



County of San Mateo, California

Popular Annual Financial Report

Fiscal Year Ended June 30, 2014

**San Mateo County
government is committed to:**

- ◆ **The highest standards of public service**
- ◆ **A common vision of responsiveness**
- ◆ **The highest standards of ethical conduct**
- ◆ **Treating people with respect and dignity**



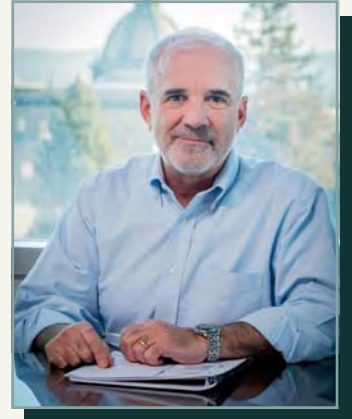
Letter to the Citizens of San Mateo County

It is my pleasure to present to you the County's Popular Annual Financial Report for fiscal year (FY) 2013-14.

In 2014 the global economy had a shaky start affected by poor domestic and international weather, financial market turbulence and geo-political tensions. As a result global gross domestic product for 2014 is projected to grow slowly to 2.8% in 2014, 3.4% in 2015 and 3.5% in 2016. Meanwhile, the outlook for the United States is slightly lower, forecasted to grow at an annual rate of 2% in 2014, and 2.9% in 2015 and 2016. Unemployment rates in both the State and County have declined steadily during the past years. As of June 2014, the County's unemployment rate dropped to 4.2%, which is consistently lower than the State's rate of 7.3% and the national rate of 6.3%. A slow, steady recovery from the recent recession seems to be occurring.

The median price paid for a home (house and condo) in the Bay Area in July 2014 was \$617,000, up 9.8% from \$562,000 in July 2013. Within the County a home's median price for July 2014 increased to \$788,000, a 5.8% increase from July 2013 when the median price was \$745,000. This steady improvement in the County's real estate market will result in higher assessed property values and property tax revenues. Property tax revenues are the County's largest source of general fund revenues; therefore, the health of the local real estate market and associated changes in property assessed values are key indicators of the County's financial outlook. The FY 14-15 net Property Assessment Roll values for the County increased by \$8.8 billion (5.61%) to \$164.9 billion compared to last year's Property Tax Assessment Roll. This increases local property tax revenues shared by all local agencies (schools, cities, special districts, and the County). The FY 14-15 net property assessment values in the County are at historic highs for the third year in a row which reflects the County's improving economic condition. The forecasts for a continued low unemployment rate, low inflation rate, slow growth in gross domestic product, and growth in property tax revenues should allow the County to maintain a sound financial footing.

The County's Board of Supervisors continues to conserve financial resources and at the same time plan for the future ability to deliver needed services. Successful County efforts include prudent use of Measure A funds in a manner that does not



increase ongoing operational costs. The County has also scheduled continued prepayment of pension liabilities to lower future required contributions and the associated liability passed on to future generations. Funding the repair of infrastructure, that had maintenance deferred, will help ensure that County provided safety, health, and welfare services can be maintained in the future. These steps and others will help ensure the financial stability of the County government. However, on the other side of the ledger, the expected reduction in Excess Educational Revenue Augmentation Fund revenues, a continued increase in the State's realignment initiatives that pass costs and services down to the local level, and the expected net increased costs associated with providing health care under the Affordable Care Act will all challenge the County to continually assess the use of its financial resources.

Finally, I wish to thank all of the citizens of San Mateo County and employees of the County's government for allowing me to serve as Controller. During my 19-year tenure at the Controller's Office of San Mateo County I have had the good fortune of working with a dedicated and effective group of professionals. Through all of their efforts the County should be on sound financial footing well into the 21st Century. I look forward, with my best wishes, to watching this stability continue under the new Controller's leadership.

Sincerely,

Bob Adler, CPA
San Mateo County Controller

County Profile



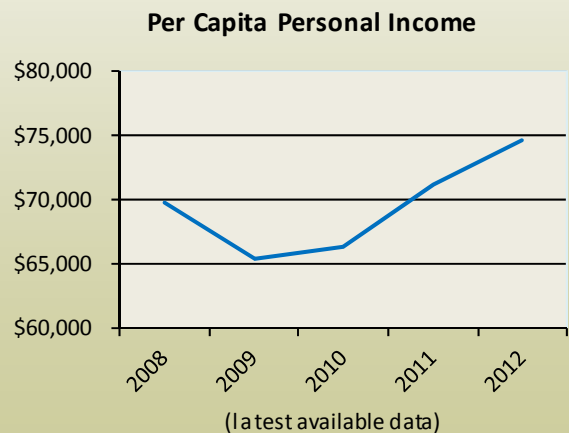
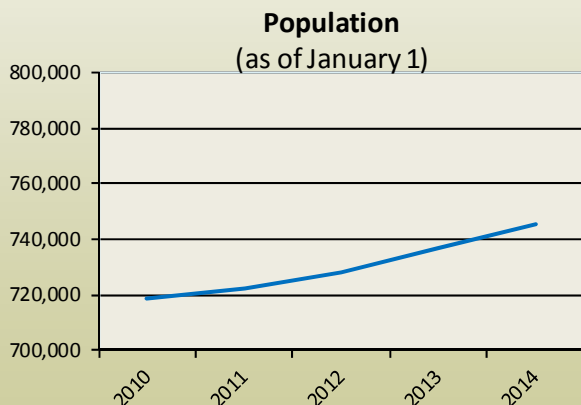
San Mateo County, one of the nine counties in the San Francisco Bay Area, was established in 1856. The County occupies 455 square miles and contains 20 cities on a peninsula bounded by San Francisco to the North, Santa Clara County to the South, San Francisco Bay to the East, and the Pacific Ocean to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

Sandwiched between two large urban areas (San Francisco and San Jose), the County is a pleasant 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 has long been a center for innovation in the middle of Silicon Valley with many information technology firms. It is also a home to numerous colleges and is within the "golden triangle" of 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
(650) 363-4571

District 1 includes San Mateo Highlands and the Baywood Park neighborhood, Burlingame, Burlingame Hills, Hillsborough, Millbrae, San Bruno, South San Francisco (east of El Camino Real) and the San Francisco Airport.

District 2 includes the cities of Belmont, San Mateo and Foster City.



District 2: Carole Groom
cgroom@smcgov.org
(650) 363-4568



District 3: Don Horsley 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, and the following unincorporated areas: 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 includes the southern Bayside communities of Redwood City, East Palo Alto, east Menlo Park and North Fair Oaks (unincorporated County).



District 4: Warren Slocum
wslocum@smcgov.org
(650) 363-4570

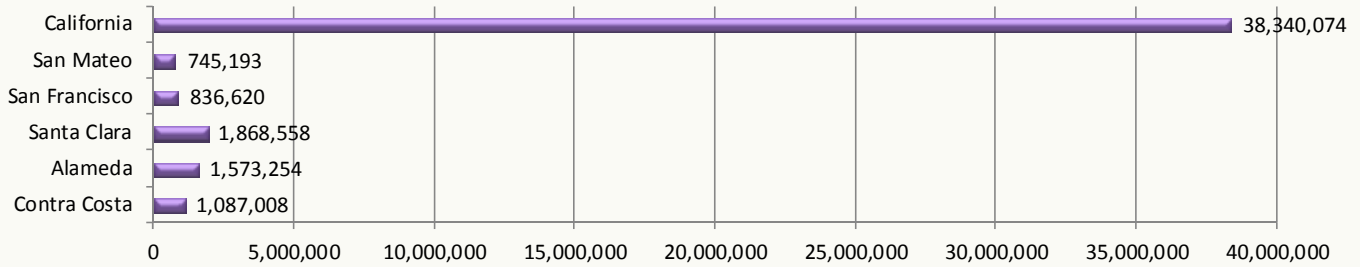


District 5: Adrienne Tissier
ATissier@smcgov.org
(650) 363-4572

District 5 includes the communities 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), and unincorporated Broadmoor Village.

Economic and Demographic Information

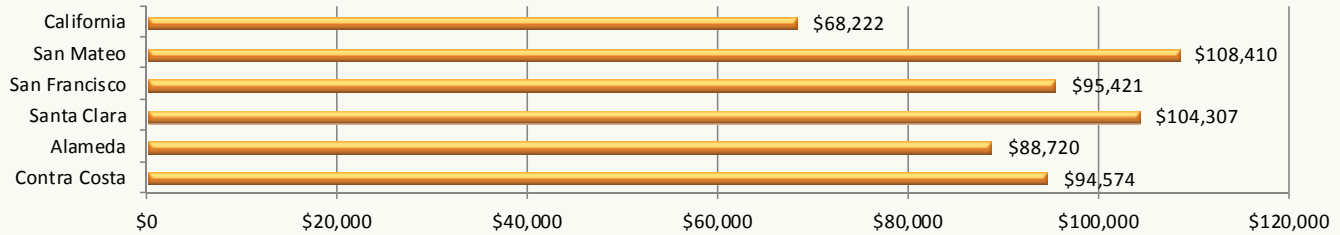
Population as of January 1, 2014



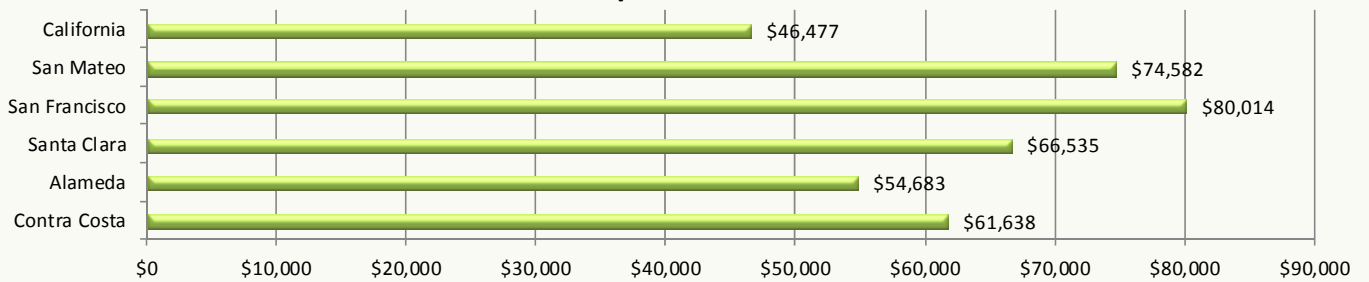
Unemployment Rate as of June 2014



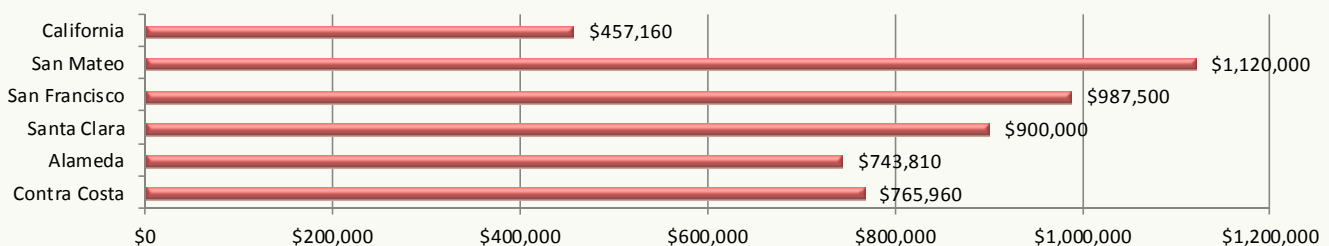
2013 Median Family Income



2012 Per Capita Personal Income



Median Price (Existing Single-Family Detached Homes Only) as of June 2014



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		Increase/(Decrease)	
	2014	2013	Amount	Percentage
Current and other assets	\$ 1,739	\$ 1,284	\$ 455	35%
Capital assets	881	856	25	3%
Total assets	<u>2,620</u>	<u>2,140</u>	<u>480</u>	<u>22%</u>
Deferred outflows of resources	7	7	-	0%
Long-term liabilities	633	440	193	44%
Other liabilities	219	196	23	12%
Total liabilities	<u>852</u>	<u>636</u>	<u>216</u>	<u>34%</u>
Net position:				
Net investment in capital assets	489	545	(56)	-10%
Restricted	450	208	242	116%
Unrestricted	836	758	78	10%
Total net position	<u>\$ 1,775</u>	<u>\$ 1,511</u>	<u>\$ 264</u>	<u>17%</u>

Over time, increases or decreases in net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating. For the fiscal year 2013-14, the County's total net position increased by \$264 million, or 17%, to \$1.8 billion. Such an increase indicates that the County's financial position is improving. The County's total net position of \$1.8 billion can be classified into the following three categories:

- \$489 million in **net investment of capital assets** (total capital assets net of related debts).
- \$450 million is **restricted** on its use.
- \$836 million is **unrestricted** on its use.



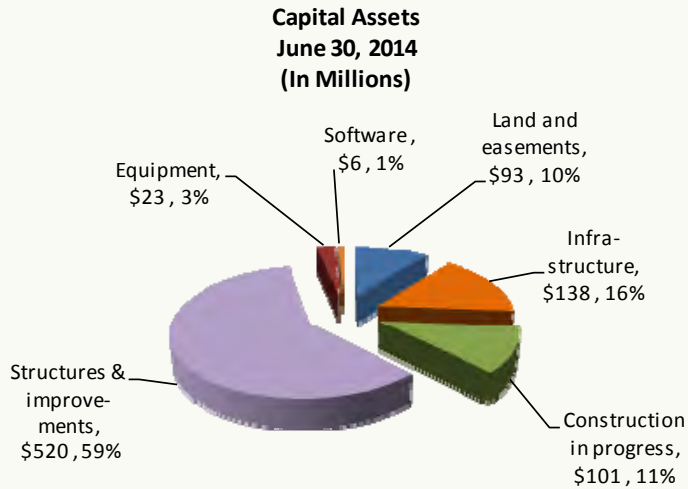
The information in this report is derived from the County's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. The CAFR, which provides more detailed information, is prepared in conformity with generally accepted accounting principles and available at:

<http://controller.smcgov.org/comprehensive-annual-financial-reports-cafr>

Capital Assets

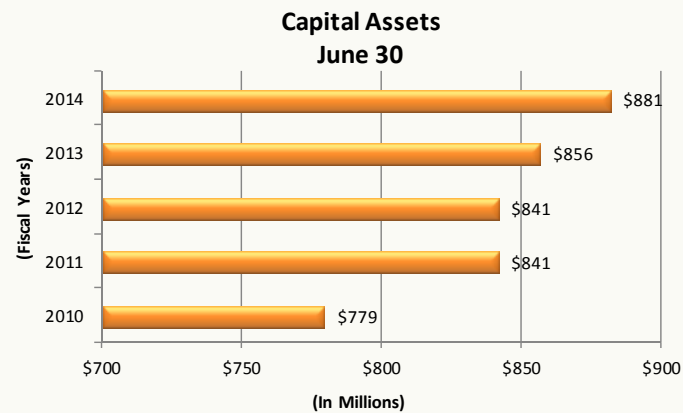
Capital assets. The County's capital assets include land and easements, infrastructure, construction in progress, structures and improvements, equipment, and software.

As of June 30, 2014, the County's total investment in capital assets increased by \$25 million, or 3%, to \$881 million.



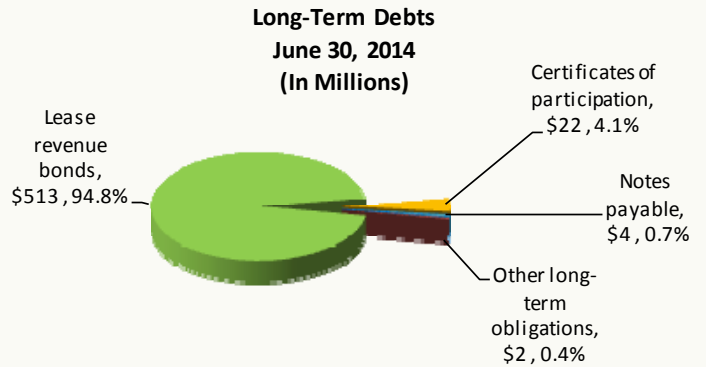
Major events during FY 2013-14 include the following:

- ◆ Sale of Circle Star Plaza. In May 2014, the County sold the Plaza for \$90.0 million (with \$87.1 million proceeds from the sale) and removed its book value of \$41.8 million.
- ◆ Construction of New County Jail. The total project cost incurred since inception through June 30, 2014 was \$64.9 million. Of this amount, \$36.2 million was incurred in FY 2013-14.
- ◆ Construction of New County Radio System. The County's Radio System was completed and put in operation in January 2014. The project cost incurred in FY 2013-14 was \$3.3 million.



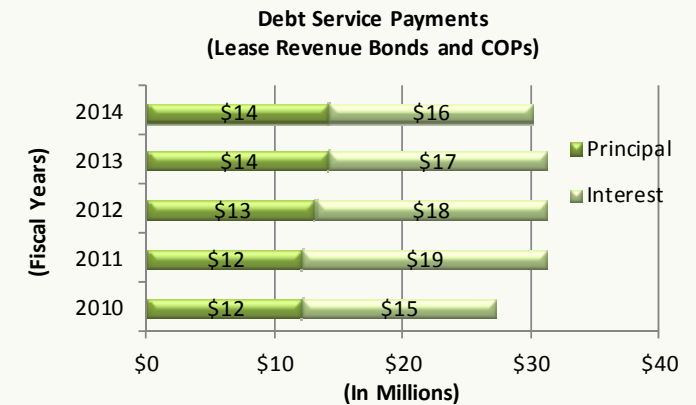
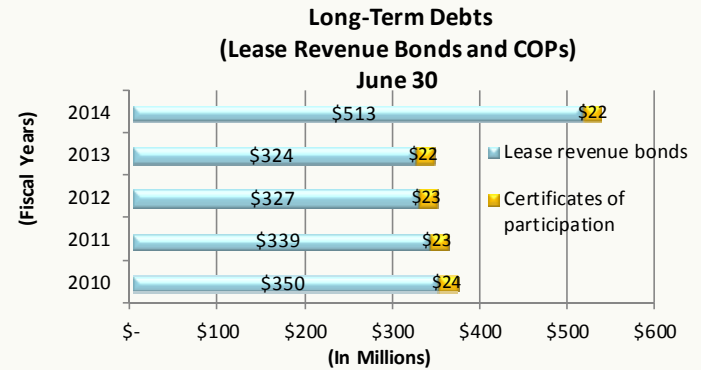
Long-Term Debts

Long-term debts. The County's total long-term debts (a subset of total long-term liabilities) increased \$189 million, or 54%, to \$541 million as of June 30, 2014. The County's credit ratings are Aaa for Moody's Investors Service and AAA for Standard & Poor's.



The increase is mainly caused by the following:

- ◆ Issuance of the 2013 Bonds of \$40 million, together with other available moneys, to refund the 1997, 1999, and 2001 Bonds totaling \$39 million and to finance the Skylonda Fire Station project of \$4 million.
- ◆ Issuance of the 2014 Bonds of \$175 million to fund the jail construction project.
- ◆ Scheduled retirement of outstanding bonds and certificates of participation (COPs) of \$14 million.



Unfunded Liabilities - Pension & Other Postemployment Benefits

Schedule of funding progress provides a snapshot of the ability of the County's plan 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.

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

Funded ratio represents the percentage of the actuarial assets currently available to pay the actuarial liability.

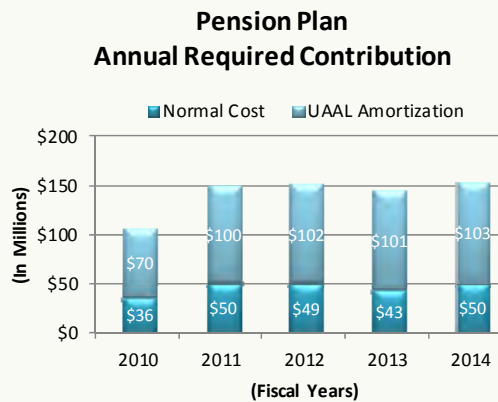
Normal cost represents the estimated amount necessary to finance benefits earned by members during the fiscal year.

UAAL Amortization is the paying off of UAAL in regular installments over a period of time.

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 unfunded actuarial accrued liability.

The San Mateo County Employees' Retirement Association (SamCERA) administers the **County's pension plan**, which provides pension benefits to all permanent employees of the County. During FY 2013-14, the County contributed additional funding of \$50 million to SamCERA to provide greater security for pension benefits, enhance the solvency of SamCERA, and reduce the County's long-term pension costs.

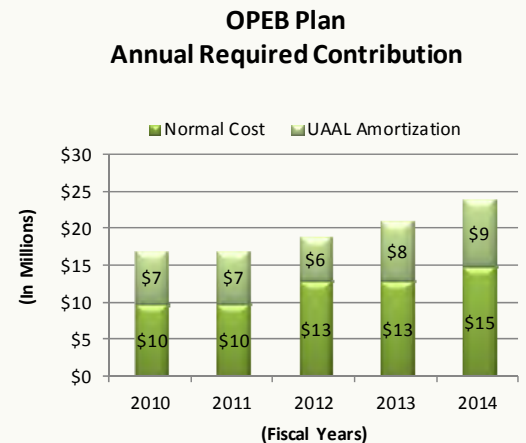
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
6/30/2012	\$ 2,480	\$ 3,442	\$ 962	72.0%	\$ 420	229.2%
6/30/2013	2,619	3,573	954	73.3%	407	234.5%
6/30/2014	2,993	3,797	804	78.8%	422	190.5%



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.

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
1/1/2011 *	\$ 153	\$ 243	\$ 90	63.0%	\$ 451	19.9%
6/30/2011 **	168	268	100	62.6%	465	21.5%
6/30/2013	193	319	126	60.4%	453	28.0%

* The actuarial valuation is performed biennially.
 ** Valuation date for the County's OPEB Plan changed to June 30 rather than January 1 effective FY 2010-11.



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).

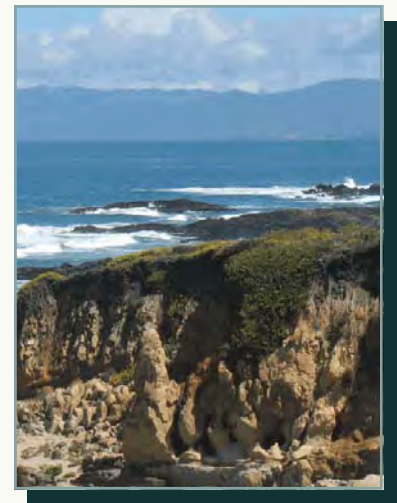
Change in County's Net Position (In Millions)

	Fiscal Year		
	2014	2013	2012
Revenues:			
Program Revenues			
Charges for services	\$ 342	\$ 331	\$ 353
Operating grants and contributions	552	550	512
Capital grants and contributions	7	6	6
Total program revenues	901	887	871
General Revenues			
Taxes:			
Property taxes			
General property tax	297	280	274
Excess ERAF	111	107	82
Other	23	15	4
Subtotal - property taxes	431	402	360
Property transfer taxes	9	7	6
Sales and use taxes	95	36	19
Property tax in-lieu of sales taxes	6	6	6
Transient occupancy taxes	2	1	1
Aircraft taxes	1	2	1
Vehicle rental business license tax	12	8	-
Subtotal - taxes	556	462	393
Unrestricted interest and investment earnings	12	4	10
Miscellaneous	46	33	29
Total general revenues	614	499	432
Total revenues	1,515	1,386	1,303
Expenses:			
General government	109	79	78
Public protection	354	337	330
Public ways and facilities	19	20	19
Health and sanitation	247	228	221
Public assistance	222	201	200
Recreation	10	9	9
Interest on long-term liabilities	16	16	17
San Mateo Medical Center	244	235	252
Airports	3	3	3
Coyote Point Marina	1	1	1
Housing Authority	71	70	70
Total expenses	1,296	1,199	1,200
Excess before special item	219	187	103
Special item	45	(3)	-
Change in net position	264	184	103
Net position, beginning of the year	1,511	1,327	1,224
Net position, end of the year	\$ 1,775	\$ 1,511	\$ 1,327
Breakdown of net position, end of the year			
Net investments in capital assets	\$ 489	546	519
Restricted	450	208	193
Unrestricted	836	757	615
Net position, end of the year	\$ 1,775	\$ 1,511	\$ 1,327
Population in San Mateo County	745,193	736,647	727,795
Per capita general revenue (in absolute dollars)	\$ 824	\$ 680	\$ 594
Per capita revenue (in absolute dollars)	\$ 2,033	\$ 1,880	\$ 1,790
Per capita expense (in absolute dollars)	\$ (1,739)	\$ (1,624)	\$ (1,649)
Per capital net revenue (in absolute dollars)	\$ 294	\$ 256	\$ 141



“The strength of the team is each individual member. The strength of each member is the team. “

— Henry Ford —



“The price of greatness is responsibility.”

— Winston Churchill —



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 increased by \$264 million, or 17%, to \$1.8 billion as of June 30, 2014. The positive change in the County's net position indicates that the financial condition strengthens.

- ◆ \$255 million increase in net position was derived from governmental activities, due predominantly to increases in property taxes from growth in property assessed values, other tax revenues (such as sales and use tax, vehicle rental business license tax) from improved economic conditions, and the gain from sale of Circle Star Plaza.

In March 2011, the County purchased the Circle Star Plaza with intent to house various County departments. The County changed its initial plan and decided to sell it. As a result, the County realized a net gain of \$45.3 million from the sale.

- ◆ \$9 million increase in net position was derived from business-type activities, due primarily to surplus from the Medical Center of \$5 million (after incorporating the County's contribution) and the Housing Authority of \$4 million.

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.

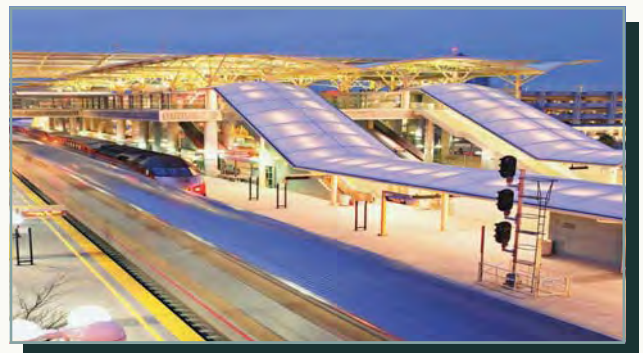
Public ways and facilities maintain County roads, bridges, and other infrastructure.

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.

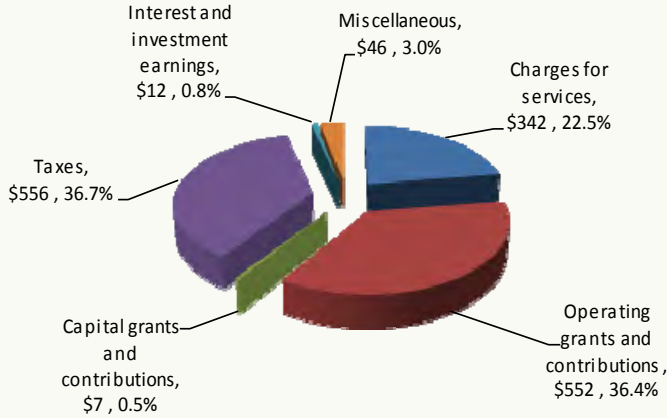


Government-Wide Results of Operations (continued)

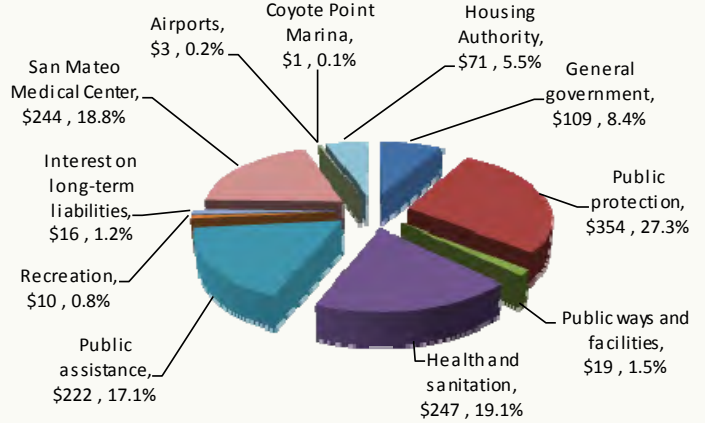
Where did the County's money come from?

Where did the County's money go?

**Government-wide Revenues
FY2013-14
(In Millions)**



**Government-wide Expenses
FY 2013-14
(In Millions)**



Governmental activities. In each of the past five fiscal years, total revenues from the County's governmental activities were greater than related expenses, mainly attributable to the County's continuous efforts to manage costs. A portion of the excess revenues from the County's General Fund was used to subsidize mandated healthcare services provided by the San Mateo Medical Center (business-type activities) to the uninsured and indigent population in the County.

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 the County subsidies to the San Mateo Medical Center.

Government-Wide Revenues



■ Governmental activities
■ Business-type activities

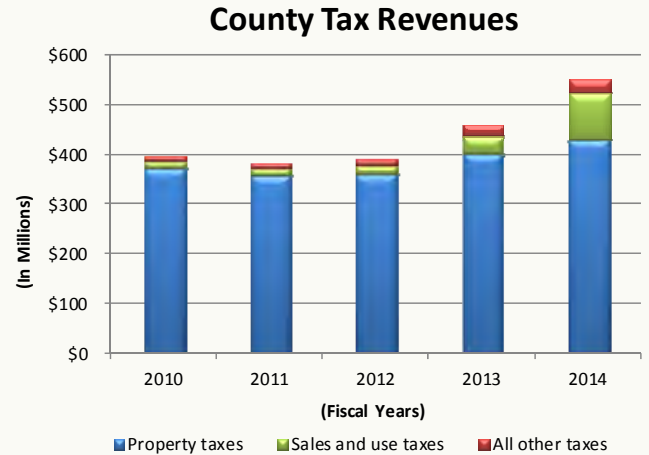
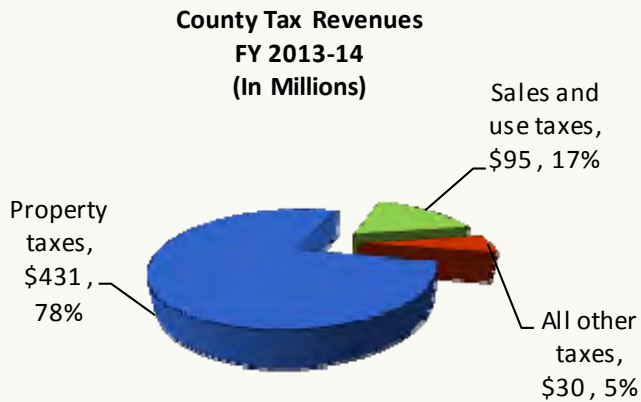
Government-Wide Expenses



■ Governmental activities
■ Business-type activities

County's Tax Revenues

County's tax revenues reached \$556 million for the fiscal year ended June 30, 2014, increased by \$94 million.



The increase is caused primarily by the following:

- ◆ \$62.5 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. As a result, the County reported four months of Measure A revenues totaling \$14.6 million in FY 2012-13 compared to twelve months totaling \$77.1 million in FY 2013-14.
- ◆ \$10.1 million increase in secured property tax revenues due primarily to growth in real property assessed values .
- ◆ \$4.3 million increase in Vehicle Rental Business License Tax (VRBLT) revenues due to growth in vehicle rental activities. The VRBLT is imposed at a rate of 2.5% on the gross receipts of vehicle rental businesses in the unincorporated areas within the County.
- ◆ \$3.3 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. Although the State increases the minimum guaranteed amounts to school districts in FY 2013-14, increased property tax revenues from growth in property assessed values exceeded increased ERAF funding to school districts. As a result, the County received more refunds from excess ERAF in FY 2013 -14 than in FY 2012-13.
- ◆ \$12.0 million increase in Property Tax In-Lieu of Vehicle License Fee due to growth in property assessed values and adjustments.



Countywide Assessed Value of Taxable Property



County's 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 and associated changes in property assessed values are key indicators of the financial outlook for the County.

The FY 2013-14 local combined property assessment roll value (\$158 billion as of January 1, 2014) for the County increased 6%, or \$8.8 billion, compared to last year. This increase in value translates 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 net property assessment roll values for the upcoming year (FY 2014-15) increased by 5.61%, or \$8.8 billion, to \$164.9 billion compared to last year's property assessment roll. This will increase the countywide property tax revenue base to \$1.65 billion.

The FY 2014-15 net property assessment roll values in the County are at a historic high. This is the third year in a row that a new high has been set, reflecting vibrant economic conditions in the County.



County's Top Ten Principal Property Assesseees

January 1, 2014

(In Millions)

	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Genentech	\$ 1,703	1.08%
United Airlines	1,586	1.01%
Gilead Sciences Incorporation	842	0.53%
Oracle Corporation	629	0.40%
Slough SSF LLC	574	0.36%
Slough SSF LLC DE	489	0.31%
Pacific Shores Investors LLV	410	0.26%
Alexandria Real Estate Equities, Inc	355	0.23%
Virgin America Inc	331	0.21%
Wells Real Estate Investment Trust	327	0.21%
Total	\$ 7,246	4.60%

"Bay area's population boom is a bust for housing Market"

— NBC Bay Area (June 19, 2014)—



Countywide Assessed Value of Taxable Property (In Millions)

Fiscal Year	Real Property	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	% of Change Total Taxable Assessed Value
2010	\$ 140,934	\$ 7,953	\$ 4,570	\$ 144,318	1%
2011	140,261	6,591	4,513	142,339	-1%
2012	142,562	6,194	4,849	143,906	1%
2013	146,968	6,382	4,624	148,725	3%
2014	156,222	6,389	5,037	157,574	6%

General Fund Working 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.

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.

Class	Budget	Actual (Budgetary Basis)
Salaries and benefits	\$ 661.3	\$ 570.4
Services and supplies	382.8	359.8
Other charges	235.7	203.0
Fixed assets	16.8	11.8
Other financing uses	262.7	185.6
Intrafund transfers	(178.5)	(157.3)
Contingencies	185.6	-
Total	\$ 1,566.4	\$ 1,173.3

General Fund Department/Budget Unit	Budget		Actual (Budgetary Basis)
	Amount	Percentage	
Health System	\$ 338.7	21.6%	\$ 317.5
Sheriff's Office	204.7	13.1%	177.6
Human Services Agency	196.3	12.5%	169.6
County Managers Office/Clerk of the Board	75.2	4.8%	69.1
Probation	84.1	5.4%	76.4
District Attorney	29.2	1.9%	27.0
Public Works	28.2	1.8%	20.6
Assessor	23.8	1.5%	18.6
Information Services Department	26.8	1.7%	13.4
Child Support Services	11.9	0.8%	10.6
Human Resources	11.3	0.7%	9.3
Controller	10.1	0.6%	5.9
Parks Department	10.6	0.7%	9.7
Housing	11.6	0.7%	11.2
County Counsel	10.6	0.7%	7.4
Planning and Building	12.6	0.8%	7.7
Tax Collector/Treasurer/Revenue Services	9.7	0.6%	7.1
Agriculture Weights and Measures	4.9	0.3%	4.4
Board of Supervisors	4.2	0.3%	3.2
Coroner	3.1	0.2%	2.6
Local Agency Formation Commission	0.3	0.0%	0.2
Non-Departmental Services	421.0	26.9%	204.2
Contingencies (Non-departmental)	37.5	2.4%	-
Total	\$ 1,566.4	100.0%	\$ 1,173.3



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.

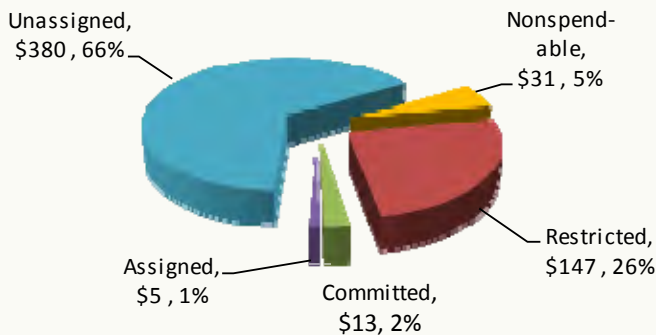
The focus of the County's General Fund is to provide information on near-term inflows, outflows, and balances of unrestricted resources. Such information is useful in assessing the County's financing requirements.

"If we could first know where we are, and whither we are tending, we could better judge what we do, and how to do it."

— Abraham Lincoln —



**General Fund - Fund Balance
June 30, 2014
(In Millions)**

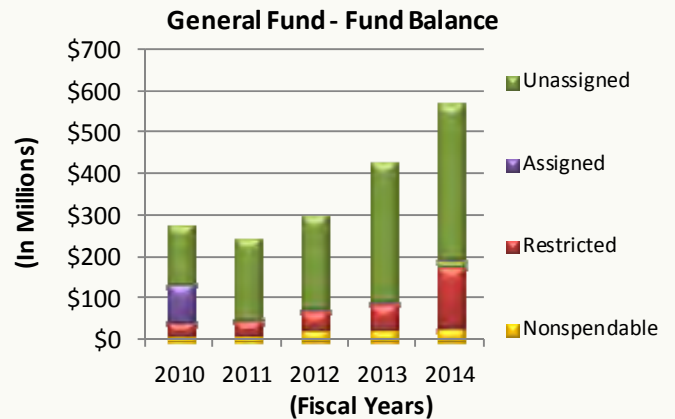


As a measure of the General Fund's liquidity, total unrestricted fund balance as well as total fund balance can be compared to the General Fund's total functional expenditures.

- Total unrestricted (committed, assigned, and unassigned) fund balance of the General Fund approximates 45% of its total functional expenditures.
- Total fund balance of the General Fund approximates 65% of its total functional expenditures.

At June 30, 2014, the General Fund had a total fund balance of \$576 million, made up the following:

- \$31 million is **nonspendable**, which includes items that are not expected to be converted to cash such as inventories and prepaid items.
- \$147 million is **restricted**, which can be spent only for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation.
- \$13 million is **committed**, which can only be used for specific purposes pursuant to constraints imposed by the County's Board.
- \$5 million is **assigned** to be used by the County for specific purposes.
- \$380 million is **unassigned** and can be used for any purpose.

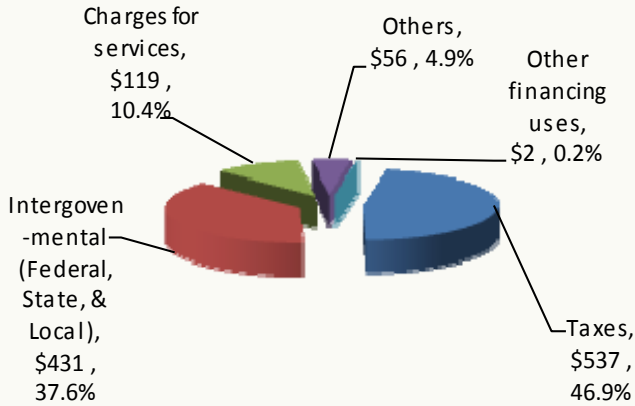


"When it is obvious that the goals cannot be reached, don't adjust the goals, adjust the action steps."

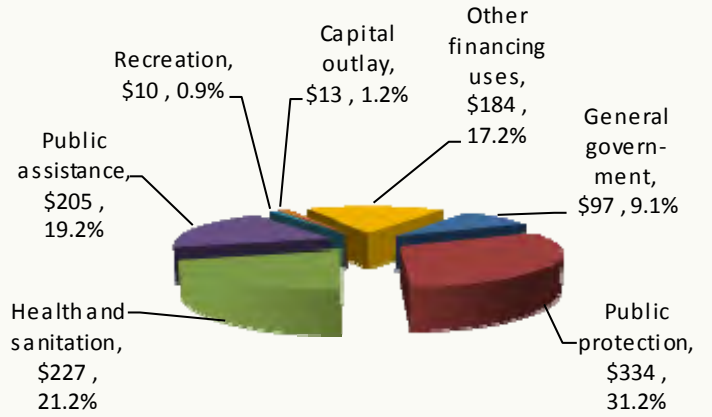
— Confucius —

General Fund Result of Operations

**General Fund Revenues
FY 2013-2014
(In Millions)**



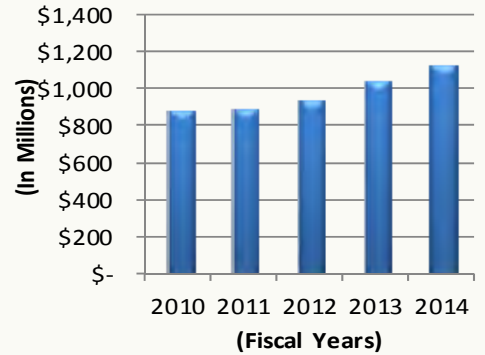
**General Fund Expenditures
FY 2013-14
(In Millions)**



**General Fund Revenues
(In Millions)**

Source	2014		2013		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 537	46.9%	\$ 437	41.8%	\$ 100 *	22.9%
Licenses and permits	7	0.6%	6	0.6%	1	16.7%
Intergovernmental	431	37.6%	461	44.1%	(30)	-6.5%
Charges for services	119	10.4%	94	9.0%	25	26.6%
Fines, forfeitures, and penalties	9	0.8%	10	1.0%	(1)	-10.0%
Rents and concessions	3	0.3%	2	0.2%	1	50.0%
Investment income	8	0.7%	4	0.4%	4	100.0%
Other	29	2.5%	31	3.0%	(2)	-6.5%
Total major revenue sources	1,143		1,045		98	9.4%
Other financing sources	2	0.2%	1	0.1%	1	100.0%
Total revenues	\$ 1,145	100.0%	\$1,046	100.0%	\$ 99	9.5%

General Fund Revenues

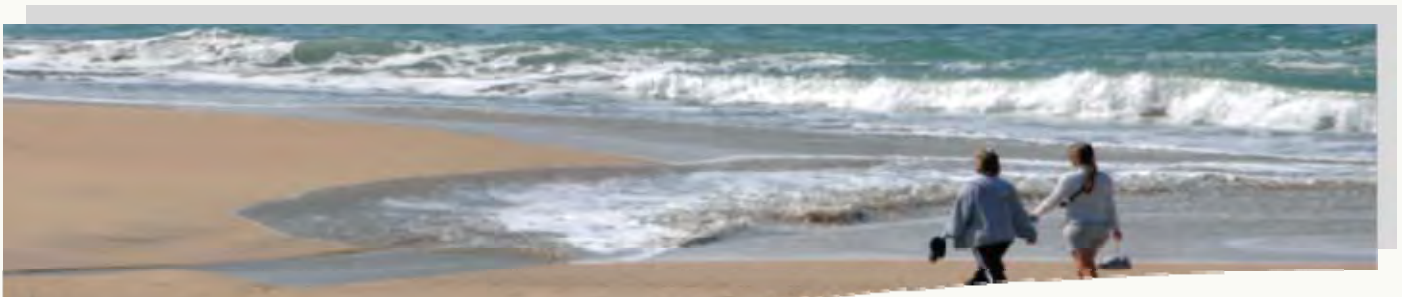
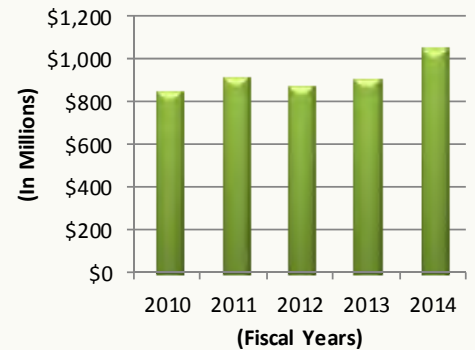


* See explanations on page 12.

**General Fund Expenditures
(In Millions)**

Function	2014		2013		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 97	9.1%	\$ 69	7.5%	\$ 28	40.6%
Public protection	334	31.2%	321	35.0%	13	4.0%
Health and sanitation	227	21.2%	209	22.8%	18	8.6%
Public assistance	205	19.2%	185	20.2%	20	10.8%
Recreation	10	0.9%	8	0.9%	2	25.0%
Capital outlay	13	1.2%	7	0.8%	6	85.7%
Total functional expenditures	886		799		87	10.9%
Other financing uses	184	17.2%	118	12.9%	66	55.9%
Total expenditures	\$ 1,070	100.0%	\$ 917	100.0%	\$ 153	16.7%

General Fund Expenditures



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, 2013

Jeffrey R. Egan
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, 2013. 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 only. San Mateo County has received this award for the last twelve 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.

Bob Adler, CPA

San Mateo County Controller

