



# County of San Mateo, California Popular Annual Financial Report Fiscal Year Ended June 30, 2015



## San Mateo County is committed to:

- ◆ The highest standards of public service
- ◆ A common vision of responsiveness
- ◆ The highest standards of ethical conduct
- ◆ Accessible services for those in need
- ◆ Treating people with respect and dignity

## Letter to the Citizens of San Mateo County

It is my pleasure to present to you the County's Popular Annual Financial Report (PAFR) for fiscal year (FY) 2014-15.

My goal for this PAFR is to provide financial information that is easy to understand and transparent to our residents, policy leaders, and County management. The PAFR summarizes essential information contained in the County's Comprehensive Annual Financial Report (CAFR) for FY 2014-15 that is available at <https://controller.smcgov.org/2015CAFR>. The PAFR includes 5-year trend charts, definitions of key financial terms, and explanations of financial results.

In FY 2014-15, government-wide revenues totaled \$1.61 billion while expense totaled \$1.25 billion. The County's net position (net worth) as of June 30, 2015 totaled \$1.54 billion, of which \$714 million is categorized as unrestricted and is available to fund services for citizens and debt obligations.

As the local economy continues to grow, the County's financial condition strengthens. Many of the County's economic and financial indicators are positive. Unemployment is down while real estate prices are up. The prepayment of pension liabilities will lower future required contributions, and repairing infrastructure will help ensure that vital safety, health and social services can be provided into the future.

In the near term, the low unemployment rate, steady economic expansion, and local indicators such as growth in the technology business sector and property tax base will allow the County to maintain its sound finances if prudently managed.

I wish to thank the citizens of San Mateo County for giving me the opportunity to serve as Controller; and employees of the County for their dedication and contributions to County government.

Please visit our website at <http://controller.smcgov.org> to view or download copies of the CAFR, PAFR and other publications. We welcome your comments and questions, which can be emailed to me at [controller@smcgov.org](mailto:controller@smcgov.org).

Sincerely,



**Juan Raigoza**  
San Mateo County Controller



# County Profile



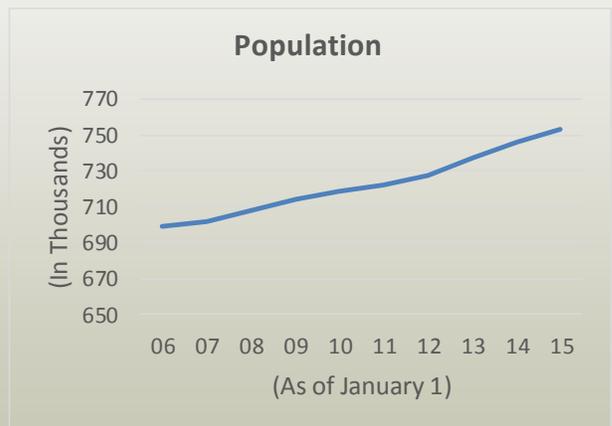
**San Mateo County**, one of the nine counties in the San Francisco Bay Area, was established in 1856. The County occupies 455 square miles and contains 20 cities on a peninsula bounded by San Francisco to the North, Santa Clara County to the South, San Francisco Bay to the East, and the Pacific Ocean to the West.

Sandwiched between two large urban areas (San Francisco and San Jose), the County has a mix of suburban and rural areas. Most of the County's 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 is located in the middle of Silicon Valley that has many information technology firms. It is also a home to numerous colleges and is close to three of the top research institutions in the world: the University of California at Berkeley, the University of California at San Francisco, and Stanford University.

The County is governed by a five-member Board of Supervisors elected by San Mateo County voters. Supervisors are elected to staggered four-year terms for a maximum of three terms in office.

The County plays a dual role that differs from cities. Cities generally provide basic services such as police and fire protection, sanitation, recreation programs, planning, street repair, and building inspection. The County, a subdivision of the State, provides a vast array of services for all residents. These services include social services, public health protection, housing programs, property tax assessment, tax collection, elections, and public safety. The County also provides basic city-type services for residents who live in unincorporated areas.



# San Mateo County Board of Supervisors



**District 1: Dave Pine**

[dpine@smcgov.org](mailto:dpine@smcgov.org)

**(650) 363-4571**

District 1 includes cities of Burlingame, Hillsborough, Millbrae, San Bruno, (everything east of Interstate 280 and areas west of 280 and south of Sneath Lane) and South San Francisco (east of Junipero Serra Boulevard and south of Hickey and Hillside Boulevards). Unincorporated Burlingame Hills, San Mateo Highlands and San Francisco International Airport.



**District 2: Carole Groom**

[cgroom@smcgov.org](mailto:cgroom@smcgov.org)

**(650) 363-4568**

District 2 includes cities of San Mateo, Foster City and most of Belmont (excluding southeast portion).



**District 3: Don Horsley**

[dhorsley@smcgov.org](mailto:dhorsley@smcgov.org)

**(650) 363-4569**

District 3 includes cities of Atherton, southeast Belmont, Half Moon Bay, part of Menlo Park (west of El Camino Real), Pacifica, Portola Valley, San Carlos and Woodside. Unincorporated Devonshire Canyon, El Granada, Emerald Lake Hills, Harbor Industrial Park, La Honda, Ladera, Loma Mar, Los Trancos Woods, Menlo Oaks, Miramar, Montara, Moss Beach, Palomar Park, Pescadero, Princeton By-The-Sea, San Gregorio, Skyline, Sequoia Tract, Skylonda, Stanford Lands, Vista Verde and West Menlo Park.



**District 4: Warren Slocum**

[wslocum@smcgov.org](mailto:wslocum@smcgov.org)

**(650) 363-4570**

District 4 includes cities of East Palo Alto, part of Menlo Park (east of El Camino Real) and Redwood City. Unincorporated North Fair Oaks.



**District 5: Adrienne Tissier**

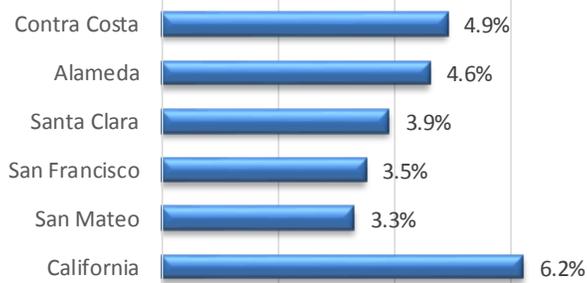
[atissier@smcgov.org](mailto:atissier@smcgov.org)

**(650) 363-4572**

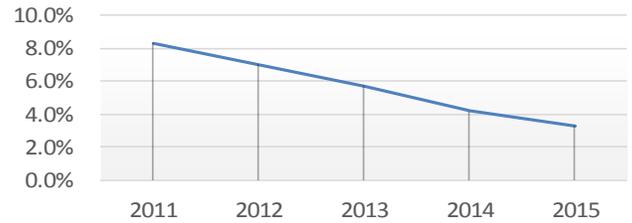
District 5 includes cities of Brisbane, Colma, Daly City, San Bruno (north of Sneath Lane and west of Interstate 280) and South San Francisco (east of Junipero Serra Boulevard and north of Hickey and Hillside Boulevards). Unincorporated Broadmoor Village.

# Economic and Demographic Information

### Unemployment Rate as of June 2015



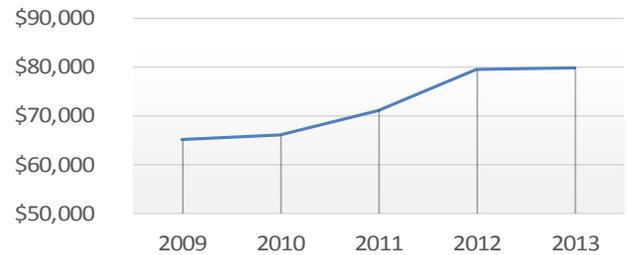
### County of San Mateo Unemployment Rate (for the month of June)



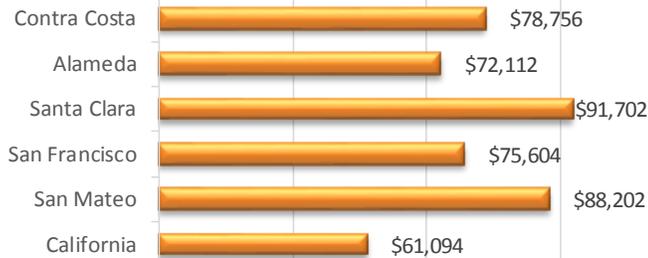
### Per Capita Personal Income 2013\*



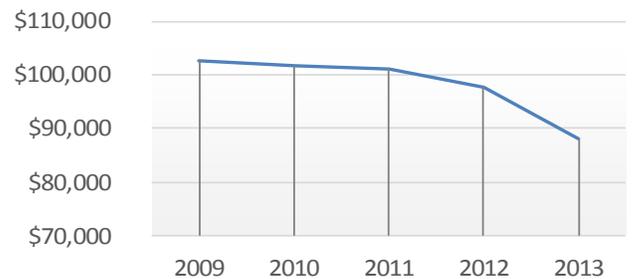
### County of San Mateo Per Capita Personal Income\*



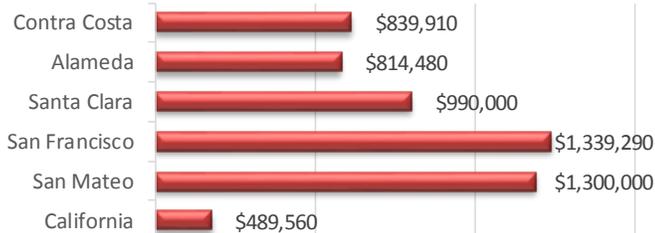
### Median Family Income 2013\*



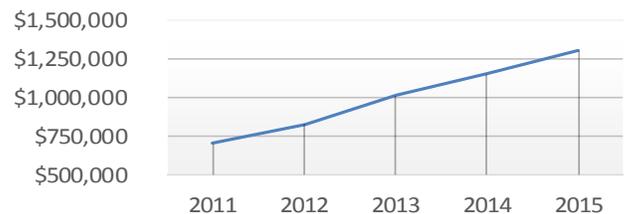
### County of San Mateo Median Family Income\*



### Median Home Price as of June 2015 (single-family homes)



### County of San Mateo Median Home Price as of June (single-family homes)



\* Latest available data.

# Government-Wide Financial Position

The **Statement of Net Position** presents information on the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position.

**Assets** are resources with service capacity the County controls.

**Liabilities** are obligations the County owes.

**Long-Term Liabilities** include estimated claims, net postemployment benefit obligation, compensated absences, and debts (such as lease revenue bonds, certificates of participation, notes payable, and other long-term obligations).

**Deferred outflows of resources** are the consumption of net assets applicable to future reporting periods.

**Deferred inflows of resources** are the acquisition of net assets applicable to future reporting periods.

**Net position** reflects the County's net worth. (Net Position = Assets + Deferred Outflows of Resources - Liabilities - Deferred Inflows of Resources)

**Net investment in capital assets** represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens and are not available for future spending.

**Restricted net position** 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.

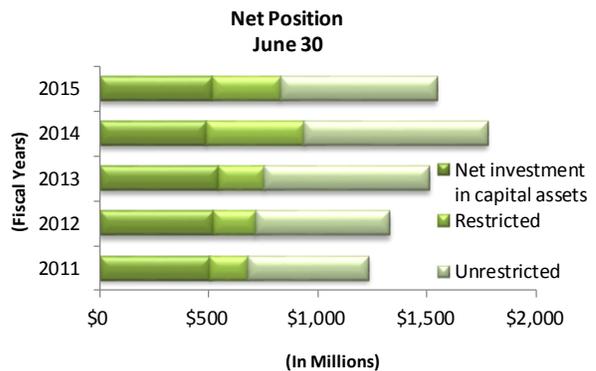
**Unrestricted net position** represents resources that are available to fund County programs for citizens and debt obligations to creditors.

Statement of Net Position (In Millions)	Total		Inc./.(Dec.) Amount
	2015	2014*	
Current and other assets	\$ 1,867	\$ 1,739	\$ 128
Capital assets	981	881	100
<b>Total assets</b>	<b>2,848</b>	<b>2,620</b>	<b>228</b>
Deferred outflows of resources**	210	7	203
Long-term liabilities	620	633	(13)
Net pension liability**	389	-	389
Other liabilities	279	219	60
<b>Total liabilities</b>	<b>1,288</b>	<b>852</b>	<b>436</b>
Deferred inflows of resources**	229	-	229
Net position:			
Net investment in capital assets	516	489	27
Restricted	311	450	(139)
Unrestricted	714	836	(122)
<b>Total net position</b>	<b>\$ 1,541</b>	<b>\$ 1,775</b>	<b>\$ (234)</b>

\* 2014 financial data was not restated for GASB Statement Nos. 68 and 71.

\*\* Primarily related to implementation of GASB Statement No. 68.

Over time, changes in net position (net worth) may serve as a useful indicator of whether the County's financial position is improving or deteriorating. For the FY 2014-15, the County's total net position decreased by \$234 million to \$1.5 billion. The negative change in net position is due to the implementation of GASB Statement Nos. 68 and 71 related to the change in financial reporting of pensions. Absent the impacts of this change in measurement, the financial position of the County improved by \$356 million in FY 2014-15. Net position of \$1.5 billion is classified into three categories: \$516 million in net investment of capital assets, \$311 million in restricted, and \$714 million in unrestricted.

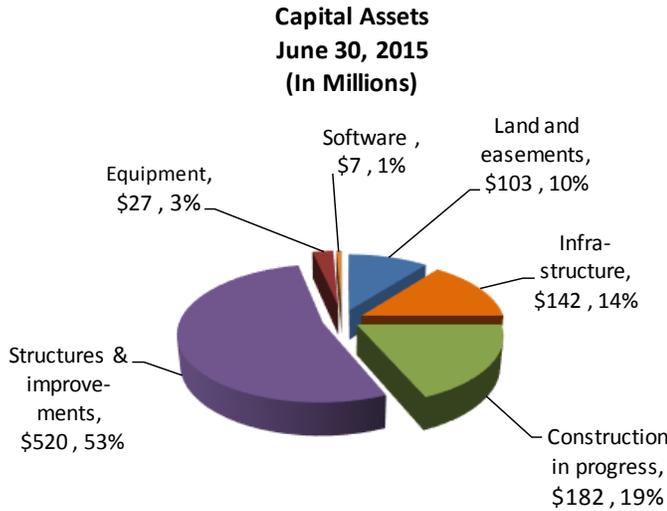


The financial information in this report is derived from the County's Comprehensive Annual Financial Report (CAFR) for FY 2014-15. The CAFR provides more detailed information and is prepared in conformity with generally accepted accounting principles, and available at: <https://controller.smcgov.org/2015CAFR>

# Government-Wide Financial Position (Continued)

**Capital assets.** The County's capital assets include land and easements, infrastructure, construction in progress, structures and improvements, equipment, and software.

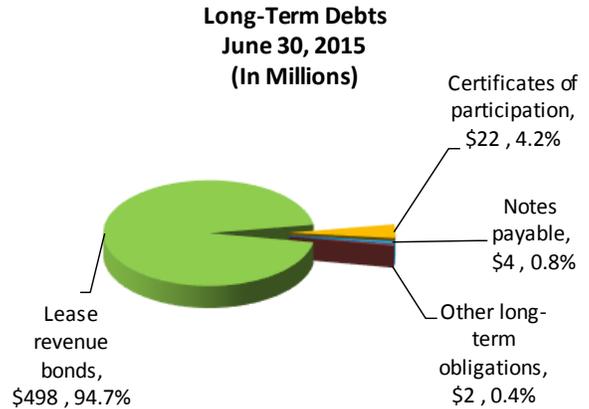
As of June 30, 2015, the County's total investment in capital assets increased by \$100 million, or 11%, to \$981 million.



**Long-term debts.** The County's total long-term debts (a subset of total long-term liabilities) decreased \$15 million, or 3%, to \$526 million as of June 30, 2015. The County's bond credit rating is AAA/Aaa.

The decrease is mainly due to the scheduled retirement of outstanding lease revenue bonds and certificates of participation.

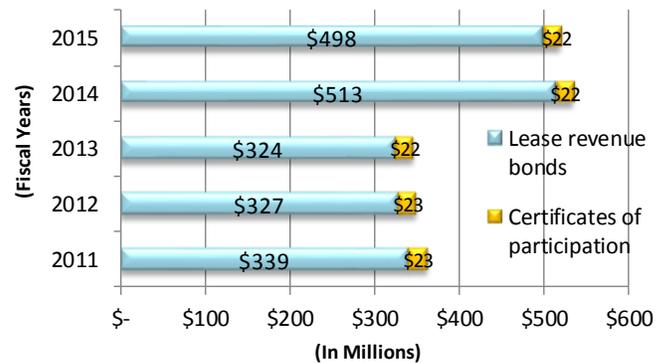
Debt service payments of \$31 million represent 2.5% of total government-wide expenses.



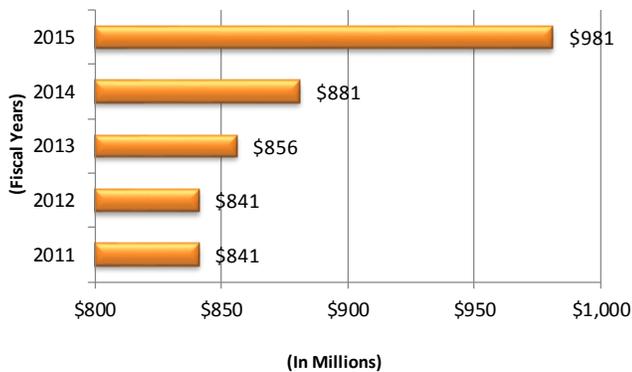
Major events during FY 2014-15 include the following:

- **Construction of new County jail.** Total project cost since inception through June 30, 2015 was \$139.9 million. Of this amount, \$75.0 million was incurred during FY 2014-15.
- **Purchase of land and easements.** In September 2014, the County purchased land on Middlefield Road for \$10 million.
- **Crystal Springs Sanitary Sewer System Improvement Project.** An increase of \$2 million in FY 2014-15.
- **Roads Infrastructure.** An increase of \$4 million due to the completion of various road projects.

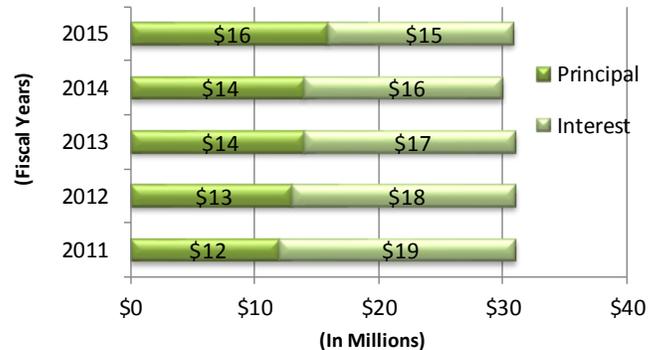
**Long-Term Debts  
(Lease Revenue Bonds and COPs)  
June 30**



**Capital Assets  
June 30**



**Debt Service Payments  
(Lease Revenue Bonds and COPs)  
June 30**



## Government-Wide Financial Position (Continued)

**Net Pension Liability.** This year the County implemented the new Government Accounting Standards Board (GASB) Statement No. 68 related to financial reporting of pension plans. San Mateo County Employees' Retirement Association (SamCERA) and the County now use two actuarial valuation methods for its pension plan, one for financial reporting purposes, and another for funding purposes to determine the County's annual contribution to the plan. The new GASB standard requires the County to recognize a net pension liability on the face of the financial statements (Statement of Net Position) for the first time, along with other liabilities.

### For Financial Reporting Purposes

**Net pension liability** is the difference between the total pension liability and plan assets at fair value.

SCHEDULE OF NET PENSION LIABILITY	June 30, 2015	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%.
Total pension liability	\$ 3,502.3	
Fiduciary net position	3,113.0	
County's proportionate share of the collective net pension liability	\$ 389.3	
Plan fiduciary net position as a percentage of the total pension liability	88.8%	

### For Funding Purposes

**Unfunded actuarial accrued liability (UAAL)** is the difference between actuarial accrued liability and the actuarial value of assets accumulated to finance an obligation.

	2015	2014	2013	
Unfunded Actuarial Accrued Liability (UAAL) <sup>1</sup>	\$ 702.2	\$ 803.8	\$ 954.1	As of June 30, 2015, for funding purposes as reported by SamCERA, the entire pension plan's UAAL totaled \$702.2 million. The County's proportionate share of the plan's UAAL is \$666 million (94.8% of \$702.2 million).
Funded Ratio	82.6%	78.8%	73.3%	

<sup>1</sup> Amount represents entire Plan.

	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 +/- 20% of difference between projected and actual gain/(loss)
Funded ratio as of June 30, 2015	82.6%	88.8%

**Funded ratio** represents the percentage of the plan assets currently available to pay the actuarial accrued liabilities.

**Discount rate** is the investment rate of return used to measure the total pension liability.

In FY 2013-14, the County contributed an additional funding of \$50 million to SamCERA, and will pay an additional \$10 million in each of the following nine years to provide greater

SCHEDULE OF COUNTY CONTRIBUTIONS	2015	2014
Contractually required contributions	\$ 161,971	\$ 143,836
Contributions in relation to the contractually required contribution	171,971	193,836
Contribution deficiency (excess)	\$ (10,000)	\$ (50,000)

security for pension benefits, improve its funded ratio, and reduce the County's long-term pension costs.

## Government-Wide Financial Position (Continued)

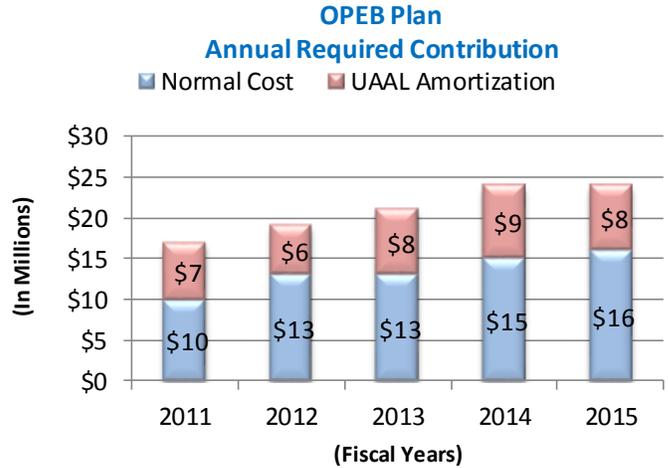
The County sponsors **Other Postemployment Benefits (OPEB)**, which provide healthcare benefits to eligible members who retire from the County and receive a pension from SamCERA.

**Schedule of Funding Progress** provides a snapshot of the County's ability to meet current and future liabilities with plan assets. Of particular interest is the funded status ratio. This ratio is an important indicator to determine the financial health of the plan. The closer the plan is to a 100% funded status, the better position it will be in to meet its future liabilities.

**Normal cost** represents the estimated amount necessary to finance benefits earned by members during the fiscal year.

**UAAL Amortization** is the paying off of UAAL in regular installments over a period of 30 years.

**Annual required contribution (ARC)** is the amount required to pay the sum of the plan's normal cost and the cost to amortize the plan's UAAL.



<b>OPEB Plan Schedule of Funding Progress (In Millions)</b>						
Actuarial * Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (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	\$ 168	\$ 268	\$ 100	62.6%	\$ 465	21.5%
6/30/2013	193	319	126	60.4%	453	28.0%
6/30/2015	235	385	150	61.0%	465	32.3%

\* The actuarial valuation is performed biennially.



## Government-Wide Results of Operations

The **Statement of Activities** presents information on the County's results of operations (or change in the County's net position).

### Change in County's Net Position (In Millions)

	Fiscal Year		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Revenues:</b>			
<b>Program Revenues</b>			
Charges for services	\$ 447	\$ 342	\$ 331
Operating grants and contributions	522	552	550
Capital grants and contributions	2	7	6
<b>Total program revenues</b>	<u>971</u>	<u>901</u>	<u>887</u>
<b>General Revenues</b>			
Taxes:			
Property taxes			
General property tax	311	297	280
Excess ERAF	118	111	107
Other	26	23	15
Subtotal - property taxes	455	431	402
Property transfer taxes	10	9	7
Sales and use taxes	103	95	36
Property tax in-lieu of sales taxes	7	6	6
Transient occupancy taxes	2	2	1
Aircraft taxes	1	1	2
Vehicle rental business license tax	12	12	8
Subtotal - taxes	590	556	462
Unrestricted interest and investment earnings	14	12	4
Miscellaneous	35	46	33
<b>Total general revenues</b>	<u>639</u>	<u>614</u>	<u>499</u>
<b>Total revenues</b>	<u>1,610</u>	<u>1,515</u>	<u>1,386</u>
<b>Expenses:</b>			
General government	120	109	79
Public protection	322	354	337
Public ways and facilities	16	19	20
Health and sanitation	244	247	228
Public assistance	212	222	201
Recreation	12	10	9
Interest on long-term liabilities	23	16	16
San Mateo Medical Center	233	244	235
Airports	3	3	3
Coyote Point Marina	1	1	1
Housing Authority	68	71	70
<b>Total expenses</b>	<u>1,254</u>	<u>1,296</u>	<u>1,199</u>
<b>Excess before special item</b>	356	219	187
Special item	-	45	(3)
<b>Change in net position</b>	<u>356</u>	<u>264</u>	<u>184</u>
Net position, beginning, as previously stated	1,775	1,511	1,327
Cumulative effect of accounting change	(590)	-	-
Net position, beginning, as restated	1,185	1,511	1,327
<b>Net position, end of the year</b>	<u>\$ 1,541</u>	<u>\$ 1,775</u>	<u>\$ 1,511</u>
<b>Breakdown of net position, end of the year</b>			
Net investments in capital assets	\$ 516	489	546
Restricted	311	450	208
Unrestricted	714	836	757
<b>Net position, end of the year</b>	<u>\$ 1,541</u>	<u>\$ 1,775</u>	<u>\$ 1,511</u>
Population in San Mateo County	753,123	745,193	736,647
Per capita general revenue (in absolute dollars)	\$ 848	\$ 824	\$ 680
Per capita revenue (in absolute dollars)	\$ 2,138	\$ 2,033	\$ 1,880
Per capita expense (in absolute dollars)	\$ (1,665)	\$ (1,739)	\$ (1,624)
Per capital net revenue (in absolute dollars)	\$ 473	\$ 294	\$ 256



***“The philosophy of the school room in one generation will be the philosophy of government in the next.” -Abraham Lincoln***

- **Revenues.** Charges for services increased in FY 2014-15 by \$105 million due mainly to an increase in revenue received to administer the new Medi-Cal programs under the Affordable Care Act.
- **Expenses.** Public protection and San Mateo Medical Center expenses decreased in FY 2014-15 due to the required change in measuring pension costs.



***“To the world you may be one person; but to one person you may be the world.” -Dr. Seuss***

## Government-Wide Results of Operations (Continued)

**Revenues** are monies the County receives from a variety of sources.

**Program revenues** are derived directly from County programs and can be broken down into the following categories:

- **Charges for services** paid by the recipients of goods and services offered by County's various programs.
- **Grants and contributions** that are restricted to meet the operational or capital requirements of County programs.

**General revenues** are revenues that are not classified as program revenues such as property taxes and all other taxes.

**Expenses** are monies spent on providing services to the County's residents.



The County's total net position (net worth) decreased by \$234 million to \$1.5 billion as of June 30, 2015. The negative change is due to the implementation of GASB Statement Nos. 68 and 71 related to the change in financial reporting of pension benefits. Absent the impacts of this change in measurement, the financial position of the County improved by \$356 million in FY 2014-15.

- \$332 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 million increase in net position was derived from business-type activities, due primarily from the San Mateo Medical Center and Airports.
- \$590 million decrease in net position was due to the restatement of net position required by GASB Statement Nos. 68 and 71.

**Governmental activities** are normally funded by taxes and intergovernmental revenues and cover various services including:

**General government** includes costs incurred by the County's administrative offices.

**Public protection** safeguards the public through law enforcement, custody of criminals, and re-socialization of offenders.

**Public ways and facilities** maintain County roads, bridges, and other infrastructure.

**Health and sanitation** build a healthy community and provide health care to vulnerable populations.

**Public assistance** helps individuals and families to achieve economic self-sufficiency, promote community and family strength, and ensure child safety and well-being.

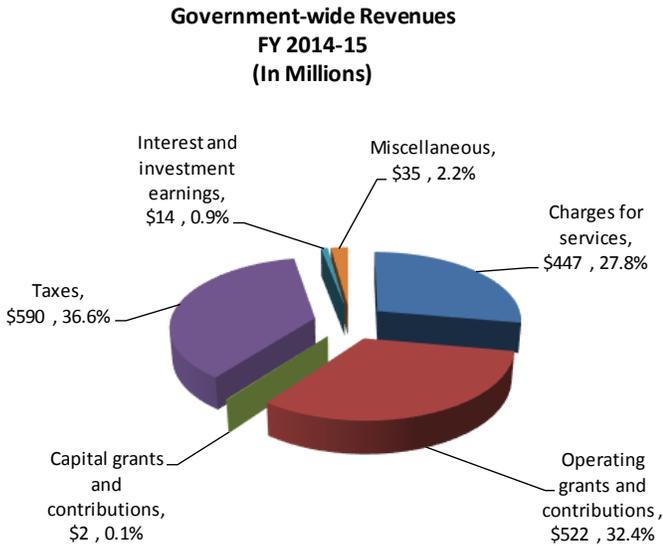
**Recreation** provides residents with access to parks and recreational facilities.

**Business-type activities** include those services provided by San Mateo Medical Center, Airports, Coyote Point Marina Recreation, and Housing Authority. These activities rely heavily on fees charged to recipients of the services.

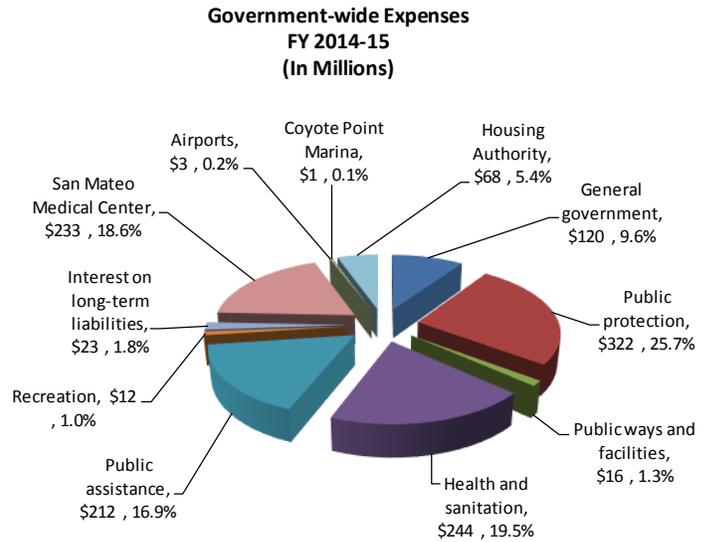


# Government-Wide Results of Operations (Continued)

## Where did the County's money come from?

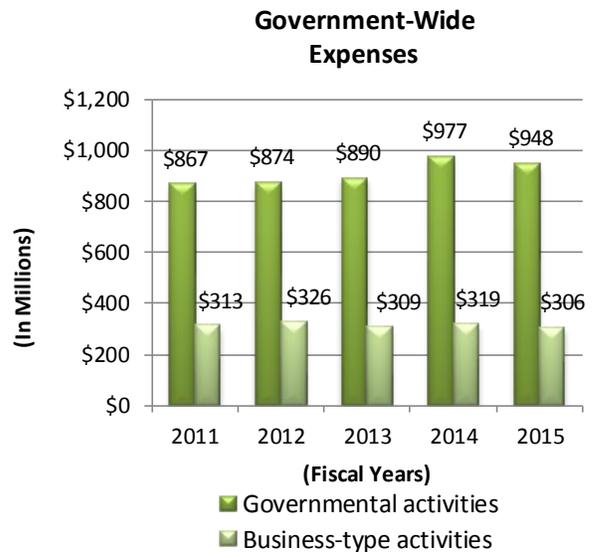
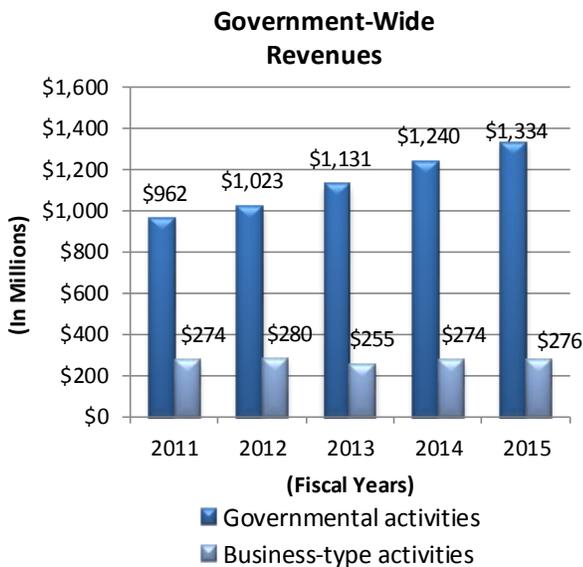


## Where did the County's money go?



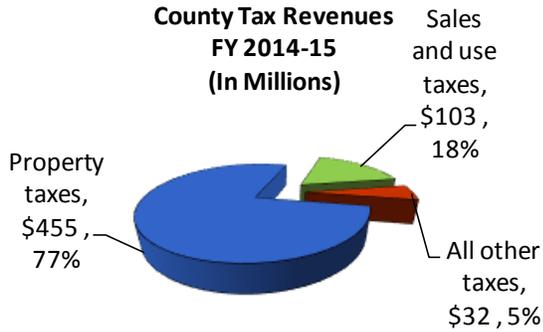
**Governmental activities.** In each of the past five fiscal years, total revenues from the County's governmental activities were greater than related expenses. A portion (\$64 million) of the excess revenues from the General Fund (governmental activities) was used to subsidize mandated healthcare services provided by the San Mateo Medical Center (business-type activities).

**Business-type activities.** In each of the past five fiscal years, total revenues from the County's business-type activities were less than related expenses. The deficits, mainly resulting from mandated healthcare services to the uninsured and indigent population, were absorbed by General Fund (governmental activities) subsidies to the San Mateo Medical Center.



# Tax Revenues

County's tax revenues reached \$590 million for the fiscal year ended June 30, 2015, and increased by \$34 million.

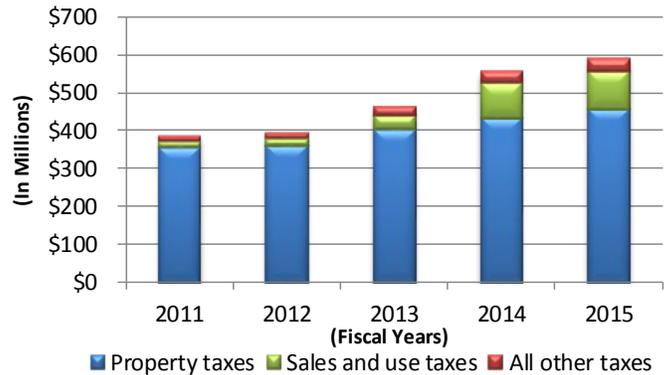


The major increase is caused by the following:

- ◆ \$10.5 million increase in secured property tax revenues due primarily to growth in real property assessed values and decreased refunds.
- ◆ \$7.4 million increase in sales and use taxes, including a \$5 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 of a cent for the next 10 year to fund critical facilities and services effective on April 1, 2013.
- ◆ \$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 State guaranteed amounts. Monies remaining in ERAF after distributing the required funds to schools is Excess ERAF. Excess ERAF monies are refunded back to local taxing agencies in the same proportion as their contributions.
- ◆ \$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.



County Tax Revenues



Countywide Assessed Value of Taxable Property



## Tax Revenues (Continued)

**Property taxes** are levied each fiscal year on taxable real property (secured) and personal property (unsecured) in the County.

Given that property tax revenues make up the County's largest source of General Fund discretionary revenues; the health of the local real estate market, ownership changes, new construction of offices and apartments, and associated changes in property assessed values are key indicators of the financial outlook for the County.

The FY 2014-15 local combined property assessment roll value (\$166 billion as of January 1, 2014) for the County increased 5%, or \$8.8 billion, compared to last year. This increase in value translated to an increase in property tax revenues of about \$88 million countywide, shared by all local agencies (schools, cities, special districts and the County).

The County's local property assessment roll values for the upcoming year (FY 2015-16) increased by 7.64%, or \$12.6 billion, to \$177 billion compared to last year's property assessment roll. This will increase the countywide property tax revenue base to \$1.77 billion.

The FY 2015-16 net property assessment roll values are at a historic high. This is the fifth year that new highs have been set and reflect the County's continuing vibrant economic condition.



### County's Top Ten Taxpayers in FY 2014-15

(In Millions)

	Property Taxes Collected*	Percentage of Total Taxes Collected
Genentech	\$ 17.9	0.85%
United Airlines	17.4	0.82%
Pacific Gas & Electric	16.6	0.79%
Gilead Sciences Incorporation	9.4	0.44%
Slough BTC LLC	6.1	0.29%
Slough SSF LLC DE	5.2	0.25%
Oracle Corporation	5.1	0.24%
Google, Inc.	5.1	0.24%
Wells Real Estate Investment Trust II	3.6	0.17%
Virgin America	3.4	0.16%
<b>Total</b>	<b>\$ 89.8</b>	<b>4.25%</b>

\* Includes secured, unsecured, unitary, and railroad properties.

*“Home prices are gaining steam again”*

*-CNBC, October 2015*

### Countywide Assessed Value of Taxable Property

As of January 1  
(In Millions)

Fiscal Year	Real Property	Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value	% of Change Total Taxable Assessed Value
2010-11	\$ 140,261	\$ 6,591	\$ (4,513)	\$ 142,339	-1%
2011-12	142,562	6,194	(4,849)	143,906	1%
2012-13	146,968	6,382	(4,624)	148,725	3%
2013-14	156,222	6,389	(5,037)	157,574	6%
2014-15	165,062	6,574	(5,236)	166,400	5%



## General Fund Working Budget

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.

**Intrafund transfers** are used by the County to show reimbursements between operations within the same fund.

**Contingencies** are used by the County to address one-time emergencies and economic uncertainties.

<b>General Fund Expenditures Budget vs. Actual By Class FY 2014-15 (In Millions)</b>		
<b>Class</b>	<b>Budget</b>	<b>Actual (Budgetary Basis)</b>
Salaries and benefits	\$ 672.5	\$ 616.5
Services and supplies	426.2	346.0
Other charges	230.9	194.9
Fixed assets	34.4	17.0
Other financing uses	188.7	106.1
Intrafund transfers	(196.9)	(167.6)
Contingencies	183.5	-
<b>Total</b>	<b>\$ 1,539.3</b>	<b>\$ 1,112.9</b>

- \$183.5 million in unspent budget appropriations for contingencies resulted from effective long-term financial planning and not having the need to use these emergency/reserve funds.
- \$82.6 million in unspent budget appropriation in other financing uses due primarily to major capital projects funded by Non-Departmental Services either not yet started or completed.

### General Fund Expenditures Budget vs. Actual By Department/Budget Unit FY 2014-15 (In Millions)

<b>General Fund Department/Budget Unit</b>	<b>Budget**</b>		<b>Actual (Budgetary Basis)</b>
	<b>Amount</b>	<b>Percentage</b>	
Health System*	\$ 363.2	23.6%	\$ 335.7
Sheriff's Office	215.3	14.0%	182.9
Human Services Agency	207.9	13.5%	177.4
County Managers Office/Clerk of the Board	84.7	5.5%	71.4
Probation	86.3	5.6%	77.8
District Attorney	32.3	2.1%	28.1
Public Works	30.1	2.0%	20.1
Assessor-Clerk-Recorder	21.9	1.4%	19.5
Information Services Department	27.7	1.8%	18.3
Child Support Services	11.6	0.8%	10.7
Human Resources	12.5	0.8%	11.1
Controller	10.5	0.7%	9.3
Parks Department	13.3	0.9%	11.7
Housing	10.5	0.7%	5.3
County Counsel	11.4	0.7%	8.7
Planning and Building	10.2	0.7%	8.2
Tax Collector/Treasurer/Revenue Services	8.9	0.6%	4.9
Agriculture Weights and Measures	5.3	0.3%	4.7
Office of Sustainability	8.1	0.5%	1.4
Board of Supervisors	4.8	0.3%	3.9
Coroner	3.1	0.2%	2.5
Local Agency Formation Commission	0.4	0.0%	0.3
Non-Departmental Services	320.9	20.8%	99.0
Contingencies (Non-departmental)	38.4	2.5%	-
<b>Total</b>	<b>\$ 1,539.3</b>	<b>100.0%</b>	<b>\$ 1,112.9</b>

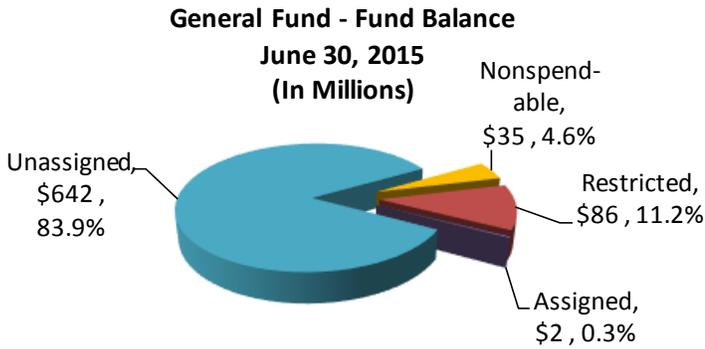
\* General Fund excludes San Mateo Medical Center, business-type activities.

\*\* Budget amounts include departmental and non-departmental contingencies used for emergencies and/or economic uncertainties.

# General Fund Financial Position

The **General Fund** is the County's primary operating fund. The activities funded by the General Fund include general government, public protection, health and sanitation, public assistance, and recreation services.

Fund balance amounts provide information about the County's net resources available for spending, and its financing requirements.



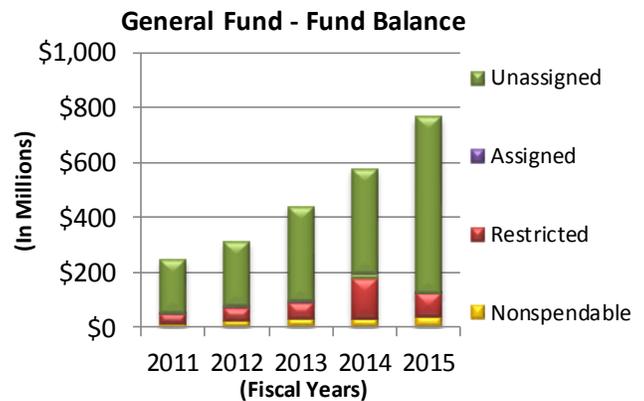
At June 30, 2015 the General Fund had a total fund balance of \$765 million, made up the following:

- \$35 million is **nonspendable**, which includes items that are not expected to be converted to cash such as inventories and prepaid items.
- \$86 million is **restricted**, which can be spent only for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation.
- \$2 million is **assigned** to be used by the County for specific purposes.
- \$642 million is **unassigned** and can be used for any purpose.



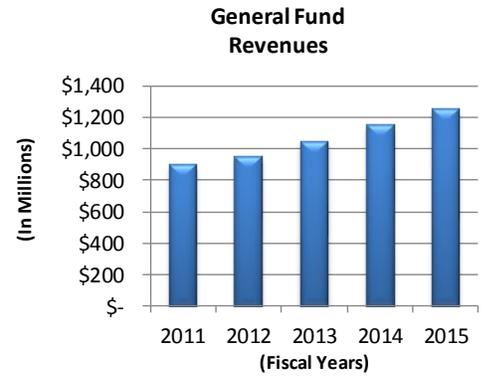
As a measure of the General Fund's liquidity, total unrestricted fund balance as well as total fund balance can be compared to the General Fund's total functional expenditures.

- Total of \$644 million in unrestricted (assigned and unassigned) fund balance of the General Fund approximates 68% of its total functional expenditures of \$944 million.
- Total fund balance of \$765 million of the General Fund approximates 81% of its total functional expenditures of \$944 million.



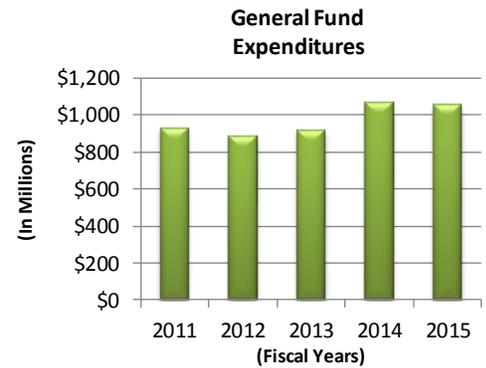
# General Fund Result of Operations

General Fund Revenues (In Millions)					
Source	2015		2014		Inc./ (Dec.) Amount
	Amount	Percent of Total	Amount	Percent of Total	
Taxes	\$ 567	45.4%	\$ 537	46.9%	\$ 30
Licenses and permits	7	0.6%	7	0.6%	-
Intergovernmental	474	38.0%	431	37.6%	43
Charges for services	155	12.4%	119	10.4%	36
Fines, forfeitures, and penalties	9	0.7%	9	0.8%	-
Rents and concessions	1	0.1%	3	0.3%	(2)
Investment income	9	0.7%	8	0.7%	1
Other	26	2.1%	29	2.5%	(3)
<b>Total major revenue sources</b>	<b>1,248</b>		<b>1,143</b>		<b>105</b>
Other financing sources	1	0.1%	2	0.2%	(1)
<b>Total revenues</b>	<b>\$ 1,249</b>	<b>100.0%</b>	<b>\$1,145</b>	<b>100.0%</b>	<b>\$ 104</b>

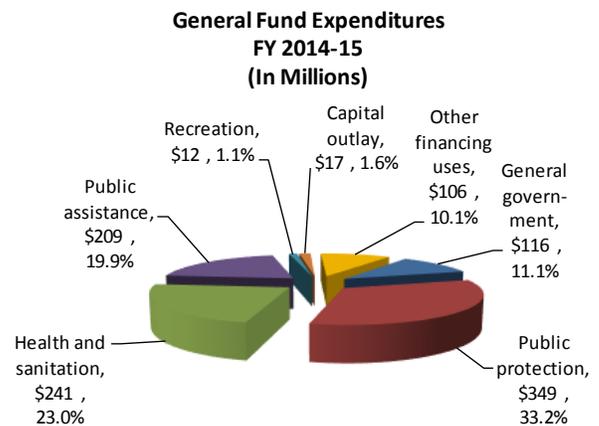
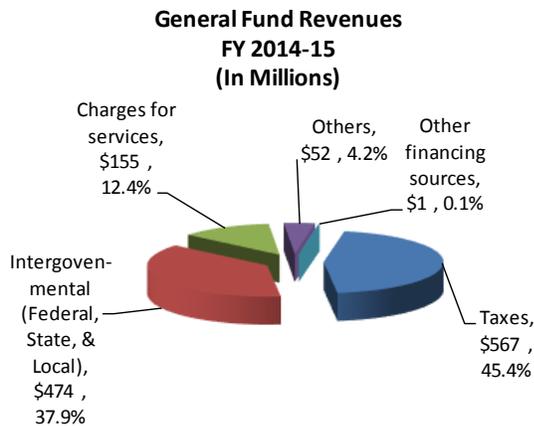


Government-wide financial statements include all activities/funds and use the accrual basis of accounting, while the General Fund financial statements include only the General Fund and use the modified accrual basis of accounting.

General Fund Expenditures (In Millions)					
Function	2015		2014		Inc./ (Dec.) Amount
	Amount	Percent of Total	Amount	Percent of Total	
General government	\$ 116	11.0%	\$ 97	9.1%	\$ 19
Public protection	349	33.2%	334	31.2%	15
Health and sanitation	241	23.0%	227	21.2%	14
Public assistance	209	19.9%	205	19.2%	4
Recreation	12	1.1%	10	0.9%	2
Capital outlay	17	1.6%	13	1.2%	4
<b>Total functional expenditures</b>	<b>944</b>		<b>886</b>		<b>58</b>
Other financing uses	106	10.1%	184	17.2%	(78)
<b>Total expenditures**</b>	<b>\$ 1,050</b>	<b>100.0%</b>	<b>\$ 1,070</b>	<b>100.0%</b>	<b>\$ (20)</b>



\*\* Differences between total general fund expenditures and total actual (budgetary basis) expenditures are due mainly to interfund transfers.



## Award for Outstanding Achievement



Government Finance Officers Association

### Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to  
**County of San Mateo  
California**

For its Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) has given an award for “Outstanding Achievement in Popular Annual Financial Reporting” to San Mateo County for its Financial Highlights publication for the fiscal year ended June 30, 2014. This Award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive this award, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for “Outstanding Achievement in Popular Annual Financial Reporting” is valid for a period of one year. San Mateo County has received this award for the last thirteen consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.

**Juan Raigoza**

**San Mateo County Controller**

