	10,263	444	1,095	1,886	-	-	84
Airport management by FAA	-	-	-	-	-	-	-	524	843	709
Fuel Dock 10 project	-	-	-	-	-	-	-	-	137	137
Total restricted	74,559	131,594	148,719	145,503	143,599	174,526	192,651	208,244	450,126	311,278
Unrestricted	504,696	533,816 ⁴	535,728	564,937	594,512	550,592	620,815	757,815	836,241	714,134
Total primary government net position ²	\$ 913,461	\$ 1,054,940	\$ 1,092,082	\$ 1,133,778	\$ 1,173,471	\$ 1,229,204	\$ 1,331,881	\$ 1,511,652	\$ 1,775,598	\$ 1,541,291 ⁶
Percent of increase (decrease) in primary government net position	24.76%	15.49%	3.52%	3.82%	3.50%	4.75%	8.35%	13.50%	17.46%	-13.20%



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

Notes:

- ¹ Capital assets include land, easements, infrastructure, construction in progress, structures & improvements, equipment, and software.
- ² Accounting standards require that net position be reported in three components in the government-wide financial statements: net investment in capital assets, restricted, and unrestricted. Net position is considered restricted only when an external party, such as the state or federal government, places a restriction on how the resources may be used, or through enabling legislation enacted by the County.
- ³ Net position is restricted for specific purposes as indicated on the Statement of Net Position.
- ⁴ Substantial increase in net position for governmental and business-type activities is partially due to reporting postemployment healthcare benefits under GASB Statement No. 45 instead of GASB Statement No. 16.
- ⁵ The FY2008-09's total primary government net position was restated to conform to the "retroactive adjustment" requirements under GASB Statement No. 53.
- ⁶ Decrease in total primary government net position is due to reporting net pension liability under GASB Statement Nos. 68 and 71.

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013*	2014	2015
Expenses										
<u>Governmental activities:</u>										
General government	\$ 68,175	\$ 67,730	\$ 65,188	\$ 84,171	\$ 71,316	\$ 68,325	\$ 78,215	\$ 78,988	\$ 108,980	\$ 120,104
Public protection	253,800	277,542	294,239	297,357	308,208	329,087	330,062	337,059	353,458	321,375
Public ways and facilities	19,701	18,617	20,312	27,453	18,771	19,089	19,358	20,248	19,419	16,369
Health and sanitation	173,311	200,441	235,782	241,519	229,477	214,952	221,129	228,050	246,652	243,919
Public assistance	195,258	151,594	201,221	195,507	201,823	207,316	199,789	201,087	221,761	211,921
Education	142	-	-	-	-	-	-	-	-	-
Recreation	8,032	8,302	8,839	8,704	9,316	9,608	8,538	8,621	10,420	11,537
Interest on long-term debt	19,459	19,244	20,126	19,677	15,829	18,185	16,841	16,292	16,351	22,980
Total governmental activities expenses	<u>737,878</u>	<u>743,470</u>	<u>845,707</u>	<u>874,388</u>	<u>854,740</u>	<u>866,562</u>	<u>873,932</u>	<u>890,345</u>	<u>977,041</u>	<u>948,205</u>
<u>Business-type activities:</u>										
San Mateo Medical Center	188,920	207,729	221,318	225,876	232,530	241,028	251,626	234,736	244,015	233,186
Airports	1,753	2,146	2,482	2,427	2,879	2,598	2,763	2,841	2,877	3,312
Coyote Point Marina	1,330	1,252	1,403	1,271	1,143	1,067	1,066	826	790	921
Housing Authority	64,615	59,509	58,947	63,029	65,919	68,728	70,553	70,578	71,052	68,016
Total business-type activities expenses	<u>256,618</u>	<u>270,636</u>	<u>284,150</u>	<u>292,603</u>	<u>302,471</u>	<u>313,421</u>	<u>326,008</u>	<u>308,981</u>	<u>318,734</u>	<u>305,435</u>
Total primary government expenses	<u>\$ 994,496</u>	<u>\$ 1,014,106</u>	<u>\$ 1,129,857</u>	<u>\$ 1,166,991</u>	<u>\$ 1,157,211</u>	<u>\$ 1,179,983</u>	<u>\$ 1,199,940</u>	<u>\$ 1,199,326</u>	<u>\$ 1,295,775</u>	<u>\$ 1,253,640</u>
Program Revenues										
<u>Governmental activities:</u>										
Charges for services										
General government	\$ 31,903	\$ 28,864	\$ 21,505	\$ 41,007	\$ 28,104	\$ 29,180	\$ 29,011	\$ 33,015	\$ 33,588	\$ 30,261
Public protection	29,831	30,864	28,849	29,314	32,776	36,881	35,478	35,822	34,680	35,191
Public ways and facilities	3,451	2,968	4,281	6,149	3,318	3,808	2,123	2,432	2,246	2,527
Health and sanitation	49,094	53,143	62,959	71,051	71,795	62,483	74,523	72,773	73,499	104,099
Public assistance	7,160	6,750	5,083	4,254	4,374	4,922	4,605	4,273	5,085	5,898
Recreation	1,266	1,364	1,450	1,791	2,054	1,641	2,253	2,028	1,983	1,649
Operating grants and contributions **	392,847	414,761	408,626	385,104	379,714	408,092	446,884	483,718	481,941	516,195
Capital grants and contributions	13,068	1,769	750	-	-	-	-	907	-	-
Total governmental activities program revenues	<u>528,620</u>	<u>540,483</u>	<u>533,503</u>	<u>538,670</u>	<u>522,135</u>	<u>547,007</u>	<u>594,877</u>	<u>634,968</u>	<u>633,022</u>	<u>695,820</u>
<u>Business-type activities:</u>										
Charges for services										
San Mateo Medical Center	123,695	110,826	104,927	126,039	131,370	121,074	124,285	173,494	183,861	195,904
Airports	1,904	2,077	2,236	2,503	2,609	2,771	2,589	2,505	2,712	2,674
Coyote Point Marina	1,192	1,165	1,137	1,108	1,064	1,132	1,198	1,000	977	1,089
Housing Authority	1,932	1,727	1,890	1,979	2,002	2,196	3,586	3,647	3,402	67,625
Operating grants and contributions	73,128	103,700	106,474	107,735	96,936	138,510	138,170	66,128	70,400	5,369
Capital grants and contributions	5,385	8,357	5,398	4,805	4,579	4,514	5,939	5,607	6,623	2,279
Total business-type activities program revenues	<u>207,236</u>	<u>227,852</u>	<u>222,062</u>	<u>244,169</u>	<u>238,560</u>	<u>270,197</u>	<u>275,767</u>	<u>252,381</u>	<u>267,975</u>	<u>274,940</u>
Total primary government program revenues	<u>\$ 735,856</u>	<u>\$ 768,335</u>	<u>\$ 755,565</u>	<u>\$ 782,839</u>	<u>\$ 760,695</u>	<u>\$ 817,204</u>	<u>\$ 870,644</u>	<u>\$ 887,349</u>	<u>\$ 900,997</u>	<u>\$ 970,760</u>
Net Expense ¹										
Governmental activities	\$ (209,258)	\$ (202,987)	\$ (312,204)	\$ (335,718)	\$ (332,605)	\$ (319,555)	\$ (279,055)	\$ (255,377)	\$ (344,019)	\$ (252,385)
Business-type activities	(49,382)	(42,784)	(62,088)	(48,434)	(63,911)	(43,224)	(50,241)	(56,600)	(50,759)	(30,495)
Total primary government net expenses	<u>\$ (258,640)</u>	<u>\$ (245,771)</u>	<u>\$ (374,292)</u>	<u>\$ (384,152)</u>	<u>\$ (396,516)</u>	<u>\$ (362,779)</u>	<u>\$ (329,296)</u>	<u>\$ (311,977)</u>	<u>\$ (394,778)</u>	<u>\$ (282,880)</u>

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

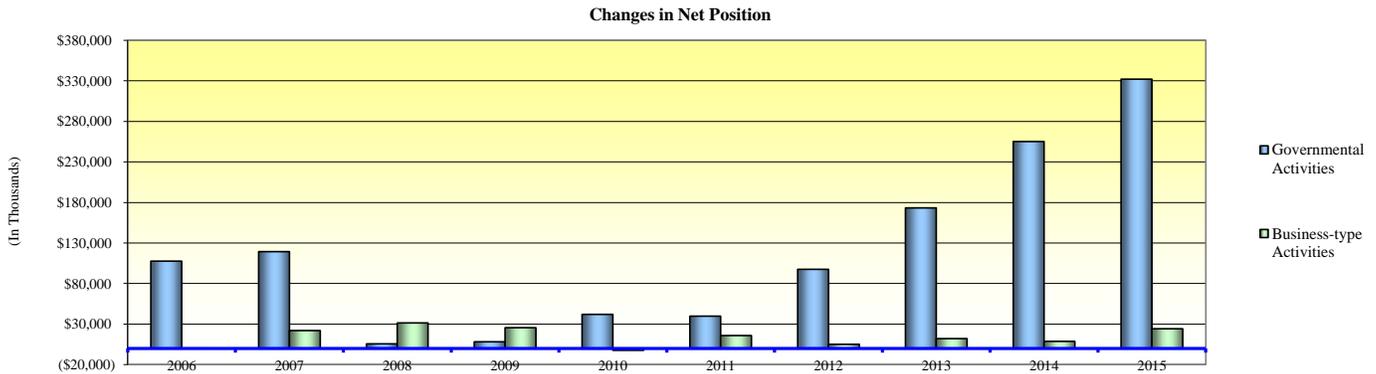
- Notes:
- * Reclassifications were made to the FY 2012-13 data to conform with the current year presentation.
 - ** In prior years pass-through payments from redevelopment agencies were reported as part of the property tax revenues. Starting FY 2011-12 these payments were reported under "intergovernmental revenues" as operating grants.

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

(Continued)

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

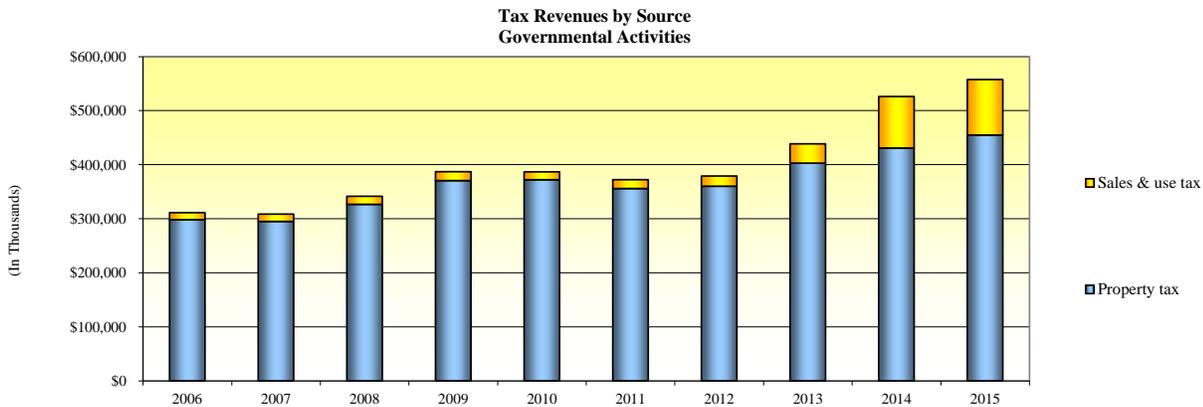
	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013*	2014	2015
General Revenues and Other Changes in Net Position										
<u>Governmental activities:</u>										
Taxes:										
Property taxes	\$ 298,368	\$ 295,134	\$ 326,757	\$ 370,695	\$ 372,312	\$ 356,011	\$ 360,310	\$ 403,021	\$ 430,981	\$ 455,001
Property transfer taxes	8,487	8,192	6,011	3,842	4,829	5,018	5,651	6,725	8,747	10,333
Sales and use taxes	12,986	13,544	14,896	16,479	14,579	16,395	18,869	35,687	95,357	102,724
Property tax in-lieu of sales taxes	3,878	4,164 ²	4,569	4,880	4,372	4,772	5,560	6,247	5,726	6,793
Transient occupancy taxes	839	842	667	1,016	966	928	1,221	1,172	1,519	1,527
Aircraft taxes	821	1,287	1,680	1,517	1,631	857	1,091	1,576	1,399	1,125
Vehicle rental business license tax	-	-	-	-	-	-	-	7,907	12,254	12,181
Other taxes	5	4	23	13	75	43	2	-	-	-
Unrestricted interest and investment earnings	19,059	40,750	31,473	(641) ³	11,916	10,008	10,602	3,863	11,861	13,742
Securities lending activities:										
Securities lending income	3,689	4,245	2,750	375	47	34	-	-	-	-
Securities lending expenses	(3,569)	(4,139)	(2,362)	(291)	(38)	(29)	-	-	-	-
Miscellaneous	21,680	20,301	21,123	25,564	22,599	20,873	24,483	31,100	39,880	35,070
Special items	-	-	-	(8,139)	-	-	-	-	45,283	-
Transfers	(49,291)	(61,918)	(89,710)	(71,397)	(58,668)	(55,528)	(51,129)	(68,570)	(53,788)	(53,939)
Total governmental activities	<u>316,952</u>	<u>322,406</u>	<u>317,877</u>	<u>343,913</u>	<u>374,620</u>	<u>359,382</u>	<u>376,660</u>	<u>428,728</u>	<u>599,219</u>	<u>584,557</u>
<u>Business-type activities:</u>										
Unrestricted interest and investment earnings	286	626	890	(524)	235	279	372	173	170	333
Securities lending activities:										
Securities lending income	83	139	133	26	3	2	-	-	-	-
Securities lending expenses	(80)	(137)	(115)	(21)	(2)	(2)	-	-	-	-
Miscellaneous	-	2,298	2,939	3,149	2,685	3,323	3,812	2,787	5,547	502
Special item	-	-	-	-	-	-	-	(2,806)	-	-
Transfers	49,291	61,918	89,710	71,397	58,668	55,528	51,129	68,570	53,788	53,939
Total business-type activities	<u>49,580</u>	<u>64,844</u>	<u>93,557</u>	<u>74,027</u>	<u>61,589</u>	<u>59,130</u>	<u>55,313</u>	<u>68,724</u>	<u>59,505</u>	<u>54,774</u>
Total primary government	<u>\$ 366,532</u>	<u>\$ 387,250</u>	<u>\$ 411,434</u>	<u>\$ 417,940</u>	<u>\$ 436,209</u>	<u>\$ 418,512</u>	<u>\$ 431,973</u>	<u>\$ 497,452</u>	<u>\$ 658,724</u>	<u>\$ 639,331</u>
Change in Net Position										
Governmental activities	\$ 107,694	\$ 119,419	\$ 5,673	\$ 8,195	\$ 42,015	\$ 39,827	\$ 97,605	\$ 173,351	\$ 255,200	\$ 332,172
Business-type activities	198	22,060	31,469	25,593	(2,322)	15,906	5,072	12,124	8,746	24,279
Total primary government	<u>\$ 107,892</u>	<u>\$ 141,479</u>	<u>\$ 37,142</u>	<u>\$ 33,788</u>	<u>\$ 39,693</u>	<u>\$ 55,733</u>	<u>\$ 102,677</u>	<u>\$ 185,475</u>	<u>\$ 263,946</u>	<u>\$ 356,451</u>



- Notes:
- This amount reflected the County's share of revenues from "Triple Flip", a State legislation enacted to replace 0.25% sales tax revenue to local governments via a temporary reduction to the Educational Revenue Augmentation Fund (ERAF) until the State's recovery loan is fully paid.
 - Investments in the County investment pool experienced a sharp decline in value due to the Lehman loss. The financial recession further reduced the County's cash and investments in the investment pool. Lower investment value and diminished investment return resulted in a sizable decrease in interest and investment earnings.

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

Fiscal Year	Property *	Property Transfer	Sales and Use Taxes	Property tax in-lieu of Sales Tax	Vehicle Rental Business License Tax	Transient Occupancy	Aircraft	Other	Total
2006	\$ 298,368 ¹	\$ 8,487	\$ 12,986	\$ 3,878 ²	\$ -	\$ 839	\$ 821	\$ 5	\$ 325,384
2007	295,134	8,192	13,544	4,164	-	842	1,287	4	323,167
2008	326,757	6,011	14,896	4,569	-	667	1,680	23	354,603
2009	370,695	3,842	16,479	4,880	-	1,016	1,517	13	398,442
2010	372,312	4,829	14,579	4,372	-	966	1,631	75	398,764
2011	356,011	5,018	16,395	4,772	-	928	857	43	384,024
2012	360,310	5,651	18,869	5,560	-	1,221	1,091	2	392,704
2013	⁶ 403,021	6,725	35,687 ³	6,247	7,907 ⁴	1,172	1,576	-	462,335
2014	430,981	8,747	95,357 ⁵	5,726	12,254	1,519	1,399	-	555,983
2015	455,001	10,333	102,724	6,793	12,181	1,527	1,125	-	589,684
Change									
2006 - 2015	52.5%	21.8%	691.0%	n/a	n/a	82.0%	37.0%	-100.0%	81.2%



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

Notes:

- * In prior years pass-through payments from redevelopment agencies were reported as part of the property tax revenues. Starting FY 2011-12 these payments were reported under "intergovernmental revenues" as operating grants.
- ¹ In FY 2004-05, vehicle license fee (VLF) was based on the original VLF and reported as intergovernmental revenues. Starting in FY 2005-06, VLF was calculated using the prior year's VLF amount plus the local increases in the assessed valuations of property and was reported as property tax revenue.
- ² This amount reflected the County's share of revenues from "Triple Flip", a State legislation enacted to replace 0.25% sales tax revenue to local governments through a temporary reduction to ERAF until the State's recovery loan is fully paid.
- ³ In November 2012, San Mateo County voters approved a measure that increases the sales tax throughout the County by half a cent for the next 10 years (Measure A). Revenues from Measure A will be used to help fund county critical facilities and services.
- ⁴ In June 2012, with the voters' approval, the County adopted an ordinance to levy a business license tax on operators of vehicle rental businesses in the unincorporated area of the County. The Vehicle Rental Business License Tax was imposed at a rate of 2.5% on the gross receipts of vehicle rental businesses in the unincorporated areas effective July 1, 2012.
- ⁵ The sharp increase in sales and use tax revenue is predominantly from the passage of Measure A that increases the County's sales tax by half a cent for the next 10 years since its inception on April 1, 2013.
- ⁶ Reclassifications were made to conform to this year's presentation.

n/a - not applicable

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

<u>Fund Balance</u>	<u>As of June 30,</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund			
Reserved for:			
Encumbrances	\$ 3,737	\$ 3,209	\$ 2,385
Inventories and advances	26,092	5,943	5,929
Unreserved	<u>332,479</u>	<u>324,074</u>	<u>265,544</u>
Total general fund	<u>362,308</u>	<u>333,226</u>	<u>273,858</u>

All Other Governmental Funds			
Reserved for:			
Encumbrances	21	-	-
Debt service	65,244	69,893	68,431
Inventories and advances	3,404	431	359
Capital projects	30,314	16,698	18,863
Unreserved:			
Special revenue	45,542	51,230	57,886
Capital projects	<u>10,570</u>	<u>9,830</u>	<u>10,393</u>
Total all other governmental funds	<u>155,095</u>	<u>148,082</u>	<u>155,932</u>

Total Governmental Funds ²			
Reserved for:			
Encumbrances	3,758	3,209	2,385
Debt service	65,244	69,893	68,431
Inventories and advances	29,496	6,374	6,288
Capital projects	30,314	16,698	18,863
Unreserved:			
General Fund	332,479	324,074	265,544
Special revenue	45,542	51,230	57,886
Capital projects	<u>10,570</u>	<u>9,830</u>	<u>10,393</u>
Total governmental funds	<u>\$ 517,403</u>	<u>\$ 481,308</u>	<u>\$ 429,790</u>

<u>General Fund</u>	<u>As of June 30,</u>						
	<u>2009 ³</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 ¹</u>
Nonspendable	\$ 7,154	\$ 10,666	\$ 12,099	\$ 27,124	\$ 28,517	\$ 31,031	\$ 35,269
Restricted	31,668	33,466	35,653	46,149	60,119	146,966	85,816
Committed	789	1,834	1,572	-	-	13,481	-
Assigned	38,583	92,881	1,763	4,590	6,190	4,410	1,623
Unassigned	<u>179,281</u>	<u>146,759</u>	<u>194,868</u>	<u>231,286</u>	<u>342,146</u>	<u>380,110</u>	<u>641,961</u>
Total general fund	<u>257,475</u>	<u>285,606</u>	<u>245,955</u>	<u>309,149</u>	<u>436,972</u>	<u>575,998</u>	<u>764,669</u>
All Other Governmental Funds							
Nonspendable	588	352	410	354	343	362	347
Restricted	103,572	109,689	137,778	144,616	147,601	302,180	231,898
Committed	25,310	25,283	-	-	-	-	-
Assigned	15,926	15,281	14,567	12,725	15,730	95,372	95,239
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(728)</u>	<u>-</u>	<u>(479)</u>
Total all other governmental funds	<u>145,396</u>	<u>150,605</u>	<u>152,755</u>	<u>157,695</u>	<u>163,674</u>	<u>397,914</u>	<u>327,005</u>
Total Governmental Funds ²							
Nonspendable	7,742	11,018	12,509	27,478	28,860	31,393	35,616
Restricted	135,240	143,155	173,431	190,765	207,720	449,146	317,714
Committed	26,099	27,117	1,572	-	-	13,481	-
Assigned	54,509	108,162	16,330	17,315	21,920	99,782	96,862
Unassigned	<u>179,281</u>	<u>146,759</u>	<u>194,868</u>	<u>231,286</u>	<u>341,418</u>	<u>380,110</u>	<u>641,482</u>
Total governmental funds	<u>\$ 402,871</u>	<u>\$ 436,211</u>	<u>\$ 398,710</u>	<u>\$ 466,844</u>	<u>\$ 599,918</u>	<u>\$ 973,912</u>	<u>\$ 1,091,674</u>

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

Notes:

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

² Governmental funds include general fund, special revenue funds, debt service funds, and capital projects funds.

³ The County early implemented GASB Statement No. 54 under which governmental fund balances were reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.

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

	Fiscal Year Ended June 30,										10 Year % of Increase/ Decrease
	2006	2007	2008	2009	2010	2011	2012	2013 ~	2014	2015	
Revenues											
Taxes *	\$ 317,504	\$ 329,142	\$ 347,205	\$ 391,006	\$ 401,382	\$ 389,130	\$ 381,743	\$ 453,666	\$ 554,773	\$ 587,811	85.13%
Licenses and permits	12,814	11,900	11,311	10,168	9,578	8,498	8,692	9,082	9,678	10,023	-21.78%
Intergovernmental *	386,003	405,455	387,475	392,320	392,303	403,907	463,959	493,731	470,364	508,386	31.71%
Charges for services	102,524	92,011	109,150	115,807	107,466	112,039	118,445	114,940	140,023	176,654	72.31%
Fines, forfeitures and penalties	9,285	9,806	10,114	11,108	13,052	14,904	12,967	12,409	11,476	11,098	19.53%
Rents and concessions	914	1,123	1,194	1,347	1,181	1,960	1,599	1,708	3,538	1,178	28.88%
Investment income (loss)	18,267	33,538	28,294	(860)	9,707	8,328	10,127	3,731	10,352	12,187	-33.28%
Securities lending activities:											
Securities lending income	3,203	3,872	2,474	333	40	29	-	-	-	-	-100.00%
Securities lending expenditures	(3,098)	(3,775)	(2,124)	(257)	(32)	(25)	-	-	-	-	-100.00%
Other revenues	26,300	17,863	34,157	27,806	28,385	25,266	24,340	29,606	31,682	28,529	8.48%
Total revenues	873,716	900,935	929,250	948,778	963,062	964,036	1,021,872	1,118,873	1,231,886	1,335,866	52.89%
Expenditures											
Current:											
General government**	62,912	60,688	73,916	75,222	73,680	60,788	62,548	72,902	100,404	119,377	89.75%
Public protection**	246,166	268,318	282,132	288,697	290,931	323,469	335,123	328,862	342,040	358,412	45.60%
Public ways and facilities	18,829	17,962	19,489	26,672	18,171	18,512	18,906	19,599	18,910	16,790	-10.83%
Health and sanitation	168,658	195,995	230,028	237,758	238,572	211,873	221,383	222,494	243,850	258,824	53.46%
Public assistance	192,731	206,289	193,902	206,098	190,352	208,747	202,959	200,458	220,554	225,296	16.90%
Education	141	-	-	-	-	-	-	-	-	-	-100.00%
Recreation	7,310	7,609	8,084	8,638	8,727	9,110	8,222	8,005	9,633	11,553	58.04%
Capital outlay	77,000	41,286	18,978	16,079	15,761	83,093	23,238	34,384	76,041	125,473	62.95%
Debt service:											
Principal	7,052	8,200	11,322	11,713	12,003	11,874	12,990	13,645	14,340	14,130	100.37%
Interest	19,804	19,015	20,005	16,991	16,145	18,562	17,542	16,914	16,278	24,377	23.09%
Payment to bond refunding escrow	-	-	-	778	4,454	-	-	-	1,085	-	n/a
Bond issuance costs	-	-	-	1,328	1,094	-	-	-	1,042	-	n/a
Total expenditures	800,603	825,362	857,856	889,974	869,890	946,028	902,911	917,263	1,044,177	1,154,232	44.17%
Excess of revenues over expenditures	73,113	75,573	71,394	58,804	93,172	18,008	118,961	201,610	187,709	181,634	148.43%
Other financing sources (uses)											
Proceeds from long term debt	-	-	-	-	-	-	-	-	-	1,332	100.00%
Proceeds from sale of capital assets	46	2	2	2	2	5	23	3	3	-	-100.00%
Issuance of refunding bonds	-	-	-	141,080	115,505	-	-	-	215,130	-	n/a
Premium on lease revenue bonds/COP	-	-	-	1,703	8,438	-	-	-	27,308	-	n/a
Payment to bond refunding escrow/agent	-	-	-	(148,972)	(124,860)	-	-	-	(39,155)	-	n/a
Capital leases	-	30	-	-	-	-	-	-	-	-	n/a
Capital contribution	-	-	750	-	-	-	-	-	-	-	n/a
Transfers in	53,632	60,441	156,378	85,614	72,613	131,685	75,426	85,919	168,487	89,486	66.85%
Transfers out	(132,242)	(172,141)	(163,580)	(157,011)	(131,530)	(187,199)	(126,276)	(154,458)	(222,542)	(144,690)	9.41%
Total other financing sources (uses)	(78,564)	(111,668)	(6,450)	(77,584)	(59,832)	(55,509)	(50,827)	(68,536)	149,231	(53,872)	-31.43%
Change in fund balances before special item	(5,451)	(36,095)	64,944	(18,780)	33,340	(37,501)	68,134	133,074	336,940	127,762	-2443.83%
Special item	-	-	(116,462)	(8,139)	-	-	-	-	37,054	(10,000)	n/a
Net change in fund balances	\$ (5,451)	\$ (36,095)	\$ (51,518)	\$ (26,919)	\$ 33,340	\$ (37,501)	\$ 68,134	\$ 133,074	\$ 373,994	\$ 117,762	-2260.37%
Debt service as a percentage of noncapital expenditures											
	3.71%	3.47%	3.73%	3.28%	3.30%	3.53%	3.47%	3.46%	3.16%	3.74%	

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

* Prior to FY 2011-12 pass-through payments from RDAs were reported as part of property taxes. Starting FY 2011-12 these payments were reported under intergovernmental revenues.

** Historically, General Fund departments in various programs/functions moved their shares of debt service payments and 10% surcharges (as "program expenses") to a "general government" program (as "intrafund revenues"). This program then transferred the departments' contributions to the County's Debt Service and Capital Projects Funds (as "transfers-out") accordingly. The 10% surcharge was split equally between Debt Service Fund and Capital Project Fund. Beginning in FY 2012-13, departments directly transferred their shares to these two funds (as "transfers out" in lieu of "program expenses"). This new method essentially changed the way expenditures were recorded and reported in FY 2012-13.

~ Reclassifications were made to conform to this year's presentation.

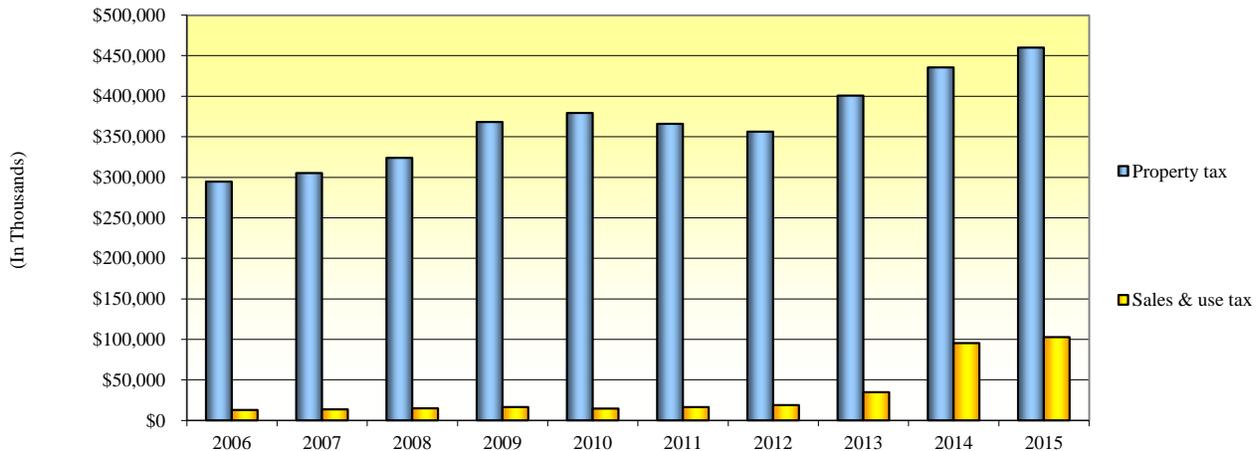
¹ See discussions under Note 17 to the basic financial statements.

n/a - not applicable

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

Fiscal Year	Property* Taxes	Sales & Use Taxes	Property Transfer Taxes	Vehicle Rental Business License Tax	All Other Taxes	Total
2006	\$ 294,569	\$ 12,855	\$ 8,487	\$ -	\$ 1,593	\$ 317,504
2007	305,146	13,607	8,192	-	2,197	329,142
2008	323,897	14,867	6,011	-	2,430	347,205
2009	368,152	16,479	3,842	-	2,533	391,006
2010	379,302	14,579	4,829	-	2,672	401,382
2011	365,889	16,395	5,018	-	1,828	389,130
2012	356,221	18,869	5,651	-	1,002	381,743
2013	400,683	34,779	6,725	7,907	3,572 ²	453,666
2014	435,497	95,357 ¹	8,747	12,254	2,918	554,773
2015	459,921	102,724	10,333	12,181	2,652	587,811
10 year % of change	56.1%	699.1%	21.8%	n/a	66.5%	85.1%

Tax Revenues by Source
Governmental Funds



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

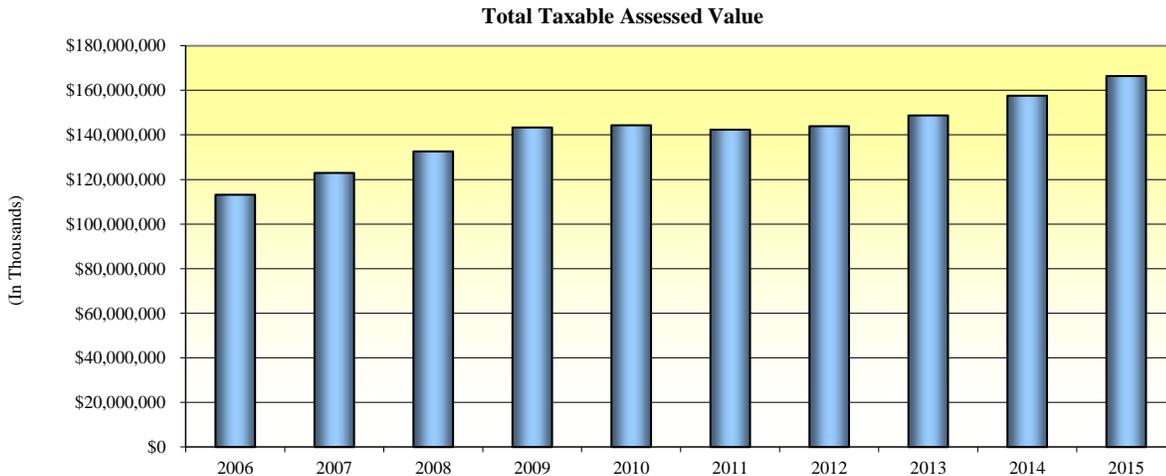
* Prior to FY 2011-12 pass-through payments from Redevelopment Agencies were reported as part of the property tax revenues. Starting FY 2011-12 these payments were reported under "intergovernmental revenues" as operating grants.

¹ The sharp increase in sales and use tax revenue is predominantly from the passage of Measure A which increases the County's sales tax by half a cent for the next 10 years since its inception on April 1, 2013.

² The sizeable increase in other taxes is due primarily to the significant increases in Vehicle Rental Business License Tax, Property Transfer Tax, and other taxes.

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

<u>Fiscal Year</u>	<u>Real Property ²</u>	<u>Personal Property</u>	<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value ¹</u>	<u>% of Change Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2006	\$ 110,747,828	\$ 6,034,679	\$ 3,626,924	\$ 113,155,583	7%	1%
2007	120,723,432	6,178,495	3,952,784	122,949,143	9%	1%
2008	130,015,063	6,723,347	4,140,836	132,597,574	8%	1%
2009	139,551,172	8,122,323	4,341,148	143,332,347	8%	1%
2010	140,933,698	7,953,401	4,569,501	144,317,598	1%	1%
2011	140,260,986	6,591,402	4,513,149	142,339,239	-1%	1%
2012	142,561,543	6,193,886	4,849,067	143,906,362	1%	1%
2013	146,967,831	6,381,748	4,624,208	148,725,371	3%	1%
2014	156,221,561	6,389,447	5,036,955	157,574,053	9%	1%
2015	165,062,426	6,573,444	5,235,533	166,403,337	12%	1%
10 year % of Change	49.04%	8.93%	44.35%	47.06%		



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

Notes:

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

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

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

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

Fiscal Year³	Direct Rate¹	Overlapping Rates²			Total
	County General	Local Special Districts	Schools	Cities	
2006	1.0000	0.0012	0.0743	0.0055	1.0810
2007	1.0000	0.0011	0.0760	0.0053	1.0824
2008	1.0000	0.0010	0.0836	0.0050	1.0896
2009	1.0000	0.0010	0.0896	0.0047	1.0953
2010	1.0000	0.0010	0.0950	0.0043	1.1003
2011	1.0000	0.0010	0.1037	0.0042	1.1089
2012	1.0000	0.0009	0.1057	0.0042	1.1108
2013	1.0000	0.0009	0.1057	0.0042	1.1108
2014	1.0000	0.0009	0.1100	0.0039	1.1148
2015	1.0000	0.0008	0.1234	0.0037	1.1279

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

Notes:

¹ On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, that limits the taxing power of California public agencies. Legislation enacted to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) which provides that notwithstanding any other law, local agencies may not levy property taxes except to pay debt service on indebtedness approved by voters prior to July 1, 1978. Proposition 13 allows each county to levy a maximum tax of \$1 per \$100 of full cash value. Full cash value is equivalent to assessed value pursuant to Statutes of 1978, Senate Bill 1656.

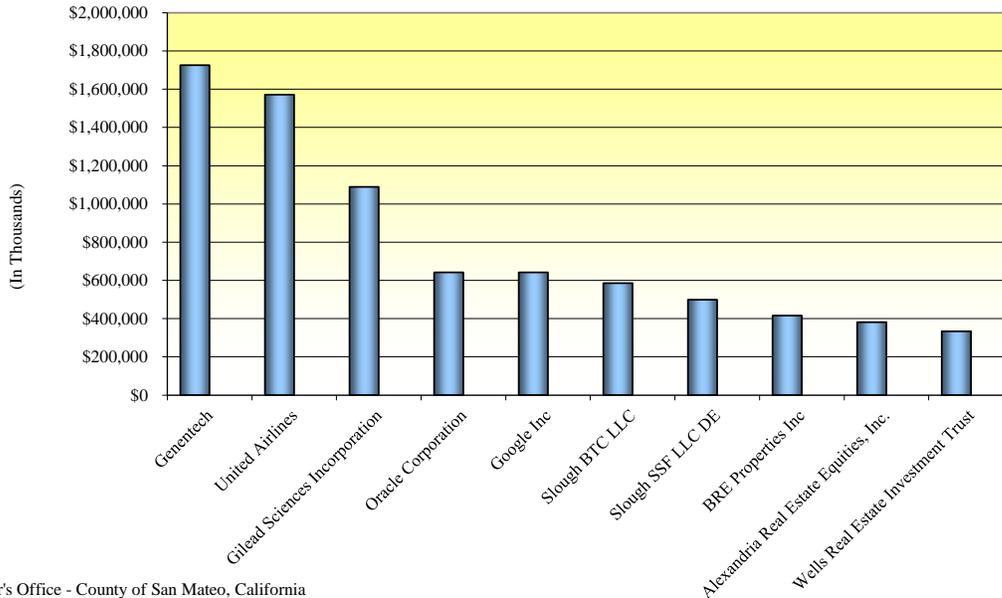
² These overlapping rates are in addition to the County rate, but only apply to taxpayers within the borders of the local special districts, schools, and cities that lie within the County.

³ Data includes retroactive revisions based on corrections to the categorization and inclusion of certain property tax rates.

COUNTY OF SAN MATEO
Principal Property Assesseees
As of January 1, 2015 and January 1, 2006
(In Thousands)

Assessee	Nature of Business	As of January 1, 2015			As of January 1, 2006		
		Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value ²	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value
Genentech	Biotechnology	\$ 1,725,388	1	1.04%	\$ 1,615,162	2	1.43%
United Airlines	Air Carrier	1,571,117	2	0.94%	1,651,554	1	1.46%
Gilead Sciences Incorporation	Biopharmaceutical	1,088,788	3	0.65%	223,791	10	0.20%
Oracle Corporation	Software	641,639	4	0.39%	533,257	4	0.47%
Google Inc	Software	641,566	5	0.39%			
Slough BTC LLC	Lease	585,299	6	0.35%			
Slough SSF LLC DE	Lease	498,615	7	0.30%			
BRE Properties Inc	Real estate	415,695	8	0.25%			
Alexandria Real Estate Equities, Inc.	Real estate	381,162	9	0.23%			
Wells Real Estate Investment Trust	Real estate	333,162	10	0.20%	293,000	7	0.26%
Pacific Gas & Electric	Utilities				660,596	3	0.58%
Sun Microsystems	Computer products				359,438	5	0.32%
Tyco Electronics Corp	Electronics				287,929	8	0.25%
Pacific Shores Investors	Investment				325,096	6	0.29%
Westport Office Park LLC	Commercial real estate				239,700	9	0.21%
Total		\$ 7,882,431		4.74%	\$ 6,189,523		5.47%

Principal Property Assesseees
As of January 1, 2015



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

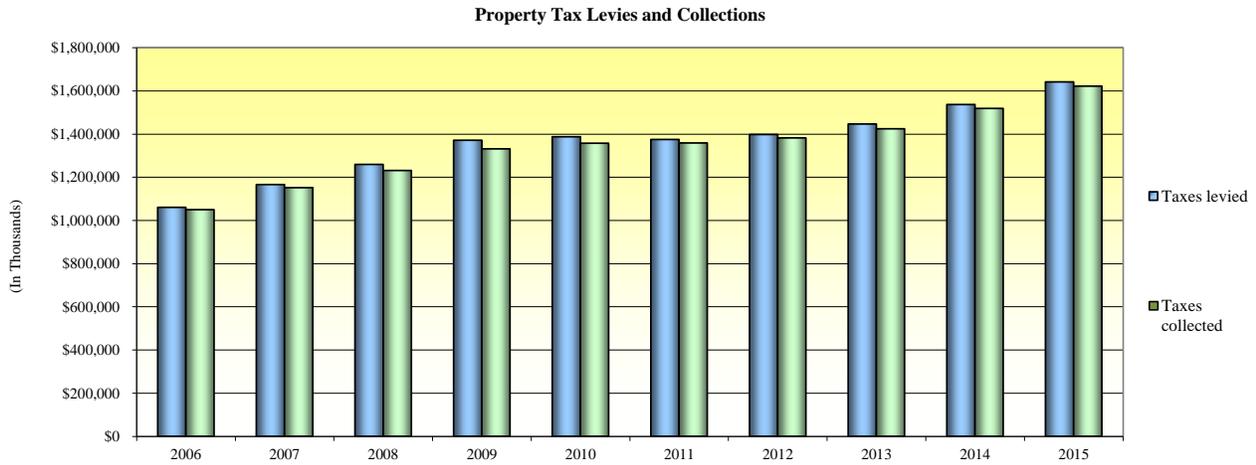
Notes:

¹ Taxable assessed value includes both real and personal properties.

² Total taxable assessed value as of January 1, 2015, was about \$166 billion.

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

Fiscal Year	Total Tax Levy for the Fiscal Year					Collected within the Fiscal Year of the Levy		Total Collections to Date		
	General Levy ¹ Countywide	Debt Service Levy ²			Total ³	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
		Local Special Districts	Schools	Cities						
2006	\$ 992,738	\$ 1,248	\$ 60,694	\$ 5,635	\$ 1,060,315	\$ 1,048,092	98.85%	\$ 1,576	\$ 1,049,668	99.00%
2007	1,078,564	1,256	80,149	5,899	1,165,868	1,150,466	98.68%	986	1,151,452	98.76%
2008	1,163,393	1,254	88,468	6,133	1,259,248	1,230,272	97.70%	847	1,231,119	97.77%
2009	1,258,414	1,260	105,219	6,245	1,371,138	1,330,700	97.05%	621	1,331,321	97.10%
2010	1,266,790	1,241	113,505	5,899	1,387,435	1,356,844	97.80%	565	1,357,409	97.84%
2011	1,249,489	1,240	118,720	5,341	1,374,790	1,356,790	98.69%	1,771	1,358,561	98.82%
2012	1,260,617	1,233	130,692	5,349	1,397,891	1,377,958	98.57%	4,067	1,382,025	98.87%
2013	1,302,110	1,235	137,591	5,442	1,446,378	1,422,976	98.38%	1,275	1,424,251	98.47%
2014	1,378,449	1,233	151,643	5,362	1,536,687	1,518,582	98.82%	n/a	1,518,582	98.82%
2015	1,455,157	1,237	179,632	5,347	1,641,373	1,621,807	98.81%	n/a	1,621,807	98.81%



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

Notes:

Data includes retroactive revisions based on corrections to the categorization and inclusion of certain property tax and debt service revenues.

¹ Figures show general tax dollars from secured, unsecured, homeowners, unitary and utility assessment rolls after tax shifts to schools.

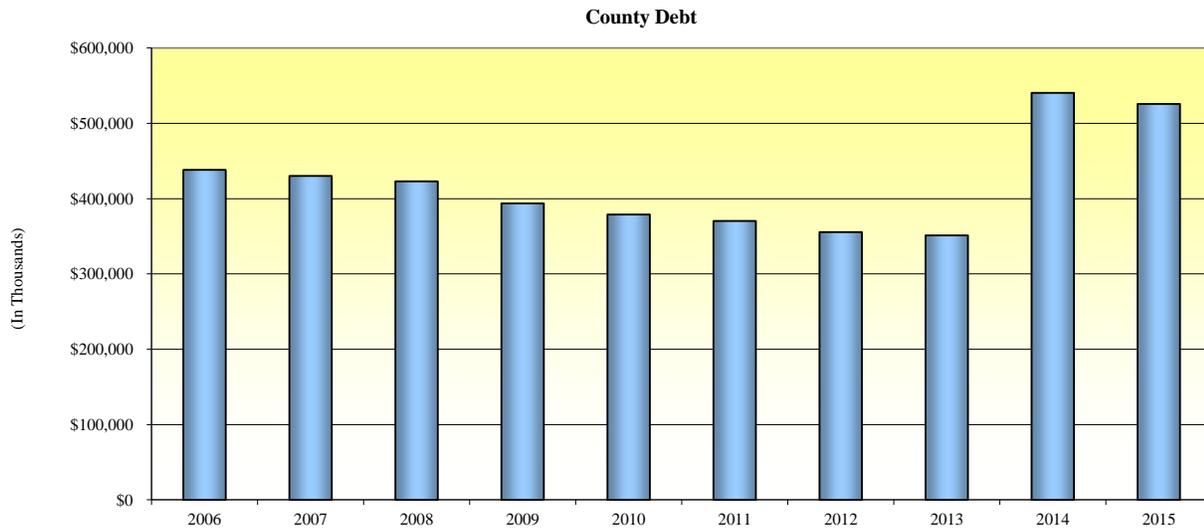
² Figures represent debt service levy for the local taxing agencies.

³ Total taxes levied for each fiscal year are based on the original property value assessment rolls provided by the County Assessor's Office.

n/a - Information is unavailable

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

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income	Total Outstanding Debt Per Capita (In Absolute \$)
	Lease Revenue Bonds ¹	Certificates of Participation ²	Notes Payable	Other Long-term Obligation	Subtotal	Notes Payable	Other Long-term Obligation	Subtotal			
2006	\$ 411,942	\$ 24,687	\$ 316	\$ -	\$ 436,945	\$ 1,314	\$ 5	\$ 1,319	\$ 438,264	0.92%	\$ 606
2007	404,301	24,390	271	15	428,977	1,206	-	1,206	430,183	0.85%	591
2008	393,565	24,083	224	7	417,879	5,133	-	5,133	423,012	0.83%	574
2009	364,423	23,760	191	-	388,374	4,868	508	5,376	393,750	0.79%	528
2010	350,322	23,428	173	89	374,012	4,595	345	4,940	378,952	0.77%	502
2011	339,076	23,076	154	4,047	366,353	3,863	181	4,044	370,397	0.73%	511
2012	326,750	22,709	134	2,894	352,487	3,139	-	3,139	355,626	0.64%	488
2013	324,091	22,322	124	1,887	348,424	2,818	-	2,818	351,242	0.59%	477
2014	513,149	21,914	124	1,486	536,673	3,865	-	3,865	540,538	n/a	725
2015	498,063	21,488	-	2,293	521,844	4,000	-	4,000	525,844	n/a	698



Source: County Comprehensive Annual Financial Reports.

Notes:

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

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

COUNTY OF SAN MATEO
Direct and Overlapping Debt
As of June 30, 2015
(In Thousands)

Assessed valuation (including unitary utility valuation)	\$ 167,281,767		
Redevelopment Incremental Assessed Valuation	\$ 13,907,533		
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
	Debt	Estimated	Estimated
	Outstanding	Percentage	Share of
		Applicable¹	Overlapping
			Debt⁴
Direct General Fund Obligation Debt			
San Mateo County General Fund Obligations	\$ 498,063	100.00%	\$ 498,063
San Mateo County Flood Control District Certificates of Participation	21,488	100.00%	21,488
Other long-term obligation	2,293	100.00%	2,293
Total direct debt	521,844		521,844
Overlapping General Fund Obligation Debt			
<i>Cities</i>			
City of Brisbane General Fund and Pension Obligations	10,786	100.00%	10,786
City of Burlingame General Fund and Pension Obligations	34,145	100.00%	34,145
City of Daly City Pension Obligations	26,755	100.00%	26,755
City of Pacifica General Fund Obligations and Pension Obligations	31,085	100.00%	31,085
City of San Mateo General Fund Obligations	35,030	100.00%	35,030
Other City General Fund and Pension Obligations	47,411	100.00%	47,411
<i>Special Districts</i>			
Midpeninsula Regional Open Space Park General Fund Obligations	127,087	30.63%	38,925
Granada Sanitary District Certificates of Participation	185	100.00%	185
Menlo Park Fire Protection District Certificates of Participation	11,270	100.00%	11,270
<i>School Districts</i>			
San Mateo County Board of Education Certificates of Participation	10,430	100.00%	10,430
South San Francisco Unified School District Certificates of Participation	703	100.00%	703
Portola Valley School District Certificates of Participation	2,231	100.00%	2,231
San Bruno School District General Fund Obligations	4,420	100.00%	4,420
Total overlapping general fund obligation debt	341,538		253,376
Overlapping Tax and Assessment Debt			
<i>Cities</i>			
	58,585	100.00%	58,585
<i>Special Districts</i>			
Montara Sanitary District	12,035	100.00%	12,035
Community Facilities Districts	110,760	100.00%	110,760
1915 Act Bonds	14,726	100.00%	14,726
<i>School Districts</i>			
San Mateo Community College District	664,860	100.00%	664,860
Cabrillo Unified School District	45,270	100.00%	45,270
La Honda-Pescadero Unified School District	5,833	100.00%	5,833
South San Francisco School District	186,097	100.00%	186,097
Jefferson Union High School District	151,172	100.00%	151,172
San Mateo Union High School District	557,523	100.00%	557,523
Sequoia Union High School District	433,505	100.00%	433,505
Belmont-Redwood Shores School and School Facilities Improvement Districts	126,915	100.00%	126,915
Burlingame School District	82,462	100.00%	82,462
Hillsborough School District	55,001	100.00%	55,001
Jefferson School District	76,150	100.00%	76,150
Menlo Park City School District	114,683	100.00%	114,683
Millbrae School District	57,960	100.00%	57,960
Redwood City School District	36,136	100.00%	36,136
San Carlos School District	88,519	100.00%	88,519
San Mateo - Foster City School District	175,306	100.00%	175,306
Other School District	130,527	100.00%	130,527
Total overlapping tax and assessment debt	3,184,025		3,184,025
Overlapping Tax Increment Debt	290,814	100.00%	290,814
Total overlapping debt	3,816,377		3,728,215
Total direct and overlapping debt	\$ 4,338,221²		\$ 4,250,059
Ratio of total direct and overlapping debt to adjusted assessed value:	2.59%		
Ratio of total overlapping tax increment debt to redevelopment incremental assessed value ³ of \$13,907,533	2.09%		

Source: California Municipal Statistics, Inc.

¹ Percentage of overlapping agency's assessed valuation located within the boundaries of the county.

² This total excludes enterprise revenue, mortgage revenue, tax and revenue anticipation notes, and non-bonded capital lease obligations.

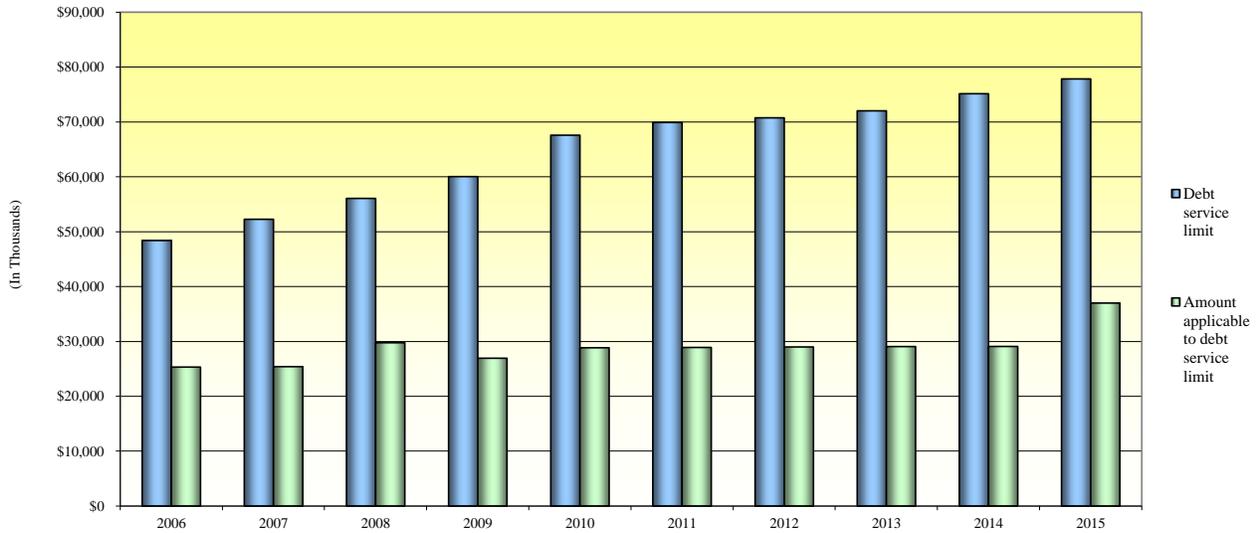
³ Redevelopment incremental valuation refers to the difference between base year assessed value and current year assessed value of properties in areas designated for redevelopment.

⁴ Overlapping debt refers to liability incurred by a municipality or local government body in partly or fully financing projects falling in the jurisdiction of such other bodies.

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Average Annual County budget ¹ for the current and preceding four fiscal years	\$1,209,880	\$1,306,666	\$1,401,783	\$1,501,054	\$1,689,809	\$1,747,657	\$1,768,913	\$1,800,809	\$1,878,770	\$1,946,229
Legal debt service limit ² 4% of average county annual budget for the current and preceding four fiscal years	48,395	52,267	56,071	60,042	67,592	69,906	70,757	72,032	75,151	77,849
Less: Amount applicable to debt service limit ³	(25,328)	(25,403)	(29,762)	(26,940)	(28,847)	(28,904)	(28,996)	(29,065)	(29,086)	(36,996)
Legal debt service margin	<u>\$ 23,067</u>	<u>\$ 26,864</u>	<u>\$ 26,309</u>	<u>\$ 33,102</u>	<u>\$ 38,745</u>	<u>\$ 41,002</u>	<u>\$ 41,761</u>	<u>\$ 42,967</u>	<u>\$ 46,065</u>	<u>\$ 40,853</u>
Legal debt service margin as a percentage of debt service limit	47.66%	51.40%	46.92%	55.13%	57.32%	58.65%	59.02%	59.65%	61.30%	52.48%

Legal Debt Service Limit



Source: County's Adopted Budget Books

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 the County debt service limit annually. Under this ordinance, the debt service limit shall not exceed 4% of the average annual County budget for the current and the preceding four fiscal years, and shall be for non-voter approved debt that is the obligation of the County. The debt service limit does not apply to certificates of participation for the Colma Creek Flood Control District.

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

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

Fiscal Year	Available Revenue	Debt Service		Coverage ratio ¹	Available Revenue	Debt Service		Coverage ratio	
		Principal	Interest			Principal	Interest		
1993 Lease Revenue Bonds					1997 Certificates of Participation				
Purpose:	Defeased 1991 Certificates of Participation and financed the costs of a parking garage and jail.				Financed storm water and flood control improvements in Colma Creek Flood Control Zone.				
Funding Source:	General Fund and Criminal Justice Facilities Fund.				Colma Creek Flood Control District.				
2006	\$ 4,445	\$ 1,825	\$ 2,909	0.93	\$ 981	\$ 250	\$ 731	1.00	
2007	2,620	-	2,909	0.90	979	260	719	1.00	
2008	2,620	-	2,909	0.90	977	270	707	1.00	
2009	2,620	-	2,909	0.90	979	285	695	1.00	
2010	5,097	2,560	2,825	0.95	976	295	681	1.00	
2011	5,085	2,720	2,654	0.95	976	310	666	1.00	
2012	5,087	2,905	2,472	0.95	975	325	650	1.00	
2013	5,073	3,085	2,276	0.95	979	345	634	1.00	
2014	5,070	3,290	2,069	0.95	975	360	615	1.00	
2015	5,064	3,505	1,848	0.95	976	380	596	1.00	
2004 Certificates of Participation									
Purpose:	Financed the acquisition, design, construction, improvement, and installation of certain improvements to the flood control system.								
Funding Source:	Colma Creek Flood Control District.								
2006	\$ 501	\$ -	\$ 501	1.00					
2007	535	35	500	1.00					
2008	535	35	500	1.00					
2009	534	35	499	1.00					
2010	532	35	497	1.00					
2011	536	40	496	1.00					
2012	535	40	495	1.00					
2013	533	40	493	1.00					
2014	537	45	492	1.00					
2015	535	45	490	1.00					
2008 Lease Revenue Bonds					2009 Lease Revenue Bonds				
Purpose:	Provided funds, together with other available moneys, to redeem the 2003 Lease Revenue Bonds and to pay the termination payment for the 2003 interest swap agreements.				Provided funds to refund a portion of outstanding 1997 Bonds and the outstanding 1999 Bonds, to pay for costs of issuance of the 2009 Bonds, and to pay for other costs relation to the refunding.				
Funding Source:	County departments occupying the facilities.				General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.				
2010	\$ 9,298	\$ 2,590	\$ 6,708	1.00	\$ -	\$ -	\$ -	-	
2011	9,205	2,665	6,630	0.99	10,434	4,440	5,993	1.00	
2012	9,294	2,760	6,534	1.00	10,486	5,200	5,286	1.00	
2013	9,297	2,875	6,422	1.00	10,530	5,475	5,055	1.00	
2014	9,294	2,990	6,304	1.00	10,569	5,765	4,804	1.00	
2015	9,296	3,130	6,166	1.00	10,630	6,080	4,550	1.00	

(Continued)

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

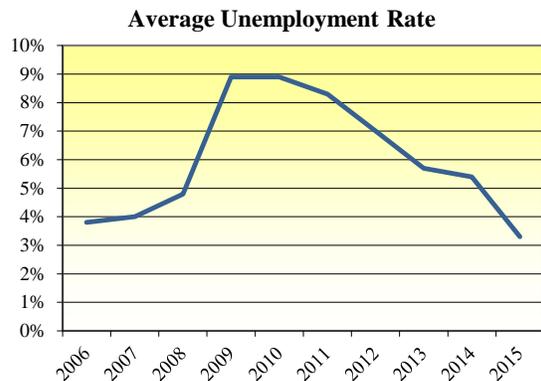
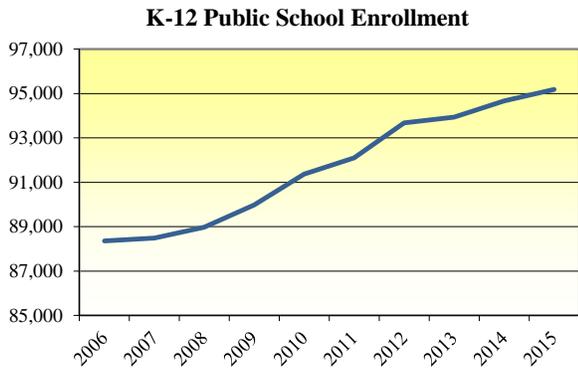
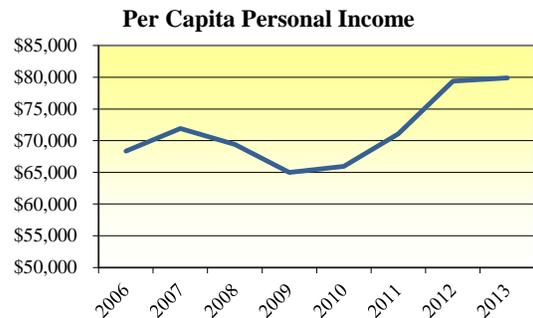
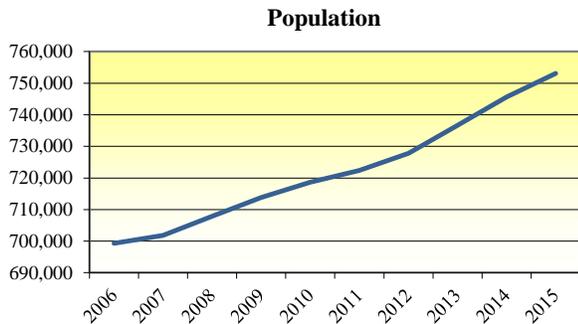
Fiscal Year	Available Revenue	Debt Service		Coverage ratio ¹	Available Revenue	Debt Service		Coverage ratio	
		Principal	Interest			Principal	Interest		
2013 Lease Revenue Bonds					2014 Lease Revenue Bonds				
Purpose:	To provide funds, together with other available moneys, (i) to redeem outstanding 1997, 1999, and 2001 Bonds, (ii) finance certain capital improvements, and (iii) to pay costs of issuance of the 2013 Bonds				To provide funds, together with other available moneys, (i) to finance the acquisition, construction, and equipping of the Maple Street Correctional Center, (ii) to refund all of the outstanding notes previously issued by the County in FY 2013-14, the proceeds of which were used to reimburse the County for the purchase price of the jail project site, (iii) to pay capitalized interest on the 2014 Bonds through May 30, 2016, (iv) to provide the Reserve Account Requirement, and (v) pay issuance costs of the 2014 Bonds.				
Funding Source:	County departments occupying the facilities.				County departments occupying the facilities.				
2014	\$ 861	\$ -	\$ 861	1.00	\$ -	\$ -	\$ -	n/a	
2015	2,941	990	1,951	1.00	-	-	8,775	-	

Available revenue - per contributions from responsible departments.
Principal and interest - per debt service schedules.
n/a - not applicable.

¹ Debt service payments not covered by available revenues were funded by amounts available in accounts with Trustee.

COUNTY OF SAN MATEO
Demographic and Economic Statistics
Last Ten Years

Year	Population¹ (January 1st)	Total Personal Income⁵ (in millions)	Per Capita Personal Income⁵	Median Age⁴	K-12 Public School Enrollment²	Average Unemployment Rate³
2006	699,347	\$ 47,184	\$ 68,366	39.4	88,350	3.8%
2007	701,838	49,894	71,910	39.7	88,479	4.0%
2008	707,820	48,857	69,416	39.9	88,974	4.8%
2009	713,818	46,381	64,994	38.9	89,971	8.9% ⁶
2010	718,614	47,470	65,953	39.3	91,371	8.9%
2011	722,372	51,746	71,051	39.4	92,097	8.3%
2012	727,795	58,666	79,420	39.6	93,674	7.0%
2013	736,647	59,710	79,893	39.3	93,931	5.7%
2014	745,635	n/a	n/a	39.4	94,667	4.2%
2015	753,123	n/a	n/a	n/a	95,187	3.3%



Sources:

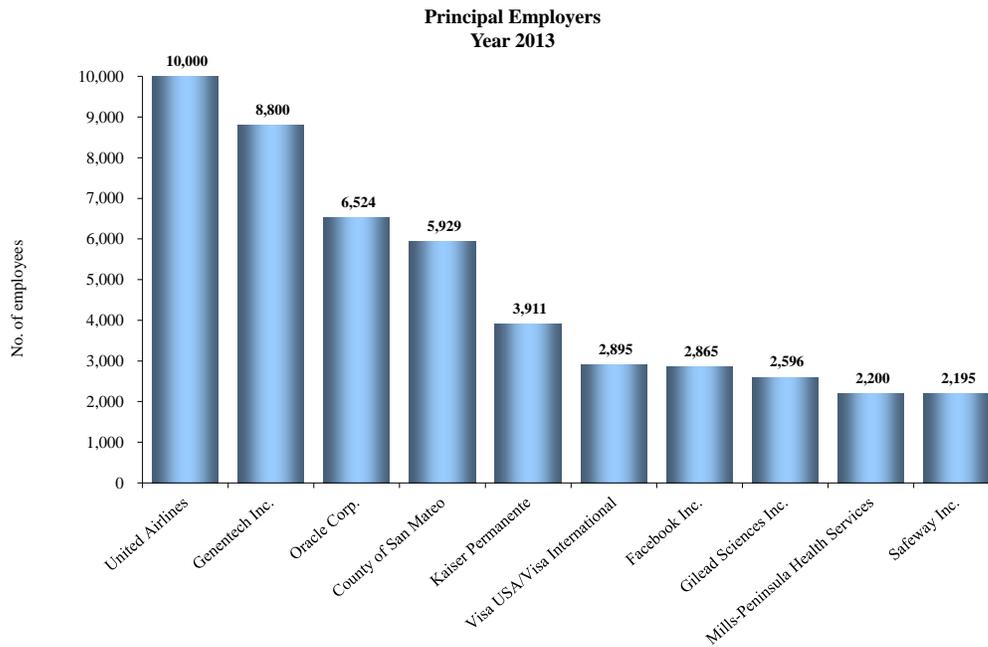
- ¹ Data include retroactive revisions by the State of California Department of Finance, Demographic Research Unit.
- ² Data include retroactive revisions by the State of California Department of Education.
- ³ Data include retroactive revisions by the State of California Employment Development Department. Unemployment rates are non-seasonally adjusted for June.
- ⁴ U.S. Census Bureau, American Community Survey.
- ⁵ Data include retroactive revisions by the U.S. Department of Commerce Bureau of Economic Analysis.
- ⁶ The sharp increase in the unemployment rate was caused by the global economic downturn.

Note:

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

**COUNTY OF SAN MATEO
Principal Employers
Year 2013 and Year 2005**

Employer	Business Type	2013 ¹			2005		
		Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
United Airlines	Airline	10,000	1	2.62%	10,328	1	2.95%
Genentech Inc.	Biotechnology	8,800	2	2.30%	5,763	3	1.65%
Oracle Corp.	Hardware and Software	6,524	3	1.71%	7,000	2	2.00%
County of San Mateo	Government	5,929	4	1.55%	5,288	4	1.51%
Kaiser Permanente	Health Care	3,911	5	1.02%	3,992	5	1.14%
Visa USA/Visa International	Global Payments Technology	2,895	6	0.76%	1,901	9	0.54%
Facebook Inc.	Social Network	2,865	7	0.75%			
Gilead Sciences Inc.	Biotechnology	2,596	8	0.68%			
Mills-Peninsula Health Services	Health Care	2,200	9	0.58%			
Safeway Inc.	Retail Grocer	2,195	10	0.57%	2,140	7	0.61%
United States Postal Service	Postal Service				2,396	6	0.68%
Applera (Applied Biosystems)	Biotechnology				2,000	8	0.57%
Electronic Arts Inc.	Interactive Entertainment				1,800	10	0.51%
Total		47,915		12.55%	42,608		12.16%



Source: San Francisco Business Times - 2015 Book of Lists.
California Employment Development Department

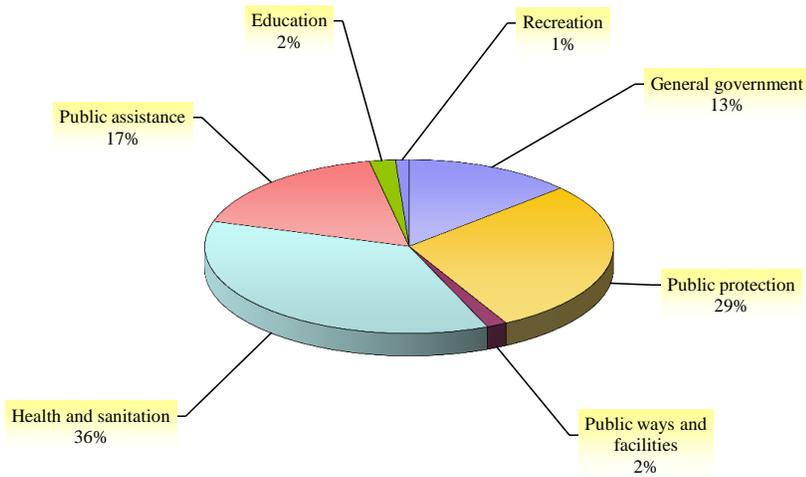
Notes:

¹ The latest information available for principal employers in the County.

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

Function	As of June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	789	831	850	801	774	740	736	700	704	706
Public protection	1,354	1,381	1,391	1,452	1,432	1,423	1,389	1,422	1,454	1,531
Public ways and facilities	93	92	95	96	96	90	85	86	86	85
Health and sanitation	1,981	2,077	2,174	2,142	2,022	1,995	1,932	1,802	1,851	1,906
Public assistance	953	994	1,036	1,041	960	887	890	931	979	915
Education	112	113	113	113	114	-	112	108	108	109
Recreation	55	56	56	57	52	52	51	49	59	57
Total full-time equivalent employees ¹	5,337	5,544	5,715	5,702	5,450	5,187	5,195	5,098	5,241	5,309

Full-time Equivalent County Employees by Function
As of June 30, 2015



Source: County's Budget System - County of San Mateo, California

Notes:

¹ The full-time equivalent (FTE) employee count is based on the information available in the County's Budget System and may change due to revision.

COUNTY OF SAN MATEO
Operating Indicators by Function
Fiscal Years 2013-2014

<u>Function</u> ¹	<u>Fiscal Year</u> ³	
	<u>2013</u>	<u>2014</u>
<u>General Government</u>		
<i>County Manager's Office</i>		
Issuer credit rating from Moody's/Standard & Poor's	Aaa/AAA	Aaa/AAA
<i>County Counsel</i>		
Percent of general litigation cases won or resolved (with client approval)	100%	n/a
² Percent of post-litigation survey respondents rating services	-	95%
<i>Treasurer Tax Collector</i>		
Dollar earnings in County pool due to investments	\$23.3M	\$23.0M
<u>Public Protection</u>		
<i>District Attorney</i>		
Percent of clients rating victim services as good or better	82%	95%
<i>Private Defender Program</i>		
Number of criminal arraignments, both limited and general jurisdiction	14,698	17,794
<i>Sheriff's Office</i>		
<i>Forensic Laboratory</i>		
Percent of customers rating forensic laboratory services as good or better	86%	90%
<i>Patrol Bureau</i>		
Average response time - urban / rural	6:29 / 15:32	5:00 / 11:00
Number of dispatched calls for patrol services	112,893	n/a
Number of life endangering interventions on railway system	-	29
<i>Investigations Bureau</i>		
Percent of Gang Intelligence Unit investigations leading to arrest or diversion	65%	n/a
² Annual clearance rates of violent crimes	-	281
<i>Maguire Correctional Facility</i>		
Number of persons booked into custody	16,260	17,157
<i>Court Security and Transportation Services</i>		
Total number of inmates transported	25,736	n/a
² Number of inmates transported annually per deputy	-	1,507
<i>Probation Department</i>		
<i>Adult Services</i>		
Percent of adult probationers completing probation without a new sustained law violation	63%	69%
<i>Juvenile Services</i>		
Percent of juvenile probationers completing probation without new sustained law violations	80%	80%
<i>Institutions Services</i>		
Percent of Youth successfully completing the Community Care Program	93%	90%
<i>Coroner's Office</i>		
Percent of survey respondents rating services good or better	91%	92%
<u>Public Ways and Facilities</u>		
<i>Department of Public Works</i>		
<i>Facilities Services</i>		
Percent of preventative maintenance completed on time	68.5%	n/a
² Percent of facilities with Facilities Condition	-	86.0%
<i>Construction Services</i>		
Percent of jobs completed within budget/schedule	100%	100%
<i>Waste management</i>		
Number of programs / projects implemented in the unincorporated areas that reduce waster, promote resource conservation, or conserve resources	32	30
<i>Utilities</i>		
Percent of streetlights repaired within ten working days	90.5%	n/a
² Number of resolved sewer/sanitation district customer requests related to sewer lateral back-ups	-	636

Source: County's Adopted Budget for FY 2014-15 and Recommended Budget FY 2015-17

n/a - not applicable

¹ Functions/programs operated by the County.

² County developed a new set of performance measures starting in FY 2013-14.

³ The latest information available for operating indicators by function in the County.

(Continued)

COUNTY OF SAN MATEO
Operating Indicators by Function
Fiscal Years 2013-2014

<u>Function</u> ¹	<u>Fiscal Year</u> ³	
	<u>2013</u>	<u>2014</u>
<u>Health and Sanitation</u>		
<i>Health System</i>		
Health Administration		
Percent of stakeholders respondents rating services good or better	87%	91%
Health Coverage Unit		
Number of Health coverage applications completed per FTE	1,476	1,300
Emergency Medical Services		
Percent of ambulance emergency medical service calls responded to on time per contract standards	94%	94%
Community-Based Programs		
Percent of Adult Protective Services cases that are resolved and stabilized for at least twelve months	85%	92%
Environmental Health Services		
Percent of suspected food-borne illness complaints responded to within one business day	81%	88%
Mental Health Adult Services		
Percent of new adult clients system-wide receiving prompt access to treatment as measured by	59%	n/a
² Percent of adults who attend a follow up visit with a clinical provider within 7 days of being discharged from a psychiatric hospital	-	75%
Mental Health Youth Services		
Percent of new youth clients system-wide receiving prompt access to treatment	66%	68%
Alcohol and Other Drug Services		
Percent of clients who report abstinence from alcohol and other drug use at discharge	44.3%	55.0%
Correctional Health Services		
Percent of participants who will demonstrate a reduction in criminal thinking after participation in Choices	65%	n/a
² Percent of juvenile offenders receiving timely histories and physicals within 96 hours of incarceration	-	100%
San Mateo Medical Center		
Percent of publicly reported quality measures scoring in the 90th percentile	76%	33%
<u>Public Assistance</u>		
<i>IHSS Public Authority</i>		
Percent of In-Home Supportive Services consumers who find an IHSS provider through the Public Authority registry	72%	n/a
² Average number of days it takes to provide a registry caregiver	-	8
<i>Human Services Agency</i>		
Key Performance Measures		
Percent of applications for public assistance programs such as CalFresh, CalWorks and Medi-Cal that are processed standards for within State timeliness	86%	89%
Timely visits by Emergency Response Social Workers investigating alleged child abuse cases requiring 10 day response	90.3%	n/a
² Reunification of children to the parent/guardian within 12 months of removal from home	-	72.5%
Eligibility Determination		
Percent of residents receiving nutritional assistance through CalFresh benefits from total estimated population below the poverty limit	56%	60%
Vocational Rehabilitation Services (VRS)		
Overall satisfaction rated good or better for all VRS services	93%	91%
Childcare Services		
Percent of preschool aged children assisted with child care that enroll in licensed early childhood education providers	59%	60%
Homeless and Safety Net Services		
Percent of clients residing in homeless transitional shelters (HUD funded) that are connected to mainstream services and benefits	78%	84%
Percent of clients receiving food and/or shelter assistance by Core Service Agencies contracting with the Human Services Agency	99%/70%	n/a
² Percent of clients receiving food assistance by Core Service Agencies	-	99%
<u>Department of Housing</u>		
Housing & Community Development		
Number of County funded housing units developed and occupied	120	n/a
² Number of households benefitting directly from County administered loans and grants for home purchase, repair, or rehabilitation	-	427
Housing Authority		
Number of households served by rental assistance	4,476	n/a
² Number of individuals and families through Provider Based Assistance Program	-	42
<u>Recreation</u>		
<i>Parks & Recreation</i>		
Percent of customers rating services and experiences 'good' or 'excellent'	89%	87%
<i>Coyote Point Marina</i>		
Percent of customers rating marina services and experiences 'good' or 'excellent'	95.3%	95%

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

	As of June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities:										
General government										
Child care centers	2	2	2	2	2	2	2	2	2	2
Fairground	1	1	1	1	1	1	1	1	1	1
Grant yards	6	6	6	6	6	6	6	6	6	6
Law library	1	1	1	1	1	1	1	1	1	1
Office buildings	4	4	4	4	4	4	4	4	4	4
Parking structures	1	1	1	1	1	2	2	2	2	2
Public protection										
Fire stations	4	4	4	4	4	4	4	4	4	4
Sheriff stations	1	1	1	1	1	1	1	1	1	1
Jail	2	2	2	2	2	2	2	2	2	2
¹ Youth services center	1	1	1	1	1	1	1	1	1	1
Public ways and facilities										
Road										
Pavement (miles)	316.2	314.41	315.88	314.8	315.39	315.39	315.5	315.5	315.5	315.8
Bridges	28	28	28	31	31	31	32	33	33	33
Traffic signals	19	19	19	19	19	19	19	19	19	19
Flashing Beacons	n/a	n/a	3	3	3	4	4	4	4	4
Lighted Crosswalks	n/a	n/a	4	4	4	4	4	4	4	6
Radar Feedback signs	n/a	n/a	4	4	10	11	11	11	11	11
Sewer and water										
Sewer:										
Sanitary sewers (miles)	149.47	149.47	147.35	147.47	144.18 ³	144.18	144.18	144.18	144.18	144.18
Water:										
Water mains (miles)	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Fire hydrants	20	20	20	20	20	20	20	20	20	20
Storage capacity (thousands of gallons)	710	710	710	710	710	710	710	710	710	710
Lighting										
Street lights	2,920	2,921	2,128 ²	2,166	2,166	2,167	2,167	2,179	2,193	2,194
Flood control										
Channels (miles)	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7
Health and sanitation										
Warehouse	2	2	2	2	2	2	2	2	2	2
Psychiatric center	1	1	1	1	1	1	1	1	1	1
Satellite clinic	1	1	1	1	1	1	1	1	1	1
Public assistance										
Drug treatment center	1	1	1	1	1	1	1	1	1	1
Employment and training center	1	1	1	1	1	1	1	1	1	1
Recreation										
Parks	19	19	19	19	19	19	19	19	19	19
Business-type Activities:										
Medical center	1	1	1	1	1	1	1	1	1	1
Airports	2	2	2	2	2	2	2	2	2	2
Coyote Point Marina Recreation Area	1	1	1	1	1	1	1	1	1	1

Sources:

County Capital Asset Master File
Department of Public Works

Notes:

n/a - not available

¹ A new youth services center was opened in September 2006.

² The decrease was caused by transfer of the Ravenswood Lighting District to the City of East Palo Alto.

³ Less sanitary sewer miles are maintained in the Emerald Lake Heights Sewer Maintenance District.



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