A photograph of a pumpkin patch in a rural landscape. In the foreground, several pumpkins of various sizes and colors (orange and dark green) are scattered on a bed of straw. The middle ground shows a field of more pumpkins stretching towards a line of trees. In the background, there are rolling hills under a clear blue sky.

COUNTY OF SAN MATEO, CALIFORNIA
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2008

Tom Huening, Controller

County of San Mateo, California

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2008



Tom Huening
Controller



Cover Photo: Half Moon Bay, California
Photographer: Stormy Maddux

**COUNTY OF SAN MATEO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2008**

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INTRODUCTORY SECTION

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Government Finance Officers Association**
- **Organization Chart**
- **List of Elected and Appointed Officials**

Office of Controller



TOM HUENING
CONTROLLER

COUNTY OF SAN MATEO

555 COUNTY CENTER, 4TH FLOOR • REDWOOD CITY • CALIFORNIA 94063

ROBERT G. ADLER
ASSISTANT CONTROLLER

KANCHAN K. CHARAN
DEPUTY CONTROLLER

TELEPHONE: (650) 363-4777
FAX: (650) 363-7888

www.co.sanmateo.ca.us/controller

November 25, 2008

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 within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2008.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Since 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. Macias Gini & O'Connell LLP has issued an unqualified ("clean") opinion on the County of San Mateo's financial statements for the fiscal year ended June 30, 2008. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A), which appears on pages 3-19 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 of San Mateo (County) is one of the nine counties in the San Francisco Bay Area. The County occupies 449 square miles 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. Though sandwiched between two large urban areas, the County is a pleasant mix of suburban and rural areas. Most of the County's 739,469 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. Between January 1, 2007 and January 1, 2008, the County's population grew less than one percent, from 733,496 to 739,469.

The County, established by an Act of the State Legislature in 1856, is a legal subdivision of the State of California charged with governmental powers. With a charter form of government, the County's powers are exercised through an elected Board of Supervisors (Board). The Board, as the governing body, legislates and sets policies for County government activities except for those functions reserved for elected officials: Assessor-County Clerk-Recorder, Controller, Coroner, District Attorney/Public Administrator, Sheriff, and Treasurer-Tax Collector. The County provides various services such as public protection, road and public facilities construction and maintenance, sanitation, health and social services, elections and records, planning, zoning, and tax collection.

Component Units

The governmental reporting entity consists of the County and its blended and discretely presented component units. Component units are legally separate entities for which the County is financially accountable or for which the relationship with the County is so close that exclusion would cause the County's financial statements to be misleading or incomplete.

Blended Component Units

The County has the following independent fiscal agencies as blended component units:

- The San Mateo County Joint Powers Financing Authority (JPFA) assists the County in the financing of public capital improvements. The JPFA is reported as a major governmental fund in the County's governmental fund financial statements.
- The San Mateo County Employees' Retirement Association (SamCERA) administers the financial activities of the County's pension plan. SamCERA is reported as a pension trust fund in the County's fiduciary fund financial statements.
- The Housing Authority of the County provides housing assistance to low and moderate-income families. The Housing Authority is reported as a major enterprise fund in the County's proprietary fund financial statements.
- The In-Home Supportive Services (IHSS) Public Authority assists consumers in finding IHSS personnel; provides training and support for providers, recipients and recipients' families; and performs other functions related to the delivery of in-home supportive services. The IHSS Public Authority is reported as a non-major governmental fund in the County's combining financial statements for non-major special revenue funds.
- The Board is the governing body of the County Service Areas, Sewer and Sanitation, Flood Control, Lighting, and other special districts. These special districts are reported as non-major governmental funds in the County's combining financial statements for non-major special revenue funds.

Discretely Presented Component Unit

First 5 San Mateo County (First 5) was created in 1998 with the passage of Proposition 10, which requires that a portion of tobacco tax be used to promote early childhood development for children ages 0-5 through education, health, child care, and other programs. As the County's Board appoints all of its members and approves its budgets, First 5 is reported as a discretely presented component unit of the County in the government-wide financial statements.

Budget

In accordance with California Government Code Sections 29000 and 29143, the County prepares a budget for all governmental funds, except for the JPFA, on a modified accrual basis. For the fiscal year (FY) 2008-09, the Board adopted a budget of \$1.95 billion. The annual budget serves as the foundation for the County's financial planning and control of expenditures. The level at which expenditures may not legally exceed appropriations is at the object level (e.g. salaries and benefits) within a budget unit.

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. The Board must approve amendments or transfers of appropriations for amounts above \$50,000 or between budget units. The County Manager's Office is authorized to approve transfers and revisions of appropriations up to and including \$50,000 within a single budget unit. Regardless of the amount, the Board must approve supplemental appropriations normally financed by unanticipated revenues or reserves.

Local Economy

Major Industries

The County has a diversified economic base, but its major industries are in the tourism and technology sectors. San Francisco International Airport (SFO) is located within the County's boundaries. The airport, airlines, and surrounding hotels are a major source of jobs. The tourism sector also generates significant revenues for the County in the form of property taxes, sales taxes, and hotel taxes. In 2007-08, the upward trend in SFO's total passenger volume increased 8.1%. Traffic at SFO increased with the reopening of Terminal 2, the expansion of Virgin America, and other low fare airlines. The impact of general economic conditions on future air travel is unknown.

The County is home to innovative researchers in the pharmaceutical, medical science, computer and other leading-edge and emergent industries. The five largest employers in the County are United Airlines, Genentech, County of San Mateo, Oracle Corporation, and Kaiser Permanente, and account for 11.2% of total employment.

Employment

The local economy is shrinking as the nation's economy continues to decline. The County's unemployment rate increased to 4.7% for June 2008 from 3.9% for June 2007. The County jobless rate is, however, much lower than the California's unemployment rate of 7.0% for June 2008.

Residential Real Estate

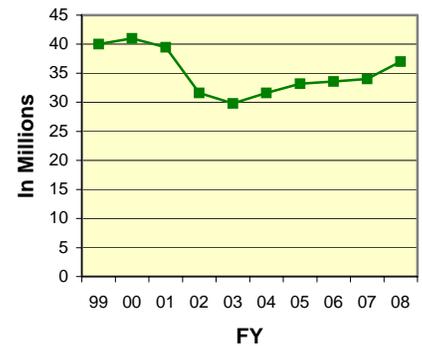
The housing market is clearly slowing. Activity in the housing market is 16% less than last year. The Assessor has lowered assessments on more than 1,000 properties for a total of \$350 million due to falling real estate prices.

The housing market in the Bay Area remains one of the highest priced regions in the State and the nation. In the first six months of 2008, the median price of a single-family home in the County was \$880,000 (a drop of \$50,000 from the first six months of 2007) compared to \$403,491 for California and \$201,300 for the U.S.

Commercial Real Estate

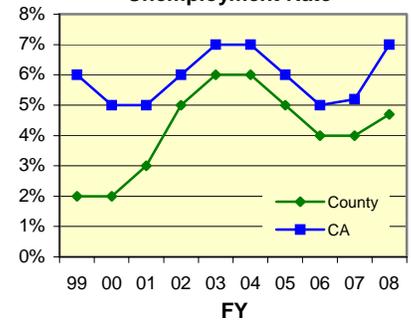
The vacancy rate for office space continues its downward trend. At the end of FY 2007-08, the vacancy rate was 10.1% compared to 11.1% for FY 2006-07. The decline is mainly caused by the expansion of technology and biotechnology industries. With a diminishing supply of higher quality available space, the average asking rental rate has jumped 17% to \$4.21 per square feet per month from \$3.60 last year.

SFO Total Airport Passengers



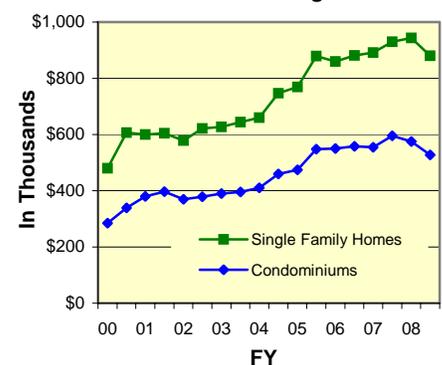
Source: SFO Comparative Traffic Reports

Unemployment Rate



Sources: Employment Development Dept., CA
U.S. Department of Labor

SMC Median Housing Prices



Source: Statistics from RE Info Link

Long Term Financial Planning

Four-Year Financial Plan

The County has adopted a four-year financial plan that includes projected growth in property tax and other general-purpose revenues, along with continued management of costs by setting conservative budget targets for departments. Under this plan, the use of fund balance will be limited to one-time costs such as remaining unfunded retiree health liabilities, capital improvements, equipment replacement, and technology upgrades. This plan also calls for maintenance of non-departmental reserves and contingencies at a ten percent minimum of the General Fund's net appropriations.

Five-Year Plan to Eliminate the Structural Budget Deficit

The County departments were directed by the Board to hold five percent of positions vacant in order to generate salary savings and to make positions available to reduce layoffs and to maintain a minimum of two percent of their departmental net appropriations in reserve. The County has since maintained a ten percent position vacancy rate.

Major position changes include the deletion of 19 positions from the Medical Center, and the addition of 9 positions for the Sheriff's Relief Unit to reduce overtime charges. There was a slight decline in retirement contributions, and retiree health costs were held flat as a result of the County setting up an irrevocable trust with the California Public Employee's Retirement System to prefund approximately 90% of its other postemployment benefits obligation. These efforts have resulted in slowing the rate of growth in salary and benefit costs.

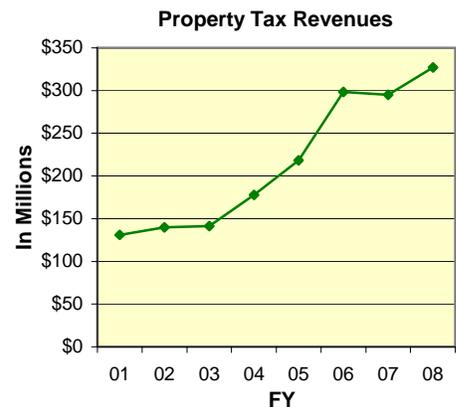
The Board strives to eliminate the structural deficit by 2013 with the following strategies: (1) undertake no new expenditures without corresponding new revenue or cost-reduction offsets; (2) cap the annual rate of increase in General Fund Net County Cost to 5% to match the expected growth in revenue; (3) maintain operating reserves of at least 15% of net appropriations in the General Fund, in addition to 3% contingency reserves; (4) eliminate the General Fund subsidies to the County Fire and Sanitation districts; (5) reduce the General Fund contribution to the Medical Center to a level consistent with the Welfare and Institutions Codes § 17000 indigent health care obligation; and (6) limit future use of revenues from excess Educational Revenue Augmentation Fund to facility and technology infrastructure improvements, productivity enhancements, cost avoidance, reduction of unfunded liabilities, and other one-time uses.

Salaries and Benefits

The County's expenditures have been growing faster than anticipated revenues. Salaries and benefits have increased from \$606 million in FY 2006-07 to \$685.5 million in FY 2007-08, due to negotiated increases, addition of new positions, and rising retiree health costs.

Property Tax Revenues

The General Fund property tax revenue is the most important tax source for the County. Total taxable assessed property values for FY 2006-07 were \$122.9 billion compared to \$132.5 billion for FY 2007-08, an increase of 7.8%. The County's share of total property tax revenue was \$327 million in FY 2007-08 compared to \$295 million in FY 2006-07.



Source: Controller's Office, County of San Mateo

Pension Fund

The County participates in and contributes to a defined benefit pension plan that provides retirement, disability and death benefits for substantially all employees of the County. Contributions are made to SamCERA, which is reported as a pension trust fund in the County's financial statements. As of June 30, 2008, SamCERA's total net assets held in trust for pension benefits totaled \$2.01 billion, representing a decrease of \$120.9 million, or 5.7%, over the prior fiscal year.

The funded ratio has increased from 77.4% as of June 30, 2007 to 79.1% as of June 30, 2008, primarily from increased contributions made to payoff unfunded actuarial accrued liability (UAAL) and the recognition of deferred investment gain. The 20.9% UAAL results from actuarial accrued liabilities exceeding the actuarially determined value of assets. Original unfunded amount (UAAL) as of June 30, 2008 is amortized over 15 years. Future actuarial gains and losses will be amortized over a new 15-year period.

Retiree Healthcare Benefits

In June 2004, the County early implemented Governmental Accounting Standards Board Statement No. 45 (GASB 45). This statement requires governmental entities to account for and report their costs and obligations for Other Postemployment Benefits (OPEB). OPEB are part of an exchange of salaries and benefits for employee services rendered, such as agreements to provide health care benefits to employee upon retirement. Prior to GASB 45, the County financed the retiree health care costs on a "pay-as-you-go" basis, and did not report the financial effects of OPEB until the promised benefits are paid.

Based on the latest valuation for the County's OPEB plan, the County's unfunded actuarial accrued liability was \$156.8 million as of January 1, 2007; and its annual required contribution (ARC) was \$18.5 million for the fiscal year ended June 30, 2008. The ARC is calculated in accordance with certain parameters, and includes (a) the normal cost, the actuarial present value of benefits attributed to one year of service, for the year; and (b) a component for amortization of the total unfunded actuarial accrued liabilities (or funding excess) of the plan over a period not to exceed thirty years.

In March 2008, the Board decided to pre-fund the OPEB liabilities in an amount of \$145.0 million. The impact of the pre-funding is to reduce the County's annual required contribution from \$18.5 million to \$10.8 million. The Board's decision stabilizes the annual OPEB cost in future budgets, and also highlights its desire to be fiscally prudent in its efforts to maintain public services and a sufficient workforce to provide those services.

Relevant Financial Policies

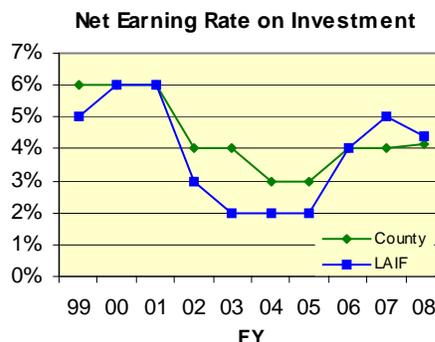
Debt Service Limit Policy

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 apply to 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 in the best interests of the County and its citizens.

Investment Policy

The County's investment policy has the following objectives that, in priority order, are: safety, liquidity, yield, and public trust. The Board reviews and approves the policy annually. California Government Code and the County's investment policy regulate the types of securities in which the County Treasurer may invest.

The County's pooled investment had a net earning rate of 4.18% for FY 2007-08, a decrease from that of 4.32% for FY 2006-07. In comparison, California's Local Agency Investment Fund had a net earning yield of 4.37% in FY 2007-08 and 5.11% in FY 2006-07.



Source: Treasurer's Office, County of San Mateo

Since September 2008, the global economic environment has significantly changed with Dow Jones Industrials average plummeting more than 23%, between October 1 and November 12, 2008, and continuing to fall. Associated with this economic decline, major financial entities have failed, been bought out, or been recipients of federal funds to help prevent their failure. The County's pooled investment funds recorded a \$154.6 million loss related to the bankruptcy of Lehman Brothers. The County's portion of the overall loss is approximately \$22 million, or 14%.

The future effects of this global economic decline are unknown, however, it is anticipated that both the private and public sectors of the economy, including state and local governments, will be impacted. On September 30, 2008, with the passage of the FY 2008-09 Budget, the Board began a five year plan to address the County's structural deficit. It is anticipated that reductions in sales tax revenues, property tax revenue growth, and state and federal revenues will have a continued and significant impact on current and future budgets of the County.

Reserves Policy

The Board approved the County Reserves Policy in April 1999. Creation of the policy was initiated by the County's Fiscal Officers to help reduce the negative impact on the County during times of economic uncertainty and potential losses of funding from other governmental agencies. Available fund balance and reserves are viewed as one-time sources of funding that can only be used for one-time purposes or as part of a multi-year financial plan to balance the budget. The County Reserves Policy requires that (1) General Fund departments maintain a minimum reserves amount equivalent to 2% of net appropriations, (2) the County maintain a contingency appropriation equivalent to 3% of General Fund net appropriations for one-time emergencies and economic uncertainties, and (3) one million dollars in reserves for capital improvements and one million dollars in reserves for countywide automation projects.

Major Initiatives

Health Care

As a healthcare provider to low and uninsured populations, the County is faced with rapidly escalating costs and a growing uninsured population. The Board has engaged in two high priority efforts to address the County's role in the delivery and coordination of healthcare for low-income and underserved populations: the Blue Ribbon Coverage Expansion Initiative and the Alternatives for the Delivery of Healthcare to the Medically Indigent Population Study. The recommendations from both of these efforts are being pursued as the Health System Redesign Initiative in accordance with a two-year plan approved by the Board.

Capital Improvements

In March 2008, Public Works completed a comprehensive evaluation of all County facilities. This evaluation rated each facility and has been loaded into the Facilities Condition Information System (FCIS). This system is used in the priority-setting process to recommend projects for the Five-Year Capital Improvement Program. The Adopted Budget includes the five-year capital improvement plan, with a detailed list of projects and funding sources, which amounts to \$30.6 million of General Fund contributions. It also includes \$17.2 million to address deferred maintenance needs. Future budgets will include continued investments to address facilities deficiencies based on the Facilities Condition Index assigned by the FCIS.

Shared Vision 2025

In 2000, with Board participation, Shared Vision 2010 that defined the County's policies, programs, and spending priorities was developed. Since the adoption, the Board actions, including budget items, services and program plans are aligned with the commitments and goals. During the past fiscal year, the Board embarked on an ambitious effort to update Shared Vision 2010. At ten community forums they asked: What is the most important goal that the County should set for the year 2025? What was heard from the 1,000 participants is the desire for a healthy, connected, collaborative and sustainable community. While the Board is still in the process of developing the final goal statements, it is clear that in the coming year, Shared Vision 2025 will provide an important new framework to conduct a deliberative, priority-driven budget process – one that engages the community in the challenges and difficult choices to be made in order to provide the desired level and mix of services with constrained resources.

Improving Outcome for Children

African American children account for 2% of all children in the County, yet these children are overrepresented in the foster care and juvenile justice systems. Research indicates that children, particularly minority children, who enter the child welfare system, are more likely to remain longer; to experience multiple moves from foster home to foster home; and be adjudicated in the juvenile justice system. They are less likely to return to their families of origin or to be adopted. The overrepresentation of African American children in the County child welfare system is a symptom of a much larger issue: the urgent need to improve outcomes for children in our community.

The Budget includes \$150,000 to study this complex issue and prepare concrete actions to reverse these trends. The Courts are invited to be active partners in this review. The study will analyze data, review processes, identify any systemic biases that exist, and recommend best practices that will achieve equitable outcomes for all children in these systems. The results of this review and appropriate policy recommendations will be reported to the Board through the Housing, Health and Human Services Committee.

Public Safety Communications

Public Safety Communications (PSC) is working on several projects to improve emergency response services to the County residents. On June 3, 2008, PSC began taking 911 calls from cell phones served by Sprint/Nextel with service to all phone providers available by the end of 2008. PSC will answer about 40% of the wireless 911 calls originating in the County because the Highway Patrol has jurisdiction over calls from all state roads and highways. PSC is also starting a one-year SMART 911 pilot program with a vendor that provides supplemental information to dispatchers about a caller's premises when a 911 call is received. SMART is a software program that one would register their personal and medical information to prompt when called. The final PSC project is associated with the upcoming contract negotiations for Emergency Medical Services (EMS). PSC will work with the selected EMS vendor to enhance the PSC Computer Aided Dispatch system to improve emergency response time and increase EMS provider accountability.

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 for the fiscal year ended June 30, 2007. This was the eighth 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 comprehensive annual financial report. 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 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2007 and the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2007. All of these reports are available on the County website at <http://www.co.sanmateo.ca.us>.

Acknowledgements

My goal is to publish financial information on a schedule that is helpful to policy leaders and County managers. I wish to extend a special thanks to all the fiscal officers and staff of the County's departments and agencies whose efforts ensure the financial stability and integrity of the County.

I would particularly like to acknowledge the extra efforts extended for the preparation of this report by the Controller's Office personnel. I wish to also thank the Grand Jury Auditors, Macias Gini & O'Connell LLP.

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

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Tom Huening".

Tom Huening, CPA, Certified Public Finance Officer
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of San Mateo
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



Charles S. Cox

President

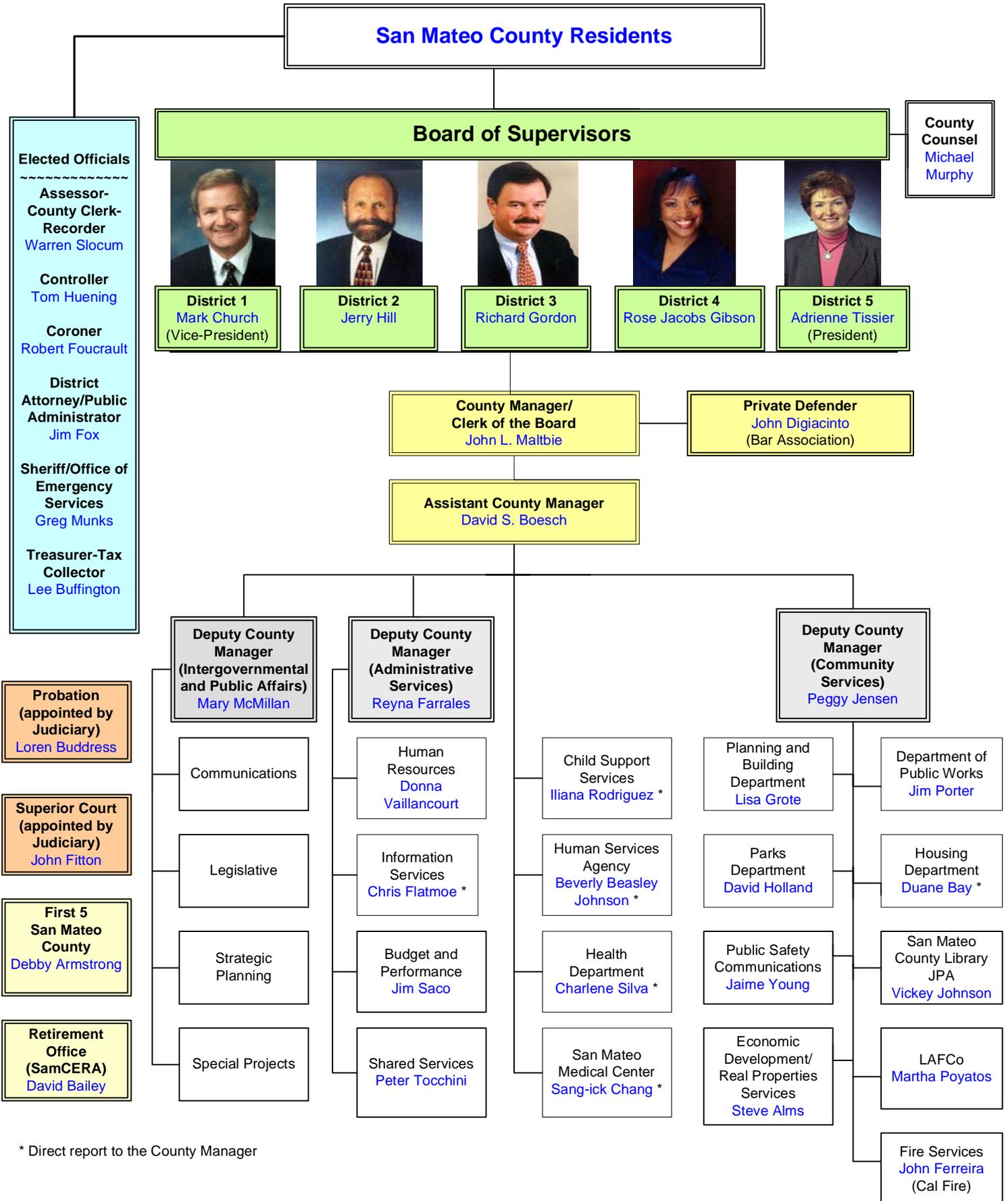
Jeffrey R. Emer

Executive Director

COUNTY OF SAN MATEO

Organization Chart

June 30, 2008



* Direct report to the County Manager

COUNTY OF SAN MATEO
Public Officials
June 30, 2008

ELECTED OFFICIALS

Board of Supervisors:

President	Adrienne Tissier
Vice-president	Mark Church
Supervisor	Jerry Hill
Supervisor	Richard Gordon
Supervisor	Rose Jacobs Gibson
Assessor-County Clerk-Recorder	Warren Slocum
Controller	Tom Huening
Coroner	Robert Foucrault
District Attorney/Public Administrator	Jim Fox
Sheriff/Office of Emergency Services	Greg Munks
Treasurer-Tax Collector	Lee Buffington

APPOINTED OFFICIALS

County Manager/Clerk of the Board (<i>appointed by the Board of Supervisors</i>)	John L. Maltbie
Court Executive Officer/Jury Commissioner (<i>appointed by Judiciary</i>)	John Fitton
Probation Officer (<i>appointed by Judiciary</i>)	Loren Buddress

DEPARTMENT DIRECTORS

County Counsel	Michael Murphy
Child Support Services	Iliana Rodriguez
Health Department	Charlene Silva
Housing Department	Duane Bay
Human Resources Department	Donna Vaillancourt
Human Services Agency	Beverly Beasley Johnson
Information Services Department	Chris Flatmoe
Parks Department	David Holland
Planning and Building Department	Lisa Grote
Public Works	Jim Porter
San Mateo Medical Center	Sang-ick Chang

AFFILIATED ORGANIZATIONS

First 5 San Mateo County, Executive Director	Debby Armstrong
San Mateo County Housing Authority, Director	Duane Bay
San Mateo County Joint Powers Financing Authority, President	Robert Sans
San Mateo County Employees' Retirement Association, Chief Executive Officer	David Bailey



FINANCIAL SECTION

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



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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Mateo, California (County), as of and for the fiscal year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the County of San Mateo (Housing Authority) and the San Mateo County Employees' Retirement Association (SamCERA). The Housing Authority, a major fund, represents 18 percent, 25 percent, and 29 percent of the assets, net assets and revenues, respectively, of the business-type activities. SamCERA represents 44 percent and 46 percent of assets and net assets, respectively, of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Housing Authority and SamCERA, 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2(n) to the basic financial statements, effective July 1, 2007, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*.

The global financial markets have experienced significant volatility. As a result, the fair value of the County's investments has declined subsequent to June 30, 2008, as described in Note 19 to the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2008 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the infrastructure assets reported using the modified approach, the schedules of funding progress, and the budgetary comparison information – general fund listed in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial 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 nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we and the other auditors express no opinion on them.


Certified Public Accountants

Walnut Creek, California
November 25, 2008



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, 2008

This section of the County's comprehensive annual financial report provides an overview and analysis of the County's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the transmittal letter located at the front of this report and the County's basic financial statements following this section. **All dollar amounts are expressed in thousands unless otherwise indicated.**

FINANCIAL HIGHLIGHTS

Government-wide financial analysis

The assets of the County exceeded its liabilities at the close of the fiscal year 2007-08 by \$1,092,082 (*net assets*). Of this amount, \$535,728 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors, \$148,719 is restricted for specific purpose (*restricted net assets*), and \$407,635 is invested in capital assets, net of related debt.

Fund financial analysis

Total fund balances for the County's governmental funds amounted to \$429,790 at June 30, 2008, a decrease of \$51,518 from the prior fiscal year. Approximately \$333,823, or 78%, of this total is unreserved and available to meet the County's current and future needs.

Unreserved fund balance in the County's chief operating fund, the General Fund, at year-end was \$265,544, or 35%, of its total expenditures for the year.

Capital asset and debt administration

The County's investment in capital assets has increased by \$8,141, or 1%, from \$773,370 to \$781,511. This balance consisted of \$729,375 for the governmental activities and \$52,136 for the business-type activities.

The County's total long-term debt has decreased by \$7,171, or 2%, from \$430,183 to \$423,012. The decrease was primarily due to scheduled retirement of outstanding bonds and certificates of participation.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The *statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported 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 only result in cash flows in a future fiscal period (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or 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 the funds for the San Mateo Medical Center (Medical Center), the Airports, Coyote Point Marina, and Housing Authority.

The government-wide financial statements can be found on pages 20-22 of this report.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2008

Fund Financial Statements are groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The County's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the 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 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 are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the *combining statements* elsewhere in this report.

The governmental fund financial statements can be found on pages 23-26 of this report.

Proprietary funds are maintained in two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the Medical Center, Airports, Coyote Point Marina, and Housing Authority operations. *Internal service funds* are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its workers' compensation insurance, long-term disability 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 are provided in the form of *combining statements* elsewhere in this report.

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

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

The fiduciary fund financial statements can be found on pages 31-32 of this report.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2008

Our basic financial statements also incorporate *component units* that are legally separate entities for which the County is financially accountable. These units possess substantially the same board as the County or provide services entirely to the County. The County's blended component units include JPFA; San Mateo County Employees' Retirement Association (SamCERA); Housing Authority of the County of San Mateo (Housing Authority); In-Home Supportive Services Public Authority; County service areas, sewer and sanitation, flood control, lighting and other special districts. First 5 San Mateo County does not meet the requirements for blending and thus it is reported as a discretely presented component unit.

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 33-68 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) *funding progress schedules* for the pension benefits and other postemployment benefits; and 3) *County's General Fund budgetary comparison schedule* to demonstrate compliance with the County's adopted budget.

Required supplementary information can be found on pages 69-79 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 80-123 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets can 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. The County's assets exceeded its liabilities by \$1,092,082 at June 30, 2008. The County's overall financial position has improved by \$37,142, or 4%, in FY 2007-08.

County's Net Assets

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2008	2007	2008	2007	2008	2007	Amount	Percentage
Assets:								
Current and other assets	\$ 953,949	\$ 1,008,386	\$ 100,073	\$ 73,320	\$ 1,054,022	\$ 1,081,706	\$ (27,684)	-2.56%
Capital assets	729,375	725,550	52,136	47,820	781,511	773,370	8,141	1.05%
Total assets	1,683,324	1,733,936	152,209	121,140	1,835,533	1,855,076	(19,543)	-1.05%
Liabilities:								
Long-term liabilities	494,870	514,688	13,636	12,527	508,506	527,215	(18,709)	-3.55%
Other liabilities	182,729	219,196	52,216	53,725	234,945	272,921	(37,976)	-13.91%
Total liabilities	677,599	733,884	65,852	66,252	743,451	800,136	(56,685)	-7.08%
Net assets:								
Invested in capital assets, net of related debt	360,632	342,916	47,003	46,614	407,635	389,530	18,105	4.65%
Restricted	141,124	131,427	7,595	167	148,719	131,594	17,125	13.01%
Unrestricted	503,969	525,709	31,759	8,107	535,728	533,816	1,912	0.36%
Total net assets	\$ 1,005,725	\$ 1,000,052	\$ 86,357	\$ 54,888	\$ 1,092,082	\$ 1,054,940	\$ 37,142	3.52%

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2008

Assets. The County's total assets decreased by \$19,543 or 1%. Significant changes are caused by the following:

Governmental activities. Total assets for the governmental activities decreased by \$50,612, or 3%. The decrease is primarily due to the following:

- In June 2004, the Governmental Accounting Standards Boards (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)*. This statement requires state and local governments to report their costs and obligations related to postemployment healthcare and other non-pension benefits. Accordingly, the County hired a consultant to conduct an actuarial valuation to determine its liabilities in OPEB. The valuation revealed that the County's unfunded actuarial accrued liabilities in OPEB were \$135,678 as of July 1, 2005. As part of its long-term financial planning, the County set aside in the Employee Benefits Fund a total of \$79,021 earmarked for the funding of OPEB between FY 2006 and FY 2007. The amount designated was invested in the Vanguard Balanced Index Fund to maximize investment earnings.

In May 2008, the County established an irrevocable trust account with California Employer's Retiree Benefit Trust (CERBT) to fund its retiree healthcare benefits. The initial contribution into the CERBT account was \$145,434, with \$83,296 from closing the investment account with Vanguard and \$62,138 additional funding from general reserves. The contribution was proportionally allocated to participating funds to offset existing net OPEB obligations and build up net OPEB assets with the excess. This financial plan essentially created a cash outflow of \$145,434 (decrease in current assets) and a net OPEB asset of \$95,398 (increase in non-current assets), resulted in a net decrease of \$50,036 in total assets.

- One of the investment vehicles the County uses to optimize its earnings is through securities lending. The underlying securities loaned to the counterparty decreased to \$282,636 from \$500,000 last year. This change caused a \$50,688 decrease in securities lending collateral.

The decrease in total assets discussed earlier aggregated to \$100,724. The overall decrease, however, was reduced to \$50,612 by a \$32,365 increase in due from other governmental agencies resulting from the timing difference between claims and payments, and a total increase of \$17,747 in other areas of assets such as internal balances.

Business-type activities. Total assets for the business-type activities increased by \$31,069, or 26%. The increase is primarily due to the following:

- The Medical Center's total assets increased by \$24,565. The increase was mostly caused by a one-time subsidy of \$27,109 from the General Fund to fund the Medical Center's retiree healthcare benefits. Part of the subsidy was used to settle the prior year's liabilities in retiree healthcare benefits, and the excess of \$22,123 was used to build up assets to meet future needs.
- The Housing Authority's total assets increased by \$4,799. The increase was primarily in cash resulting from undistributed housing assistance funding from the U. S. Department of Urban Housing Development (HUD).
- The Airports' total assets increased by \$4,136. The Airports completed three construction projects with an aggregated value of \$3,709 added to structures and improvements. These projects included apron and runway improvement at the San Carlos Airport, and terminal building upgrades and airfield drainage improvement at the Half Moon Bay Airport. A separate, unfinished project to build 70 aircraft hangars at the San Carlos Airport added another \$2,678 to work-in-progress. The Airports' capital assets essentially increased by \$6,387 in total. The increase was partially offset by decreases in other types of assets, particularly in cash to pay for escalated expenses in capital construction and improvement.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2008

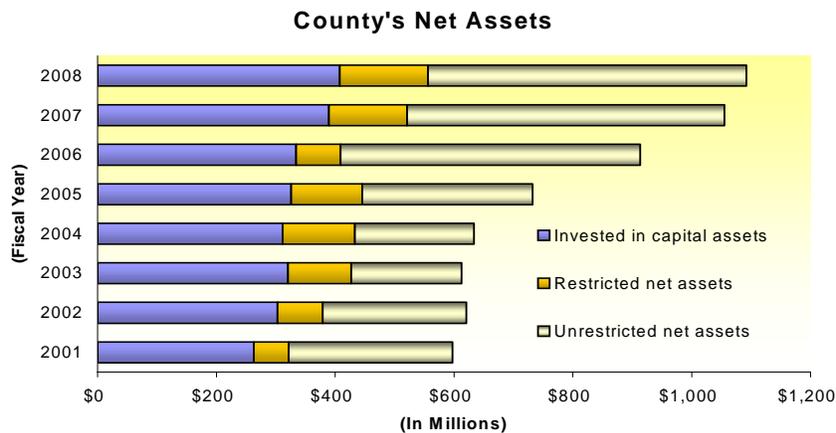
Liabilities. The County's total liabilities decreased by \$56,685 or 7%. Significant changes are caused by:

Governmental activities. Total liabilities for the governmental activities have decreased by \$56,285, or 8%. The underlying securities loaned to the counterparty decreased to \$282,636 from \$500,000 last year. This change caused a \$50,688 decrease in securities lending collateral due to borrowers, accounting for most of the decrease seen this year.

Business-type Activities. Total liabilities for the business-type activities decreased by \$400, or 1%. The decrease is primarily due to a mixed result of the following:

- The Medical Center's total liabilities decreased by \$1,652. With a one-time subsidy from the General Fund, the Medical Center liquidated its prior year's liabilities in retiree healthcare benefits of \$3,117. Additionally, due to a decrease in settlement payments determined through the cost report and the third-party reimbursement audits, the amount due to other governmental agencies decreased by \$3,592 in total. The overall decrease brought by these events was partly offset by increases in the following areas due to the timing of payments: a \$3,237 increase in accounts payable, a \$722 increase in accrued salaries and benefits, and a \$998 increase in due to other funds.
- The Housing Authority's total liabilities decreased by \$1,342. The decrease is primarily due to a \$1,000 decrease in escrow liabilities connected to the Family Self-sufficiency program. This program is focused on helping participants obtain skills to be self-contained. In general, as the participant's earned income increases, the Housing Authority will take a portion of the rent subsidy and place it in an interest-bearing escrow account. Once the participant graduates from the program by completing all goals set in the Self-sufficiency Plan, the participant may cash out the escrow account.
- The Airports' total liabilities increased by \$3,786. In July 2007, the Airports obtained a \$4,000 loan from the State Department of Transportation to build new aircraft hangars at the San Carlos Airport. The loan will be repaid in 15 years at an annual interest rate of 4.78%.

Net Assets. The County's total net assets are divided into three portions: investment in capital assets less any related debt, restricted net assets, and unrestricted net assets. Approximately 37% of the County's net assets represents its *investment in capital assets* (e.g., land, buildings and equipment), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Another 14% is *restricted net assets* that are subject to external restrictions on how they may be used. The remaining 49% is *unrestricted net assets* that may be used to meet the County's ongoing obligations to citizens and creditors.



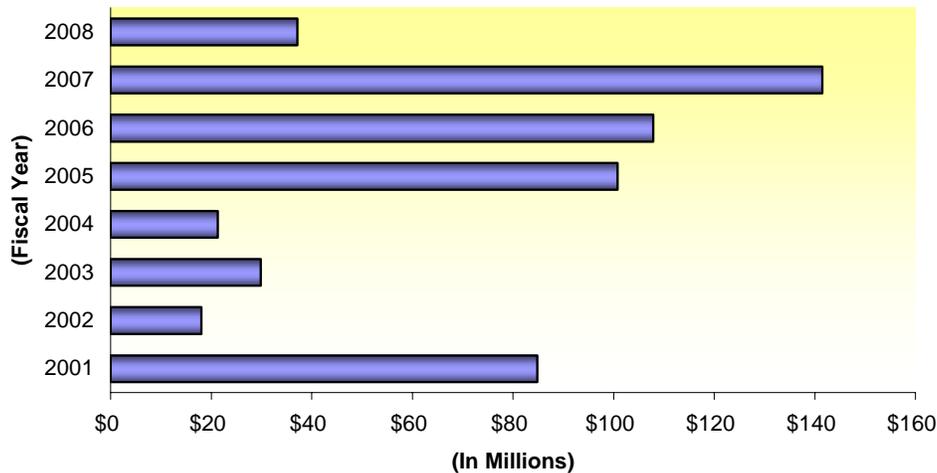
COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2008

As indicated earlier, the County's overall financial position has improved in FY 2007-08 by \$37,142, or 4%, with \$5,673 net increase from governmental activities and \$31,469 from business-type activities.

Change in County's Net Assets

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2008	2007	2008	2007	2008	2007	Amount	Percentage
Revenues:								
Program revenues:								
Charges for services	\$ 124,127	\$ 123,953	\$ 110,190	\$ 115,795	\$ 234,317	\$ 239,748	\$ (5,431)	-2.27%
Operating grants and contributions	408,626	414,761	106,474	103,700	515,100	518,461	(3,361)	-0.65%
Capital grants and contributions	750	1,769	5,398	8,357	6,148	10,126	(3,978)	-39.29%
General revenues:								
Property taxes	326,757	295,134	-	-	326,757	295,134	31,623	10.71%
Other taxes	27,846	28,033	-	-	27,846	28,033	(187)	-0.67%
Unrestricted interest and investment earnings	31,473	40,750	890	626	32,363	41,376	(9,013)	-21.78%
Security lending activities:								
Securities lending income	2,750	4,245	133	139	2,883	4,384	(1,501)	-34.24%
Securities lending expenses	(2,362)	(4,139)	(115)	(137)	(2,477)	(4,276)	1,799	-42.07%
Miscellaneous	21,123	20,301	2,939	2,298	24,062	22,599	1,463	6.47%
Total revenues	941,090	924,807	225,909	230,778	1,166,999	1,155,585	11,414	0.99%
Expenses:								
Program expenses:								
General government	65,188	67,730	-	-	65,188	67,730	(2,542)	-3.75%
Public protection	294,239	277,542	-	-	294,239	277,542	16,697	6.02%
Public ways and facilities	20,312	18,617	-	-	20,312	18,617	1,695	9.10%
Health and sanitation	235,782	200,441	-	-	235,782	200,441	35,341	17.63%
Public assistance	201,221	151,594	-	-	201,221	151,594	49,627	32.74%
Recreation	8,839	8,302	-	-	8,839	8,302	537	6.47%
Interest on long-term liabilities	20,126	19,244	-	-	20,126	19,244	882	4.58%
San Mateo Medical Center	-	-	221,318	207,729	221,318	207,729	13,589	6.54%
Airports	-	-	2,482	2,146	2,482	2,146	336	15.66%
Coyote Point Marina	-	-	1,403	1,252	1,403	1,252	151	12.06%
Housing Authority	-	-	58,947	59,509	58,947	59,509	(562)	-0.94%
Total expenses	845,707	743,470	284,150	270,636	1,129,857	1,014,106	115,751	11.41%
Excess (deficiency) before transfers	95,383	181,337	(58,241)	(39,858)	37,142	141,479	(104,337)	-73.75%
Transfers	(89,710)	(61,918)	89,710	61,918	-	-	-	0.00%
Change in net assets	5,673	119,419	31,469	22,060	37,142	141,479	(104,337)	-73.75%
Net assets - beginning	1,000,052	880,633	54,888	32,828	1,054,940	913,461	141,479	15.49%
Net assets - ending	\$ 1,005,725	\$ 1,000,052	\$ 86,357	\$ 54,888	\$ 1,092,082	\$ 1,054,940	\$ 37,142	3.52%

Change in County's Net Assets



COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2008

Governmental activities. Net assets for the governmental activities increased by \$5,673, which accounts for about 15% of the overall increase in the County's net assets.

Revenues for governmental activities. Significant changes are caused by the following:

Property taxes increased by \$31,623, or 11%. Most of the increase occurred in the General Fund, including (1) secured property taxes of \$11,895, which is in line with growth in the secured property tax assessment; (2) property taxes of \$11,685 from contributions made to the Education Revenue Augmentation Fund (ERAF) in excess of mandated school funding level; and (3) property tax in lieu of vehicle license fee (VLF) of \$4,800, which is also in line with growth in the secured tax assessment under the VLF swap provisions.

Unrestricted interest and investment earnings decreased by \$9,277, or 23%. Shrinking economy significantly impacted the County's return on investments. The average return on the County investment pool slipped to 4.18% from 4.32% last year, accounted for part of the decrease in investment income. The remaining decrease resulted from the depreciation in investment fair value.

Expenses for governmental activities. Significant changes are caused by the following:

Public Protection increased by \$16,697, or 6%. Primary factors contributed to the increase are as follows:

- *Sheriff Department.* In September 2005, the Sheriff's Office established a new unit, the Sheriff's Relief Staffing Pool, with nine positions to better plan for and respond to emergency situations and service needs in the County. In February 2007, the Board approved a plan to phase-in additional relief staffing to add nine positions each year in FY 2007-08 and FY 2008-09. Nine positions were added to the pool this year. Additionally, in September 2007, the Board established a Sheriff's Jail Planning Unit to replace the Women's Correctional Center and address various jail over-crowding efforts. The increases in staffing plus merit increases and negotiated labor increases pushed the expenses in salaries and benefits up by \$4,361.
- *Probation Department.* In September 2006, construction of the main facilities at the new Youth Service Center (YSC) was completed. The Probation Department was transitioned from the old structures to the new facilities to better meet the needs of youth and their families in the County. The new residency caused a sharp increase in rental expenses of \$4,509. Additionally, merit increases and negotiated labor increases added a \$1,904 more to salaries and benefits.
- *District Attorney Office.* Recent surveys revealed that attorneys in the District Attorney Office were paid 10% below the median range. The Board consequently approved to give a 10% salary increase to all 57 attorney positions in the County effective May 20, 2007. This adjustment resulted in a total increase of \$1,359 in salaries and benefits this year.
- *Private Defender.* Service fees charged by the Bar Association increased by \$478. The Board adopted a 5-year agreement with the San Mateo County Bar Association to provide Private Defender Program services.

Health and sanitation increased by \$35,341, or 18%. Primary factors contributed to the increase are as follows:

- On July 24, 2007, the Board approved a plan to merge the Alcohol and Other Drug Services (AOD) and the Mental Health Services into a new unit, Behavioral Health and Recovery Services, within the Health Department. Because of the reorganization, 32 positions were transferred to AOD from the Human Services Agency (HSA). The creation of AOD, merit increases, and negotiated labor increases drove the expenses in salaries and benefits up by \$10,311.
- Non-payroll expenses of the Behavioral Health and Recovery Services increased by \$7,443. Most of the increase resulted from expanded services provided to clients benefited from the Mental Health Services Act (MHSA). The MHSA is dedicated to expanding and transforming all county mental health programs within California. The MHSA is funded by an additional one percent on personal taxable income in excess of one million. The revenue

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2008

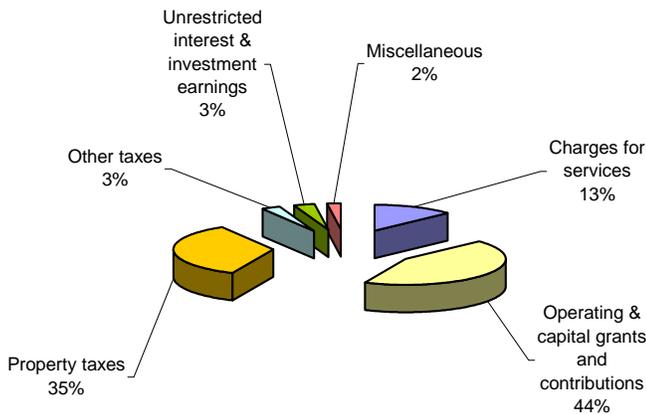
generated is used to support programs for the seriously mentally ill, expand community-based services, and enhance outreach activities targeting under-served ethnic minority and non-English speaking communities.

- Three units of the Health Department: the Mental Health Services, the Family Health Services, and the Environmental Health Services, were relocated to a new building on Alameda de las Pulgas in San Mateo. The one-time moving expenses amounted to \$4,363.
- The Public Health Services experienced two major outlays that resulted in a \$3,478 increase in expenses. These outlays included \$1,980 used to solicit support from PET Data Incorporation for animal licensing services and \$1,498 for relocating the San Mateo Clinic to the new building on Alameda de las Pulgas.
- The operating expense for sewer services soared by \$3,387. The increase is primarily due to a \$2,597 increase in sewage treatment. Public Works provides sewer collection services for residents and businesses in ten sewer maintenance and sanitation districts within the County. Operating costs are recouped through service charges levied on properties receiving the services.

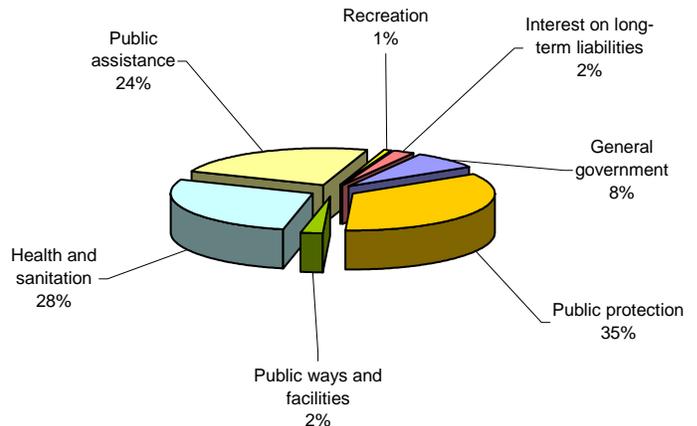
Public assistance increased by \$49,627, or 33%. The County's Department of Housing (DOH) administers several housing programs and issues loans to qualified low-income applicants. Last year the DOH changed its methodology for calculating the allowance for uncollectible loans. This change caused a one-time reduction to the public assistance expense of \$57,208 in FY 2007, causing most of the increase seen this year.

Transfers-out increased by \$27,792, or 45%. The increase is mainly resulted from a one-time subsidy provided to participating funds. The subsidy was used to pay down unfunded actuarial accrued liabilities for the retiree healthcare benefits and build up assets for the years to come.

**Governmental Activities
Revenues by Source**



**Governmental Activities
Expenses by Function/Program**



For the fiscal year ended June 30, 2008, revenues and expenses for the governmental activities are as follows:

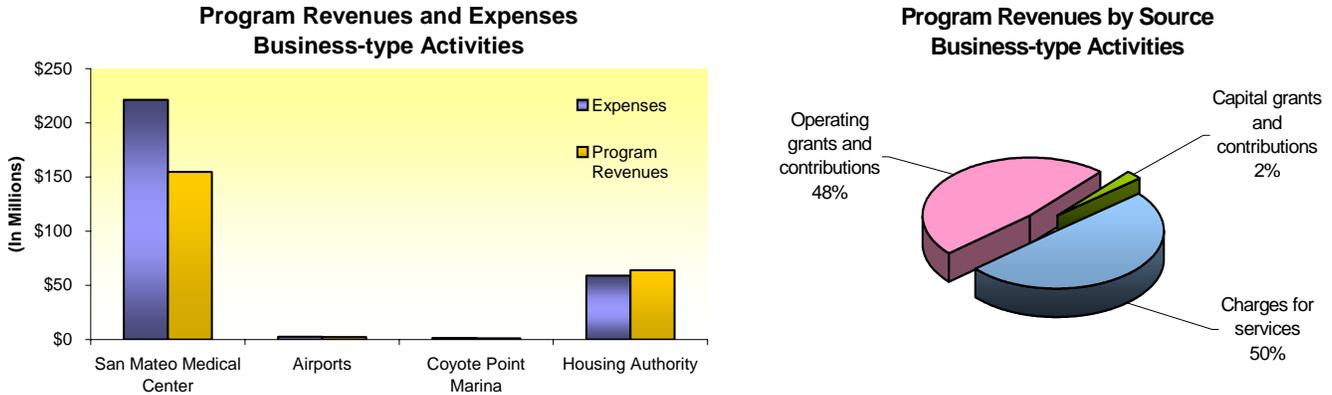
Business-type activities. Net assets for the business-type activities increased by \$31,469. Significant changes are as follows:

Medical Center. The Medical Center's net assets increased by \$26,217. The Medical Center incurred a \$70,930 loss in operation since the cost of providing healthcare services significantly overrun the charges for the services provided. With a subsidy of \$72,277 from the General Fund, the Medical Center was able to continuously provide mandated care for the uninsured and indigent population in the County. Additionally, the General Fund also provided the Medical Center with a one-time subsidy of \$27,109 to fund its retiree healthcare benefits, which became the prominent factor for the increase in net assets.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
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Housing Authority. The Housing Authority's net assets increased by \$6,141. Although HUD provided the Housing Authority with a total of \$61,965 to operate multiple housing assistance programs, housing assistance payments and related operating costs amounted only to \$58,923. This resulted in a \$3,042 increase in net income. The remaining increase was primarily attributed to the rental revenues from tenants.

For the fiscal year ended June 30, 2008, revenues and expenses for the business-type activities are distributed as follows:



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government's functions are reported in the general, special revenue, debt service, and capital projects funds. Included in these funds are various special districts governed by the Board that are blended into nonmajor governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of unrestricted resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance at the end of the fiscal year can serve as a useful measure of the County's net resources available for spending.

As of June 30, 2008, the County's governmental funds reported combined ending fund balances of \$429,790 at year-end, a decrease of \$51,518, or 11%, in comparison to the prior year. Approximately 78% of this total amount, or \$333,823, constitutes unreserved fund balance that is available to meet the County's current and future needs. The remainder of the fund balance is reserved for specific spending; \$2,385 is committed to liquidate contractual commitments, \$68,431 to meet debt service requirements, \$6,288 to reflect inventories and the amount due from other funds that are long-term in nature and thus do not represent available unrestricted resources, and \$18,863 to finance capital projects.

The *General Fund* is the primary operating fund of the County. At June 30, 2008, unreserved fund balance was \$265,544 while total fund balance reached \$273,858. As a measure of liquidity, both unreserved fund balance and total fund balance can be compared to total fund expenditures. Unreserved fund balance represents 35% of total fund expenditures, while total fund balance represents 36% of the same amount. The fund balance of the County's General Fund has decreased by \$59,368, or 18%.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
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For the fiscal years ended June 30, 2008 and 2007, revenues for the General Fund are distributed as follows:

General Fund - Revenues by Source

Revenues by Source	FY 2008		FY 2007		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 334,266	39.17%	\$ 316,463	38.22%	\$ 17,803	5.63%
Licenses and permits	6,085	0.71%	6,627	0.80%	(542)	-8.18%
Intergovernmental	357,118	41.85%	375,542	45.36%	(18,424)	-4.91%
Charges for services	91,240	10.69%	77,143	9.32%	14,097	18.27%
Fines, forfeitures, and penalties	8,404	0.98%	8,415	1.02%	(11)	-0.13%
Rents and concessions	1,117	0.13%	1,035	0.13%	82	7.92%
Investment income	21,601	2.53%	25,697	3.10%	(4,096)	-15.94%
Securities lending income, net	254	0.03%	72	0.01%	182	252.78%
Other	33,194	3.89%	16,914	2.04%	16,280	96.25%
Total	\$ 853,279	100.00%	\$ 827,908	100.00%	\$ 25,371	3.06%

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

Taxes increased by \$17,803 or 6%. The increase is primarily due to increases in (1) secured property taxes of \$11,895, which is in line with growth in the secured property tax assessment; (2) property taxes of \$11,685 from contributions made to ERAF in excess of mandated school funding level; and (3) property tax in lieu of VLF of \$4,800, which is also in line with growth in the secured tax assessment under the VLF swap provisions. The general fund financial statements are prepared using the modified accrual basis of accounting. Under this accounting method, revenues are recognized only if they are both measurable and available within sixty days after year-end. Revenues that are not available within this period are deferred. Part of the increase in taxes is unavailable and therefore deferred.

Intergovernmental revenues decreased by \$18,424, or 5%. Key factors contributed to the decrease are as follows:

- To enhance the accessibility and integrity of elections across the country, the California Secretary of State Department and the California Voting Modernization Board provided the County with a one-time funding of \$9,140 last year to purchase a voting system that complies with the federal requirements. This one-time grant caused a \$9,140 decrease in revenues.
- The Office of Emergency Services/Homeland Security obtained five homeland security grants last year. The closeout of these grants caused a \$5,952 drop in revenues.

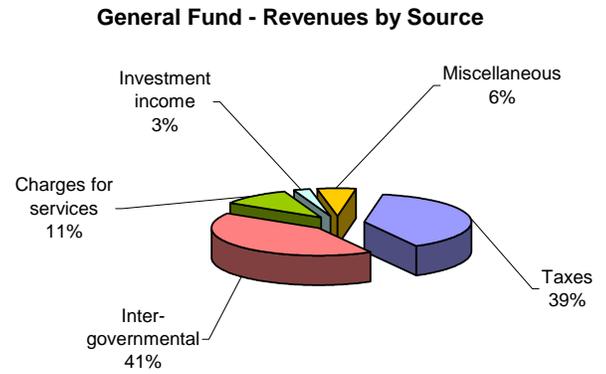
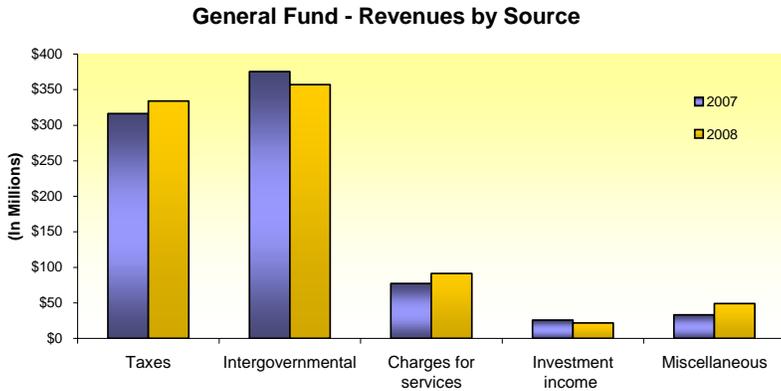
Charges for services increased by \$14,097, or 18%. Key factors contributed to the increase are as follows:

- A total of \$7,924 increase was associated with mental healthcare services provided to the mentally ill. This year the Mental Health Services realized a \$3,119 increase in charges for services. Last year a total of \$15,337 in charges for services earned was deferred because the payments were not available within sixty days after June 30, 2007. Due to the timing difference of when the County collected payments, the County recognized an additional \$4,805 of revenues this year.
- Sewer service charges increased by \$2,238 due to rate increases. Public Works provides sewer collection services for residents and businesses in ten sewer maintenance and sanitation districts within the County. The sewer collection service is primarily funded by service charges levied on properties within the Districts. The Board sets sewer charge rates, and the charges are collected annually on the property tax bill.
- The Road Fund realized a \$1,136 increase in charges for services. Public Works supports roadway and other related transportation system projects through on-going maintenance and improvement projects. Expansion in the services provided to the community attributed to most of the increase.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
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Investment income decreased by \$4,096, or 16%. Explanations are provided on page 9.

Other revenue increased by \$16,280, or 96%. Total other revenue earned this year only diminished slightly by \$180, from \$24,964 to \$25,144. However, an \$8,230 earned last year was deferred and recognized as revenues this year when it became available. This caused other revenue to shift to \$33,194 from \$16,914 (net of deferral) last year, reflecting a total increase of \$16,280.



For the fiscal years ended June 30, 2008 and 2007, expenditures for the General Fund are distributed as follows:

General Fund - Expenditures by Function

Expenditures by Function	FY 2008		FY 2007		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 68,723	9.13%	\$ 54,967	7.66%	\$ 13,756	25.03%
Public protection	275,259	36.58%	261,840	36.48%	13,419	5.12%
Health and sanitation	202,418	26.90%	171,419	23.88%	30,999	18.08%
Public assistance	193,902	25.77%	206,289	28.74%	(12,387)	-6.00%
Recreation	8,084	1.07%	7,609	1.06%	475	6.24%
Capital outlay	4,058	0.54%	15,701	2.19%	(11,643)	-74.15%
Debt service - principal retirement	30	0.00%	28	0.00%	2	7.14%
Debt service - interest charges	2	0.00%	3	0.00%	(1)	-33.33%
Total	\$ 752,476	100.00%	\$ 717,856	100.00%	\$ 34,620	4.82%

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

General government increased by \$13,756 or 25%. Key factors contributed to the increase are as follows:

- The Election Office conducted four major elections this year compared to one election last year. The four elections included: the Consolidated Municipal School and Special Election on November 6; the Presidential Primary Election on February 5; the Special Congressional Open Primary Election on April 8, and the Statewide Direct Primary Election on June 3, 2008. Consequently, services and supplies increased by \$2,726.
- The Non-departmental Services reported a \$4,682 increase in other charges. Primary reasons for the increase include: \$3,500 to supplement operating costs for two countywide elections; \$350 to conduct a management review of DOH; \$300 to pay for consulting services associated with redesign of the Health Care System; and \$365 to fund various parks and recreation projects.
- The Real Property Services recognized a \$2,660 increase in rental expenses. The increase is primarily due to increased use of lease facilities and scheduled rent increases.

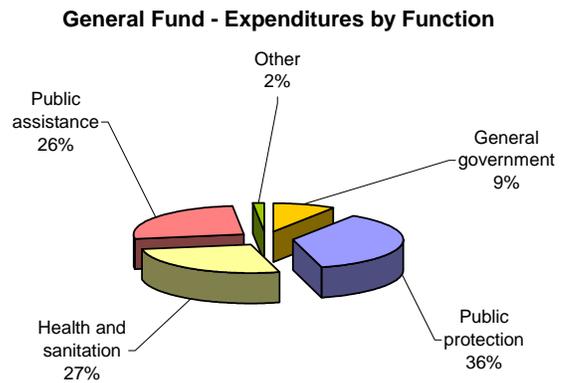
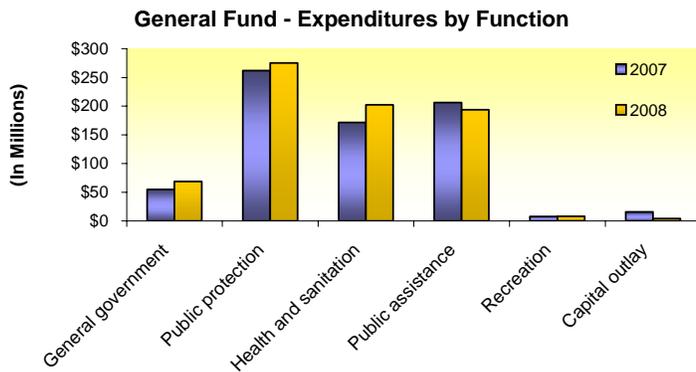
COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
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Public protection increased by \$13,419, or 5%. Explanations are provided on page 9.

Health and sanitation increased by \$30,999, or 18%. Explanations are provided on pages 9-10.

Public assistance decreased by \$12,387, or 6%. The decrease includes: (1) \$4,480 in a mixture of welfare programs due to decreased caseloads; (2) \$2,550 in housing project costs, a result of decreased funding from HUD; (3) \$873 in assistance payments due to decreased caseloads in the Aid to Families with Dependent Children; (4) \$778 in aid payments due to diminished cash assistance to immigrants who are either aged, blind or disabled; and (5) other activities.

Capital outlay decreased by \$11,643, or 74%. In October 2002, the Congress enacted the Help America Vote Act (HAVA) to enhance the accessibility and integrity of elections across the country. Accordingly, the County purchased a new voting system of \$9,333 last fiscal year to comply with the HAVA requirements. This accounted for the significant decline in capital expenses in the current fiscal year.



Joint Powers Financing Authority is a major governmental fund. Its key function is to obtain financing for County-sponsored capital projects. The JPFA's fund balance had a net decrease of \$1,365, primarily caused by capital spending on unfinished facilities at the Youth Services Center.

Nonmajor governmental funds include all special revenue funds, the debt service fund, and all capital projects funds. The net increase in fund balance for these funds was \$9,215 which resulted from the following significant events:

Special revenue funds. Total fund balances in the special revenue funds increased by \$6,584. The increase is mainly caused by the following:

- Fund balance in the Road Fund increased by \$2,296. The surplus is primarily caused by increased income for services provided to the community and increased funding of \$1,269 from the federal and the State for road construction and improvement.
- Fund balance in the Sewer and Sanitation fund increased by \$1,711. The increased income is mainly caused by rate increases in sewer service charges in the ten Sewer and Sanitation Districts.
- Fund balance in the Flood Control Zone increased by \$1,112 primarily caused by increases in property tax revenue from special levy on properties within the zone.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
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Debt debt fund. Fund balance in this fund increased by \$2,068 primarily due to excess debt service contribution from departments and investment income.

Capital projects funds. Fund balance in the Capital Projects Funds increased by \$563 in total. The increase is caused by unspent contributions from other funds for various capital improvement projects within the County.

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 include two major funds (Medical Center and Housing Authority) and two nonmajor funds (Airports and Coyote Point Marina). Discussion on major fund activities can be found in the County's business-type activities section. Total net assets of nonmajor enterprise funds increased by \$233, primarily due to the following:

- *Airports.* Total net assets of the Airports increased by \$350. The increase primarily attributed to a one-time subsidy of \$212 from the County General Fund for the funding of retiree healthcare benefits. The Airports also received a total of \$145 funding from the State for capital improvements and an environmental assessment dealing with issues at the Half Moon Bay Airport.
- *Coyote Point Marina.* Total net assets of the Coyote Point Marina decreased by \$117. Coyote Point Marina incurred an operating loss of \$221, primarily due to diminished demand for park services and increased outlays on general expenses. The loss was discounted by a one-time subsidy of \$148 from the General Fund for the funding of retiree healthcare benefits.

Internal service funds. Total net assets of internal service funds decreased by \$83,582. The decrease is essentially caused by the following major events:

- *Workers' Compensation Insurance.* Total net assets in the Workers' Compensation Insurance Fund decreased by \$2,411. The estimated cost of unpaid claims for workers' compensation increased by \$3,465 this year, primarily due to increases in the number of claims and the costs. The decrease was partially offset by investment income and other revenues.
- *Personal Injury and Property Damage.* Total net assets in the Personal Injury and Property Damage Fund increased by \$1,934. The increase was mainly resulted from higher chargeback for services provided to participating funds.
- *Employee Benefits.* Total net assets in the Employee Benefits Fund decreased by \$82,759. As discussed earlier, the \$79,021 earmarked funding for OPEB resided in the Employee Benefits Fund as investments with Vanguard since December 2006. Until May 2008, the County liquidated its investments with Vanguard for a total cash value of \$83,296. This fund was subsequently transferred to the County General Fund to supplement its initial contribution target to the CERBT of \$145,434, with an additional funding of \$62,138 from general reserves. The net assets in the Employee Benefits fund fell sharply after the transfer. Its impact on net assets was adjusted slightly by increases in other revenues, resulting in a net decrease of \$82,759.

Remaining internal service funds are Fleet Maintenance and Long-term Disability. Changes in net assets in these funds are insignificant.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
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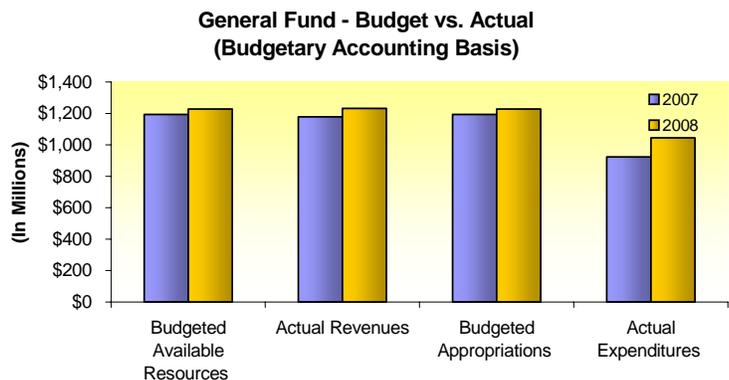
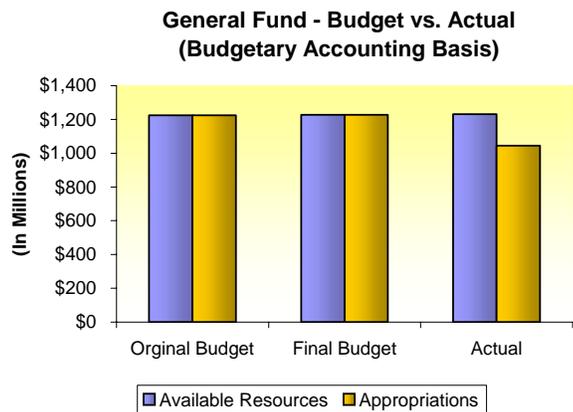
GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's final budget exceeded its original budget by \$2,716 or 0.2% for the fiscal year ended June 30, 2008. Supplemental appropriations were sponsored through unanticipated revenues from various sources, primarily intergovernmental revenues and charges for services. The Sheriff's Office and the Health Services Department realized a total of \$862 unanticipated state and federal aids for programs dedicated to improving public protection, aging and adult services, environmental protection, and mental health services. The Election Office also recognized unanticipated revenues of \$318 from the State for the 2008 Presidential Primary Election, and \$678 from local governmental agencies for election services provided in three separate elections – the Consolidated Municipal, School and Special District Elections in November 2007; the Presidential Primary Election in February 2008; and the Statewide Direct Primary Election in June 2008. In most cases, unanticipated revenues were appropriated within the receiving budget units to complement operating outlays.

Actual General Fund revenues exceeded the total budget estimates by \$66,980. The excess is mainly due to a \$46,052 unanticipated increase in property taxes and the \$83,296 transfer from the Employee Benefits internal service fund for the prefunding of retiree healthcare benefits. Most of this excess was offset by a \$12,490 decrease in interfund revenue and a \$54,735 decrease in intergovernmental revenues primarily due to the close-out of five homeland security grants, reduced federal support from HUD for housing assistance programs, and delay in claim reimbursements.

Actual General Fund expenditures fell below the total budget estimates by \$183,025 due to the following factors:

- Hiring freeze and unfilled positions across all functions contributed to a \$26,573 savings in salaries and benefits.
- Unfinished projects and improved controls over costs accounted for a savings of \$50,821 in services and supplies. Most savings occurred in the Information Services Department (ISD), the HSA, and Non-departmental Services.
- Unfinished projects and better controls over costs attributed to a \$32,631 savings in other charges. Most savings occurred in the HSA and Non-departmental Services.
- Projects budgeted, but not completed, resulted in a \$5,872 savings in fixed assets. Most savings occurred in the ISD and the Sheriff's Office.
- Untapped contingency reserves across all functions approximated to \$77,006.
- Unrealized intra-fund transfers and unanticipated use of other financing uses reduced the savings by \$9,878.



COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The County's capital assets include land and easements, infrastructure, construction in progress, structures and improvements, equipment, and software. At June 30, 2008, the County's investment in capital assets amounted to \$781,511. The County's capital assets have increased by \$8,141, or 1%, compared to the prior fiscal year.

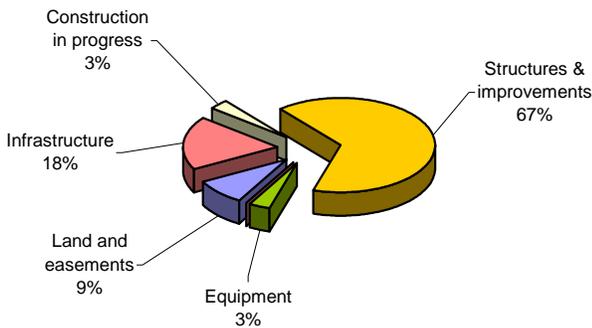
County's Capital Assets
 (Net of depreciation)

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2008	2007	2008	2007	2008	2007	Amount	Percentage
Land and easements	\$ 64,671	\$ 64,501	\$ 10,147	\$ 10,147	\$ 74,818	\$ 74,648	\$ 170	0.23%
Infrastructure	133,786	133,594	-	-	133,786	133,594	192	0.14%
Construction in progress	24,306	18,656	7,537	5,604	31,843	24,260	7,583	31.26%
Structures & improvements	480,246	482,327	25,441	22,271	505,687	504,598	1,089	0.22%
Equipment	25,423	25,259	5,259	5,389	30,682	30,648	34	0.11%
Software	943	1,213	3,752	4,409	4,695	5,622	(927)	-16.49%
Total	\$ 729,375	\$ 725,550	\$ 52,136	\$ 47,820	\$ 781,511	\$ 773,370	\$ 8,141	1.05%

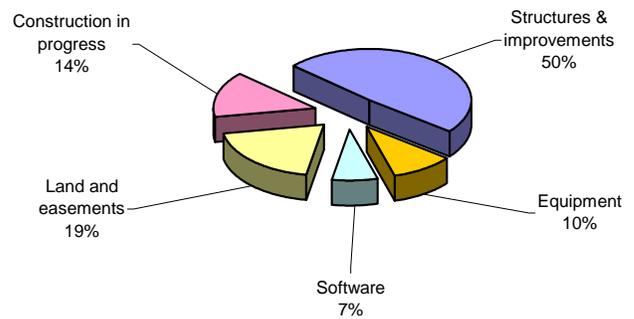
The County's infrastructure assets are recorded at their historical cost in the government-wide financial statements as required by GASB Statement No. 34. The County has elected to use the modified approach to report its maintained road subsystem of the road network of \$77,253. Infrastructure assets reported under the modified approach are not subject to depreciation per this statement.

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 adopted a policy requiring that at least 75 percent of its primary maintained road subsystem (roads with structural sections) be maintained at a PCI of 55 or higher, and at least 65 percent of its the secondary maintained pavement subsystem (roads without structural sections) at a PCI of 40 or higher. A complete condition assessment is determined every three years. The latest complete condition assessment was completed in FY 2006-07, when the County's maintained pavement subsystem was rated at a PCI of 81 on the average for the primary roads and 62 for the secondary roads. For the fiscal year ended June 30, 2008, the actual maintenance and preservation costs were less than the estimated amount by \$171. The variance was primarily due to road projects that were budgeted, but not completed at year-end.

Capital Assets
Governmental Activities



Capital Assets
Business-type Activities



COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
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The County aims for finishing the remaining construction at the Youth Service Center (YSC). The JPFA issued lease revenue bonds in November 2003 to acquire and construct the YSC, which included a juvenile hall, a girls' camp, a community school, a receiving home, group homes, juvenile courts and probation administration offices for the County. The main facility of the YSC was completed in September 2006. The remaining capital projects attached to the YSC Construction, which include completion of the receiving home and the group home, deconstruction of the old facility, and removal of the berm, will cost approximately \$11.7 million. The receiving home will be completed by November 2008. The group home is still in working stages, and the scope for this project is not finalized yet. The deconstruction of the old Hillcrest Facility will be completed in 2009. The removal of the berm will begin upon completion of the deconstruction of the old Hillcrest Facility. Total outstanding commitments amounted to approximately \$2.5 million at June 30, 2008.

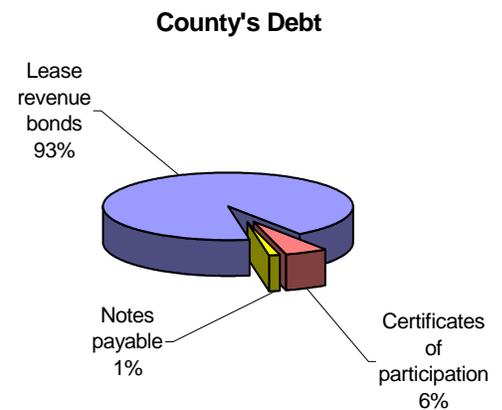
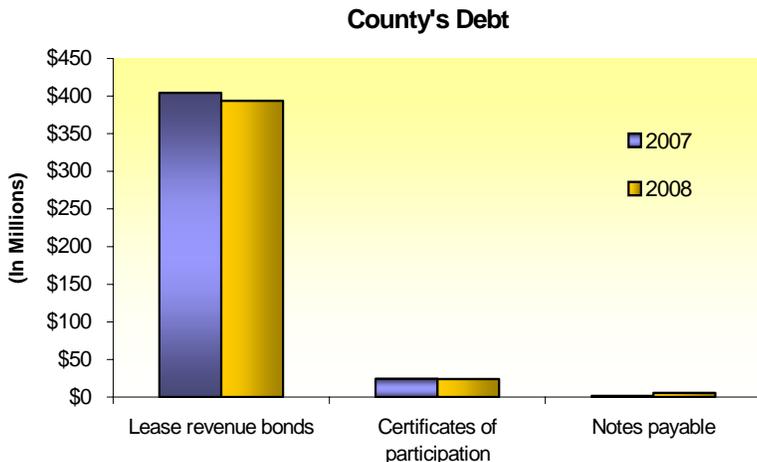
Additional information on the County's capital assets can be found in Note 8 on pages 53-54 of this report.

Long-term debt. The County had a total outstanding debt of \$423,012 as of June 30, 2008. This amount is comprised of \$393,565 in lease revenue bonds, \$24,083 in certificates of participation, and \$5,357 in notes payable, and \$7 in capital lease obligation. The County's total debt has decreased by \$7,171, or approximately 2%, mainly due to scheduled retirement of debts.

County's Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2008	2007	2008	2007	2008	2007	Amount	Percentage
Lease revenue bonds (including accreted interest)	\$ 393,565	\$ 404,301	\$ -	\$ -	\$ 393,565	\$ 404,301	\$ (10,736)	-2.66%
Certificates of participation	24,083	24,390	-	-	24,083	24,390	(307)	-1.26%
Notes payable	224	271	5,133	1,206	5,357	1,477	3,880	262.69%
Capital lease obligation	7	15	-	-	7	15	(8)	-53.33%
Total	\$ 417,879	\$ 428,977	\$ 5,133	\$ 1,206	\$ 423,012	\$ 430,183	\$ (7,171)	-1.67%

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 2007-08 was \$56,071. The amount applicable to the debt service limit was \$29,762, which was \$26,309 or 47%, less than authorized.



Additional information on the County's long-term debt can be found in Note 10 on pages 55-59 of this report.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
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For the Fiscal Year Ended June 30, 2008

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In preparing the County's budget for FY 2008-09, the following factors were considered:

1. The job growth in the County is not harshly affected by the slowing economy because there is a mix of industries here that are not in decline. That fertile mix includes Internet companies, computer services firms, and biotech companies that are growing and offering services and products in demand. In addition, tourism and convention business is up locally because the falling dollars have made this area more affordable for Pacific Rim companies and tourists worldwide.
2. Across California, the picture does not look as good. Job growth in California plummeted, led by more construction-related losses. The state unemployment rate soared to 7.7 percent in August 2008, a big jump from the 5.5 percent a year ago. In mid-September 2008, the State governor and legislative leaders agreed to a budget for FY 2008-09. This budget calls for a \$7.1 billion cut in State spending, which includes reductions in public transit and human service programs. The budget also grants the governor authority to cut up to 7 percent from State spending in mid-year when revenues fall below expectations. The largest areas of the budget, including education, health services, and human services, are exempted from the mid-year cut.
3. The County's structural deficit, a persistent gap between public expenditures and revenues, is projected to grow to \$92.1 million by FY 2012-13, given current trends in the housing market and the economy. Accordingly, the Board adopted a set of policies to fix the structural deficit by FY 2012-13.
4. The County annual contributions to the Medical Center continue to soar. Between FY 2003-04 and FY 2005-06, the average annual contribution was approximately \$59 million. The County contribution was \$68 million last fiscal year and increased further to \$72.2 million this fiscal year, an increase of 22 percent in three years. Intensive efforts have been underway to improve the financial strength of the Medical Center.
5. On September 15, 2008, Lehman Brothers Holdings Inc. (Lehman) declared bankruptcy. This bankruptcy had a direct, negative impact on the County's investment pool in an amount of \$155 million. The County Treasurer decided to retain the Lehman securities, but mark their value down to zero and carry the securities as a non-performing asset. The County has retained bankruptcy counsel in connection with filing a creditor's claim in the Lehman bankruptcy proceedings on behalf of the investment pool. Additionally, the County, on behalf of the pool participants, has commenced litigation against the officers and directors of Lehman Brothers. However, the amount of recovery from the bankruptcy proceedings and the litigation against Lehman officers and directors, if any, is uncertain. The County's portion of the overall loss is approximately 14 percent, or \$22 million.
6. The County's final budget for FY 2008-09 is \$1.95 billion. The budget provides resources for all operating units, the improvement and maintenance of capital assets, the debt service payments, and the reserves.

As of June 30, 2008, unreserved General Fund balance was \$265,544. The County has appropriated the full amount of unreserved fund balance for spending in the FY 2008-09's budget.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Controller, 555 County Center, 4th Floor, Redwood City, CA 94063. This report is also available online at www.co.sanmateo.ca.us.



Basic Financial Statements -
Government-Wide Financial Statements

COUNTY OF SAN MATEO
Statement of Net Assets
June 30, 2008
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 San Mateo County
ASSETS				
Cash and investments	\$ 487,818	\$ 14,801	\$ 502,619	\$ 35,870
Restricted cash and investments	25,466	8,069	33,535	-
Securities lending collateral	47,375	2,288	49,663	3,590
Receivables (net)	115,734	37,055	152,789	396
Due from other governmental agencies	164,794	24,102	188,896	1,957
Inventories	603	933	1,536	-
Other assets	6,179	1,000	7,179	277
Internal balances	10,582	(10,582)	-	-
Net OPEB asset	95,398	22,407	117,805	152
Capital assets:				
Nondepreciable	166,230	17,684	183,914	-
Depreciable, net	563,145	34,452	597,597	-
Total assets	<u>\$ 1,683,324</u>	<u>\$ 152,209</u>	<u>\$ 1,835,533</u>	<u>\$ 42,242</u>
LIABILITIES				
Accounts payable	\$ 37,744	\$ 11,841	\$ 49,585	\$ 2,582
Payable from restricted cash and investments	-	656	656	-
Accrued interest payable	6,371	120	6,491	-
Accrued salaries and benefits	20,790	6,256	27,046	47
Accrued liabilities	4,353	187	4,540	-
Other liabilities	-	100	100	-
Capital lease obligations	7	-	7	-
Securities lending collateral - due to borrowers	47,375	2,288	49,663	3,590
Due to other governmental agencies	24,145	30,670	54,815	-
Unearned revenues	41,849	94	41,943	23
Deposits	95	4	99	-
Long-term liabilities:				
Net OPEB obligation				
Due within one year	-	11	11	-
Due beyond one year	-	84	84	-
Lease revenue bonds				
Due within one year	11,355	-	11,355	-
Due beyond one year	382,210	-	382,210	-
Certificates of participation				
Due within one year	322	-	322	-
Due beyond one year	23,761	-	23,761	-
Notes payable				
Due within one year	33	262	295	-
Due beyond one year	191	4,871	5,062	-
Estimated claims				
Due within one year	9,784	-	9,784	-
Due beyond one year	34,822	729	35,551	-
Compensated absences				
Due within one year	24,573	6,969	31,542	3
Due beyond one year	7,819	710	8,529	55
Total liabilities	<u>677,599</u>	<u>65,852</u>	<u>743,451</u>	<u>6,300</u>
NET ASSETS				
Invested in capital assets, net of related debt	360,632	47,003	407,635	-
Restricted for:				
General government	11,942	-	11,942	-
Public protection	15,732	-	15,732	-
Public ways and facilities	8,899	-	8,899	-
Health and sanitation	19,133	-	19,133	-
Public assistance	47,260	-	47,260	-
Debt service	38,158	-	38,158	-
Housing assistance programs	-	7,595	7,595	-
Preschool programs	-	-	-	164
Unrestricted	503,969	31,759	535,728	35,778
Total net assets	<u>1,005,725</u>	<u>86,357</u>	<u>1,092,082</u>	<u>35,942</u>
Total liabilities and net assets	<u>\$ 1,683,324</u>	<u>\$ 152,209</u>	<u>\$ 1,835,533</u>	<u>\$ 42,242</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, 2008
(In Thousands)

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs:				
Primary government				
Governmental activities:				
General government	\$ 65,188	\$ 21,505	\$ 5,903	\$ 750
Public protection	294,239	28,849	91,936	-
Public ways and facilities	20,312	4,281	19,366	-
Health and sanitation	235,782	62,959	129,436	-
Public assistance	201,221	5,083	161,927	-
Recreation	8,839	1,450	58	-
Interest on long-term liabilities	20,126	-	-	-
Total governmental activities	845,707	124,127	408,626	750
Business-type activities:				
San Mateo Medical Center	221,318	104,927	44,507	5,250
Airports	2,482	2,236	2	143
Coyote Point Marina	1,403	1,137	-	-
Housing Authority	58,947	1,890	61,965	5
Total business-type activities	284,150	110,190	106,474	5,398
Total primary government	\$ 1,129,857	\$ 234,317	\$ 515,100	\$ 6,148
Component unit:				
First 5 San Mateo County	\$ 12,724	\$ -	\$ 9,714	\$ -

General revenues:

- Taxes:
 - Property taxes
 - Property transfer taxes
 - Sales and use taxes
 - Property tax in-lieu of sales taxes
 - Transient occupancy taxes
 - Aircraft taxes
 - Other taxes
- Unrestricted interest and investment earnings
- Securities lending activities:
 - Securities lending income
 - Securities lending expenses
- Miscellaneous
- Transfers
 - Total general revenues and transfers
 - Change in net assets

Net assets - beginning (as restated)

Net assets - end

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, 2008
(In Thousands)

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business- type Activities	Total	First 5 San Mateo County
\$ (37,030)	\$ -	\$ (37,030)	
(173,454)	-	(173,454)	
3,335	-	3,335	
(43,387)	-	(43,387)	
(34,211)	-	(34,211)	
(7,331)	-	(7,331)	
(20,126)	-	(20,126)	
<u>(312,204)</u>	<u>-</u>	<u>(312,204)</u>	
-	(66,634)	(66,634)	
-	(101)	(101)	
-	(266)	(266)	
-	4,913	4,913	
<u>-</u>	<u>(62,088)</u>	<u>(62,088)</u>	
<u>(312,204)</u>	<u>(62,088)</u>	<u>(374,292)</u>	
			\$ (3,010)
326,757	-	326,757	-
6,011	-	6,011	-
14,896	-	14,896	-
4,569	-	4,569	-
667	-	667	-
1,680	-	1,680	-
23	-	23	-
31,473	890	32,363	1,565
2,750	133	2,883	208
(2,362)	(115)	(2,477)	(179)
21,123	2,939	24,062	190
(89,710)	89,710	-	-
<u>317,877</u>	<u>93,557</u>	<u>411,434</u>	<u>1,784</u>
5,673	31,469	37,142	(1,226)
<u>1,000,052</u>	<u>54,888</u>	<u>1,054,940</u>	<u>37,168</u>
<u>\$ 1,005,725</u>	<u>\$ 86,357</u>	<u>\$ 1,092,082</u>	<u>\$ 35,942</u>

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 unit:

First 5 San Mateo County

General revenues:

Taxes:

- Property taxes
- Property transfer taxes
- Sales and use taxes
- Property tax in-lieu of sales taxes
- Transient occupancy taxes
- Aircraft taxes
- Other taxes

Unrestricted interest and investment earnings

Securities lending activities:

- Securities lending income
- Securities lending expenses

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning (as restated)

Net assets - end



Basic Financial Statements -

Fund Financial Statements

COUNTY OF SAN MATEO
Balance Sheet
Governmental Funds
June 30, 2008
(In Thousands)

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
ASSETS				
Cash and investments	\$ 308,754	\$ 31,696	\$ 99,939	\$ 440,389
Restricted cash and investments	-	25,466	-	25,466
Securities lending collateral	30,889	1,737	10,002	42,628
Receivables (net):				
Accounts	8,571	-	29	8,600
Interest	9,527	633	784	10,944
Taxes	18,150	-	1,161	19,311
Mortgages	48,206	-	-	48,206
Other	25,943	-	2,117	28,060
Due from other funds	8,336	-	1,185	9,521
Due from other governmental agencies	159,727	-	4,767	164,494
Inventories	78	-	359	437
Other assets	6	-	-	6
Advances to other funds	5,851	-	-	5,851
Total assets	\$ 624,038	\$ 59,532	\$ 120,343	\$ 803,913
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 31,354	\$ 975	\$ 3,461	\$ 35,790
Accrued salaries and benefits	20,168	-	428	20,596
Accrued liabilities	4,099	95	159	4,353
Securities lending collateral - due to borrowers	30,889	1,737	10,002	42,628
Due to other funds	170	-	2,418	2,588
Due to other governmental agencies	24,145	-	-	24,145
Advances from other funds	-	-	1,000	1,000
Deferred revenues	239,355	-	3,666	243,021
Deposits	-	-	2	2
Total liabilities	350,180	2,807	21,136	374,123
Fund Balances:				
Reserved for:				
Encumbrances	2,385	-	-	2,385
Debt service	-	37,862	30,569	68,431
Inventories and advances	5,929	-	359	6,288
Capital projects	-	18,863	-	18,863
Unreserved, reported in				
General fund - undesignated	265,544	-	-	265,544
Special revenue funds - undesignated	-	-	57,886	57,886
Capital projects funds - undesignated	-	-	10,393	10,393
Total fund balances	273,858	56,725	99,207	429,790
Total liabilities and fund balances	\$ 624,038	\$ 59,532	\$ 120,343	\$ 803,913

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

COUNTY OF SAN MATEO
Reconciliation of the Governmental Funds Balance Sheet to
the Government-wide Statement of Net Assets
June 30, 2008
(In Thousands)

Fund balances - total governmental funds (page 23) \$ 429,790

Amounts reported for governmental activities in the statement of net assets are different because:

Deferred charges in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 4,239

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 723,292

Net OPEB asset is not available to pay for current-period expenditures. 94,759

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. 201,172

Internal service funds are used by management to charge the costs of management of fleet maintenance, Tower Road construction, workers' compensation, long-term disability, employee benefits, and personal injury and property damage to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets. 8,851

Interest payable on long-term liabilities does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds. (6,360)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Lease revenue bonds, net of unamortized discount of \$113	\$ (393,565)	
Certificates of participation, net of unamortized premium of \$68	(24,083)	
Notes payable	(224)	
Capital lease obligations	(7)	
Compensated absences	(32,139)	(450,018)

Net assets of governmental activities (page 20) \$ 1,005,725

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, 2008
(In Thousands)

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 334,266	\$ -	\$ 12,939	\$ 347,205
Licenses and permits	6,085	-	5,226	11,311
Intergovernmental	357,118	-	30,357	387,475
Charges for services	91,240	-	17,910	109,150
Fines, forfeitures and penalties	8,404	-	1,710	10,114
Rents and concessions	1,117	-	77	1,194
Investment income	21,601	2,812	3,881	28,294
Securities lending activities:				
Securities lending income	1,794	101	579	2,474
Securities lending expenditures	(1,540)	(87)	(497)	(2,124)
Other	33,194	3	960	34,157
Total revenues	<u>853,279</u>	<u>2,829</u>	<u>73,142</u>	<u>929,250</u>
Expenditures:				
Current:				
General government	68,723	681	4,512	73,916
Public protection	275,259	-	6,873	282,132
Public ways and facilities	-	-	19,489	19,489
Health and sanitation	202,418	-	27,610	230,028
Public assistance	193,902	-	-	193,902
Recreation	8,084	-	-	8,084
Capital outlay	4,058	2,968	11,952	18,978
Debt service:				
Principal	30	11,275	17	11,322
Interest	2	20,000	3	20,005
Total expenditures	<u>752,476</u>	<u>34,924</u>	<u>70,456</u>	<u>857,856</u>
Excess (deficiency) of revenues over (under) expenditures	<u>100,803</u>	<u>(32,095)</u>	<u>2,686</u>	<u>71,394</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	2	-	-	2
Capital contribution	750	-	-	750
Transfers in	83,910	30,730	41,738	156,378
Transfers out	(128,371)	-	(35,209)	(163,580)
Total other financing sources (uses)	<u>(43,709)</u>	<u>30,730</u>	<u>6,529</u>	<u>(6,450)</u>
Change in fund balances before special item	57,094	(1,365)	9,215	64,944
Special item	<u>(116,462)</u>	<u>-</u>	<u>-</u>	<u>(116,462)</u>
Net Change in fund balances	(59,368)	(1,365)	9,215	(51,518)
Fund balances - beginning	<u>333,226</u>	<u>58,090</u>	<u>89,992</u>	<u>481,308</u>
Fund balances - end	<u>\$ 273,858</u>	<u>\$ 56,725</u>	<u>\$ 99,207</u>	<u>\$ 429,790</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, 2008
(In Thousands)

Net change in fund balances - total governmental funds (page 25) \$ (51,518)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets and infrastructure	\$ 18,978	
The net effect of various miscellaneous transactions involving capital assets such as sales, retirements, trade-ins, and donations	1,360	
Less current year depreciation	<u>(17,246)</u>	3,092

Governmental fund revenues deferred in the current year due to unavailability were reported in the statement of activities as revenues. 19,155

Governmental funds report prefunding of OPEB as expenditures, but the statement of net assets reports such as a net OPEB asset. 94,759

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

Principal repayments:

Lease revenue bonds	10,970	
Certificates of participation	305	
Notes payable	47	
Capital lease obligations	<u>8</u>	11,330

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of bond issuance costs	(220)	
Amortization of bond discount	(4)	
Amortization of bond premium	80	
Amortization of deferred loss on refunding	(36)	
Change in claims and judgments - arbitration	65	
Change in accrued interest payable	144	
Accretion of capital appreciation bonds	(272)	
Change in net OPEB obligation	12,869	
Change in compensated absences	<u>(1,311)</u>	11,315

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. (82,460)

Change in net assets of governmental activities (page 22) \$ 5,673

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

COUNTY OF SAN MATEO
Statement of Fund Net Assets
Proprietary Funds
June 30, 2008
(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	\$ 2,934	\$ 10,403	\$ 1,464	\$ 14,801	\$ 47,429
Restricted cash and investments	-	8,069	-	8,069	-
Securities lending collateral	293	1,849	146	2,288	4,747
Receivables (net):					
Accounts	33,506	165	39	33,710	340
Interest	6	151	27	184	273
Other	3,111	50	-	3,161	-
Due from other funds	97	-	44	141	59
Due from other governmental agencies	24,090	-	12	24,102	300
Inventories	933	-	-	933	165
Other assets	-	13	-	13	1,935
Total current assets	<u>64,970</u>	<u>20,700</u>	<u>1,732</u>	<u>87,402</u>	<u>55,248</u>
Noncurrent assets:					
Notes receivable	200	142	-	342	-
Deposits	645	-	-	645	-
Net OPEB asset	22,123	-	284	22,407	639
Capital assets:					
Nondepreciable:					
Land	841	1,128	8,178	10,147	-
Construction in progress	138	242	7,157	7,537	7
Depreciable:					
Structures and improvements	4,333	20,647	28,150	53,130	1,064
Equipment	11,143	918	189	12,250	19,710
Software	6,266	-	-	6,266	9
Less accumulated depreciation	(9,458)	(16,628)	(11,108)	(37,194)	(14,707)
Total noncurrent assets	<u>36,231</u>	<u>6,449</u>	<u>32,850</u>	<u>75,530</u>	<u>6,722</u>
Total assets	<u>101,201</u>	<u>27,149</u>	<u>34,582</u>	<u>162,932</u>	<u>61,970</u>
LIABILITIES					
Current liabilities:					
Accounts payable	11,119	481	241	11,841	1,954
Payable from restricted cash and investments	-	656	-	656	-
Accrued interest payable	-	-	120	120	11
Accrued salaries and benefits	6,068	130	58	6,256	194
Accrued liabilities	-	187	-	187	-
Securities lending collateral - due to borrowers	293	1,849	146	2,288	4,747
Due to other funds	5,000	-	109	5,109	2,024
Due to other governmental agencies	30,670	-	-	30,670	-
Unearned revenues	-	62	-	62	-
Other liabilities	-	100	-	100	-
Net OPEB obligation - current	-	11	-	11	-
Compensated absences - current	6,669	213	87	6,969	219
Estimated claims - current	-	-	-	-	9,784
Long-term liabilities - current	-	-	262	262	-
Total current liabilities	<u>59,819</u>	<u>3,689</u>	<u>1,023</u>	<u>64,531</u>	<u>18,933</u>
Noncurrent liabilities:					
Advances from other funds	4,042	809	-	4,851	-
Unearned revenues	-	-	32	32	-
Deposits	-	-	4	4	93
Net OPEB obligation - noncurrent	-	84	-	84	-
Compensated absences - noncurrent	581	97	32	710	34
Estimated claims - noncurrent	-	729	-	729	34,822
Long-term liabilities - noncurrent	-	192	4,679	4,871	-
Total noncurrent liabilities	<u>4,623</u>	<u>1,911</u>	<u>4,747</u>	<u>11,281</u>	<u>34,949</u>
Total liabilities	<u>64,442</u>	<u>5,600</u>	<u>5,770</u>	<u>75,812</u>	<u>53,882</u>
NET ASSETS					
Invested in capital assets, net of related debt	13,263	6,115	27,625	47,003	6,083
Restricted for housing assistance programs	-	7,595	-	7,595	-
Unrestricted	23,496	7,839	1,187	32,522	2,005
Total net assets	<u>\$ 36,759</u>	<u>\$ 21,549</u>	<u>\$ 28,812</u>	<u>\$ 86,357</u>	<u>\$ 8,088</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(763)	
Net assets of business-type activities (page 20)				<u>\$ 86,357</u>	

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

COUNTY OF SAN MATEO
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Activities Internal Service Funds
Operating revenues:					
Charges for services	\$ 333,146	\$ -	\$ 1,193	\$ 334,339	\$ 107,305
Less:					
Contractual allowances	(221,587)	-	-	(221,587)	-
Provision for doubtful accounts	(13,889)	-	-	(13,889)	-
Net charges for services	97,670	-	1,193	98,863	107,305
Other program revenues:					
State supplemental programs:					
Medi-Cal Waiver	20,415	-	-	20,415	-
ACE Program	3,772	-	-	3,772	-
Long-term care supplemental	4,583	-	-	4,583	-
Tobacco tax (Proposition 99)	340	-	-	340	-
Sales tax	3,926	-	-	3,926	-
Health Plan of San Mateo	8,486	-	-	8,486	-
Other operating revenues:					
Rent and concessions	-	1,890	2,180	4,070	-
Sales of drugs and medical supplies, fees, and others	7,257	-	-	7,257	-
Miscellaneous	2,327	530	82	2,939	591
Total operating revenues	<u>148,776</u>	<u>2,420</u>	<u>3,455</u>	<u>154,651</u>	<u>107,896</u>
Operating expenses:					
Salaries and benefits	136,883	3,182	1,467	141,532	4,445
Drugs	7,643	-	-	7,643	-
Contract provider services	24,546	-	-	24,546	-
General and administrative	48,043	3,090	1,747	52,880	10,311
Benefits and claims	-	-	-	-	16,640
Insurance premiums	-	-	-	-	78,315
Depreciation and amortization	2,591	265	531	3,387	1,644
Housing assistance payments	-	52,386	-	52,386	-
Total operating expenses	<u>219,706</u>	<u>58,923</u>	<u>3,745</u>	<u>282,374</u>	<u>111,355</u>
Operating loss	<u>(70,930)</u>	<u>(56,503)</u>	<u>(290)</u>	<u>(127,723)</u>	<u>(3,459)</u>
Nonoperating revenues (expenses):					
State and federal grants	2,985	61,965	2	64,952	-
Gain (loss) on disposal of capital assets	(499)	-	-	(499)	13
Investment income	39	683	168	890	2,334
Investment expense	(7)	(24)	(124)	(155)	-
Securities lending activities:					
Securities lending income	17	107	9	133	274
Securities lending expenses	(15)	(92)	(8)	(115)	(236)
Total nonoperating revenues, net	<u>2,520</u>	<u>62,639</u>	<u>47</u>	<u>65,206</u>	<u>2,385</u>
Income (loss) before capital contributions and transfers	(68,410)	6,136	(243)	(62,517)	(1,074)
Transfers in	99,386	-	360	99,746	788
Transfers out	(10,009)	-	(27)	(10,036)	(83,296)
Capital contributions	5,250	5	143	5,398	-
Change in net assets	<u>26,217</u>	<u>6,141</u>	<u>233</u>	<u>32,591</u>	<u>(83,582)</u>
Net assets - beginning	<u>10,542</u>	<u>15,408</u>	<u>28,579</u>		<u>91,670</u>
Net assets - end	<u>\$ 36,759</u>	<u>\$ 21,549</u>	<u>\$ 28,812</u>		<u>\$ 8,088</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(1,122)	
Change in net assets of business-type activities (page 22)				<u>\$ 31,469</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, 2008
(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo	Housing	Other	Total	Internal
	Medical Center	Authority	Enterprise Funds		
Cash flows from operating activities					
Cash receipts from customers	\$ 134,408	\$ 2,450	\$ 3,717	\$ 140,575	\$ -
Cash receipts from interfund services provided	-	-	-	-	106,176
Cash paid to suppliers of goods and services	(77,045)	(4,204)	(1,970)	(83,219)	(88,044)
Cash paid to employees for services	(133,938)	(3,660)	(1,437)	(139,035)	(4,400)
Cash paid for housing assistance	-	(51,911)	-	(51,911)	-
Cash paid for judgments and claims	-	-	-	-	(13,599)
Net cash provided by (used in) operating activities	<u>(76,575)</u>	<u>(57,325)</u>	<u>310</u>	<u>(133,590)</u>	<u>133</u>
Cash flows from noncapital financing activities					
County subsidy transfer	72,277	-	-	72,277	-
Transfers paid	(10,009)	-	(27)	(10,036)	(83,296)
Short-term advances from the County	5,508	-	7	5,515	850
Repayment of advances from the County	-	(6)	-	(6)	-
Advances from the County	998	-	-	998	-
Interest paid	(7)	-	-	(7)	-
State and federal grant receipts	2,839	64,122	2	66,963	-
Net cash provided by (used in) noncapital financing activities	<u>71,606</u>	<u>64,116</u>	<u>(18)</u>	<u>135,704</u>	<u>(82,446)</u>
Cash flows from capital and related financing activities					
Acquisition of capital assets	(1,646)	(111)	(6,445)	(8,202)	(2,390)
Proceeds from sale of capital assets	-	-	-	-	26
Capital contribution from other governments	6,478	5	143	6,626	-
Proceeds from long term borrowings	-	-	4,000	4,000	-
Principal paid on long-term liabilities	-	(2)	(71)	(73)	-
Interest paid on long-term liabilities	-	(3)	(3)	(6)	-
Net cash provided by (used in) capital and related financing activities	<u>4,832</u>	<u>(111)</u>	<u>(2,376)</u>	<u>2,345</u>	<u>(2,364)</u>
Cash flows from investing activities					
Investment income received	61	917	191	1,169	2,937
Investment expense paid	(15)	(116)	(52)	(183)	(267)
Net cash provided by investing activities	<u>46</u>	<u>801</u>	<u>139</u>	<u>986</u>	<u>2,670</u>
Net increase (decrease) in cash and cash equivalents	(91)	7,481	(1,945)	5,445	(82,007)
Cash and cash equivalents, beginning	<u>3,025</u>	<u>10,991</u>	<u>3,409</u>	<u>17,425</u>	<u>129,436</u>
Cash and cash equivalents, end	<u>\$ 2,934</u>	<u>\$ 18,472</u>	<u>\$ 1,464</u>	<u>\$ 22,870</u>	<u>\$ 47,429</u>

(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, 2008
(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating loss to net cash provided by (used in) operating activities					
Operating loss	\$ (70,930)	\$ (56,503)	\$ (290)	\$ (127,723)	\$ (3,459)
Adjustments to reconcile operating loss to cash flows from operating activities:					
OPEB expense contributed by the General Fund	1,869	-	28	1,897	54
Depreciation	2,591	265	531	3,387	1,644
Decrease (increase) in:					
Accounts receivable	(3,394)	-	340	(3,054)	30
Other receivable	-	4	-	4	-
Due from other funds	-	-	(44)	(44)	185
Due from other governmental agencies	(7,394)	-	(12)	(7,406)	-
Deposits	(11)	-	-	(11)	-
Inventories	(39)	-	-	(39)	(13)
Other assets	-	56	-	56	(1,935)
Increase (decrease) in:					
Accounts payable	3,237	(1,119)	(223)	1,895	8
Accrued salaries and benefits	772	(16)	4	760	27
Accrued liabilities	-	23	-	23	-
Due to other funds	-	-	-	-	587
Due to other governmental agencies	(3,580)	-	-	(3,580)	-
Unearned revenues	-	(80)	(22)	(102)	-
Net OPEB obligation	-	42	-	42	-
Compensated absences	304	3	(2)	305	(36)
Estimated claims	-	-	-	-	3,041
Net cash provided by (used in) operating activities	<u>\$ (76,575)</u>	<u>\$ (57,325)</u>	<u>\$ 310</u>	<u>\$ (133,590)</u>	<u>\$ 133</u>
Supplemental disclosure of noncash noncapital financing activities:					
General Fund prefunding to the OPEB plan	\$ 22,123	\$ -	\$ 284	\$ 22,407	\$ 639
General Fund funding of the OPEB liability	3,117	-	48	3,165	95

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

COUNTY OF SAN MATEO
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008
(In Thousands)

	SamCERA Pension Trust	Investment Trust	Agency
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments (in County investment pool)	\$ 8,065	\$ 2,184,198	\$ 177,660
Cash and investments (outside County investment pool)	56,270	-	-
Securities lending collateral (in County investment pool)	797	218,471	17,680
Securities lending collateral (outside County investment pool)	234,500	-	-
Receivables (net):			
Interest	5,096	17,484	1,561
Taxes	-	-	152,898
Other	102,916	-	-
Contributions	6,358	-	-
Due from other governmental agencies	-	2,375	32,783
Prepaid expense	8	-	-
Net OPEB asset	429	-	-
Investments:			
Fixed income securities - domestic	597,506	-	-
Equities:			
Domestic	818,989	-	-
International	405,739	-	-
Real estate	169,975	-	-
Other assets	-	97	74,652
Total assets	<u>2,406,648</u>	<u>2,422,625</u>	<u>\$ 457,234</u>
LIABILITIES			
Accounts payable	1,237	845	\$ -
Accrued salaries and benefits	266	-	-
Accrued liabilities	158,455	-	-
Securities lending collateral (in County investment pool) - due to borrowers	797	218,471	17,680
Securities lending collateral (outside County investment pool) - due to borrowers	234,500	-	-
Due to other governmental agencies	-	944	63,642
Other liabilities	654	14,636	-
Fiduciary liabilities	-	-	375,912
Total liabilities	<u>395,909</u>	<u>234,896</u>	<u>\$ 457,234</u>
NET ASSETS			
Net assets held in trust for pension benefits/investment pool participants	<u>\$ 2,010,739</u>	<u>\$ 2,187,729</u>	

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

COUNTY OF SAN MATEO
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	SamCERA Pension Trust	Investment Trust
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Employer contributions	\$ 105,340	\$ -
Plan member contributions	60,111	-
Contributions to investment pool	-	3,485,438
Total contributions	<u>165,451</u>	<u>3,485,438</u>
Net investment income:		
Net depreciation in fair value of investments	(214,564)	(14,028)
Investment income	47,565	221,158
Investment expense	(10,924)	-
Securities lending activities:		
Securities lending income	10,083	12,689
Securities lending expenses	(8,385)	(10,894)
Total net investment income	<u>(176,225)</u>	<u>208,925</u>
Other additions	<u>181</u>	<u>-</u>
Total additions	<u>(10,593)</u>	<u>3,694,363</u>
DEDUCTIONS		
Benefits and refunds paid to plan members and beneficiaries:		
Service retirement benefits	90,307	-
Disability retirement benefits	12,760	-
Death and other benefits	903	-
Distributions from investment pool	-	3,514,549
Withdrawals of members' contributions	3,074	-
Total benefits and refunds paid to plan members and beneficiaries	<u>107,044</u>	<u>3,514,549</u>
Administrative expenses	3,231	-
Other expenses	<u>8</u>	<u>-</u>
Total deductions	<u>110,283</u>	<u>3,514,549</u>
Change in net assets	(120,876)	179,814
Net assets - beginning	<u>2,131,615</u>	<u>2,007,915</u>
Net assets - end	<u>\$ 2,010,739</u>	<u>\$ 2,187,729</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, 2008
(In Thousands)

NOTE 1 – THE FINANCIAL REPORTING ENTITY

(a) Reporting Entity

The County of San Mateo, California (County), a Charter County established by an Act of the State Legislature in 1856, is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a Board of Supervisors (County Board) that serves as a governing body and is responsible for the legislative and executive control of the County. The County provides various services on a County-wide basis including law enforcement and legal justice, detention, social, health, hospital, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the County Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The basic financial statements include both blended and discretely presented component units. The blended component units are in substance, although legally separate entities, part of the County's operations and, therefore, data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the primary government.

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the County Board. The financial statements of the individual component units may be obtained by writing to the County of San Mateo, Controller's Office, 555 County Center, 4th Floor, Redwood City, California 94063.

(b) Blended Component Units

San Mateo 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; all staff work is done by the County staff or outside 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 financial statements.

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. Management of the SamCERA 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 prominent financial relationship with the County, SamCERA is reported as a pension trust fund in the County's financial statements.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

Housing Authority of the County of San Mateo

The 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. As such, the Housing Authority is reported as a major enterprise fund in the County's financial statements.

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. Because of its prominent relationship with the County, the IHSS Public Authority is reported as a nonmajor governmental fund in the County's financial statements.

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

The County Board is the governing body of the County Service Areas, Sewer and Sanitation, Flood Control, Lighting, and Other Special Districts (special districts). Among its duties, the County Board approves the budgets, special taxes, and fees of these special districts. As an integral part of the County, these special districts are reported as nonmajor special revenue funds in the County's financial statements.

(c) Discretely Presented Component Unit

First 5 San Mateo County

The First 5 San Mateo County (First 5) was created in 1998 with the passage of Proposition 10, the California Children and Families First Act. The Proposition requires that a portion of tobacco tax be used to promote early childhood development for children ages 0-5 through education, health, childcare, and other programs. First 5 is governed by a nine-member commission that includes public officials and community leaders from the fields of early childhood education, health care, and family support. The primary role of First 5 is to ensure that resources from the California Children and Families Trust Fund are allocated in a fiscally responsible manner. The County can influence the day-to-day operations and financial decisions of First 5 as the County Board appoints all commission members and approves its budgets. First 5 is reported as a discretely presented component unit in the County's financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

Government-wide Financial Statements

The *statement of net assets* and *statement of activities* display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component unit. Governmental activities, which are normally supported by taxes and inter-governmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees charged to external parties. When both restricted and unrestricted net assets are available, restricted resources are depleted first before the unrestricted resources are used.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

The *statement of activities* presents a comparison between direct expenses and program revenues for each different identifiable activity of the County's *business-type activities* and for each function of the County's *governmental activities*. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. 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, as repayments from the funds responsible for particular expenses to the funds that initially paid for them, are treated as an adjustment 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 instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds; each is displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

- *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for by other funds. These activities 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 primarily come from lease payments from the County under a master facility lease.

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 and subsidies from the General Fund; and payments from federal and State programs such as Medicare, Medi-Cal, 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 maintenance and road construction services provided to departments or other governmental agencies; employee benefits including medical, vision, and dental; and self-insurance programs including workers' compensation, long-term disability, and personal injury and property damage on a cost-reimbursement basis.
- *Pension Trust Fund* accumulates contributions from the County, the San Mateo County Mosquito and Vector Control District, 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 accounts for all assets of the SamCERA.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

- *Investment Trust Fund* consists of two components:
 - *External Investment Pool* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities, and pass through funds for tax collections for cities. The County Treasurer is obligated to disburse monies from these funds on demand.
 - *Individual Investment Account* accounts for specific investments acquired on behalf of the Brisbane School District. These investments are separate from the County’s investment pool. The income from and changes in the value of these investments affect only the Brisbane School District.
- *Agency Funds* account for assets held by the County as an agent for various local governments and individuals.

(b) Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. 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 grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements for the business-type activities and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The County has elected not to follow subsequent private-sector guidance.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants, and charges for services are recognized when their receipt occurs within sixty days after the end of the accounting period. Expenditures are generally recorded when liabilities are incurred, as under the accrual basis of accounting. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. *Operating revenues*, such as charges for services, result from exchange transactions associated with the principal activity of each fund. *Nonoperating revenues*, such as interest income, state and federal grants, and subsidies, result from nonexchange transactions or ancillary activities. *Operating expenses* include costs for providing services and delivering goods such as administrative expenses and depreciation on capital assets. All other expenses not meeting this definition are reported as *nonoperating expenses*.

Fiduciary funds include trust funds and agency funds. All trust funds are reported using the economic measurement focus and the accrual basis of accounting. Agency funds are reported using the accrual basis of accounting to recognize receivables and payables.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

(c) Cash and Cash Equivalents

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

(d) 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 capital projects and 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 (FFS) Program. The monies are either returned to tenants upon move-out or given to FFS participants upon graduation.

(e) Investments

The County sponsors an investment pool that is managed by the County Treasurer. The Treasurer invests on behalf of most funds of the County and external participants in accordance with the California Government Code and the County's investment policy. The State of California's statutes authorize the County to invest its cash surplus (excluding SamCERA) in U.S. Treasury obligations, obligations of U.S. agencies or government sponsored enterprises, bankers' acceptances, collateralized time deposits within the state of California, negotiable certificates of deposit, commercial paper, repurchase agreements secured by U.S. Treasury or agency obligations, reverse repurchase agreements, corporate bonds, medium term notes, including asset-backed securities, Local Agency Investment Fund, shares of beneficial interest issued by diversified management companies as defined in Government Code section 53601, and mortgage backed securities or collateralized mortgage obligations. SamCERA is subject to its own investment policy, and significant accounting policies for its investments are separately discussed in Note 13.

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 banking costs and 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. During the fiscal year ended June 30, 2008, 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 per County Policy. Income from non-pooled investments is deposited into funds that provided the resources.

(f) Mortgages Receivable

For the purpose of the fund financial statements, the governmental fund expenditures relating to long-term loans arising from loan subsidy programs are charged to operations upon funding and the loans are recorded, net of an estimated allowance for potentially uncollectible loans, with an offset to a deferred credit account. In the governmental fund financial statements, the loans are reported as mortgages receivable with an offset to a deferred credit account. The balance of the mortgages receivable includes loans that may be forgiven if certain terms and conditions of the loans are met. As of June 30, 2008, the County's net mortgages receivable was \$48,206, net of allowance of \$4,252.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

(g) Inventories

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

(h) 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 2002, 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. The total fiscal year 2007-08 net assessed valuation of the County was \$120 billion, after deducting \$12 billion for the redevelopment tax allocation increment.

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

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 sixty days after fiscal year-end.

Effective July 1, 1993, the County began apportioning secured property tax revenue in accordance with the alternate method of distribution, the Teeter Plan, as prescribed by Section 4717 of the California Revenue and Taxation Code. Under the Teeter Plan, 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 Reserve Fund (TLRF). The primary purpose of TLRF is to cover losses that may occur as a result of special sales of tax-defaulted property. The County is legally required to maintain a minimum of 1% of the total tax levies on secured properties within the tax areas of participating entities, which was approximately \$14.7 million at June 30, 2008.

The County's management believes that any ownership rights to the TLRF the County may have are effective only upon a Board-approved transfer or to the extent of losses related to the sale of tax defaulted property. 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 \$68.2 million at June 30, 2008.

COUNTY OF SAN MATEO
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In accordance with Section 97.2 (D)(4)(i) of the California Revenue and Taxation Code (Code), the County established a trust fund, the Educational Revenue Augmentation Fund (ERAF), in 1992 to redirect property tax from the County, cities, and special districts to public education programs. Each of these local agencies is required to shift an amount of property tax revenues prescribed by the Code to ERAF. Once school districts and programs are paid the maximum allowable, the Code requires the excess ERAF be refunded to these local agencies. The County General Fund share of the excess ERAF was \$56 million for the fiscal year ended June 30, 2008.

(i) Capital Assets

Capital assets, including public domain (infrastructure such as road, bridge, water and sewer, lighting, drainage, and flood control systems), are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. The County defines capital assets as assets with an initial unit cost of more than \$5 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide financial statements, proprietary funds, and the pension trust fund.

Estimated useful lives for the County’s capital assets are as follows:

Infrastructure (except for the maintained pavement subsystem)	20 to 50 years
Structures and improvements	50 years
Equipment	3 to 15 years
Software	3 years

The County has six networks of infrastructure assets: road, bridge, water and sewer, lighting, drainage, and flood control. The maintained pavement subsystem of the road network is reported using the modified approach. The County commissioned a complete, physical assessment of the maintained pavement subsystem condition in FY2006-07. The condition assessment is completed triennially.

The County’s maintained pavement subsystem has been classified as roads with or without formal structural sections. Each road segment is rated and given a Pavement Condition Index (PCI) value from zero to one hundred (0 – 100). Roads with a PCI of 40 or higher are considered in a “Fair” or better condition and roads with a PCI of 55 or higher in a “Good” or better condition. The County’s policy is to maintain a minimum PCI of 40 for at least 65 percent of roads with no defined structural section (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, are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

(j) Compensated Absences (Accrued Vacation, Compensatory Time, and Holiday)

The County accrues for compensated absences, in the government-wide and proprietary fund financial statements, to pay its employees for unused vacation, compensatory time, and holiday. The accrual for compensated absences includes the County’s share of social security and Medicare contributions payable on behalf of the employees. Unused vacation, compensatory, and holiday time are cashed out upon separation from the County.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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(k) Other Postemployment Benefits (OPEB)

The County is not obligated to pay for unused sick leave if employees terminate employment prior to retirement, except for those individuals who are laid off. Upon retirement, unused sick leave can be converted to postemployment healthcare benefits. The amount and duration of the County-paid benefits vary, depending on the bargaining units to which the employee belongs. The public safety employees are eligible to retire after attaining age 40 with at least ten years of service, and others must retire from the County on or after attaining age 50 with at least ten years of service. To reduce the growth of its unfunded OPEB liability, the County restructured the retiree healthcare benefits for management, attorney, and confidential employees hired after April 1, 2008 (excluding current non-management employees promoted into management classification), and elected officials newly elected after April 1, 2008. Under the new policy, their retiree healthcare benefits are capped at \$0.7 per month for each unused eight hours of sick leave at retirement. In lieu of this change, the County will contribute \$0.1 per month to each eligible employee's retiree health savings account and continue to pay for dental and vision premiums for each unused eight hours of sick leave.

The Housing Authority maintains a separate OPEB plan and reported a net OPEB obligation of \$95 as of June 30, 2008. Per its most recent actuarial valuation as of July 1, 2008, the Housing Authority OPEB plan was 0% funded and the unfunded actuarial accrued liability was \$604. Details of the Housing Authority's OPEB plan may be found in its financial report for the fiscal year ended June 30, 2008. The report may be obtained by writing to the Housing Authority at 264 Harbor Boulevard, Building A, Belmont, CA 94002.

(l) 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 a fund balance reserve account in applicable governmental funds to indicate that they are not available financial resources and are not available for appropriation.
- Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses.
- 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.

(m) Estimates

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

(n) Implementation of Governmental Accounting Standards Board (GASB) Statement

The objective of GASB Statement 51, *Accounting and Financial Reporting for Intangible Assets*, is to establish accounting and financial reporting requirements for intangible assets to reduce inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. Many different types of assets may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software.

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Notes to the Basic Financial Statements (Continued)
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This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also requires that an intangible asset be recognized in the statement of net assets only if it is considered identifiable.

Additionally, this Statement establishes a specified-conditions approach to recognizing intangible assets that are internally generated such as computer software. Outlays associated with the development of such assets should not begin to be capitalized until certain criteria are met. Outlays incurred prior to meeting these criteria should be expensed as incurred.

This Statement also provides guidance on determining the useful life of intangible assets when the length of their life is limited by contractual or legal provisions. If there are no factors that limit the useful life of an intangible asset, the Statement provides that the intangible asset be considered to have an indefinite useful life. Such intangible assets should not be amortized unless their useful life is subsequently determined to no longer be indefinite due to a change in circumstances.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively. For governments that were classified as phase 1 or phase 2 governments for the purpose of implementing Statement 34, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980, except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated. The County started reporting software as part of its capital assets since FY 2004-05, and the value of software reported is immaterial.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Equity

As of June 30, 2008, the Tower Road Construction, the Workers' Compensation Insurance, and the Long-Term Disability funds had a net deficit of \$516, \$14,981, and \$3,286, respectively.

Tower Road Construction. Certain projects currently undertaken by this fund are not billable until the projects are fully completed. Deficits in this fund will ultimately be fixed through project cost reimbursement from other funds.

Workers' Compensation Insurance and Long-Term Disability. Premium rates collected from departments have not been able to cover increased operating expenses for these funds. The County will continue to phase in premium rate increases to close the gap between ongoing revenues and expenses. Additionally, the County will continue to participate in workers' compensation reform efforts, manage claims actively, and work with County departments to prevent future claims so that growth in these costs can be minimized.

NOTE 4 - CASH AND INVESTMENTS

The County Treasurer manages an investment pool to increase interest earnings from investment activities. The investment pool includes both voluntary and involuntary participation from external entities. Majority of the County funds invest their monies in the investment pool. Part of the cash and investments with the JPFA and SamCERA are separately managed outside the County. Certain special districts and governmental entities, under state statutes, maintain their cash surplus with the County Treasurer. At June 30, 2008, the net asset value of involuntary participation in the investment pool was \$1.977 billion.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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The County's investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and the County's investment policy. The objectives of this policy in order of priority are: safety, liquidity, yield, and public trust. The County has established an oversight committee to monitor the management of public funds in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the County Board review and approve the investment policy annually. Each month the County Treasurer submits a comprehensive investment report to the members of the oversight committee and the investment pool participants. The report covers the type of investments in the pool, maturity dates, par value, actual cost, and fair value. Significant accounting policies for investments can be found in Note 2(e).

As of June 30, 2008, the County's cash and investments, including invested cash collateral from securities lending transactions, were distributed and reported in the basic financial statements as follows:

<i>Cash and cash equivalents:</i>	
Cash on hand - County	\$ 1,343
Money market funds - JPFA	14,343
Money market funds - SamCERA	56,270
Deposit overdrafts - County *	(22,757)
Total cash and cash equivalents	49,199
<i>Investments:</i>	
In Treasurer's pool (including invested cash collateral)	3,212,366
With Fiscal Agents of the JPFA	25,466
In Pension portfolio	2,226,709
With others external to the Treasurer's pool	1,387
Total investments	5,465,928
Total cash and investments	\$ 5,515,127

* At year-end, the carrying amount of the County's cash deposits was (\$22,757) and the bank balance was \$19,031. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

The County's cash and investments, including invested cash collateral from securities lending transactions, were distributed as follows:

Primary government	\$ 585,817
Discretely Presented Component unit	39,460
Pension trust	2,291,841
Investment trust fund	2,402,669
Agency funds	195,340
Total cash and investments	\$ 5,515,127

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 \$100 must be collateralized at 105% to 150% of the value of the deposit to guarantee the safety of the public funds. The first \$100 of the County's deposits are collateralized in demand deposits and insured by the Federal Deposit Insurance Corporation (FDIC). The balance in excess of the \$100 FDIC insurance coverage is fully collateralized by the Bank Treasury Security Pool at 110%.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

Investments

The County's investments as of June 30, 2008, consisted of the following:

	Interest Rates	Maturities	Par Value	Fair Value	Weighted Average Maturity (Years)
Investments in Investment Pool					
U.S. government securities:					
Not on securities loan	3.125 - 3.50%	09/15/08 - 05/31/13	\$ 242,214	\$ 242,393	4.72
Loaned securities for cash collateral	2.50 - 3.50%	09/15/08 - 05/31/13	207,786	202,732	3.83
U.S. government agency securities:					
Not on securities loan	2.27 - 3.875%	09/15/08 - 04/21/11	499,094	498,255	1.52
Loaned securities for cash collateral	2.375 - 3.75%	09/15/08 - 05/29/13	80,906	79,904	2.36
U.S. government agency securities: floating rate	2.310 - 2.747%	12/01/08 - 07/28/09	75,000	74,971	0.75
Corporate bonds	2.875 - 5.625%	08/01/08 - 05/20/13	233,620	230,987	1.88
Asset-backed securities	5.20%	02/16/10	7,682	7,747	1.63
Floating rate securities	2.478 - 4.778%	07/25/08 - 05/21/12	666,000	655,451	1.26
Local Agency Investment Fund (LAIF)	4.00%	07/31/08	37,000	36,998	0.08
Money market funds	2.31%	07/31/08	50,000	50,000	0.08
Negotiable certificates of deposit	2.44 - 3.22%	07/07/08 - 06/12/09	375,000	374,872	0.15
Repurchase agreements	1.60%	07/01/08	53,000	53,000	*
Commerical paper - discount	2.15 - 3.08%	07/01/08 - 08/04/08	415,000	414,855	0.02
Subtotal			<u>2,942,302</u>	<u>2,922,165</u>	
Securities lending collateral - cash received and invested:					
Repurchase agreements			142,862	142,862	*
Certificate of deposit			17,117	17,117	*
Commerical paper			130,226	130,222	*
Subtotal			<u>290,205</u>	<u>290,201</u>	
Total investments in investment pool			<u>3,232,507</u>	<u>3,212,366</u>	1.33
Investments outside of Investment Pool					
<i>San Mateo Joint Powers Financing Authority</i>					
Federal National Mortgage Association (FNMA) - discount note			2,540	2,597	*
Repurchase agreements			938	938	0.68
Investment contracts			21,958	21,931	22.50
Subtotal			<u>25,436</u>	<u>25,466</u>	19.40
<i>Other Individual Investment Accounts</i>					
Corporate bonds			902	885	1.20
Federal National Mortgage Association			500	502	1.96
Subtotal			<u>1,402</u>	<u>1,387</u>	1.47
<i>San Mateo County Employees' Retirement Association</i>					
Fixed income securities:					
U.S. Treasuries				57,836	10.75
Collateralized mortgage obligations				67,140	4.59
Commerical mortgage-backed securities				31,966	6.23
Asset backed securities				15,343	4.50
Taxable municipal bonds				4,878	10.53
Corporate bonds				64,955	10.97
Sovereign governments				13,499	9.17
U.S. government agency securities				4,861	16.50
Mortgage pass through				117,809	6.16
Enhanced index funds				197,611	7.15
Private placement				1,809	7.12
Preferred stock				1,049	**
Convertible				166	24.95
Commingled funds				11,947	**
Fixed income securities ¹				6,637	**
Equities:					
Domestic				818,989	**
International				405,739	**
Real estate				169,975	**
Securities lending collateral in short-term investment pool				234,500	**
Subtotal				<u>2,226,709</u>	1.94
Total investments outside of investment pool				<u>2,253,562</u>	
Total investments				<u>\$ 5,465,928</u>	

¹ Securities were in portfolio managed by Aberdeen Asset Management and Western Asset Management

* 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)
For the Fiscal Year Ended June 30, 2008
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County Investment Pool

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. Duration is calculated as the weighted average time to receive interest and principal payments. The longer the duration of the portfolio is, the greater its price sensitivity to changes in interest rates. The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy. As of June 30, 2008, the investment pool had a weighted average maturity of 1.33 years and its investment in floating rate securities was \$730 million. These securities 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 P-1 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.

<u>Investment at June 30, 2008</u>	<u>Standard & Poor's Rating</u>	<u>% of Portfolio</u>
U.S. Government Securities		
United States Treasuries	Exempt	15.23%
U.S. Government Agency Securities		
Federal Home Loan Mortgage Corporation	AAA	12.97%
Federal Farm Credit Bank	AAA	0.67%
Federal Home Loan Bank	AAA	2.22%
Federal National Mortgage Association	AAA	3.93%
Federal Home Loan Bank - Floater	AAA	1.71%
Federal National Mortgage Association - Floater	AAA	0.84%
Corporate Bonds		
Corporate Bonds	AAA	1.55%
Corporate Bonds	AA	1.53%
Corporate Bonds	AA-	0.85%
Corporate Bonds	A+	2.33%
Corporate Bonds	A	1.65%
Floating Rate Securities	AAA	1.33%
Floating Rate Securities	AA+	2.97%
Floating Rate Securities	AA	3.57%
Floating Rate Securities	AA-	1.66%
Floating Rate Securities	A+	10.71%
Floating Rate Securities	A	1.52%
Floating Rate Securities	A-	0.34%
Floating Rate Securities	BBB+	0.34%
Asset-backed Securities		
Negotiable Certificate of Deposit		
Negotiable Certificate of Deposit	AA+	2.57%
Negotiable Certificate of Deposit	AA-	4.27%
Negotiable Certificate of Deposit	A+	5.99%
Repurchase Agreements		
Commercial Paper		
Commercial Paper	A-1+	9.23%
Commercial Paper	A-1	4.96%
Money Market Funds		
Local Agency Investment Fund		
Total		<u>100.00%</u>

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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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 restricts 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% (100% per issuer); bankers acceptance to 15% (10% per issuer); collateralized time deposits within the State, negotiable certificates of deposit, corporate bonds and medium-term notes to 30% (10% per issuer); commercial paper and floating rate notes to 40% (10% per issuer); repurchase agreements secured by U.S. Treasury or agency obligation to 100% (50% per issuer); reverse repurchase agreements to 20% (20% per issuer); 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). The investment pool has more than five percent of its total investment with the following issuers: 13% in Federal Home Loan Mortgage Corporation, 11% in Lehman Brothers Holdings (commercial paper and corporate bonds), 11% in Wells Fargo & Company (negotiable certificates of deposit, commercial paper, and corporate bonds), 9% in Deutsche Bank (negotiable certificates of deposit, corporate bonds, and commercial paper), 7% in Union Bank of California (negotiable certificates of deposit and commercial paper), and 5% in Morgan Stanley (corporate bonds and commercial paper).

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.

JPFA's Investment Portfolio

Interest Rate Risk. The JPFA does not have a specific policy that manages its exposure to declines in fair values arising from increasing interest rates.

Credit Risk. Provisions of the JPFA's bond trust agreements restrict the JPFA's investment in investment agreements with financial institutions that have long-term obligations rated in one of the two highest rating categories by Standard & Poor's, Moody's Investors Service, or Fitch Ratings. As of June 30, 2008, the JPFA's investment in money market funds was rated AAAM by Standard & Poor's and Aaa by Moody's Investors Service. Its investment in the FNMA discount note was rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The investment contracts are unrated.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the JPFA's investment in a single issuer of securities. The JPFA places no limit on the amount invested in any one issuer. The JPFA has more than five percent of its total investment with the following issuers: 42% or \$10,804 in investment contract with the American International Group Incorporation (AIG), 22% or \$5,656 in investment contract with the Municipal Bond Investors Assurance Corporation (MBIA), 21% or \$5,470 in investment contract with the Financial Guaranty Insurance Company (FGIC), and 10% or \$2,597 in discount note with the Federal National Mortgage Association (FNMA).

Foreign Currency Risk. The JPFA does not have a specific policy that addresses foreign currency risk.

SamCERA's Investment Portfolio

Interest Rate Risk. SamCERA's investment plan 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 are managed duration neutral to their benchmark, the Lehman Brothers Aggregate Bond Index. Its enhanced index portfolio does not rely on active duration management, but instead maintains duration within a very narrow band around that of the benchmark (for the Lehman Brothers Aggregate Bond Index, approximately +/- 0.2 year of the index). To facilitate this, Pyramis Global Advisors models the option-adjusted durations of the securities that comprise the index on a daily basis, and uses the output to align the portfolio duration to that of the benchmark.

Credit Risk. SamCERA's investment plan has three requirements addressing fixed income quality. First, the minimum average rating of the total portfolio of fixed income assets under a manager's supervision must be "A" or better as rated by Standard & Poor's or Moody's equivalent, dollar weighted at market value. Second, the minimum quality

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

rating eligible for the portfolio must be “B” or better as rated by Standard & Poor’s or Moody’s equivalent. The third requirement is that no more than 10% of SamCERA’s fixed income assets under a manager’s supervision shall be invested in securities with a rating below Baa3, BBB-, P-1 or A-1. SamCERA’s core plus fixed income investment manager was given an exemption and may hold more than 10% in assets rated below BBB. At June 30, 2008, the credit quality breakdown of SamCERA’s investments in bonds was as follows:

<u>Credit Rating</u>	<u>Active Management</u>	<u>Commingled Management</u>
AAA	46.6%	61.8%
AA	27.7%	10.2%
A	3.7%	9.6%
BBB	19.0%	18.2%
Less than BBB	0.0%	0.2%
Not rated	3.0%	0.0%
	<u>100.0%</u>	<u>100.0%</u>

Concentration of Credit Risk. SamCERA’s investment plan states no investment shall constitute more than 5% of a company’s outstanding equity. When measuring this aspect of compliance, SamCERA considers its ownership in relation to the “free float” of a particular security. As of June 30, 2008, SamCERA did not hold any investments in any one issuer that would represent 5% or more of total investments.

Custodial Credit Risk. The custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, SamCERA will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. SamCERA does not have a general policy addressing credit risk, but it is the practice of SamCERA that all investments are insured, registered, or held by the plan or its agent in SamCERA’s name. Deposits are to be insured, registered, or collateralized with securities held at fiscal agent in SamCERA’s name.

Foreign Currency Risk. SamCERA’s policy states that forward currency and currency contracts are permitted for defensive currency hedging to mitigate foreign currency risk on the portfolio. SamCERA’s exposure to foreign currency risk is as follows:

<u>Currency</u>	<u>Common Stock</u>	<u>Foreign Currency</u>	<u>Mutual Fund</u>	<u>Preferred Stock</u>	<u>Rights</u>	<u>Total</u>
Australian Dollar	\$ 25,662	\$ 2,319	\$ 265	\$ -	\$ -	\$ 28,246
Brazilian Real	-	15	-	2,290	-	2,305
Canadian Dollar	6,036	1,673	-	-	-	7,709
Czech Koruna	4,588	-	-	-	-	4,588
Danish Krone	3,205	27	-	-	-	3,232
Euro Currency	130,427	326	5,908	385	9	137,055
Hong Kong Dollar	8,474	810	-	-	-	9,284
Hungarian Forint	6,399	3	-	-	-	6,402
Indonesian Rupiah	119	4	-	-	-	123
Japanese Yen	53,238	532	3,051	-	-	56,821
Mexican Peso	2,073	5	-	-	-	2,078
New Bulgarian Lev	2,288	183	-	-	-	2,471
Romanian Leu	1,809	9	165	-	-	1,983
Russian Ruble	1,644	-	-	-	-	1,644
New Zealand Dollar	1,911	-	-	-	-	1,911
Norwegian Krone	5,422	490	-	-	-	5,912
Philippine Peso	-	6	-	-	-	6
Polish Zloty	8,237	-	-	-	-	8,237
Pound Sterling	56,172	178	454	-	23	56,827
Singapore Dollar	2,980	-	-	-	-	2,980
South Korean Won	541	8	-	-	-	549
Swedish Krona	2,593	1,275	-	178	-	4,046
Swiss Franc	18,535	246	-	-	-	18,781
Thailand Bhat	-	2	-	-	-	2
Total	<u>\$ 342,353</u>	<u>\$ 8,111</u>	<u>\$ 9,843</u>	<u>\$ 2,853</u>	<u>\$ 32</u>	<u>\$ 363,192</u>

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

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, 2008, the actual effective duration was 41 days.

Security Lending Collateral Credit Rate Risk. Cash collateral received for securities lending 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.

Local Agency Investment Fund

The County’s investment pool is invested in the State of California Local Agency Investment Fund (LAIF). LAIF is part of the State of California Pooled Money Investment Account (PMIA). At June 30, 2008, the PMIA balance was \$70 billion, of which 85.28% is invested in non-derivative financial products with 11.12% in structured notes and medium-term asset backed securities, and 3.6% in short-term asset-backed commercial paper. The total amount invested by all public agencies in LAIF was \$25 billion, and the County’s investment in LAIF was \$37 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 State Code. The average maturity of PMIA investments was 212 days as of June 30, 2008. The Local Investment Advisory Board, which consisted of five members designated by State statutes, has oversight responsibility for LAIF.

Securities Lending Activity

County Investment Pool

State statutes and the County’s investment policy permit the use of a securities lending program with its principal custodian bank. The investment policy allows the custodial bank (Custodian) to lend up to 20% of the portfolio within the established guidelines. The custodial agreement with the County’s Custodian authorizes the Custodian to loan securities in the County investment portfolio under such terms and conditions as the County’s Custodian deems advisable and to permit the loaned securities to be transferred into the name of the borrowers. The loaned securities represent securities on loan to brokers or dealers or other borrowers by the County’s investment pool. The County receives a fee from the borrower for the use of the loaned securities. If the loaned securities are not returned by the borrower, the County’s Custodian is responsible for replacement of the loaned securities with other securities of the same issuer, class and denomination, or if such securities are not available on the open market, the County’s Custodian is required to credit the County’s account with the market value of such unreturned loaned securities. All securities loan agreements can be terminated on demand within a period specified in each agreement by either the County or the borrowers.

The loaned securities, as of June 30, 2008, consisted of U.S. Treasury notes and bonds, and U.S. government agency securities. In return, the County receives collateral in the form of cash or securities equal to at least 102% of the transferred securities plus accrued interest for reinvestment. The County authorized Bank of New York Mellon Corporation (BONY), the County’s Custodian, to invest and reinvest cash collateral in the following investments: (a) Securities issued or fully guaranteed by the U.S. Government and any agency, instrumentality, or establishment of the U. S. Government; (b) High-grade commercial paper, notes, bonds, and other debt obligations, including promissory notes, funding agreements and guaranteed investment contracts, whether or not registered under the Securities Act of 1933, as amended. Such obligations may have fixed, floating, or variable rate interest payment provisions. Obligations will be rated A-1 by Standard & Poor’s or P-1 by Moody’s if maturing within one year, or be rated A by Standard & Poor’s or A2 by Moody’s if maturing beyond one year; (c) Certificates of deposit, time deposits, and other bank obligations of U.S. banks, their branches and subsidiaries, and the branches and subsidiaries of foreign banks with credit rating of at least A-1 by Standard & Poor’s and P-1 by Moody’s; and (d) Repurchase and reverse repurchase agreements, including the BONY, with respect to approved investments.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

All of the County's collaterals were invested in repurchase agreements (not rated), certificates of deposit (rated A-1 by Standard & Poor's and P-1 by Moody's), and commercial paper (rated at least A-1 by Standard & Poor's and P-1 by Moody's) with a weighted average maturity of 22 days as of June 30, 2008. The County does not match the maturities of investments made with cash collateral with the securities on loan. The underlying securities loaned by the County's investment pool approximated to \$283 million as of June 30, 2008. The cash collateral from the counterparty was \$290 million; \$143 million was invested in repurchase agreements, \$17 million in certificate of deposits, and \$130 million in commercial paper. The County has no exposure to credit risk related to the securities lending transactions as of June 30, 2008, because the market value of the invested cash collateral exceeds that of the borrowed securities.

SamCERA Investment Portfolio

Beginning on July 1, 2007, the Board of Retirement authorized SamCERA to participate in a securities lending program. 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, 2008, 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 net assets. Borrowers were required to deliver collateral equal to:

- loaned securities denominated in U.S. dollars or sovereign debt issued by foreign governments, with a margin of at least 102% of the market value of the loaned securities; or
- loaned securities not denominated in U.S. dollars, or whose primary trading market was not located in the United States, with a margin of at least 105% of the market value of the loaned securities.

Additionally, borrowers were required to maintain the designated margin percentage of collateral on a daily basis. 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, the securities lending agent indemnified SamCERA by agreeing to purchase replacement securities or supplement the amount of cash collateral.

For the fiscal year ended June 30, 2008, SamCERA did not impose any restrictions on the amount of loans that the securities lending agent made on its behalf, and did not incur any losses 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, in a short-term investment pool managed by the securities lending agent. As of June 30, 2008, this investment pool had an average duration of 59.9 days, and an average weighted maturity of 40.7 days. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral.

For the fiscal year ended June 30, 2008, SamCERA had no credit risk exposure to borrowers because, for each borrower, the value of borrower collateral held exceeded the value of the securities on loan to the borrower. As of June 30, 2008, SamCERA had securities on loan with a total value of \$230 million and the cash and other collateral held against the loaned securities of \$235 million.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

County Investment Pool Condensed Financial Information

Below is a condensed statement of net assets and changes in net assets for the investment pool as of and for the fiscal year ended June 30, 2008:

Assets:	
U.S. government securities	\$ 445,125
U.S. government agency securities	578,159
U.S. government agency securities: floating rate	74,971
Corporate bonds	230,987
Asset-backed securities	7,747
Floating rate securities	655,451
Local Agency Investment Fund	36,998
Money market funds	50,000
Negotiable certificates of deposit	374,872
Repurchase agreements	53,000
Commercial paper - discount	414,855
Securities lending collateral	290,201
Total investments	3,212,366
Other assets	19,952
Pool deposits	19,031
Total assets	3,251,349
Liabilities:	
Unfunded checks and warrants	41,788
Securities lending collateral - due to borrowers	290,201
Other liabilities	16,425
Total liabilities	348,414
Net Assets:	
Equity of internal pool participants	715,206
Equity of individual investment accounts	1,391
Equity of external pool participants	2,186,338
Total net assets	\$ 2,902,935
Statement of Changes in Net Assets	
Net assets at July 1, 2007	\$ 2,773,877
Net change in investments by pool participants	129,058
Net assets at June 30, 2008	\$ 2,902,935
The net asset composition of the equity of external pool participants is as follows:	
Participant units outstanding (one dollar par value)	\$ 2,200,351
Undistributed and unrealized gain	(14,013)
Net assets at June 30, 2008	\$ 2,186,338
Participant net asset value at fair value price per share (\$2,186,338 divided by 2,200,351 units)	\$ 0.9936

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

NOTE 5 - RECEIVABLES

At June 30, 2008, receivables of the County's major individual funds, nonmajor funds in aggregate, and internal service funds in aggregate, including applicable allowances for uncollectible accounts, are listed below. The General Fund had a net receivable of \$110,397, of which \$71,845 is not expected to be collected within the next twelve months.

<u>Governmental Activities</u>	General Fund	JPFA	Nonmajor Funds	Internal Service Funds	Total
Accounts	\$ 143,827	\$ -	\$ 29	\$ 340	\$ 144,196
Interest	9,527	633	784	273	11,217
Taxes	26,218	-	1,678	-	27,896
Mortgages	52,458	-	-	-	52,458
Other	25,943	-	2,117	-	28,060
Gross receivables	257,973	633	4,608	613	263,827
Less: allowances for uncollectibles	(147,576)	-	(517)	-	(148,093)
Total receivables, net	<u>\$ 110,397</u>	<u>\$ 633</u>	<u>\$ 4,091</u>	<u>\$ 613</u>	<u>\$ 115,734</u>
<u>Business-type Activities</u>	Medical Center	Housing Authority	Nonmajor Funds	Total	
Accounts	\$ 149,024	\$ 165	\$ 436	\$ 149,625	
Interest	6	151	27	184	
Other	3,111	50	-	3,161	
Gross receivables	152,141	366	463	152,970	
Less: allowances for uncollectibles	(115,518)	-	(397)	(115,915)	
Total receivables, net	<u>\$ 36,623</u>	<u>\$ 366</u>	<u>\$ 66</u>	<u>\$ 37,055</u>	

NOTE 6 – DEFERRED REVENUES

Under both the accrual and modified accrual basis of accounting, revenues are recognized only when earned. Thus, the government-wide statement of net assets, governmental funds, and enterprise funds defer revenue recognition for resources that have been received at year-end, but not yet earned. Assets recognized before the earning process is complete are offset by a corresponding liability as unearned revenues. Under the modified accrual basis of accounting, revenues are recognized when earned and susceptible to accrual. Revenues are considered susceptible to accrual if they are measurable and available to finance expenditures of the current period. Thus, governmental funds defer revenue recognition for revenues not considered available to liquidate liabilities of the current period.

At June 30, 2008, components of deferred and unearned revenues reported were as follows:

	Unavailable	Unearned	Total
Governmental activities			
General fund:			
Property taxes receivable	\$ 2,398	\$ 14,827	\$ 17,225
Mortgages receivable	48,206	-	48,206
Mortgages interest receivable	5,637	-	5,637
Grant drawdowns prior to meeting all eligibility requirements	-	17,853	17,853
Due from other governmental agencies	139,787	-	139,787
Other receivables and advances	4,612	6,035	10,647
Subtotal - General fund	<u>200,640</u>	<u>38,715</u>	<u>239,355</u>
Nonmajor funds:			
Property taxes receivable	153	949	1,102
Due from other governmental agencies	294	-	294
Other receivables and advances	85	2,185	2,270
Subtotal - Nonmajor funds	<u>532</u>	<u>3,134</u>	<u>3,666</u>
Total governmental activities	<u>\$ 201,172</u>	<u>\$ 41,849</u>	<u>\$ 243,021</u>
Business-type activities			
Revenues received but not earned			
Housing Authority		\$ 62	
Nonmajor enterprise funds		32	
Total business-type activities		<u>\$ 94</u>	

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

NOTE 7 – INTERFUND TRANSACTIONS

Due to/from other funds:

On behalf of the Medical Center, the General Fund remitted \$5,000 to the California Department of Health Services as intergovernmental transfer payment. The Medical Center expects to extinguish this short-term loan within the next twelve months. All remaining interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund balances is presented below.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 2,359
	Medical Center	5,000
	Nonmajor Enterprise Funds	109
	Internal Service Funds	868
		<u>8,336</u>
Nonmajor Governmental Funds	General Fund	29
	Internal Service Funds	1,156
		<u>1,185</u>
Medical Center	General Fund	97
Nonmajor Enterprise Funds	General Fund	44
Internal Service Funds	Nonmajor Governmental Funds	59
	Total	<u>\$ 9,721</u>

Advances to /from other funds:

In FY 1999-2000, the General Fund advanced a long-term loan of \$4,042 to the Medical Center for its renovation project. The Medical Center does not plan to repay this loan within the next twelve months. Additionally, in January of 2006, the General Fund provided a long-term loan of \$1,000 to the Crystal Springs County Sanitation District. The District used this loan to reimburse the Town of Hillsborough for the District's cost of a sewer capital improvement project.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 1,000
	Medical Center	4,042
	Housing Authority	809
	Total	<u>\$ 5,851</u>

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

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	\$ 55,065	Transfer budgeted subsidy to Medical Center.
	Medical Center	17,212	Transfer additional subsidy to Medical Center.
	Medical Center	27,109	Provide one-time subsidy to prefund the retiree healthcare benefits.
		<u>99,386</u>	
Medical Center	Nonmajor Governmental Funds	9,992	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	17	Transfer funds to finance capital improvements.
		<u>10,009</u>	
General Fund	Nonmajor Enterprise Funds	360	Provide one-time subsidy to prefund the retiree healthcare benefits.
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	27	Transfer funds to finance capital improvements.
	Total	<u>\$ 109,782</u>	

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

Transfer from	Transfer To	Amount	Purpose
General Fund	Internal service funds	\$ 788	Provide one-time subsidy to prefund retiree healthcare benefits.
	Nonmajor Governmental Funds	4,488	Provide subsidy to finance in-home support services.
	Nonmajor Governmental Funds	15,723	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	7,626	Transfer funds to finance capital projects.
		<u>28,625</u>	
Nonmajor Governmental Funds	General Fund	35	Transfer funds to support the Emergency Response Program.
	General Fund	96	Transfer funds to finance general maintenance at the County Services Area Number 8.
	General Fund	483	Transfer funds to cover debt service payments.
	JPFA	30,730	Transfer funds to cover debt service payments.
	Nonmajor Governmental Funds	3,157	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	708	Transfer funds to finance capital projects.
		<u>35,209</u>	
Internal Service Fund	General Fund	83,296	Transfer funds earmarked for retiree health benefits.
	Total	<u>\$ 147,130</u>	

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

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

NOTE 8 – CAPITAL ASSETS

Capital asset activities for the fiscal year ended June 30, 2008, were as follows:

	Balance July 1, 2007	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2008
Governmental activities					
<i>Capital assets, not being depreciated:</i>					
Land and easements	\$ 64,501	\$ 124	\$ -	\$ 46	\$ 64,671
Infrastructure - maintained road subsystem	75,654	1	-	1,598	77,253
Construction in progress	18,656	8,305	(41)	(2,614)	24,306
Total capital assets, not being depreciated	158,811	8,430	(41)	(970)	166,230
<i>Capital assets, being depreciated:</i>					
Infrastructure	76,316	48	-	56	76,420
Structures and improvements	567,357	7,406	(40)	914	575,637
Equipment	76,273	6,703	(2,714)	368	80,630
Software	1,907	391	-	(42)	2,256
Total capital assets, being depreciated	721,853	14,548	(2,754)	1,296	734,943
<i>Less accumulated depreciation for:</i>					
Infrastructure	(18,376)	(1,511)	-	-	(19,887)
Structures and improvements	(85,030)	(10,361)	-	-	(95,391)
Equipment	(51,014)	(6,399)	2,448	(242)	(55,207)
Software	(694)	(619)	-	-	(1,313)
Total accumulated depreciation	(155,114)	(18,890)	2,448	(242)	(171,798)
Total capital assets, being depreciated, net	566,739	(4,342)	(306)	1,054	563,145
Governmental activities capital assets, net	\$ 725,550	\$ 4,088	\$ (347)	\$ 84	\$ 729,375
Business-type activities					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 10,147	\$ -	\$ -	\$ -	\$ 10,147
Construction in progress	5,604	6,449	(818)	(3,698)	7,537
Total capital assets, not being depreciated	15,751	6,449	(818)	(3,698)	17,684
<i>Capital assets, being depreciated:</i>					
Structures and improvements	49,141	929	(638)	3,698	53,130
Equipment	12,128	509	(19)	(368)	12,250
Software	5,192	1,074	-	-	6,266
Total capital assets, being depreciated	66,461	2,512	(657)	3,330	71,646
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(26,870)	(819)	-	-	(27,689)
Equipment	(6,739)	(837)	343	242	(6,991)
Software	(783)	(1,731)	-	-	(2,514)
Total accumulated depreciation	(34,392)	(3,387)	343	242	(37,194)
Total capital assets, being depreciated, net	32,069	(875)	(314)	3,572	34,452
Business-type activities capital assets, net	\$ 47,820	\$ 5,574	\$ (1,132)	\$ (126)	\$ 52,136

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

Depreciation

Depreciation expense was charged to various functions as follows:

<u>Governmental Activities</u>		<u>Business-type Activities</u>	
General government	\$ 5,388	Medical Center	\$ 2,591
Public protection	6,490	Housing Authority	265
Public ways and facilities	620	Airports	294
Health and sanitation	3,272	Coyote Point Marina	237
Public assistance	936	Total depreciation - business-type activities	<u>\$ 3,387</u>
Recreation	540		
Depreciation on capital assets held by the County's internal service fund are charged to various functions based on their usage of the assets.	<u>1,644</u>		
Total depreciation - governmental activities	<u>\$ 18,890</u>		

Capital Project Commitments

The JPFA issued lease revenue bonds in November 2003 to construct a new County Youth Services Center. The construction included a juvenile hall, a girls' camp, a community school, a receiving home, group homes, juvenile courts, and probation administration offices for the County. The main facility of the Youth Services Center was completed in September 2006. The remaining capital projects attached to the Youth Services Center Construction, which include completion of the receiving home and the group home, deconstruction of the old facility, and removal of the berm, will cost approximately \$11.7 million. The receiving home will be completed by November 2008. The group home is still in working stages, and the scope for this project is not finalized yet. The deconstruction of the old Hillcrest Facility will be completed in 2009. The removal of the berm will begin upon completion of the deconstruction of the old Hillcrest Facility. Total outstanding commitments amounted to approximately \$2.5 million at June 30, 2008.

NOTE 9 – LEASES

Operating 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 \$7,512 for the fiscal year ended June 30, 2008, and the future minimum lease payments are as follows:

Fiscal year ending June 30,	
2009	\$ 3,811
2010	3,524
2011	2,975
2012	2,813
2013	2,309
2014-2018	8,429
2019-2023	805
2024	28
Total	<u>\$ 24,694</u>

The County has leased various properties under non-cancelable operating leases to other entities. Income from these rental activities was \$585 for the fiscal year ended June 30, 2008.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

NOTE 10 - LONG-TERM LIABILITIES

The County's long-term liabilities as of June 30, 2008, were as follows:

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2008
Governmental Activities					
Lease Revenue Bonds:					
<u>1993 Issue</u>					
Purpose: To defease 1991 Certificates of Participation and finance the costs of a parking garage and jail.					
Serial Current Interest Bonds	7/1/16 - 7/1/19	6% - 6.5%	\$3,975 - \$4,675	\$ 19,050	\$ 8,650
Term Current Interest Bonds	7/1/13 - 7/1/21	5% - 6.5%	\$7,235 - \$14,560	40,640	40,640
1993 Issue				59,690	49,290
<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	2,683
1993 Issue - Satellite Clinic				11,026	4,768
<u>1997 Issue</u>					
Purpose: To finance the costs of constructing, furnishing, and equipping an office building; and partial defeasance of the 1994 Issue.					
Serial Current Interest Bonds	7/15/08 - 7/15/14	4.75% - 5.5%	\$3,385 - \$4,720	40,010	28,200
Term Current Interest Bonds	7/15/15 - 7/15/18	5%	\$680 - \$845	3,045	3,045
Term Current Interest Bonds	7/15/19 - 7/15/22	5%	\$910 - \$1,115	4,040	4,040
Term Current Interest Bonds	7/15/23 - 7/15/28	5.125%	\$1,190 - \$1,640	8,440	8,440
Term Current Interest Bonds	7/15/29 - 7/15/32	5.125%	\$1,745 - \$2,095	7,670	7,670
1997 Issue				63,205	51,395
<u>1999 Issue</u>					
Purpose: To finance a portion of the costs of completing the Health Center and partial defeasance of the 1993, 1994, and 1995 Issues.					
Serial Current Interest Bonds	7/15/08 - 7/15/19	4.75% - 5%	\$1,205 - \$6,570	47,565	41,905
Term Current Interest Bonds	7/15/20 - 7/15/23	4.75%	\$6,890 - \$7,560	29,250	29,250
Term Current Interest Bonds	7/15/24 - 7/15/29	5%	\$2,405 - \$8,375	36,325	36,325
1999 Issue				113,140	107,480
<u>2001 Issue</u>					
Purpose: To finance a portion of acquisition costs of a microwave and law enforcement mutual aid communications system, a sheriff's radio system, and the costs of acquisition and construction of a forensics laboratory and coroner's office.					
Series A Current Interest Bonds	7/15/08 - 7/15/21	3.5% - 4.75%	\$210 - \$1,665	21,470	15,210
Series A Term Interest Bonds	7/15/22 - 7/15/31	4.75%	\$230 - \$355	2,900	2,900
Series B Current Interest Bonds	7/15/08 - 7/15/21	3.375% - 4.75%	\$185 - \$320	4,270	3,420
Series B Term Interest Bonds	7/15/22 - 7/15/26	4.875%	\$340 - \$410	1,865	1,865
Series B Term Interest Bonds	7/15/27 - 7/15/31	5%	\$430 - \$525	2,385	2,385
2001 Issue				32,890	25,780
<u>2003 Issue</u>					
Purpose: To finance the costs of acquisition and construction of a new Youth Services Center.					
Series A Current Interest Bonds	7/15/08 - 7/15/36	Auction Rate	\$1,300 - \$3,625	66,725	65,475
Series B Current Interest Bonds	7/15/08 - 7/15/36	Auction Rate	\$1,300 - \$3,625	66,825	65,625
Series C Current Interest Bonds	7/15/08 - 7/15/36	Auction Rate	\$225 - \$1,475	21,800	21,475
2003 Issue				155,350	152,575
<u>2004 Issue</u>					
Purpose: To refund a portion of the 1993 Issue.					
Series A Current Interest Bonds	7/1/2008	4%	\$2,390	7,805	2,390
Total lease revenue bonds and accreted interest on capital appreciation bonds				443,106	393,678

(Continued)

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2008
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.					
Serial Certificates	8/1/08 - 8/1/12	4.7% - 5%	\$285 - \$345	3,635	1,560
Term Certificates	8/1/13 - 8/1/17	5.25%	\$360 - \$440	2,000	2,000
Term Certificates	8/1/18 - 8/1/32	5.125%	\$465 - \$935	10,145	10,145
1997 certificates of participation				15,780	13,705
<u>2004 Issue</u>					
Purpose: To finance the acquisition, design, construction, improvement, and installation of certain improvements to the flood control system.					
Serial Certificates	8/1/08 - 8/1/25	3.5% - 4.5%	\$35 - \$70	975	905
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				10,380	10,310
Total certificates of participation				26,160	24,015
Notes Payable:					
Department of Housing and Community Development:					
Housing Development Loan	8/2013	-	-	124	124
California Energy Commission:					
Energy Partnership Program Loan	6/22 & 12/22 through 2008	4.68%	\$15 - \$30	225	15
County Service Area 11:					
State of California					
Department of Water Resources	4/1 and 10/1 through 2012	3.3712%	\$10 - \$20	296	85
Total notes payable				645	224
Total governmental activities				\$ 469,911	\$ 417,917
<u>Business-type Activities</u>					
Notes Payable:					
Department of Boating and Waterways	8/1/08 - 8/1/29	4.5%	\$14 - \$74	\$ 3,090	\$ 939
California Housing Finance Agency	5/20/57	-	-	49	46
Downey Savings and Loan Bank ^a	2/28/2016	-	-	148	148
Department of Transportation	2/7/09 - 2/7/23	4.78%	\$188 - \$362	4,000	4,000
Total business-type activities				\$ 7,287	\$ 5,133

^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 15 years from the completion date of the El Camino Real Project, as long as no default has occurred under the loan agreement.

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The table below summarizes changes in the County's long-term liabilities for the fiscal year ended June 30, 2008:

	Balance July 1, 2007	Additions/ Accretions	Retirements	Balance June 30, 2008	Amounts Due Within One Year
Governmental Activities:					
Accreted interest on capital appreciation bonds	\$ 2,411	\$ 272	\$ -	\$ 2,683	\$ -
Lease revenue bonds	401,965	-	(10,970)	390,995	11,360
Add: unamortized premium	78	-	(78)	-	-
Less: unamortized discount	(117)	-	4	(113)	(5)
Less: unamortized deferred loss on refunding	(36)	-	36	-	-
Lease revenue bonds, net	<u>404,301</u>	<u>272</u>	<u>(11,008)</u>	<u>393,565</u>	<u>11,355</u>
Certificates of participation	24,320	-	(305)	24,015	320
Add: unamortized premium	70	-	(2)	68	2
Certificates of participation, net	<u>24,390</u>	<u>-</u>	<u>(307)</u>	<u>24,083</u>	<u>322</u>
Notes payable	271	-	(47)	224	33
Capital lease obligations	15	-	(8)	7	7
Net OPEB Obligation	12,964	-	(12,964)	-	-
Estimated claims	41,565	16,640	(13,599)	44,606	9,784
Claims and judgments - arbitrage	65	29	(94)	-	-
Compensated absences	31,117	24,674	(23,399)	32,392	24,573
Total Governmental Activities	<u>\$ 514,688</u>	<u>\$ 41,615</u>	<u>\$ (61,426)</u>	<u>\$ 494,877</u>	<u>\$ 46,074</u>
Business-Type Activities:					
Notes payable	\$ 1,206	\$ 4,000	\$ (73)	\$ 5,133	\$ 262
Net OPEB Obligation	3,218	42	(3,165)	95	11
Estimated claims	729	-	-	729	-
Compensated absences	7,374	6,649	(6,344)	7,679	6,969
Total Business-Type Activities	<u>\$ 12,527</u>	<u>\$ 10,691</u>	<u>\$ (9,582)</u>	<u>\$ 13,636</u>	<u>\$ 7,242</u>

Resources used to liquidate long-term liabilities of governmental activities are as follows: Retirement of *Lease revenue bonds* and related interest payments are funded by lease payments made by departments on leased facilities. Retirement of *Certificates of participation* and related interest payments are funded by installment payments from the Colma Creek Flood Control District. *Notes payable* to the Department of Housing and Community Development, California Energy Commission, and Department of Water Resources are funded by the General Fund and County Service Area special revenue fund. *Capital lease obligations, net OPEB obligation, and compensated absences* are financed by individual funds that are responsible for the charges. *Estimated claims* are liquidated by charges for services collected through individual internal service funds. *Claims and judgments - arbitrage* is funded by the JPFA.

As of June 30, 2008, annual debt service requirements of governmental activities were summarized as follows:

Year Ended June 30,	Lease Revenue Bonds			Certificates of Participation		Notes Payable	
	Principal	Interest		Principal	Interest	Principal	Interest
		Accretion	Interest *				
2009	\$ 11,360	\$ -	\$ 20,258	\$ 320	\$ 1,194	\$ 33	\$ 3
2010	9,580	-	19,737	330	1,179	18	2
2011	9,895	-	19,254	350	1,163	19	2
2012	10,465	-	18,739	365	1,146	20	1
2013	10,990	-	18,196	385	1,127	134	-
2014-2018	84,923	692	76,280	2,235	5,139	-	-
2019-2023	91,255	4,100	53,899	2,860	4,679	-	-
2024-2028	78,002	4,149	32,824	3,660	3,861	-	-
2029-2033	51,700	-	15,061	4,685	2,808	-	-
2034-2038	32,825	-	2,857	5,995	1,626	-	-
2039-2040	-	-	-	2,830	214	-	-
Total requirements	<u>390,995</u>	<u>8,941</u>	<u>277,105</u>	<u>\$ 24,015</u>	<u>\$ 24,136</u>	<u>\$ 224</u>	<u>\$ 8</u>
Less: unaccreted interest	-	(6,258)	-				
Total	<u>\$ 390,995</u>	<u>\$ 2,683</u>	<u>\$ 277,105</u>				

* Projected interest payments for the variable rate series of bonds are based on the following rates in effect on June 30, 2008: Lease revenue bonds: 2003 Series A (4.344%), 2003 Series B (4.345%), and 2003 Series C (3.684%).

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As of June 30, 2008, annual debt service requirements of business-type activities to maturity were as follows:

Fiscal Year Ending June 30,	Notes Payable	
	Principal	Interest
2009	\$ 262	\$ 235
2010	275	223
2011	287	210
2012	272	196
2013	285	184
2014-2018	1,597	720
2019-2023	1,828	341
2024-2028	218	53
2029-2033	63	7
2034-2038	-	-
2039-2043	-	-
2044-2048	-	-
2049-2053	-	-
2054-2058	-	-
2059-2061	46	-
Total	<u>\$ 5,133</u>	<u>\$ 2,169</u>

Interest Rate Swap Agreements

In November 2003, the JPFA issued lease revenue bonds, 2003 Series A, 2003 Series B, and 2003 Series C in the amount of \$66,725, \$66,825, and \$21,800, respectively. The bonds were issued to acquire and construct a new County Youth Services Center including a juvenile hall, a girls' camp, a community school, a receiving home, group homes, juvenile courts, and probation administration offices for the County.

Objective of the Interest Rate Swaps. As a means to lower its borrowing costs, when compared against fixed-rate 4.78% bonds at the time of issuance in November 2003, the JPFA entered into interest rate swap agreements with Citibank N.A. (Citibank) and AIG Financial Products (AIG) in connection with its \$66,725 Series A and \$66,825 Series B variable rate lease revenue bonds (the bonds). The intention of the swaps was to effectively change the JPFA's variable interest rates on the bonds to a synthetic fixed rate of 3.33%.

Significant Terms. The bonds and related swap agreements mature on July 15, 2036, and the swaps' notional amount of \$133,550 matches the \$133,550 par amount of the variable rate bonds. The JPFA entered into two swaps with Citibank with a total notional amount of \$93,450 and one swap with AIG with a notional amount of \$40,100. The swaps were entered into at the same time the bonds were issued in November 2003. Starting in fiscal year 2008, the notional value of the swaps will decline as the principal amount of the associated debt begins to amortize. As of June 30, 2008, the total notional value of the swaps with Citibank declined to \$91,200 and with AIG to \$39,900. Under the swaps, the JPFA pays the counterparties a fixed payment of 3.33% and receives a variable payment computed as 55.5% of LIBOR plus 0.29%.

Fair Value. The swaps had a combined negative aggregate fair value of \$5,304 at June 30, 2008. Since coupons on the JPFA's auction rate securities adjust to changing interest rates, they do not have a corresponding fair value increase. The fair value is the net present value of the swaps using market data and the terms of the swaps, which include the expectations of the probability of occurrence of certain underlying events as defined in the swaps' documentation.

Credit Risk. As of June 30, 2008, the JPFA was not exposed to credit risk because the swaps had a negative fair value. However, should interest rates change and the fair value of the swaps becomes positive, the JPFA would be exposed to credit risk in the amount of the derivative's fair value. To mitigate the potential credit risk, the counterparties are required to post collateral, in the form of government securities, within 10 business days if their credit ratings for long-term unsecured debt obligations fall below "A" by Moody's Investors Service, or "A" by Standard and Poor's, or "A" by Fitch Ratings. As of June 30, 2008, Citibank's ratings were Aa1 by Moody's, AA by Standard and Poor's, and AA- by Fitch Ratings, and AIG was rated Aa3 by Moody's, AA- by Standard and Poor's, and AA- by Fitch Ratings.

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Basis Risk. The swaps expose the JPFA to basis risk should the relationship between LIBOR and weekly auction rates converge, changing the synthetic rate on the bonds. As a result of changing basis between LIBOR and the rate on the JPFA's bonds during the course of the year, the synthetic fixed rate for the fiscal year ended June 30, 2008 was 5.998% for the Series A bonds and 5.999% for the Series B bonds.

Termination Risk. The JPFA or the counterparties may terminate the swaps if the other party fails to perform under the terms of the contract. The swaps may be terminated by the JPFA if the counterparties' credit quality rating falls below "A-" as issued by Fitch Ratings or Standard and Poor's, or "A3" as issued by Moody's Investors Service. If the swaps are terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination the swaps have a negative fair value, the JPFA would be liable to the counterparties for a payment equal to the swaps' fair value.

Market-Access Risk. Market-access risk is the risk that a government will not be able to enter credit markets or that credit will become more costly. The JPFA was exposed to the market-access risk at June 30, 2008, since the market for its auction rate securities collapsed and the cost of borrowing escalated. This risk; however, was mitigated by relying on the County's strong credit ratings to refund the auction rate securities at a more desirable rate. See Note 19 for additional details.

Swap Payments and Associated Debt. Using rates as of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are provided below. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	2003 Lease Revenue Bonds (Series A)				2003 Lease Revenue Bonds (Series B)				Total Interest
	Principal	Variable Rate Interest *	Interest Rate Swaps, Net Interest/Swap	Subtotal Interest	Principal	Variable Rate Interest*	Interest Rate Swaps, Net Interest/Swap	Subtotal Interest	
2009	\$ 1,300	\$ 2,788	\$ 1,061	\$ 3,849	\$ 1,300	\$ 2,795	\$ 1,064	\$ 3,859	\$ 7,708
2010	1,350	2,729	1,039	3,768	1,350	2,736	1,042	3,778	7,546
2011	1,375	2,669	1,017	3,686	1,400	2,675	1,018	3,693	7,379
2012	1,400	2,609	993	3,602	1,450	2,613	994	3,607	7,209
2013	1,500	2,543	969	3,512	1,450	2,549	971	3,520	7,032
2014-2018	8,325	11,658	4,439	16,097	8,350	11,686	4,448	16,134	32,231
2019-2023	9,975	9,639	3,670	13,309	10,000	9,663	3,679	13,342	26,651
2024-2028	12,050	7,208	2,744	9,952	12,075	7,227	2,751	9,978	19,930
2029-2033	14,525	4,278	1,629	5,907	14,525	4,292	1,634	5,926	11,833
2034-2037	13,675	920	350	1,270	13,725	921	351	1,272	2,542
	<u>\$ 65,475</u>	<u>\$ 47,041</u>	<u>\$ 17,911</u>	<u>\$ 64,952</u>	<u>\$ 65,625</u>	<u>\$ 47,157</u>	<u>\$ 17,952</u>	<u>\$ 65,109</u>	<u>\$ 130,061</u>

* Projected interest payments for the variable rate series of bonds are based on the following rates in effect on June 30, 2008: Lease revenue bonds: 2003 Series A (4.344%) and 2003 Series B (4.345%).

Arbitrage Rebate

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The County calculated excess investment earnings on various bonds and financing. The arbitrage liability of \$94, which becomes due in August 2008, was reclassified to a current liability and reported as part of the accounts payable in the governmental fund balance sheet and the government-wide statement of net assets.

Legal Debt Service Limit

Under the County's Ordinance No. 3773, 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 \$56,071 for the fiscal year ended June 30, 2008.

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NOTE 11 – NET ASSETS

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

- *Invested in Capital Assets, Net of Related Debt* groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* reflects net assets that are 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. 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. At June 30, 2008, restricted net assets for the governmental activities were \$141,124 as reported on the government-wide statement of net assets, and \$36,942 of which was restricted by enabling legislation.
- *Unrestricted Net Assets* represents net assets of the County that are not restricted for any project or purpose.

In the statement of activities, First 5 restated its beginning net assets in an amount of \$306 to reflect the cumulative effect of changes in amounts previously reported as expenses by a grantee.

NOTE 12 – RESERVED AND DESIGNATED FUND BALANCES

Fund balances are considered reserved if they are not available for appropriation or are not expendable financial resources. As of June 30, 2008, major components of reserved fund balances included the following:

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

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies. Such plans are subject to change and have not been legally authorized or may not result in expenditures. At June 30, 2008, the County had not established any designations of fund balance.

NOTE 13 – EMPLOYEES’ RETIREMENT PLANS

San Mateo County Employees’ Retirement Association

(a) Plan Description

General. 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 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, the County Employees’ Retirement Law of 1937 (the 1937 Act). SamCERA is not subject to the provisions of the Employee Retirement Income Security Act of 1974. Management of SamCERA is vested in the Board of Retirement consisting of nine members; and its operation is governed by the 1937 Act and the by-laws, procedures, and policies adopted by the Board of Retirement. As of June 30, 2008, the total number of plan participants was 10,567, of which 10,542 were County employees and 25 were Mosquito and Vector Control District employees. 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.

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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 four plans that cover members classified as general, safety, or probation. Annual cost-of-living adjustments upon retirement are provided to members of Plans One, Two, and Four. The benefits of Plan Three are reduced by a portion of Social Security benefits received by the member. The 1937 Act vests the County 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.

(b) Summary of Significant Accounting Policies

Basis of Accounting. SamCERA uses the accrual basis of accounting to account for its financial activities. Investment income is recognized when it is earned, and expenses are recognized when they are incurred. Contributions are recognized when they are due, and benefits and refunds are recognized when payable under the terms of each plan.

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

Investments. The Board of Retirement has exclusive control of SamCERA's investments. Government Code Section 31595 of 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 a year to determine the fair market value of the real estate assets. 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 assets 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 plan net assets 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 plan net assets.

Foreign Currency Transactions. Gains and losses resulting from foreign currency transactions are recorded as an 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 counter parties to meet the terms of their contracts and from movements in exchange and interest rates.

(c) Funding Policy

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. Participating employers are required by statutes to contribute the amounts

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Notes to the Basic Financial Statements (Continued)
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necessary to fund the estimated benefits accruing to SamCERA members not otherwise funded by member contributions or expected investment earnings. 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 (UAAL).

(d) Annual Pension Cost

For the fiscal year ended June 30, 2008, the County's annual pension cost was equal to the County's required contributions of \$105,340. The required contribution was determined by the actuarial valuation as of June 30, 2006, using the entry age normal actuarial cost method. The actuarial assumptions included 4% annual inflation rate, 7.75% annual investment rate of return, and 5.2% average annual projected salary increase attributed to inflation of 4% and adjustment for merit and longevity of 1.2%. Beginning with the June 30, 2008 actuarial valuation, SamCERA converted to the 15-year layered amortization methodology. Under this method, the original UAAL is amortized over 15 years as of the valuation date. Future actuarial gains and losses are amortized over the new 15-year periods. The Mosquito and Vector Control District contributes a lower percentage of covered payroll than the County does, due to lower benefits provided to the Mosquito and Vector Control District employees. For the fiscal year ended June 30, 2008, the average employer contribution rate was 23.62% of the covered payroll and the average member contribution rate was 9.7%. The UAAL is being amortized as a level percentage of projected payroll over the new 15-year periods. The table below presents three-year trend information:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2006	\$ 76,090	100.0%
6/30/2007	100,550	100.0%
6/30/2008	105,340	100.0%

(e) Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the plan was 79% funded. The actuarial accrued liability for benefits was \$2,806,222, and the actuarial value of assets was \$2,218,937, resulting in an unfunded actuarial accrued liability (UAAL) of \$587,285. The annual covered payroll (annual payroll of active employees covered by the plan) was \$416,243, and the ratio of the UAAL to the annual covered payroll was 141%. The schedule of funding progress, presented as RSI 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 liability for benefits.

Housing Authority of the County of San Mateo

The Housing Authority, a blended component unit and a major Enterprise Fund of the County, has its own employees and participates in a defined contribution retirement plan administered by pension specialists. 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. Employer contributions are set forth in the plan and are vested 20% for each year of service until an employee becomes fully vested after five years. Under this plan, management employees do not need to make contributions. The Housing Authority will contribute 14% of the gross salaries to their accounts monthly. As of June 30, 2008, the plan had 42 active participants. For the fiscal year ended June 30, 2008, the Housing Authority contributed \$279 to its retirement plan. Monthly contributions made by the Housing Authority and its regular employees are as follows:

Years of Service	Percentage of Gross Salaries	
	Employees	Housing Authority
Over 6 months	5.0%	9.0%
Over 5 years	4.0%	10.0%
Over 10 years	3.0%	11.0%
Over 15 years	2.5%	11.5%

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NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

County of San Mateo

Plan Description. The County administers a single-employer defined benefit post employment healthcare plan (“the Retiree Health Plan”). The Retiree Health Plan provides healthcare benefits to members who retire from the County and are eligible to receive a pension from SamCERA. This plan does not cover employees of the Housing Authority. 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 cover their retiree health premiums. The duration and amount of the County paid benefits depend on the amount of sick leave at retirement and the bargaining unit to which the retiree belonged. 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 Retiree Health Plan does not issue a publicly available financial report.

The County contracts with Kaiser, Aetna, Blue Shield, and Trades Health Plans to provide health coverage to its active members and pre-Medicare retirees (under age 65). These insurers charge the same premium for actives and pre-Medicare retirees; therefore, an implicit County subsidy of retiree premiums exists. The County also contracts with Kaiser, Secure Horizons, and Blue Shield to provide supplemental health coverage for retirees enrolled in Medicare (age 65 and above). Medical premiums for retirees enrolled in Medicare are not based on blended active experience; therefore, no premium subsidy exists for retirees enrolled in Medicare. Dental and vision premiums for retirees over age 65 are based on blended active experience; therefore, implicit dental and vision premium subsidy exists for those who enrolled in these plans.

Effective April 1, 2008, the County restructured the retiree healthcare benefits for management, attorney, and confidential employees hired after April 1, 2008 (excluding current non-management employees promoted into management classification); and elected officials newly elected after April 1, 2008. Under the new policy, their retiree healthcare benefits are capped at \$0.7 per month for each unused eight hours of sick leave at retirement. In lieu of this change, the County will contribute \$0.1 per month to each eligible employee’s retiree health savings account and continue to pay for dental and vision premiums for each unused eight hours of sick leave.

A new law, which took effect on January 1, 2008, allows all California government agencies to participate in the California Employers’ Retiree Benefits Trust (CERBT). CERBT is an irrevocable trust fund that allows public employers to prefund the future cost of their retiree health insurance benefits and other postemployment benefits (OPEB) for their covered employees or retirees. In May 2008, the County elected to participate in CERBT and wire-transferred \$145,434 to CalPERS, the CERBT’s administrator. The prefunding was intended to reduce and stabilize the County’s annual required contribution to its OPEB plan in future years at an expected level for budgeting purposes. CalPERS issued a publicly available financial report that includes 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. Contribution requirements of the Retiree Health Plan members and the County are also established and may be amended through negotiations between the County and the bargaining units. For fiscal year 2007-08, the County contributed \$153,391, or 816%, of the actuarially required contributions to the Retiree Health Plan. The contribution included the \$145,434 to CERBT (see Note 18), the pay-as-you-go payment, and a component of the implicit subsidy for retirees.

Annual OPEB Cost and Net OPEB Obligation. The County’s annual other postemployment benefits (OPEB) cost is equal to (a) the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, plus (b) one year’s interest on the beginning balance of the net OPEB obligation, and minus (c) 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 thirty years.

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The prior valuation was performed as of January 1, 2007. In April 2008, the County obtained a new valuation based on revised assumptions on the discount rate (using 7.75% instead of 6.9%) and the projected payroll increases (using 3.25% instead of 4%) to comply with the CalPERS OPEB assumption model. All the other actuarial assumptions are the same as those used for the prior valuation.

The following table shows the components of the County's annual OPEB cost for the year, the amount contributed to the plan, and changes in the County's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 18,511
Interest on prior year net OPEB obligation	1,256
Adjustment to annual required contribution	(971)
Annual OPEB cost	18,796
Contribution made	(153,391)
Increase in net OPEB asset	(134,595)
Net OPEB obligation - beginning of year	16,209
Net OPEB asset - end of year	\$ (118,386)

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 years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2006	\$ 12,730	45.7%	\$ 6,910
6/30/2007	15,914	41.6%	16,209
6/30/2008	18,796	816.1%	(118,386)

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 thirty years, beginning July 1, 2005. The table below indicates the funded status of the Retiree Health Plan as of January 1, 2007, the most recent actuarial valuation date.

Actuarial accrued liability (AAL)	\$ 156,843 *
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 156,843
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Annual covered payroll (active plan members)	\$ 397,314
UAAL as a percentage of annual covered payroll	39.5%

* Based upon 7.75% discount rate used for FY 2007-08 ARC.

The above calculation is based on the revised valuation and does not include the \$145,434 transferred to CalPERS on May 15, 2008 (see Note 18).

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.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

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 and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the revised actuarial valuation as of January 2007, the entry age normal cost method was used. 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). The actuarial assumptions included a 7.75% investment rate of return on investment; an annual healthcare cost trend rate of 9% in 2007, reduced by 1% each year to an ultimate rate of 5% in the fifth year and beyond; annual dental and vision cost trend rate of 5%; negotiated annual increase in County-paid benefits; and a 3.25% annual increase in projected payroll. The salary scale and demographic assumptions (including termination, disability, retirement, mortality, and probability of marriage) were based on the latest experience study used by SamCERA in its pension valuation as of June 30, 2006. This experience study was conducted prior to the adoption of new sick leave conversion benefit provisions. While the new provisions may affect future patterns, sufficient experience is not available yet to observe any changes. The County's actuary will monitor the emerging experience and make adjustments to such assumptions, if appropriate, in the next valuation.

NOTE 15 – RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. For most insurable risks, the County 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.
- 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 \$300 per incident, but limited to a maximum of \$54,750.
- Workers' compensation in excess of \$1,000 per incident, but limited to a statutory amount.
- Auto liability in excess of \$300 per incident, but limited to a maximum of \$54,750.
- Malpractice in excess of \$10 per incident, but limited to a maximum of \$25,000 per claim and aggregate.

Settled claims have not exceeded the commercial coverage in any of the past three fiscal years and there has not been a significant reduction in coverage in FY 2007-08.

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 prior and current years' claims. The estimated claims liability of \$44,606, as reported in the internal service funds at June 30, 2008, 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.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

Of the \$44,606 estimated claims liability at June 30, 2008, approximately \$39,520 was actuarially determined at a discount rate of 4.17%. The actuarially determined liability covers workers' compensation losses, general liability, and automobile liability; and includes allocated expenses and a provision for incurred but not reported claims. Changes to the claims liability for FY2006-07 and FY2007-08 were as follows:

Liability at June 30, 2006	\$	43,910
Current year claims and changes in estimates		10,910
Payments on claims		<u>(13,255)</u>
Liability at June 30, 2007		41,565
Current year claims and changes in estimates		16,640
Payments on claims		<u>(13,599)</u>
Liability at June 30, 2008	\$	<u><u>44,606</u></u>

As of June 30, 2008, the Long-term Disability and the Personal Injury and Property Damage funds recognized a negative increment of \$617 and \$16 in estimated claims liability. As a result, these funds reported negative expenses of \$103 and \$15, respectively.

NOTE 16 – RELATED PARTY TRANSACTIONS

For the fiscal year ended June 30, 2008, the County recognized a \$1,083 of salary and benefit reimbursement from First 5, a discretely presented component unit of the County, for the services provided by the County's employees.

NOTE 17 - 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.

Medicare and Medi-Cal Reimbursements

The Medical Center provides healthcare services primarily to County residents. Net patient service revenues are reported at estimated net realizable amounts from patients, third-party payers, and others for services rendered; including a provision for doubtful accounts and estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenues, on an estimated basis, in the period the related services are rendered. Such amounts are adjusted in future periods as adjustments become known, or as years are no longer subject to such audits, reviews, and investigations. For the fiscal year ended June 30, 2008, revenues from Medicare and Medi-Cal programs accounted for approximately 13% and 58% of net patient charges for services. Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Medi-Cal Waiver

In FY 2005-06, the State implemented a new payment program, entitled "Medi-Cal Hospital/Uninsured Care Waiver," to pay selected hospitals, including the Medical Center, for hospital care provided to Medi-Cal and uninsured patients. This new payment program covers the period from July 1, 2005 to June 30, 2010.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

Under this program, payments for public hospitals are comprised of: (1) fee-for-service cost-based reimbursement for inpatient hospital services (exclusive of physician component); (2) 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 cost; and (5) cost applicable to the Coverage Initiative. The nonfederal share of these five types of payments will be provided by the public hospitals, primarily through certified public expenditures (CPE). The hospital would expend its local funding for services to draw down the federal financial participation currently provided at a 50% match. For the inpatient hospital cost-based reimbursement, each hospital will provide its own CPE and receive 100% of the resulting federal match. For the DSH and SNCP distributions, the CPEs of all the public hospitals will be used in the aggregate to draw down the federal match. One hospital may receive the federal match resulting from another hospital's CPE.

All CPEs reported by each hospital will be subject to State and federal audits and final reconciliation. If the final reconciliation indicates that a hospital's claimed CPEs resulted in an overpayment to the State, the hospital may be required to return the overpayment to the State whether or not they receive the federal matching funds. There is a reasonable possibility that the Medical Center claimed CPEs may result in an overpayment to the State.

Housing Authority of the County of San Mateo

The Housing Authority is a party, among several other potentially responsible entities, to a claim by the State of California, Department of Toxic Substances Control, for clean-up costs for the Midway Village and Bayshore Park in Daly City, California. The total outstanding clean-up costs approximate \$3,804 plus interest. Based upon expenses incurred by the State, the Housing Authority's liability is about 20% of the final settlement amount. An estimated liability of \$729 has been accrued to reflect such obligation.

Airline Litigation Settlement

In 2001, a number of airlines filed claims for refund and applications for changed assessments in some of the counties with respect to certain property taxes. Between 2005 and 2006, the airlines and the counties agreed to resolve these matters through settlement agreements. Under these agreements, the counties would give the airlines tax credits for the tax years 2002-03 through 2005-06, and the airlines would terminate certain claims and applications for changed assessment. In addition, the airlines agree not to pursue assessment by the State Board of Equalization and that all of their personal property continues to be locally assessed for the tax years through 2010-11.

The County estimated that total tax credits to be refunded to the airlines from its General Fund were \$1,357. Under the terms of the settlement agreements, the County will distribute tax credits to the airlines over eight years through FY 2012-13. The County has distributed a total of \$717 tax credits to all the airlines named in the settlement agreements during FY 2006-07 and FY 2007-08.

Pending Litigation

The County is also a defendant in several lawsuits arising in the normal course of business. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable loss to the County, 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 and Counsel estimate that such loss was about \$2,220 as of June 30, 2008.

NOTE 18 – SPECIAL ITEM

In May 2008, the County remitted \$145 million to CalPERS to settle its net OPEB obligation at the beginning of the fiscal year and prefund its OPEB liabilities with the excess funding. The contribution deposited into CERBT was shared proportionally among participating funds. The General Fund's share was \$116 million and was reported as a special item in governmental fund financial statements. In the government-wide financial statements, the \$116 million was capitalized and resulted in a net OPEB asset of \$95 million under the governmental activities column.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

NOTE 19 – SUBSEQUENT EVENTS

Issuance of 2008 Lease Revenue Bonds

In November 2003, the JPFA issued \$155 million in lease revenue bonds to construct the Youth Services Center. As a means to lowering its borrowing costs, the JPFA chose to structure financing through variable rate bonds known as Auction Rate Securities (ARS). The JPFA also entered into interest rate swap agreements with Citibank and AIG, which effectively changed variable interest rates on the bonds to a “synthetic” fixed rate of 3.33%.

As the sub-prime mortgage crisis unfolded and a lack of confidence in the credit quality of bond insurers grew in 2007, investors experienced difficulty in finding new investors to purchase ARS bonds in weekly or monthly auctions. In February 2008, the JPFA’s ARS market finally crashed when investors could not find new investors to purchase their bonds. The “failed” auctions essentially increased the borrowing costs of the bonds and pushed the combined swap and bond rate up to more than 6%.

On September 3, 2008, given the continued instability of the financial markets, the JPFA terminated its interest swap agreements at an expense of \$8.1 million and retired a portion of the 2003 bonds of \$3.7 million. On September 4, 2008, the JPFA issued \$141 million in fixed rate lease revenue bonds (2008 Series A bonds), together with other available moneys, to refund its outstanding lease revenue bonds (2003 Series A, 2003 Series B, and 2003 Series C); to pay costs of issuance of the 2008 bonds, and to pay other costs relating to the refunding of the 2003 bonds. The 2008 lease revenue bonds have interest rates ranging from 4% to 5% and begin to mature in 2009 through 2017.

Investments in the County’s Investment Pool

The credit crisis subsequent to June 30, 2008, moved beyond its origins in subprime mortgages and began to accelerate in September. The financial market experienced an unprecedented turbulence, and the values of most securities declined significantly. Given the volatility of the financial market, readers of financial statements must also consider the current financial information.

On September 15, 2008, Lehman Brothers Holdings Inc. (Lehman) declared bankruptcy. This bankruptcy had a direct, negative impact on the County’s investment pool in an amount of approximately \$155 million as of September 30, 2008. The Lehman securities represented 6% of the \$2.6 billion County investment pool at cost as of September 30, 2008. After extensive consultation with the County’s financial advisors and legal counsel, the County Treasurer decided to retain the Lehman securities, but mark their value down to zero and carry the securities as a non-performing asset. For the quarter ended September 30, 2008, the County charged all pool participant accounts a one-time expense based on their respective average daily cash balances to reflect the reduction in value. The County’s portion of the overall loss is approximately \$22 million, or 14%. The County has hired a bankruptcy counsel in New York to represent the collective interests of all investment pool participants in the proceedings. Additionally, the County has sought, and continues to seek with the assistance of its federal legislative representatives, assistance from the federal government through the existing federal financial rescue legislation or future legislation that the Congress may consider. Finally, the County, on behalf of the pool participants, has commenced litigation against the officers and directors of Lehman Brothers. The amount of recovery from this litigation as well as the bankruptcy proceedings, if any, is uncertain.

As of September 30, 2008, the County investment portfolio had a \$160 million investment at market value in Morgan Stanley corporate bonds, commercial paper, and floating rate securities. In October 2008, Mitsubishi UFJ Financial Group, the world’s second largest bank holding company with \$1.1 trillion in bank deposits, has closed on a \$9 billion equity investment in Morgan Stanley. The County Treasurer believes the health of Morgan Stanley has been largely improved, but decided to reduce the pool’s holdings of Morgan Stanley securities by \$55 million to \$105 million and realized an investment loss in the amount of \$2 million as of October 21, 2008, as a result of sale of these securities prior to maturity.

Investments in SamCERA Investment Portfolio

Since June 2008, the weight of the ongoing slowdown in consumer spending and weakness in the housing section has pushed the economy to slip into a recession. Between June 30 and October 15 of 2008, the market value of SamCERA’s portfolio decreased from \$2,004 million to \$1,533 million, or 24%, after taking into account the prepaid contribution of \$108 million from the County on July 3, 2008. Given significant uncertainty existing in the markets, SamCERA cannot be certain about the pricing or value of its portfolio.



Required Supplementary Information
(Unaudited)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2008
(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 \$77,253 at June 30, 2008, is reported under the modified approach and is not subject to depreciation per 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 2006-07. Per the assessment report, the County's maintained pavement subsystem was rated at a PCI of 81 on the average for the primary roads and 62 for the secondary roads. The condition of the primary and secondary road subsystems were improved when compared to that of FY 2003-04.

PCI Condition Rating	Primary		Primary		Secondary		Secondary	
	2007	2007	2004	2004	2007	2007	2004	2004
	Number of Miles	Percent						
Primary:								
Good to excellent (55-100)	137.62	87.7%	122.45	78.9%				
Substandard to fair (0-54)	19.22	12.3%	32.66	21.1%				
Secondary:								
Fair to excellent (40-100)					118.16	75.0%	117.03	72.5%
Substandard to fair (0-39)					39.41	25.0%	44.49	27.5%
Total	<u>156.84</u>	<u>100.0%</u>	<u>155.11</u>	<u>100.0%</u>	<u>157.57</u>	<u>100.0%</u>	<u>161.52</u>	<u>100.0%</u>

For the fiscal year ended June 30, 2008, the actual maintenance and preservation costs were less than the estimated amount by \$171. The variance was primarily due to road projects that were budgeted, but not completed at year-end.

Fiscal Year Ended June 30,	Maintenance and Perservation Cost		
	Estimated	Actual	Variance
2004	\$ 6,292	\$ 6,347	\$ (55)
2005	6,000	4,803	1,197
2006	5,000	4,450	550
2007	2,900	3,725	(825)
2008	3,595	3,424	171

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited) – (Continued)
For the Fiscal Year Ended June 30, 2008
(In Thousands)

2. SCHEDULE OF FUNDING PROGRESS - PENSION

The schedule of funding progress presents a consolidated snapshot of SamCERA's ability to meet current and future liabilities with plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the pension plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

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

The table below presents six-year historical information about the funding status of the pension plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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
6/30/2003	\$ 1,353,941	\$ 1,781,544	\$ 427,603	76.0%	\$ 323,896	132.02%
6/30/2004	1,452,621	1,921,328	468,707	75.6%	365,385	128.28%
6/30/2005	1,615,585	2,177,759	562,174	74.2%	334,315	168.16%
6/30/2006	1,769,021	2,345,149	576,128	75.4%	363,648	158.43%
6/30/2007	1,976,731	2,555,504	578,773	77.4%	407,812	141.92%
6/30/2008	2,218,937	2,806,222	587,285	79.1%	416,243	141.09%

3. SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS

The schedule of funding progress presented below provides a consolidated snapshot of a County's ability to meet current and future liabilities with plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the OPEB plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

The prior valuation was performed as of January 1, 2007. In April 2008, the County obtained a revised valuation based on revised assumptions on the discount rate (using 7.75% instead of 6.9%) and the projected payroll increases (using 3.25% instead of 4%) to comply with the CalPERS OPEB assumption model. All the other actuarial assumptions are the same as those used for the prior valuation.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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
7/1/2005	\$ -	\$ 135,678	\$ 135,678	0.0%	\$ 323,340	42.0%
1/1/2007 *	-	169,683	169,683	0.0%	372,648	45.5%
1/1/2007 **	-	156,843	156,843	0.0%	397,314	39.5%

* Based on 6.9% discount rate used for FY 2006-07 ARC.
** Based on 7.75% discount rate used for FY 2007-08 ARC.



General Fund

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 318,183	\$ 318,170	\$ (13)	\$ 255,456	\$ (62,714)
Resources (inflows):					
Taxes	288,022	288,022	-	334,074	46,052
Licenses and permits	6,414	6,487	73	6,001	(486)
Fines, forfeitures and penalties	7,975	7,975	-	8,165	190
Use of money and property	18,289	18,289	-	20,448	2,159
Intergovernmental revenues	394,612	395,716	1,104	340,981	(54,735)
Charges for services	91,226	92,010	784	87,545	(4,465)
Interfund revenue	70,792	71,066	274	58,576	(12,490)
Miscellaneous revenue	28,863	29,357	494	36,161	6,804
Other financing sources	712	712	-	84,663	83,951
Amounts available for appropriation	<u>906,905</u>	<u>909,634</u>	<u>2,729</u>	<u>976,614</u>	<u>66,980</u>
Charges to appropriations (outflows):					
General Government					
Board of Supervisors - District 1					
Salaries and benefits	520	517	(3)	481	36
Services and supplies	60	60	-	37	23
Other charges	33	36	3	36	-
Contingencies	67	67	-	-	67
Total Board of Supervisors - District 1	<u>680</u>	<u>680</u>	<u>-</u>	<u>554</u>	<u>126</u>
Board of Supervisors - District 2					
Salaries and benefits	547	588	41	588	-
Services and supplies	34	37	3	35	2
Other charges	33	37	4	37	-
Contingencies	29	-	(29)	-	-
Total Board of Supervisors - District 2	<u>643</u>	<u>662</u>	<u>19</u>	<u>660</u>	<u>2</u>
Board of Supervisors - District 3					
Salaries and benefits	517	502	(15)	480	22
Services and supplies	43	53	10	45	8
Other charges	33	38	5	34	4
Contingencies	20	20	-	-	20
Total Board of Supervisors - District 3	<u>613</u>	<u>613</u>	<u>-</u>	<u>559</u>	<u>54</u>
Board of Supervisors - District 4					
Salaries and benefits	549	549	-	458	91
Services and supplies	77	75	(2)	56	19
Other charges	33	35	2	35	-
Contingencies	33	33	-	-	33
Total Board of Supervisors - District 4	<u>692</u>	<u>692</u>	<u>-</u>	<u>549</u>	<u>143</u>
Board of Supervisors - District 5					
Salaries and benefits	530	550	20	549	1
Services and supplies	56	37	(19)	37	-
Other charges	34	36	2	36	-
Contingencies	16	13	(3)	-	13
Total Board of Supervisors - District 5	<u>636</u>	<u>636</u>	<u>-</u>	<u>622</u>	<u>14</u>
County Manager/Clerk of the Board					
Salaries and benefits	5,614	5,614	-	5,351	263
Services and supplies	1,880	1,850	(30)	1,078	772
Other charges	2,539	2,539	-	1,275	1,264
Fixed Assets	5	35	30	34	1
Intrafund transfers	(676)	(676)	-	(619)	(57)
Contingencies	565	565	-	-	565
Total County Manager/Clerk of the Board	<u>9,927</u>	<u>9,927</u>	<u>-</u>	<u>7,119</u>	<u>2,808</u>

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Special Services					
Salaries and benefits	535	535	-	413	122
Services and supplies	259	259	-	1	258
Other charges	13,206	14,426	1,220	13,903	523
Intrafund transfers	(11,101)	(12,321)	(1,220)	(11,763)	(558)
Contingencies	51	51	-	-	51
Total Special Services	<u>2,950</u>	<u>2,950</u>	<u>-</u>	<u>2,554</u>	<u>396</u>
Public Safety Communication					
Salaries and benefits	7,420	7,490	70	7,488	2
Services and supplies	531	501	(30)	450	51
Other charges	435	465	30	461	4
Fixed assets	568	498	(70)	230	268
Intrafund transfers	(150)	(150)	-	(156)	6
Contingencies	224	224	-	-	224
Total Public Safety Communication	<u>9,028</u>	<u>9,028</u>	<u>-</u>	<u>8,473</u>	<u>555</u>
Assessor-Clerk-Recorder					
Salaries and benefits	14,587	15,381	794	14,847	534
Services and supplies	6,508	7,674	1,166	6,998	676
Other charges	1,972	2,015	43	1,531	484
Intrafund transfers	(2,470)	(3,476)	(1,006)	(3,476)	-
Total Assessor-Clerk-Recorder	<u>20,597</u>	<u>21,594</u>	<u>997</u>	<u>19,900</u>	<u>1,694</u>
Controller's Office					
Salaries and benefits	4,881	4,868	(13)	4,568	300
Services and supplies	645	645	-	420	225
Other charges	1,004	1,006	2	1,006	-
Fixed assets	80	91	11	4	87
Intrafund transfers	(82)	(82)	-	(72)	(10)
Contingencies	613	613	-	-	613
Total Controller's Office	<u>7,141</u>	<u>7,141</u>	<u>-</u>	<u>5,926</u>	<u>1,215</u>
Tax Collector/Treasurer					
Salaries and benefits	6,391	6,391	-	5,910	481
Services and supplies	3,081	3,081	-	1,538	1,543
Other charges	1,060	1,060	-	1,041	19
Fixed assets	42	42	-	-	42
Intrafund transfers	(2,810)	(2,810)	-	(2,894)	84
Contingencies	1,776	1,776	-	-	1,776
Total Tax Collector/Treasurer	<u>9,540</u>	<u>9,540</u>	<u>-</u>	<u>5,595</u>	<u>3,945</u>
County Counsel					
Salaries and benefits	7,436	7,436	-	7,331	105
Services and supplies	877	821	(56)	517	304
Other charges	346	377	31	377	-
Fixed assets	-	25	25	18	7
Intrafund transfers	(1,132)	(1,132)	-	(1,180)	48
Contingencies	257	257	-	-	257
Total County Counsel	<u>7,784</u>	<u>7,784</u>	<u>-</u>	<u>7,063</u>	<u>721</u>
Human Resources					
Salaries and benefits	6,797	6,772	(25)	6,412	360
Services and supplies	1,959	2,004	45	1,666	338
Other charges	746	771	25	756	15
Fixed assets	34	34	-	15	19
Intrafund transfers	(1,348)	(1,348)	-	(1,241)	(107)
Contingencies	608	608	-	-	608
Total Human Resources	<u>8,796</u>	<u>8,841</u>	<u>45</u>	<u>7,608</u>	<u>1,233</u>

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Information Services					
Salaries and benefits	20,262	20,655	393	17,630	3,025
Services and supplies	30,364	33,855	3,491	24,786	9,069
Other charges	1,247	1,247	-	1,207	40
Fixed assets	4,382	4,771	389	1,430	3,341
Other financing uses	324	324	-	287	37
Intrafund transfers	(35,794)	(40,067)	(4,273)	(28,605)	(11,462)
Contingencies	5,446	5,446	-	-	5,446
Total Information Services	<u>26,231</u>	<u>26,231</u>	<u>-</u>	<u>16,735</u>	<u>9,496</u>
Message Switch					
Services and supplies	503	503	-	379	124
Other charges	290	290	-	283	7
Intrafund transfers	(117)	(117)	-	(124)	7
Contingencies	325	325	-	-	325
Total Message Switch	<u>1,001</u>	<u>1,001</u>	<u>-</u>	<u>538</u>	<u>463</u>
Public Works					
Salaries and benefits	18,753	17,799	(954)	16,884	915
Services and supplies	13,520	14,767	1,247	14,767	-
Other charges	4,821	4,773	(48)	4,726	47
Fixed assets	61	61	-	38	23
Other financing uses	9,046	8,887	(159)	8,868	19
Intrafund transfers	(26,675)	(26,675)	-	(26,535)	(140)
Contingencies	60	60	-	-	60
Total Public Works	<u>19,586</u>	<u>19,672</u>	<u>86</u>	<u>18,748</u>	<u>924</u>
Non-Departmental Services					
Salaries and benefits	5,250	5,250	-	-	5,250
Services and supplies	20,474	22,068	1,594	11,232	10,836
Other charges	12,603	13,752	1,149	2,827	10,925
Other financing uses	17,748	80,423	62,675	74,172	6,251
Intrafund transfers	(409)	(409)	-	(530)	121
Contingencies	158,870	91,255	(67,615)	83,296	7,959
Total Non-Departmental Services	<u>214,536</u>	<u>212,339</u>	<u>(2,197)</u>	<u>170,997</u>	<u>41,342</u>
Total General Government	<u>340,381</u>	<u>339,331</u>	<u>(1,050)</u>	<u>274,200</u>	<u>65,131</u>
Public Protection					
Grand Jury					
Salaries and benefits	72	72	-	45	27
Services and supplies	464	464	-	406	58
Other charges	12	12	-	6	6
Total Grand Jury	<u>548</u>	<u>548</u>	<u>-</u>	<u>457</u>	<u>91</u>
Criminal Division					
Salaries and benefits	19,680	19,665	(15)	18,766	899
Services and supplies	1,272	1,272	-	987	285
Other charges	1,657	1,672	15	1,669	3
Fixed assets	20	20	-	-	20
Intrafund transfers	(84)	(84)	-	-	(84)
Contingencies	2,147	2,147	-	-	2,147
Total Criminal Division	<u>24,692</u>	<u>24,692</u>	<u>-</u>	<u>21,422</u>	<u>3,270</u>
Child Support Services					
Salaries and benefits	9,448	8,573	(875)	8,561	12
Services and supplies	561	1,396	835	1,031	365
Other charges	1,402	1,412	10	1,409	3
Fixed assets	-	30	30	25	5
Total Child Support Services	<u>11,411</u>	<u>11,411</u>	<u>-</u>	<u>11,026</u>	<u>385</u>

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
County Support of Courts					
Salaries and benefits	360	411	51	404	7
Services and supplies	1,063	972	(91)	864	108
Other charges	20,677	20,717	40	21,694	(977)
Total County Support of Courts	<u>22,100</u>	<u>22,100</u>	<u>-</u>	<u>22,962</u>	<u>(862)</u>
Private Defender Program					
Services and supplies	15,208	15,208	-	15,208	-
Other charges	34	41	7	40	1
Intrafund transfers	-	-	-	1	(1)
Total Private Defender Program	<u>15,242</u>	<u>15,249</u>	<u>7</u>	<u>15,249</u>	<u>-</u>
Sheriff					
Salaries and benefits	105,532	107,476	1,944	107,000	476
Services and supplies	12,175	12,232	57	10,090	2,142
Other charges	18,162	18,172	10	17,882	290
Fixed assets	1,473	1,685	212	424	1,261
Other financing uses	906	906	-	906	-
Intrafund transfers	(1,078)	(1,113)	(35)	(908)	(205)
Contingencies	887	887	-	-	887
Total Sheriff	<u>138,057</u>	<u>140,245</u>	<u>2,188</u>	<u>135,394</u>	<u>4,851</u>
Probation					
Salaries and benefits	51,914	51,925	11	51,925	-
Services and supplies	12,524	12,466	(58)	11,721	745
Other charges	13,300	13,409	109	13,399	10
Fixed assets	55	-	(55)	-	-
Intrafund transfers	(8,858)	(8,865)	(7)	(8,405)	(460)
Contingencies	259	259	-	-	259
Total Probation	<u>69,194</u>	<u>69,194</u>	<u>-</u>	<u>68,640</u>	<u>554</u>
Coroner's Office					
Salaries and benefits	1,748	1,828	80	1,806	22
Services and supplies	679	679	-	564	115
Other charges	255	255	-	239	16
Fixed assets	-	-	-	-	-
Contingencies	93	93	-	-	93
Total Coroner's Office	<u>2,775</u>	<u>2,855</u>	<u>80</u>	<u>2,609</u>	<u>246</u>
Local Agency Formation Commission					
Salaries and benefits	189	200	11	195	5
Services and supplies	113	102	(11)	50	52
Other charges	62	62	-	31	31
Intrafund transfers	(103)	(103)	-	(103)	-
Contingencies	28	28	-	-	28
Total Local Agency Formation Commission	<u>289</u>	<u>289</u>	<u>-</u>	<u>173</u>	<u>116</u>
Fire Protection					
Salaries and benefits	2	-	(2)	-	-
Services and supplies	5,593	5,909	316	5,909	-
Other charges	196	199	3	199	-
Fixed assets	100	57	(43)	57	-
Total Fire Protection	<u>5,891</u>	<u>6,165</u>	<u>274</u>	<u>6,165</u>	<u>-</u>

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Planning					
Salaries and benefits	6,406	6,406	-	5,722	684
Services and supplies	5,563	5,596	33	4,043	1,553
Other charges	929	929	-	896	33
Fixed assets	-	13	13	13	-
Intrafund transfers	(2,991)	(2,991)	-	(2,994)	3
Contingencies	4,167	4,167	-	-	4,167
Total Planning	<u>14,074</u>	<u>14,120</u>	<u>46</u>	<u>7,680</u>	<u>6,440</u>
Total Public Protection	<u>304,273</u>	<u>306,868</u>	<u>2,595</u>	<u>291,777</u>	<u>15,091</u>
Health and Sanitation					
Health Services Administration					
Salaries and benefits	2,144	2,144	-	2,032	112
Services and supplies	2,165	3,683	1,518	3,562	121
Other charges	1,659	3,455	1,796	3,449	6
Intrafund transfers	(4,776)	(8,084)	(3,308)	(7,752)	(332)
Contingencies	1,112	1,106	(6)	-	1,106
Total Health Services Administration	<u>2,304</u>	<u>2,304</u>	<u>-</u>	<u>1,291</u>	<u>1,013</u>
Health Policy Plan Promotion					
Salaries and benefits	2,717	2,830	113	2,690	140
Services and supplies	10,429	10,950	521	9,785	1,165
Other charges	150	190	40	189	1
Intrafund transfers	(4,262)	(4,812)	(550)	(5,024)	212
Contingencies	178	178	-	-	178
Total Health Policy Plan Promotion	<u>9,212</u>	<u>9,336</u>	<u>124</u>	<u>7,640</u>	<u>1,696</u>
Emergency Medical Services					
Salaries and benefits	809	809	-	787	22
Services and supplies	969	1,144	175	1,066	78
Other charges	100	100	-	82	18
Intrafund transfers	(516)	(516)	-	(549)	33
Total Emergency Medical Services	<u>1,362</u>	<u>1,537</u>	<u>175</u>	<u>1,386</u>	<u>151</u>
Contributions to Medical Center					
Services and supplies	19,000	13,654	(5,346)	13,654	-
Other charges	-	8,558	8,558	3,558	5,000
Other financing uses	58,217	55,065	(3,152)	55,065	-
Total Contributions to Medical Center	<u>77,217</u>	<u>77,277</u>	<u>60</u>	<u>72,277</u>	<u>5,000</u>
Environmental Health Services					
Salaries and benefits	9,063	8,763	(300)	8,708	55
Services and supplies	2,426	3,177	751	3,050	127
Other charges	648	888	240	671	217
Fixed assets	80	80	-	73	7
Contingencies	2,056	1,537	(519)	-	1,537
Total Environmental Health Services	<u>14,273</u>	<u>14,445</u>	<u>172</u>	<u>12,502</u>	<u>1,943</u>
Behavioral Health Services					
Salaries and benefits	44,332	42,832	(1,500)	40,266	2,566
Services and supplies	52,180	54,738	2,558	52,606	2,132
Other charges	31,006	30,866	(140)	30,406	460
Other financing uses	-	28	28	27	1
Intrafund transfers	(4,040)	(4,048)	(8)	(3,523)	(525)
Contingencies	7,456	6,678	(778)	-	6,678
Total Behavioral Health Services	<u>130,934</u>	<u>131,094</u>	<u>160</u>	<u>119,782</u>	<u>11,312</u>

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Public Health Services					
Salaries and benefits	13,695	13,695	-	13,392	303
Services and supplies	9,226	9,834	608	9,207	627
Other charges	4,276	3,701	(575)	3,017	684
Fixed assets	68	68	-	-	68
Other financing uses	200	200	-	179	21
Intrafund transfers	(1,508)	(1,508)	-	(1,562)	54
Contingencies	1,253	1,220	(33)	-	1,220
Total Public Health Services	<u>27,210</u>	<u>27,210</u>	<u>-</u>	<u>24,233</u>	<u>2,977</u>
Family Health Services					
Salaries and benefits	18,905	17,900	(1,005)	17,691	209
Services and supplies	4,948	7,020	2,072	6,038	982
Other charges	2,066	2,066	-	1,678	388
Intrafund transfers	(555)	(1,574)	(1,019)	(1,577)	3
Contingencies	254	206	(48)	-	206
Total Family Health Services	<u>25,618</u>	<u>25,618</u>	<u>-</u>	<u>23,830</u>	<u>1,788</u>
Correctional Health Services					
Salaries and benefits	11,139	11,139	-	10,968	171
Services and supplies	6,183	6,183	-	5,959	224
Other charges	762	762	-	647	115
Fixed assets	45	45	-	-	45
Intrafund transfers	(9,603)	(9,603)	-	(9,739)	136
Contingencies	68	68	-	-	68
Total Correctional Health Services	<u>8,594</u>	<u>8,594</u>	<u>-</u>	<u>7,835</u>	<u>759</u>
Agriculture Commission/Sealer					
Salaries and benefits	3,150	3,301	151	3,200	101
Services and supplies	345	251	(94)	181	70
Other charges	494	660	166	630	30
Fixed assets	10	10	-	7	3
Contingencies	36	36	-	-	36
Total Agriculture Commission/Sealer	<u>4,035</u>	<u>4,258</u>	<u>223</u>	<u>4,018</u>	<u>240</u>
Total Health and Sanitation	<u>300,759</u>	<u>301,673</u>	<u>914</u>	<u>274,794</u>	<u>26,879</u>
Public Assistance					
Aging & Adult Services					
Salaries and benefits	13,563	13,599	36	12,598	1,001
Services and supplies	4,872	4,934	62	3,693	1,241
Other charges	5,586	5,833	247	4,991	842
Intrafund transfers	(1,923)	(1,987)	(64)	(1,779)	(208)
Contingencies	1,700	1,666	(34)	-	1,666
Total Aging & Adult Services	<u>23,798</u>	<u>24,045</u>	<u>247</u>	<u>19,503</u>	<u>4,542</u>
In Home Support Services - Public Authority					
Other financing uses	4,488	4,488	-	4,488	-
Total In Home Support Services - Public Authority	<u>4,488</u>	<u>4,488</u>	<u>-</u>	<u>4,488</u>	<u>-</u>
Human Services Agency					
Salaries and benefits	86,904	86,904	-	78,825	8,079
Services and supplies	57,861	57,855	(6)	43,690	14,165
Other charges	71,927	71,927	-	61,296	10,631
Fixed assets	1,190	1,190	-	1,190	-
Other financing uses	312	318	6	318	-
Intrafund transfers	(26,374)	(26,374)	-	(23,626)	(2,748)
Contingencies	8,290	8,290	-	-	8,290
Total Human Services Agency	<u>200,110</u>	<u>200,110</u>	<u>-</u>	<u>161,693</u>	<u>38,417</u>

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Department of Housing					
Salaries and benefits	2,355	2,355	-	2,180	175
Services and supplies	834	834	-	646	188
Other charges	9,048	9,048	-	7,119	1,929
Contingencies	770	770	-	15	755
Total Department of Housing	<u>13,007</u>	<u>13,007</u>	<u>-</u>	<u>9,960</u>	<u>3,047</u>
Total Public Assistance	<u>241,403</u>	<u>241,650</u>	<u>247</u>	<u>195,644</u>	<u>46,006</u>
Recreation					
Parks & Recreation					
Salaries and benefits	6,358	6,386	28	6,386	-
Services and supplies	1,003	1,027	24	997	30
Other charges	983	1,043	60	1,033	10
Fixed assets	355	348	(7)	121	227
Other financing uses	50	50	-	-	50
Intrafund transfers	(240)	(240)	-	(173)	(67)
Contingencies	238	143	(95)	-	143
Total Parks & Recreation	<u>8,747</u>	<u>8,757</u>	<u>10</u>	<u>8,364</u>	<u>393</u>
Total Recreation	<u>8,747</u>	<u>8,757</u>	<u>10</u>	<u>8,364</u>	<u>393</u>
Contingencies					
Contingencies	<u>29,525</u>	<u>29,525</u>	<u>-</u>	<u>-</u>	<u>29,525</u>
Total Contingencies	<u>29,525</u>	<u>29,525</u>	<u>-</u>	<u>-</u>	<u>29,525</u>
Total charges to appropriations	<u>1,225,088</u>	<u>1,227,804</u>	<u>2,716</u>	<u>1,044,779</u>	<u>183,025</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,291</u>	<u>\$ 187,291</u>

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (page 71)	\$ 976,614
Differences - budget to GAAP:	
Reimbursements are inflows of budgetary resources but are used to offset expenditures for financial reporting purposes.	(58,576)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(83,910)
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes.	(2)
Receipts from sub-funds reclassified from County Agency Fund, not budgeted.	<u>19,153</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 25)	<u><u>\$ 853,279</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 77)	\$ 1,044,779
Differences - budget to GAAP:	
Expenditures offset by reimbursements for financial reporting purposes are outflows of budgetary appropriations.	(58,576)
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.	824
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(128,371)
Special item is an outflow of budgetary resources but are not expenditures for financial reporting purposes.	(116,462)
Disbursements from sub-funds reclassified from County Agency Fund, not budgeted.	<u>10,282</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 25)	<u><u>\$ 752,476</u></u>

See Notes to the Budgetary Comparison Schedule.

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County is required to prepare a balanced budget for each fiscal year on or before August 30. The County Board of Supervisors (the Board) generally passes a resolution in June extending the due date to October 2. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the Board.

In late May of each year, the County Manager prepares and submits the recommended budget document to the Board. In late June, public hearings will be held to provide the general public with an opportunity to speak on any budget items before the Board. The Recommended budget, once adopted, is uploaded to the County's financial system in early July so that budget monitoring for the new fiscal year can begin. After fiscal year-end closing activities are completed and the State Budget is approved, the County Manager submits to the Board final adjustments to the recommended budget as a result of state budget adjustments for a final budget hearing in September. Changes approved by the Board are included in the Adopted Budget approved on or before October 2.

An operating budget is adopted each fiscal year for all governmental funds except for the JPFA. Expenditures are controlled at the object level within each budget unit of the County. The object level within a budget unit is the legal level of budgetary control at which the County's management may not reallocate resources without special approval. Any amendments or transfers of appropriations between object levels within the same budget unit, or between departments or funds, must be authorized by the County Manager's Office and approved by the Board. Supplemental appropriations, normally financed by unanticipated revenues during the year, require the Board's approval as well. Pursuant to the Board Resolution, the County Manager is authorized to approve transfers and revision of appropriations under \$50 within a single budget unit as deemed necessary and appropriate. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board. For the fiscal year ended June 30, 2008, the "other charges" object level within the County Support of Courts budget unit exceeded appropriations by \$977 as a result of a commitment to donate \$1,079 to another entity. The overrun will be absorbed by available fund balance in this budget unit.

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 budget approved by the Board for the General Fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other governmental funds. In the accompanying budgetary financial schedules, actual reimbursements for these items have been eliminated from the resources and related expenditures have been eliminated from the charges to appropriations to provide a meaningful comparison of actual and budgeted results of operations.

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 (an example would be the General Fund).

The amounts reported on the budgetary basis differ from the basis used to present the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Annual budgets are prepared using the modified accrual basis of accounting except that current year encumbrances are budgeted as expenditures; certain transactions are accounted for in different periods between budgetary and GAAP reporting basis; and securities lending activities and transactions from sub-funds reclassified from County Agency funds are reported in GAAP reporting basis.



Combining and Individual Fund Statements and Schedules



Nonmajor Governmental Funds

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008
(In Thousands)

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 58,790	\$ 30,369	\$ 10,780	\$ 99,939
Securities lending collateral	5,885	3,039	1,078	10,002
Receivables (net):				
Accounts	29	-	-	29
Interest	503	200	81	784
Taxes	1,161	-	-	1,161
Other	2,117	-	-	2,117
Due from other funds	1,156	-	29	1,185
Due from other governmental agencies	4,767	-	-	4,767
Inventories	359	-	-	359
Total assets	<u>\$ 74,767</u>	<u>\$ 33,608</u>	<u>\$ 11,968</u>	<u>\$ 120,343</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,972	\$ -	\$ 489	\$ 3,461
Accrued salaries and benefits	428	-	-	428
Accrued liabilities	159	-	-	159
Securities lending collateral - due to borrowers	5,885	3,039	1,078	10,002
Due to other funds	2,410	-	8	2,418
Advances from other funds	1,000	-	-	1,000
Deferred revenues	3,666	-	-	3,666
Deposits	2	-	-	2
Total liabilities	<u>16,522</u>	<u>3,039</u>	<u>1,575</u>	<u>21,136</u>
Fund balances:				
Reserved for:				
Debt service	-	30,569	-	30,569
Inventories	359	-	-	359
Unreserved, reported in				
Special revenue funds - undesignated	57,886	-	-	57,886
Capital projects funds - undesignated	-	-	10,393	10,393
Total fund balances	<u>58,245</u>	<u>30,569</u>	<u>10,393</u>	<u>99,207</u>
Total liabilities and fund balances	<u>\$ 74,767</u>	<u>\$ 33,608</u>	<u>\$ 11,968</u>	<u>\$ 120,343</u>

COUNTY OF SAN MATEO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Taxes	\$ 12,939	\$ -	\$ -	\$ 12,939
Licenses and permits	5,226	-	-	5,226
Intergovernmental	27,712	-	2,645	30,357
Charges for services	15,337	-	2,573	17,910
Fines, forfeitures and penalties	1,705	-	5	1,710
Rents and concessions	77	-	-	77
Investment income	2,393	1,028	460	3,881
Securities lending activities:				
Securities lending income	340	177	62	579
Securities lending expenditures	(292)	(152)	(53)	(497)
Other	805	-	155	960
Total revenues	<u>66,242</u>	<u>1,053</u>	<u>5,847</u>	<u>73,142</u>
Expenditures:				
Current:				
General government	4,484	28	-	4,512
Public protection	6,873	-	-	6,873
Public ways and facilities	19,489	-	-	19,489
Health and sanitation	27,610	-	-	27,610
Capital outlay	4,027	-	7,925	11,952
Debt service:				
Principal	17	-	-	17
Interest	3	-	-	3
Total expenditures	<u>62,503</u>	<u>28</u>	<u>7,925</u>	<u>70,456</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,739</u>	<u>1,025</u>	<u>(2,078)</u>	<u>2,686</u>
Other financing sources (uses):				
Transfers in	4,488	28,872	8,378	41,738
Transfers out	(1,643)	(27,829)	(5,737)	(35,209)
Total other financing sources	<u>2,845</u>	<u>1,043</u>	<u>2,641</u>	<u>6,529</u>
Net change in fund balances	6,584	2,068	563	9,215
Fund balances - beginning	<u>51,661</u>	<u>28,501</u>	<u>9,830</u>	<u>89,992</u>
Fund balances - end	<u>\$ 58,245</u>	<u>\$ 30,569</u>	<u>\$ 10,393</u>	<u>\$ 99,207</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 - provides for planning, design, construction, maintenance, and administration of the County's transportation activities. Revenues primarily come from the County's share of state highway user taxes and federal grants.

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 are derived 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 to finance road improvements in the County.

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, Redevelopment Agency, and Drainage Districts.

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008
(In Thousands)

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
ASSETS							
Cash and investments	\$ 7,387	\$ 189	\$ 5,769	\$ 9,702	\$ 12,767	\$ 7,142	\$ 2,069
Securities lending collateral	739	19	578	971	1,278	715	207
Receivables (net):							
Accounts	17	-	12	-	-	-	-
Interest	70	23	49	75	98	56	16
Taxes	-	442	263	47	307	93	-
Other	2,063	-	-	-	-	-	-
Due from other funds	306	-	-	-	-	-	-
Due from other governmental agencies	2,814	85	2	70	76	145	203
Inventories	359	-	-	-	-	-	-
Total assets	<u>\$ 13,755</u>	<u>\$ 758</u>	<u>\$ 6,673</u>	<u>\$ 10,865</u>	<u>\$ 14,526</u>	<u>\$ 8,151</u>	<u>\$ 2,495</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 252	\$ -	\$ 851	\$ 609	\$ 7	\$ 20	\$ -
Accrued salaries and benefits	312	-	-	32	-	-	-
Accrued liabilities	-	63	37	7	44	8	-
Securities lending collateral - due to borrowers	739	19	578	971	1,278	715	207
Due to other funds	1,612	-	17	230	107	17	-
Advances from other funds	-	-	-	1,000	-	-	-
Deferred revenues	2,185	504	251	114	367	233	-
Deposits	-	-	2	-	-	-	-
Total liabilities	<u>5,100</u>	<u>586</u>	<u>1,736</u>	<u>2,963</u>	<u>1,803</u>	<u>993</u>	<u>207</u>
Fund Balances:							
Reserved for:							
Inventories	359	-	-	-	-	-	-
Unreserved:							
Undesignated	8,296	172	4,937	7,902	12,723	7,158	2,288
Total fund balances	<u>8,655</u>	<u>172</u>	<u>4,937</u>	<u>7,902</u>	<u>12,723</u>	<u>7,158</u>	<u>2,288</u>
Total liabilities and fund balances	<u>\$ 13,755</u>	<u>\$ 758</u>	<u>\$ 6,673</u>	<u>\$ 10,865</u>	<u>\$ 14,526</u>	<u>\$ 8,151</u>	<u>\$ 2,495</u>

(Continued)

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008
(In Thousands)

<u>County Half-Cent Transportation</u>	<u>County-Wide Road Improvement</u>	<u>Solid Waste</u>	<u>IHSS Public Authority</u>	<u>Other Special Revenue</u>	<u>Total</u>	
\$ 41	\$ 3,356	\$ 6,694	\$ 2,797	\$ 877	\$ 58,790	ASSETS
4	336	670	280	88	5,885	Cash and investments
-	-	-	-	-	29	Securities lending collateral
-	33	63	13	7	503	Receivables (net):
-	-	-	-	9	1,161	Accounts
54	-	-	-	-	2,117	Interest
-	-	850	-	-	1,156	Taxes
-	-	-	1,369	3	4,767	Other
-	-	-	-	-	359	Due from other funds
<u>\$ 99</u>	<u>\$ 3,725</u>	<u>\$ 8,277</u>	<u>\$ 4,459</u>	<u>\$ 984</u>	<u>\$ 74,767</u>	Due from other governmental agencies
						Inventories
						Total assets
						LIABILITIES AND FUND BALANCES
\$ 63	\$ -	\$ 73	\$ 1,093	\$ 4	\$ 2,972	Liabilities:
26	-	40	18	-	428	Accounts payable
-	-	-	-	-	159	Accrued salaries and benefits
4	336	670	280	88	5,885	Accrued liabilities
4	23	399	1	-	2,410	Securities lending collateral - due to borrowers
-	-	-	-	-	1,000	Due to other funds
-	-	-	-	12	3,666	Advances from other funds
-	-	-	-	-	2	Deferred revenues
<u>97</u>	<u>359</u>	<u>1,182</u>	<u>1,392</u>	<u>104</u>	<u>16,522</u>	Deposits
						Total liabilities
						Fund Balances:
-	-	-	-	-	359	Reserved for:
2	3,366	7,095	3,067	880	57,886	Inventories
<u>2</u>	<u>3,366</u>	<u>7,095</u>	<u>3,067</u>	<u>880</u>	<u>58,245</u>	Unreserved:
						Undesignated
<u>\$ 99</u>	<u>\$ 3,725</u>	<u>\$ 8,277</u>	<u>\$ 4,459</u>	<u>\$ 984</u>	<u>\$ 74,767</u>	Total fund balances
						Total liabilities and fund balances

COUNTY OF SAN MATEO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
Revenues							
Taxes	\$ -	\$ 4,672	\$ 2,717	\$ 648	\$ 2,838	\$ 857	\$ -
Licenses and permits	-	-	57	-	-	-	-
Intergovernmental	19,365	48	20	4	23	5	9
Charges for services	2,728	1,276	1,081	8,469	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	1,703
Rents and concessions	47	22	-	-	8	-	-
Investment income	308	79	223	300	480	286	82
Securities lending activities:							
Securities lending income	43	1	34	56	74	41	12
Securities lending expenditures	(37)	(1)	(28)	(48)	(64)	(36)	(10)
Other	88	78	145	17	-	50	357
Total revenues	<u>22,542</u>	<u>6,175</u>	<u>4,249</u>	<u>9,446</u>	<u>3,359</u>	<u>1,203</u>	<u>2,153</u>
Expenditures							
Current:							
General government	-	-	4,070	-	-	409	-
Public protection	-	6,164	-	-	709	-	-
Public ways and facilities	16,300	-	-	-	-	-	-
Health and sanitation	-	-	-	7,720	-	-	1,871
Capital outlay	3,946	-	40	15	26	-	-
Debt service:							
Principal	-	-	17	-	-	-	-
Interest	-	-	3	-	-	-	-
Total expenditures	<u>20,246</u>	<u>6,164</u>	<u>4,130</u>	<u>7,735</u>	<u>735</u>	<u>409</u>	<u>1,871</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,296</u>	<u>11</u>	<u>119</u>	<u>1,711</u>	<u>2,624</u>	<u>794</u>	<u>282</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(96)	-	(1,512)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(96)</u>	<u>-</u>	<u>(1,512)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>2,296</u>	<u>11</u>	<u>23</u>	<u>1,711</u>	<u>1,112</u>	<u>794</u>	<u>282</u>
Fund balances - beginning	<u>6,359</u>	<u>161</u>	<u>4,914</u>	<u>6,191</u>	<u>11,611</u>	<u>6,364</u>	<u>2,006</u>
Fund balances - end	<u>\$ 8,655</u>	<u>\$ 172</u>	<u>\$ 4,937</u>	<u>\$ 7,902</u>	<u>\$ 12,723</u>	<u>\$ 7,158</u>	<u>\$ 2,288</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, 2008
(In Thousands)

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	IHSS Public Authority	Other Special Revenue	Total	
\$ 1,179	\$ -	\$ -	\$ -	\$ 28	\$ 12,939	Revenues
-	-	5,169	-	-	5,226	Taxes
-	-	17	8,221	-	27,712	Licenses and permits
1,076	431	63	201	12	15,337	Intergovernmental
-	-	-	-	2	1,705	Charges for services
-	-	-	-	-	77	Fines, forfeitures and penalties
8	175	345	70	37	2,393	Rents and concessions
-	19	39	16	5	340	Investment income
-	(17)	(33)	(14)	(4)	(292)	Securities lending activities:
-	-	46	-	24	805	Securities lending income
						Securities lending expenditures
						Other
<u>2,263</u>	<u>608</u>	<u>5,646</u>	<u>8,494</u>	<u>104</u>	<u>66,242</u>	Total revenues
						Expenditures
-	-	-	-	5	4,484	Current:
-	-	-	-	-	6,873	General government
2,261	896	-	-	32	19,489	Public protection
-	-	5,117	12,893	9	27,610	Public ways and facilities
-	-	-	-	-	4,027	Health and sanitation
-	-	-	-	-	17	Capital outlay
-	-	-	-	-	3	Debt service:
						Principal
						Interest
<u>2,261</u>	<u>896</u>	<u>5,117</u>	<u>12,893</u>	<u>46</u>	<u>62,503</u>	Total expenditures
						Excess (deficiency) of revenues over
<u>2</u>	<u>(288)</u>	<u>529</u>	<u>(4,399)</u>	<u>58</u>	<u>3,739</u>	(under) expenditures
						Other financing sources (uses)
-	-	-	4,488	-	4,488	Transfers in
-	-	(35)	-	-	(1,643)	Transfers out
-	-	(35)	4,488	-	2,845	Total other financing sources (uses)
						Net change in fund balances
2	(288)	494	89	58	6,584	
-	3,654	6,601	2,978	822	51,661	Fund balances - beginning
<u>\$ 2</u>	<u>\$ 3,366</u>	<u>\$ 7,095</u>	<u>\$ 3,067</u>	<u>\$ 880</u>	<u>\$ 58,245</u>	Fund balances - end

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Road Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 5,974	\$ 5,974	\$ -	\$ 5,928	\$ (46)
Resources (inflows):					
Licenses and permits	90	90	-	-	(90)
Use of money and property	103	103	-	361	258
Intergovernmental revenues	20,424	20,529	105	19,365	(1,164)
Charges for services	17	17	-	154	137
Interfund revenue	1,633	1,633	-	1,124	(509)
Miscellaneous revenue	162	412	250	1,538	1,126
Amounts available for appropriation	22,429	22,784	355	22,542	(242)
Charges to appropriations (outflows):					
Public ways and facilities					
Salaries and benefits	8,254	8,254	-	7,505	749
Services and supplies	11,580	11,830	250	9,354	2,476
Other charges	1,008	1,008	-	788	220
Fixed assets	7,401	7,541	140	3,946	3,595
Intrafund transfers	(3,218)	(3,218)	-	(1,347)	(1,871)
Contingencies	3,378	3,343	(35)	-	3,343
Total charges to appropriations	28,403	28,758	355	20,246	8,512
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 8,224	\$ 8,224

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County Fire Protection Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 166	\$ 166	\$ -	\$ 161	\$ (5)
Resources (inflows):					
Taxes	4,641	4,701	60	4,672	(29)
Use of money and property	32	72	40	101	29
Intergovernmental revenues	40	40	-	48	8
Charges for services	345	345	-	361	16
Interfund revenue	915	915	-	915	-
Miscellaneous revenue	49	49	-	78	29
Amounts available for appropriation	6,022	6,122	100	6,175	53
Charges to appropriations (outflows):					
Public protection					
Services and supplies	5,891	6,165	274	6,164	1
Non-general fund reserves	297	123	(174)	-	123
Total charges to appropriations	6,188	6,288	100	6,164	124
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 172	\$ 172

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County Service Area Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 4,936	\$ 4,958	\$ 22	\$ 4,914	\$ (44)
Resources (inflows):					
Taxes	2,725	2,725	-	2,717	(8)
Licenses and permits	63	63	-	57	(6)
Use of money and property	114	114	-	229	115
Intergovernmental revenues	20	20	-	20	-
Charges for services	1,081	1,081	-	1,081	-
Miscellaneous revenue	212	212	-	145	(67)
Amounts available for appropriation	4,215	4,215	-	4,249	34
Charges to appropriations (outflows):					
General government					
Services and supplies	3,638	3,621	(17)	3,858	(237)
Other charges	274	296	22	232	64
Fixed assets	25	42	17	40	2
Other financing uses	96	96	-	96	-
Contingencies	4,157	4,157	-	-	4,157
Non-general fund reserves	961	961	-	-	961
Total charges to appropriations	9,151	9,173	22	4,226	4,947
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 4,937	\$ 4,937

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 4,226
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(96)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 4,130

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Sewer and Sanitation Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 7,248	\$ 7,684	\$ 436	\$ 6,191	\$ (1,493)
Resources (inflows):					
Taxes	454	454	-	648	194
Use of money and property	190	190	-	308	118
Intergovernmental revenues	4	4	-	4	-
Charges for services	7,454	7,454	-	7,667	213
Interfund revenue	902	902	-	802	(100)
Miscellaneous revenue	-	-	-	17	17
Amounts available for appropriation	<u>9,004</u>	<u>9,004</u>	<u>-</u>	<u>9,446</u>	<u>442</u>
Charges to appropriations (outflows):					
Health and sanitation					
Salaries and benefits	755	755	-	763	(8)
Services and supplies	9,073	9,073	-	7,406	1,667
Other charges	86	522	436	76	446
Fixed assets	479	479	-	15	464
Intrafund transfers	(504)	(504)	-	(525)	21
Contingencies	6,363	6,363	-	-	6,363
Total charges to appropriations	<u>16,252</u>	<u>16,688</u>	<u>436</u>	<u>7,735</u>	<u>8,953</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,902</u>	<u>\$ 7,902</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Flood Control Zone Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 11,682	\$ 11,965	\$ 283	\$ 11,611	\$ (354)
Resources (inflows):					
Taxes	2,412	2,412	-	2,838	426
Use of money and property	181	181	-	498	317
Intergovernmental revenues	22	22	-	23	1
Miscellaneous revenue	132	132	-	-	(132)
Other financing sources	1,560	1,560	-	-	(1,560)
Amounts available for appropriation	4,307	4,307	-	3,359	(948)
Charges to appropriations (outflows):					
Public protection					
Services and supplies	1,377	1,377	-	611	766
Other charges	1,101	1,384	283	98	1,286
Fixed assets	500	500	-	26	474
Other financing uses	3,122	3,122	-	1,512	1,610
Contingencies	9,889	9,889	-	-	9,889
Total charges to appropriations	15,989	16,272	283	2,247	14,025
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 12,723	\$ 12,723

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,247
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(1,512)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 735

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Lighting Districts Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 6,410	\$ 6,434	\$ 24	\$ 6,364	\$ (70)
Resources (inflows):					
Taxes	644	644	-	857	213
Use of money and property	163	163	-	291	128
Intergovernmental revenues	4	4	-	5	1
Miscellaneous revenue	-	-	-	50	50
Amounts available for appropriation	811	811	-	1,203	392
Charges to appropriations (outflows):					
General government					
Services and supplies	556	556	-	494	62
Other charges	-	24	24	-	24
Fixed assets	270	270	-	-	270
Intrafund transfers	(48)	(48)	-	(85)	37
Contingencies	6,443	6,443	-	-	6,443
Total charges to appropriations	7,221	7,245	24	409	6,836
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 7,158	\$ 7,158

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Emergency Medical Services Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 2,021	\$ 2,021	\$ -	\$ 2,006	\$ (15)
Resources (inflows):					
Fines, forfeitures and penalties	1,868	1,868	-	1,703	(165)
Use of money and property	49	49	-	84	35
Intergovernmental revenues	-	-	-	9	9
Miscellaneous revenue	335	335	-	357	22
Amounts available for appropriation	<u>2,252</u>	<u>2,252</u>	<u>-</u>	<u>2,153</u>	<u>(99)</u>
Charges to appropriations (outflows):					
Health and sanitation					
Services and supplies	1,992	1,992	-	1,871	121
Non-general fund reserves	<u>2,281</u>	<u>2,281</u>	<u>-</u>	<u>-</u>	<u>2,281</u>
Total charges to appropriations	<u>4,273</u>	<u>4,273</u>	<u>-</u>	<u>1,871</u>	<u>2,402</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,288</u>	<u>\$ 2,288</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County Half-Cent Transportation Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 3	\$ 3	\$ -	\$ -	\$ (3)
Resources (inflows):					
Taxes	1,382	1,382	-	1,179	(203)
Use of money and property	-	-	-	8	8
Charges for services	893	893	-	1,070	177
Interfund revenue	-	-	-	6	6
Amounts available for appropriation	2,275	2,275	-	2,263	(12)
Charges to appropriations (outflows):					
Public ways and facilities					
Salaries and benefits	847	806	(41)	794	12
Services and supplies	1,355	1,368	13	1,367	1
Other charges	53	101	48	100	1
Other financing uses	20	-	(20)	-	-
Contingencies	3	3	-	-	3
Total charges to appropriations	2,278	2,278	-	2,261	17
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 2	\$ 2

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County-Wide Road Improvement Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 3,687	\$ 3,687	\$ -	\$ 3,654	\$ (33)
Resources (inflows):					
Use of money and property	100	100	-	177	77
Charges for services	650	650	-	431	(219)
Amounts available for appropriation	<u>750</u>	<u>750</u>	<u>-</u>	<u>608</u>	<u>(142)</u>
Charges to appropriations (outflows):					
Public ways and facilities					
Services and supplies	1,765	1,765	-	896	869
Non-general fund reserves	<u>2,672</u>	<u>2,672</u>	<u>-</u>	<u>-</u>	<u>2,672</u>
Total charges to appropriations	<u>4,437</u>	<u>4,437</u>	<u>-</u>	<u>896</u>	<u>3,541</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,366</u>	<u>\$ 3,366</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Solid Waste Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 6,680	\$ 6,680	\$ -	\$ 6,601	\$ (79)
Resources (inflows):					
Licenses and permits	5,092	5,092	-	5,169	77
Use of money and property	300	300	-	351	51
Intergovernmental revenues	17	17	-	17	-
Charges for services	40	40	-	32	(8)
Interfund revenue	-	-	-	31	31
Miscellaneous revenue	25	25	-	46	21
Amounts available for appropriation	5,474	5,474	-	5,646	172
Charges to appropriations (outflows):					
Health and sanitation					
Salaries and benefits	950	950	-	949	1
Services and supplies	6,821	5,971	(850)	2,336	3,635
Other charges	1,836	2,686	850	1,832	854
Other financing uses	227	227	-	35	192
Contingencies	390	390	-	-	390
Non-general fund reserves	1,930	1,930	-	-	1,930
Total charges to appropriations	12,154	12,154	-	5,152	7,002
Budgetary fund balances, June 30	\$ -	\$ -	\$ -	\$ 7,095	\$ 7,095

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 5,152
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(35)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 5,117

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
In-Home Supportive Services Public Authority Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 3,364	\$ 3,364	\$ -	\$ 2,978	\$ (386)
Resources (inflows):					
Use of money and property	-	-	-	72	72
Intergovernmental revenues	8,895	9,881	986	8,221	(1,660)
Charges for services	4,488	-	(4,488)	201	201
Other financing sources	-	4,488	4,488	4,488	-
Amounts available for appropriation	<u>13,383</u>	<u>14,369</u>	<u>986</u>	<u>12,982</u>	<u>(1,387)</u>
Charges to appropriations (outflows):					
Health and sanitation					
Salaries and benefits	574	574	-	434	140
Services and supplies	2,977	2,977	-	3,126	(149)
Other charges	9,699	10,685	986	9,333	1,352
Non-general fund reserves	3,497	3,497	-	-	3,497
Total charges to appropriations	<u>16,747</u>	<u>17,733</u>	<u>986</u>	<u>12,893</u>	<u>4,840</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,067</u>	<u>\$ 3,067</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 12,982
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	<u>(4,488)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 8,494</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<u>Fish and Game Fund</u>					
Budgetary fund balances, July 1	\$ 75	\$ 75	\$ -	\$ 83	\$ 8
Resources (inflows):					
Fines, forfeitures and penalties	6	6	-	2	(4)
Use of money and property	3	3	-	3	-
Amounts available for appropriation	<u>9</u>	<u>9</u>	<u>-</u>	<u>5</u>	<u>(4)</u>
Charges to appropriations (outflows):					
General government					
Services and supplies	20	20	-	4	16
Non-general fund reserves	64	64	-	-	64
Total charges to appropriations	<u>84</u>	<u>84</u>	<u>-</u>	<u>4</u>	<u>80</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84</u>	<u>\$ 84</u>
<u>Off-Highway Vehicle License Fees Fund</u>					
Budgetary fund balances, July 1	\$ 222	\$ 222	\$ -	\$ 236	\$ 14
Resources (inflows):					
Use of money and property	8	8	-	10	2
Amounts available for appropriation	<u>8</u>	<u>8</u>	<u>-</u>	<u>10</u>	<u>2</u>
Charges to appropriations (outflows):					
Public ways and facilities					
Services and supplies	68	68	-	32	36
Non-general fund reserves	162	162	-	-	162
Total charges to appropriations	<u>230</u>	<u>230</u>	<u>-</u>	<u>32</u>	<u>198</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214</u>	<u>\$ 214</u>
<u>Highlands Landscape Maintenance District</u>					
Budgetary fund balances, July 1	\$ 364	\$ 364	\$ -	\$ 114	\$ (250)
Resources (inflows):					
Taxes	30	30	-	28	(2)
Use of money and property	9	9	-	17	8
Charges for services	12	12	-	12	-
Miscellaneous revenue	-	-	-	8	8
Amounts available for appropriation	<u>51</u>	<u>51</u>	<u>-</u>	<u>65</u>	<u>14</u>
Charges to appropriations (outflows):					
General government					
Services and supplies	202	202	-	10	192
Intrafund transfers	(100)	(100)	-	-	(100)
Contingencies	269	269	-	-	269
Non-general fund reserves	44	44	-	-	44
Total charges to appropriations	<u>415</u>	<u>415</u>	<u>-</u>	<u>10</u>	<u>405</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169</u>	<u>\$ 169</u>

(Continued)

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<u>Total - Other Special Revenue Funds</u>					
Budgetary fund balances, July 1	\$ 661	\$ 661	\$ -	\$ 433	\$ (228)
Resources (inflows)	68	68	-	80	12
Charges to appropriations (outflows)	<u>(729)</u>	<u>(729)</u>	<u>-</u>	<u>(46)</u>	<u>683</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467</u>	<u>\$ 467</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 80
Differences - budget to GAAP:	
Receipts from other special revenue funds, not budgeted	<u>24</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 104</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, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 22,053	\$ 22,053	\$ -	\$ 28,501	\$ 6,448
Resources (inflows):					
Use of money and property	-	-	-	1,053	1,053
Other financing sources	27,686	27,686	-	28,872	1,186
Amount available for appropriation	<u>27,686</u>	<u>27,686</u>	<u>-</u>	<u>29,925</u>	<u>2,239</u>
Charges to appropriations (outflows):					
Other charges	28,282	28,282	-	28	28,254
Other financing uses	-	-	-	27,829	(27,829)
Non-general fund reserves	21,457	21,457	-	-	21,457
Total charges to appropriations	<u>49,739</u>	<u>49,739</u>	<u>-</u>	<u>27,857</u>	<u>21,882</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,569</u>	<u>\$ 30,569</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 29,925
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(28,872)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ 1,053</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 27,857
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(27,829)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ 28</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 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 and maintenance 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, 2008
(In Thousands)

	Parks Acquisition	Accumulated Capital Outlay	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
ASSETS						
Cash and investments	\$ 3,628	\$ 6	\$ 887	\$ 3,862	\$ 2,397	\$ 10,780
Securities lending collateral	363	-	89	386	240	1,078
Interest receivable	29	-	5	33	14	81
Due from other funds	-	-	-	-	29	29
Total assets	<u>\$ 4,020</u>	<u>\$ 6</u>	<u>\$ 981</u>	<u>\$ 4,281</u>	<u>\$ 2,680</u>	<u>\$ 11,968</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 17	\$ -	\$ -	\$ -	\$ 472	\$ 489
Securities lending collateral - due to borrowers	363	-	89	386	240	1,078
Due to other funds	-	-	-	-	8	8
Total liabilities	<u>380</u>	<u>-</u>	<u>89</u>	<u>386</u>	<u>720</u>	<u>1,575</u>
Fund Balances:						
Unreserved - undesignated	<u>3,640</u>	<u>6</u>	<u>892</u>	<u>3,895</u>	<u>1,960</u>	<u>10,393</u>
Total fund balances	<u>3,640</u>	<u>6</u>	<u>892</u>	<u>3,895</u>	<u>1,960</u>	<u>10,393</u>
Total liabilities and fund balances	<u>\$ 4,020</u>	<u>\$ 6</u>	<u>\$ 981</u>	<u>\$ 4,281</u>	<u>\$ 2,680</u>	<u>\$ 11,968</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, 2008
(In Thousands)

	Parks Acquisition	Accumulated Capital Outlay	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
Revenues:						
Intergovernmental	\$ 2,600	\$ -	\$ -	\$ -	\$ 45	\$ 2,645
Charges for services	184	-	1,195	1,193	1	2,573
Fines, forfeitures and penalties	-	-	2	3	-	5
Investment income	134	-	51	155	120	460
Securities lending activities:						
Securities lending income	21	-	5	22	14	62
Securities lending expenditures	(18)	-	(4)	(19)	(12)	(53)
Other	99	-	-	-	56	155
Total revenues	<u>3,020</u>	<u>-</u>	<u>1,249</u>	<u>1,354</u>	<u>224</u>	<u>5,847</u>
Expenditures:						
Capital outlay	975	-	-	-	6,950	7,925
Total expenditures	<u>975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,950</u>	<u>7,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,045</u>	<u>-</u>	<u>1,249</u>	<u>1,354</u>	<u>(6,726)</u>	<u>(2,078)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	8,378	8,378
Transfers out	(696)	-	(2,012)	(1,029)	(2,000)	(5,737)
Total other financing sources (uses)	<u>(696)</u>	<u>-</u>	<u>(2,012)</u>	<u>(1,029)</u>	<u>6,378</u>	<u>2,641</u>
Net change in fund balances	1,349	-	(763)	325	(348)	563
Fund balances - beginning	<u>2,291</u>	<u>6</u>	<u>1,655</u>	<u>3,570</u>	<u>2,308</u>	<u>9,830</u>
Fund balances- end	<u>\$ 3,640</u>	<u>\$ 6</u>	<u>\$ 892</u>	<u>\$ 3,895</u>	<u>\$ 1,960</u>	<u>\$ 10,393</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Parks Acquisition Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 2,310	\$ 2,310	\$ -	\$ 2,291	\$ (19)
Resources (inflows):					
Use of money and property	60	60	-	137	77
Intergovernmental revenues	1,813	2,213	400	2,600	387
Charges for services	-	-	-	2	2
Interfund revenue	216	216	-	182	(34)
Miscellaneous revenue	-	30	30	99	69
Amounts available for appropriation	<u>2,089</u>	<u>2,519</u>	<u>430</u>	<u>3,020</u>	<u>501</u>
Charges to appropriations (outflows):					
Services and supplies	425	855	430	391	464
Fixed assets	2,888	2,628	(260)	828	1,800
Other financing uses	1,000	1,260	260	696	564
Intrafund transfers	(16)	(16)	-	(244)	228
Non-general fund reserves	102	102	-	-	102
Total charges to appropriations	<u>4,399</u>	<u>4,829</u>	<u>430</u>	<u>1,671</u>	<u>3,158</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,640</u>	<u>\$ 3,640</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,671
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(696)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 975</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Accumulated Capital Outlay Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 6	\$ 6	\$ -	\$ 6	\$ -
Resources (inflows):					
Use of money and property	-	-	-	-	-
Amounts available for appropriation	-	-	-	-	-
Charges to appropriations (outflows):					
Other financing uses			-	-	-
Contingenices	6	6	-	-	6
Total charges to appropriations	6	6	-	-	6
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 6</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Criminal Facility Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 1,668	\$ 1,668	\$ -	\$ 1,655	\$ (13)
Resources (inflows):					
Fines, forfeitures and penalties	-	-	-	2	2
Use of money and property	45	45	-	52	7
Charges for services	1,200	1,200	-	1,195	(5)
Amounts available for appropriation	<u>1,245</u>	<u>1,245</u>	<u>-</u>	<u>1,249</u>	<u>4</u>
Charges to appropriations (outflows):					
Other charges	901	901	-	-	901
Other financing uses	1,111	1,116	5	2,012	(896)
Non-general fund reserves	901	896	(5)	-	896
Total charges to appropriations	<u>2,913</u>	<u>2,913</u>	<u>-</u>	<u>2,012</u>	<u>901</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 892</u>	<u>\$ 892</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,012
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(2,012)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ -</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Courthouse Construction Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 4,835	\$ 4,835	\$ -	\$ 3,570	\$ (1,265)
Resources (inflows):					
Fines, forfeitures and penalties	-	-	-	3	3
Use of money and property	100	100	-	158	58
Charges for services	1,300	1,300	-	1,193	(107)
Amounts available for appropriation	<u>1,400</u>	<u>1,400</u>	<u>-</u>	<u>1,354</u>	<u>(46)</u>
Charges to appropriations (outflows):					
Other financing uses	1,236	1,236	-	1,029	207
Non-general fund reserves	4,999	4,999	-	-	4,999
Total charges to appropriations	<u>6,235</u>	<u>6,235</u>	<u>-</u>	<u>1,029</u>	<u>5,206</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,895</u>	<u>\$ 3,895</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,029
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(1,029)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ -</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Other Capital Projects Fund
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balances, July 1	\$ 2,307	\$ 2,307	\$ -	\$ 2,308	\$ 1
Resources (inflows):					
Use of money and property	3,345	3,345	-	122	(3,223)
Intergovernmental revenues	5,438	5,438	-	45	(5,393)
Charges for services	225	225	-	1	(224)
Miscellaneous revenue	3,031	3,031	-	56	(2,975)
Other financing sources	18,072	18,910	838	8,378	(10,532)
Amounts available for appropriation	<u>30,111</u>	<u>30,949</u>	<u>838</u>	<u>8,602</u>	<u>(22,347)</u>
Charges to appropriations (outflows):					
Fixed assets	30,110	30,948	838	6,950	23,998
Other financing uses	-	-	-	2,000	(2,000)
Contingencies	2,308	2,308	-	-	2,308
Total charges to appropriations	<u>32,418</u>	<u>33,256</u>	<u>838</u>	<u>8,950</u>	<u>24,306</u>
Budgetary fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,960</u>	<u>\$ 1,960</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 8,602
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(8,378)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 224</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 8,950
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(2,000)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 6,950</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 Assets
Nonmajor Enterprise Funds
June 30, 2008
(In Thousands)

	Airports	Coyote Point Marina	Total
ASSETS			
Current assets:			
Cash and investments	\$ 991	\$ 473	\$ 1,464
Securities lending collateral	99	47	146
Receivables (net):			
Accounts	27	12	39
Interest	22	5	27
Due from other funds	44	-	44
Due from other governmental agencies	12	-	12
Total current assets	1,195	537	1,732
Noncurrent assets:			
Net OPEB asset	172	112	284
Capital assets:			
Nondepreciable:			
Land	6,844	1,334	8,178
Construction in progress	6,445	712	7,157
Depreciable:			
Structures and improvements	16,437	11,713	28,150
Equipment	73	116	189
Less accumulated depreciation	(6,290)	(4,818)	(11,108)
Total noncurrent assets	23,681	9,169	32,850
Total assets	24,876	9,706	34,582
LIABILITIES			
Current liabilities:			
Accounts payable	234	7	241
Accrued interest payable	80	40	120
Accrued salaries and benefits	37	21	58
Securities lending collateral - due to borrowers	99	47	146
Due to other funds	109	-	109
Compensated absences - current	40	47	87
Long-term liabilities - current	188	74	262
Total current liabilities	787	236	1,023
Noncurrent liabilities:			
Unearned revenues	32	-	32
Deposits	1	3	4
Compensated absences - noncurrent	28	4	32
Long-term liabilities - noncurrent	3,812	867	4,679
Total noncurrent liabilities	3,873	874	4,747
Total liabilities	4,660	1,110	5,770
NET ASSETS			
Invested in capital assets, net of related debt	19,509	8,116	27,625
Unrestricted	707	480	1,187
Total net assets	\$ 20,216	\$ 8,596	\$ 28,812

COUNTY OF SAN MATEO
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 71	\$ 1,122	\$ 1,193
Rent and concessions	2,165	15	2,180
Miscellaneous	82	-	82
Total operating revenues	<u>2,318</u>	<u>1,137</u>	<u>3,455</u>
Operating expenses:			
Salaries and benefits	935	532	1,467
General and administrative	1,158	589	1,747
Depreciation and amortization	294	237	531
Total operating expenses	<u>2,387</u>	<u>1,358</u>	<u>3,745</u>
Operating loss	<u>(69)</u>	<u>(221)</u>	<u>(290)</u>
Nonoperating revenues (expenses):			
State and federal grants	2	-	2
Investment income	141	27	168
Interest expenses	(80)	(44)	(124)
Securities lending activities:			
Securities lending income	6	3	9
Securities lending expenses	(5)	(3)	(8)
Total nonoperating revenues (expenses)	<u>64</u>	<u>(17)</u>	<u>47</u>
Loss before transfers and capital contribution	(5)	(238)	(243)
Transfers in	212	148	360
Transfers out	-	(27)	(27)
Capital contribution	<u>143</u>	<u>-</u>	<u>143</u>
Change in net assets	350	(117)	233
Net assets - beginning	<u>19,866</u>	<u>8,713</u>	<u>28,579</u>
Net assets - end	<u>\$ 20,216</u>	<u>\$ 8,596</u>	<u>\$ 28,812</u>

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Airports	Coyote Point Marina	Total
Cash flows from operating activities			
Cash receipts from customers	\$ 2,581	\$ 1,136	\$ 3,717
Cash paid to suppliers of goods and services	(1,369)	(601)	(1,970)
Cash paid to employees for services	(911)	(526)	(1,437)
Net cash provided by operating activities	301	9	310
Cash flows from noncapital financing activities			
Transfers paid	-	(27)	(27)
Short-term advances from the County	7	-	7
State and federal grant receipts	2	-	2
Net cash provided by (used in) noncapital financing activities	9	(27)	(18)
Cash flows from capital and related financing activities			
Acquisition of capital assets	(6,389)	(56)	(6,445)
Capital contribution from other governments	143	-	143
Proceeds from long term borrowings	4,000	-	4,000
Principal paid on long-term liabilities	-	(71)	(71)
Interest paid on long-term liabilities	-	(3)	(3)
Net cash used in capital and related financing activities	(2,246)	(130)	(2,376)
Cash flows from investing activities			
Investment income received	157	34	191
Investment expense paid	(5)	(47)	(52)
Net cash provided by (used in) investing activities	152	(13)	139
Net decrease in cash and cash equivalents	(1,784)	(161)	(1,945)
Cash and cash equivalents, beginning	2,775	634	3,409
Cash and cash equivalents, end	\$ 991	\$ 473	\$ 1,464
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (69)	\$ (221)	(290)
Adjustments to reconcile operating loss to cash flows from operating activities:			
OPEB expense contributed by the General Fund	16	12	28
Depreciation	294	237	531
Decrease (Increase) in:			
Accounts receivable	334	6	340
Due from other funds	(44)	-	(44)
Due from other governmental agencies	(12)	-	(12)
Increase (decrease) in:			
Accounts payable	(211)	(12)	(223)
Accrued salaries and benefits	1	3	4
Unearned revenues	(15)	(7)	(22)
Compensated absences	7	(9)	(2)
Net cash provided by operating activities	\$ 301	\$ 9	\$ 310
Supplemental disclosure of noncash noncapital financing activities:			
General Fund prefunding to the OPEB plan	\$ 172	\$ 112	\$ 284
General Fund funding of the OPEB liability	24	24	48



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 – are 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 Assets
Internal Service Funds
June 30, 2008
(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	\$ 6,610	\$ 15	\$ 22,965	\$ 1,071	\$ 2,588	\$ 14,180	\$ 47,429
Securities lending collateral	662	2	2,298	107	259	1,419	4,747
Receivables (net):							
Accounts	19	321	-	-	-	-	340
Interest	53	-	189	13	18	-	273
Due from other funds	51	8	-	-	-	-	59
Due from other governmental agencies	-	-	-	-	-	300	300
Inventories	165	-	-	-	-	-	165
Other assets	-	-	-	-	1,935	-	1,935
Total current assets	<u>7,560</u>	<u>346</u>	<u>25,452</u>	<u>1,191</u>	<u>4,800</u>	<u>15,899</u>	<u>55,248</u>
Noncurrent assets:							
Net OPEB asset	220	419	-	-	-	-	639
Capital assets:							
Non-depreciable:							
Construction in progress	7	-	-	-	-	-	7
Depreciable:							
Structures and improvements	1,064	-	-	-	-	-	1,064
Software	9	-	-	-	-	-	9
Equipment	19,640	70	-	-	-	-	19,710
Less accumulated depreciation	(14,643)	(64)	-	-	-	-	(14,707)
Total noncurrent assets	<u>6,297</u>	<u>425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,722</u>
Total assets	<u>13,857</u>	<u>771</u>	<u>25,452</u>	<u>1,191</u>	<u>4,800</u>	<u>15,899</u>	<u>61,970</u>
LIABILITIES							
Current liabilities:							
Accounts payable	121	98	241	19	24	1,451	1,954
Accrued interest payable	-	11	-	-	-	-	11
Accrued salaries and benefits	58	136	-	-	-	-	194
Securities lending collateral - due to borrowers	662	2	2,298	107	259	1,419	4,747
Due to other funds	602	903	205	8	183	123	2,024
Compensated absences - current	82	137	-	-	-	-	219
Estimated claims - current	-	-	8,042	202	955	585	9,784
Total current liabilities	<u>1,525</u>	<u>1,287</u>	<u>10,786</u>	<u>336</u>	<u>1,421</u>	<u>3,578</u>	<u>18,933</u>
Noncurrent liabilities:							
Deposits	93	-	-	-	-	-	93
Compensated absences - noncurrent	34	-	-	-	-	-	34
Estimated claims - noncurrent	-	-	29,647	4,141	1,034	-	34,822
Total noncurrent liabilities	<u>127</u>	<u>-</u>	<u>29,647</u>	<u>4,141</u>	<u>1,034</u>	<u>-</u>	<u>34,949</u>
Total liabilities	<u>1,652</u>	<u>1,287</u>	<u>40,433</u>	<u>4,477</u>	<u>2,455</u>	<u>3,578</u>	<u>53,882</u>
NET ASSETS							
Invested in capital assets, net of related debt	6,077	6	-	-	-	-	6,083
Unrestricted	6,128	(522)	(14,981)	(3,286)	2,345	12,321	2,005
Total net assets (deficits)	<u>\$ 12,205</u>	<u>\$ (516)</u>	<u>\$ (14,981)</u>	<u>\$ (3,286)</u>	<u>\$ 2,345</u>	<u>\$ 12,321</u>	<u>\$ 8,088</u>

COUNTY OF SAN MATEO
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2008
(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	\$ 5,569	\$ 3,263	\$ 11,456	\$ 610	\$ 7,363	\$ 79,044	\$ 107,305
Miscellaneous	60	21	395	30	80	5	591
Total operating revenues	<u>5,629</u>	<u>3,284</u>	<u>11,851</u>	<u>640</u>	<u>7,443</u>	<u>79,049</u>	<u>107,896</u>
Operating expenses:							
Salaries and benefits	1,385	3,060	-	-	-	-	4,445
General and administrative	3,085	1,210	2,531	712	860	1,913	10,311
Benefits and claims	-	-	11,143	(103)	(15)	5,615	16,640
Insurance premiums	-	-	1,567	61	4,777	71,910	78,315
Depreciation	1,642	2	-	-	-	-	1,644
Total operating expenses	<u>6,112</u>	<u>4,272</u>	<u>15,241</u>	<u>670</u>	<u>5,622</u>	<u>79,438</u>	<u>111,355</u>
Operating income (loss)	<u>(483)</u>	<u>(988)</u>	<u>(3,390)</u>	<u>(30)</u>	<u>1,821</u>	<u>(389)</u>	<u>(3,459)</u>
Nonoperating revenues (expenses)							
Gain from sale of capital assets	13	-	-	-	-	-	13
Investment income (loss)	305	(32)	960	75	111	915	2,334
Securities lending activities:							
Securities lending income	38	-	133	6	15	82	274
Securities lending expenses	(33)	-	(114)	(5)	(13)	(71)	(236)
Total nonoperating revenues (expenses)	<u>323</u>	<u>(32)</u>	<u>979</u>	<u>76</u>	<u>113</u>	<u>926</u>	<u>2,385</u>
Income (loss) before transfers	(160)	(1,020)	(2,411)	46	1,934	537	(1,074)
Transfers in	268	520	-	-	-	-	788
Transfers out	-	-	-	-	-	(83,296)	(83,296)
Change in net assets	108	(500)	(2,411)	46	1,934	(82,759)	(83,582)
Net assets (deficits) - beginning	<u>12,097</u>	<u>(16)</u>	<u>(12,570)</u>	<u>(3,332)</u>	<u>411</u>	<u>95,080</u>	<u>91,670</u>
Net assets (deficits) - end	<u>\$ 12,205</u>	<u>\$ (516)</u>	<u>\$ (14,981)</u>	<u>\$ (3,286)</u>	<u>\$ 2,345</u>	<u>\$ 12,321</u>	<u>\$ 8,088</u>

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Fleet Maintenance	Tower Road Construction	Workers' Compensation Insurance	Long-Term Disability
Cash flows from operating activities				
Cash received from interfund services provided	\$ 5,648	\$ 3,460	\$ 11,869	\$ 640
Cash payment to suppliers of goods and services	(2,944)	(1,335)	(3,686)	(764)
Cash payment to employees for services	(1,359)	(3,041)	-	-
Cash payment for judgments and claims	-	-	(7,677)	(514)
Net cash provided by (used in) operating activities	<u>1,345</u>	<u>(916)</u>	<u>506</u>	<u>(638)</u>
Cash flows from noncapital financing activities				
Transfers paid	-	-	-	-
Short-term advances from the County	-	850	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>850</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities				
Acquisition of capital assets	(2,390)	-	-	-
Proceeds from sale of capital assets	26	-	-	-
Net cash used in capital and related financing activities	<u>(2,364)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Investment income received	386	-	1,168	92
Investment expense paid	(33)	(31)	(114)	(5)
Net cash provided by (used in) investing activities	<u>353</u>	<u>(31)</u>	<u>1,054</u>	<u>87</u>
Net increase (decrease) in cash and cash equivalents	(666)	(97)	1,560	(551)
Cash and cash equivalents, beginning	7,276	112	21,405	1,622
Cash and cash equivalents, end	<u>\$ 6,610</u>	<u>\$ 15</u>	<u>\$ 22,965</u>	<u>\$ 1,071</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (483)	\$ (988)	\$ (3,390)	\$ (30)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
OPEB expense contributed by the General Fund	18	36	-	-
Depreciation	1,642	2	-	-
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(1)	31	-	-
Due from other funds	20	145	18	-
Inventories	(13)	-	-	-
Other assets	-	-	-	-
Increase (decrease) in:				
Accounts payable	(56)	(9)	233	1
Accrued salaries and benefits	9	18	-	-
Due to other funds	210	(116)	179	8
Compensated absences	(1)	(35)	-	-
Estimated claims	-	-	3,466	(617)
Net cash provided by (used in) operating activities	<u>\$ 1,345</u>	<u>\$ (916)</u>	<u>\$ 506</u>	<u>\$ (638)</u>
Supplemental disclosure of noncash noncapital financing activities:				
General Fund prefunding to the OPEB plan	\$ 220	\$ 419	\$ -	\$ -
General Fund funding of the OPEB liability	30	65	-	-

(Continued)

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2008
(In Thousands)

Personal Injury and Property Damage	Employee Benefits	Total
\$ 5,510	\$ 79,049	\$ 106,176
(5,545)	(73,770)	(88,044)
-	-	(4,400)
(1)	(5,407)	(13,599)
<u>(36)</u>	<u>(128)</u>	<u>133</u>
-	(83,296)	(83,296)
-	-	850
<u>-</u>	<u>(83,296)</u>	<u>(82,446)</u>
-	-	(2,390)
-	-	26
<u>-</u>	<u>-</u>	<u>(2,364)</u>
139	1,152	2,937
(13)	(71)	(267)
<u>126</u>	<u>1,081</u>	<u>2,670</u>
90	(82,343)	(82,007)
2,498	96,523	129,436
<u>\$ 2,588</u>	<u>\$ 14,180</u>	<u>\$ 47,429</u>

\$ 1,821	\$ (389)	\$ (3,459)
-	-	54
-	-	1,644
-	-	30
2	-	185
-	-	(13)
(1,935)	-	(1,935)
(91)	(70)	8
-	-	27
183	123	587
-	-	(36)
(16)	208	3,041
<u>\$ (36)</u>	<u>\$ (128)</u>	<u>\$ 133</u>

\$ -	\$ -	\$ 639
-	-	95

Cash flows from operating activities

Cash received from interfund services provided
Cash payment to suppliers of goods and services
Cash payment to employees for services
Cash payment for judgments and claims
Net cash provided by (used in) operating activities

Cash flows from noncapital financing activities

Transfers paid
Short-term advances from the County
Net cash provided by (used in) noncapital financing activities

Cash flows from capital and related financing activities

Acquisition of capital assets
Proceeds from sale of capital assets
Net cash used in capital and related financing activities

Cash flows from investing activities

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

Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents, beginning

Cash and cash equivalents, end

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

Operating income (loss)

Adjustments to reconcile operating income (loss)
to net cash provided by (used in) operating activities:

OPEB expense contributed by the General Fund

Depreciation

Changes in operating assets and liabilities:

Decrease (increase) in:

Accounts receivable

Due from other funds

Inventories

Other assets

Increase (decrease) in:

Accounts payable

Accrued salaries and benefits

Due to other funds

Compensated absences

Estimated claims

Net cash provided by (used in) operating activities:

Supplemental disclosure of noncash noncapital financing activities:

General Fund prefunding to the OPEB plan

General Fund funding of the OPEB liability



Fiduciary Funds

COUNTY OF SAN MATEO

Fiduciary Funds

Trust Funds

Pension Trust. The San Mateo County Employees' retirement Association (SamCERA), under the control of the SamCERA's Board of Retirement, accumulates earnings from investments and contributions from the County, San Mateo County Mosquito and Vector Control District, and their employees. Disbursements are made for administrative expenses as well as retirement, disability, and death benefits based on a defined benefit formula. This fund accounts for all assets of SamCERA.

Investment Trust:

- *External Investment Pool* - The external investment pool is made up of three separate funds: Special Districts under Local Board, School Districts, and Other Investment Trust. These funds account for assets, primarily cash and investments in the County's investment pool, owned by legally separate entities such as school and community colleges, special districts governed by local boards, regional boards and authorities, and pass through funds for tax collections for cities. The County is obligated to disburse monies from these funds on demand.
- *Individual Investment Account* - This fund accounts for specific investments acquired on behalf of the Brisbane School District. These investments are separate from the County's investment pool and the income from and changes in the value of the investments affect only the Brisbane School District.

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 by the County in a fiduciary capacity.

COUNTY OF SAN MATEO
Combining Statement of Fiduciary Net Assets
Investment Trust Funds
June 30, 2008
(In Thousands)

	<u>External Investment Pool</u>					<u>Total</u>
	Special Districts under Local Board	School Districts	Other Investment Trust	Subtotal	Individual Investment Account	
ASSETS						
Cash and investments	\$ 156,749	\$ 1,248,916	\$ 777,146	\$2,182,811	\$ 1,387	\$2,184,198
Securities lending collateral	15,689	125,000	77,782	218,471	-	218,471
Interest receivable	1,288	9,452	6,740	17,480	4	17,484
Due from other governmental agencies	2,375	-	-	2,375	-	2,375
Other assets	95	2	-	97	-	97
Total assets	<u>176,196</u>	<u>1,383,370</u>	<u>861,668</u>	<u>2,421,234</u>	<u>1,391</u>	<u>2,422,625</u>
LIABILITIES						
Accounts payable	238	-	607	845	-	845
Securities lending collateral - due to borrowers	15,689	125,000	77,782	218,471	-	218,471
Due to other governmental agencies	-	-	944	944	-	944
Other liabilities	3,652	9,227	1,757	14,636	-	14,636
Total liabilities	<u>19,579</u>	<u>134,227</u>	<u>81,090</u>	<u>234,896</u>	<u>-</u>	<u>234,896</u>
NET ASSETS						
Net assets held in trust for investment pool participants	<u>\$ 156,617</u>	<u>\$ 1,249,143</u>	<u>\$ 780,578</u>	<u>\$2,186,338</u>	<u>\$ 1,391</u>	<u>\$2,187,729</u>

COUNTY OF SAN MATEO
Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	External Investment Pool				Individual Investment Account	Total
	Special Districts under Local Board	School Districts	Other Investment Trust	Subtotal		
ADDITIONS						
Contributions:						
Contributions to investment pool	\$ 243,029	\$ 2,662,790	\$ 577,709	\$ 3,483,528	\$ 1,910	\$ 3,485,438
Net investment income:						
Net depreciation in fair value of investments	(1,006)	(8,018)	(4,989)	(14,013)	(15)	(14,028)
Investment income	7,228	54,853	159,077	221,158	-	221,158
Securities lending activities:						
Securities lending income	911	7,260	4,518	12,689	-	12,689
Securities lending expenses	(782)	(6,233)	(3,879)	(10,894)	-	(10,894)
Total net investment income	6,351	47,862	154,727	208,940	(15)	208,925
Total additions	249,380	2,710,652	732,436	3,692,468	1,895	3,694,363
DEDUCTIONS						
Distribution from investment pool	242,914	2,647,958	622,675	3,513,547	1,002	3,514,549
Change in net assets	6,466	62,694	109,761	178,921	893	179,814
Net assets - beginning	150,151	1,186,449	670,817	2,007,417	498	2,007,915
Net assets - end	\$ 156,617	\$ 1,249,143	\$ 780,578	\$ 2,186,338	\$ 1,391	\$ 2,187,729

COUNTY OF SAN MATEO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Balance July 1, 2007	Addition	Deletion	Balance June 30, 2008
<u>COUNTY LIBRARY</u>				
Assets:				
Cash and investments	\$ 8,915	\$ 21,182	\$ 19,593	\$ 10,504
Securities lending collateral	1,652	-	601	1,051
Interest receivable	111	87	111	87
Taxes receivable, net	1,233	1,466	1,233	1,466
Due from other governmental agencies	686	120	-	806
Other assets	646	1,398	1,077	967
Total assets	<u>\$ 13,243</u>	<u>\$ 24,253</u>	<u>\$ 22,615</u>	<u>\$ 14,881</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 1,652	\$ -	\$ 601	\$ 1,051
Fiduciary liabilities	11,591	45,002	42,763	13,830
Total liabilities	<u>\$ 13,243</u>	<u>\$ 45,002</u>	<u>\$ 43,364</u>	<u>\$ 14,881</u>
<u>UNAPPORTIONED TAXES</u>				
Assets:				
Cash and investments	\$ 103,856	\$ 3,418,024	\$ 3,426,998	\$ 94,882
Securities lending collateral	19,241	-	9,744	9,497
Interest receivable	750	482	750	482
Due from other governmental agencies	9	712	-	721
Other assets	-	9,829	9,829	-
Total assets	<u>\$ 123,856</u>	<u>\$ 3,429,047</u>	<u>\$ 3,447,321</u>	<u>\$ 105,582</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 19,241	\$ 24,295	\$ 34,039	\$ 9,497
Due to other governmental agencies	57,694	24,295	20,205	61,784
Fiduciary liabilities	46,921	3,630,150	3,642,770	34,301
Total liabilities	<u>\$ 123,856</u>	<u>\$ 3,678,740</u>	<u>\$ 3,697,014</u>	<u>\$ 105,582</u>
<u>TRIAL COURTS OPERATION</u>				
Assets:				
Cash and investments	\$ 4,829	\$ 36,848	\$ 38,738	\$ 2,939
Securities lending collateral	895	-	601	294
Interest receivable	143	17	143	17
Due from other governmental agencies	1,054	-	1,054	-
Other assets	1,109	294	294	1,109
Total assets	<u>\$ 8,030</u>	<u>\$ 37,159</u>	<u>\$ 40,830</u>	<u>\$ 4,359</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 895	\$ -	\$ 601	\$ 294
Fiduciary liabilities	7,135	72,623	75,693	4,065
Total liabilities	<u>\$ 8,030</u>	<u>\$ 72,623</u>	<u>\$ 76,294</u>	<u>\$ 4,359</u>
<u>PUBLIC ADMINISTRATOR</u>				
Assets:				
Cash and investments	\$ 6,070	\$ 8,827	\$ 9,335	\$ 5,562
Securities lending collateral	1,124	-	567	557
Interest receivable	62	36	63	35
Other assets	2,605	1,098	1,490	2,213
Total assets	<u>\$ 9,861</u>	<u>\$ 9,961</u>	<u>\$ 11,455</u>	<u>\$ 8,367</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 1,124	\$ -	\$ 567	\$ 557
Fiduciary liabilities	8,737	14,364	15,291	7,810
Total liabilities	<u>\$ 9,861</u>	<u>\$ 14,364</u>	<u>\$ 15,858</u>	<u>\$ 8,367</u>

(Continued)

COUNTY OF SAN MATEO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2008
(In Thousands)

	Balance July 1, 2007	Addition	Deletion	Balance June 30, 2008
<u>PUBLIC GUARDIAN</u>				
Assets:				
Cash and investments	\$ 23,177	\$ 53,119	\$ 51,655	\$ 24,641
Securities lending collateral	4,293	-	1,827	2,466
Interest receivable	278	196	278	196
Other assets	43,541	3,684	9,567	37,658
Total assets	<u>\$ 71,289</u>	<u>\$ 56,999</u>	<u>\$ 63,327</u>	<u>\$ 64,961</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 4,293	\$ -	\$ 1,827	\$ 2,466
Due to other governmental agencies	1,302	1,381	1,302	1,381
Fiduciary liabilities	65,694	67,519	72,099	61,114
Total liabilities	<u>\$ 71,289</u>	<u>\$ 68,900</u>	<u>\$ 75,228</u>	<u>\$ 64,961</u>
<u>OTHER AGENCY</u>				
Assets:				
Cash and investments	\$ 38,174	\$ 4,539,279	\$ 4,538,321	\$ 39,132
Securities lending collateral	6,754	-	2,939	3,815
Interest receivable	1,062	1,009	1,327	744
Taxes receivable, net	114,096	184,519	147,183	151,432
Due from other governmental agencies	31,646	24,010	24,400	31,256
Other assets	32,690	50,579	50,564	32,705
Total assets	<u>\$ 224,422</u>	<u>\$ 4,799,396</u>	<u>\$ 4,764,734</u>	<u>\$ 259,084</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 6,754	\$ -	\$ 2,939	\$ 3,815
Due to other governmental agencies	1,572	358	1,453	477
Fiduciary liabilities	216,096	4,873,041	4,834,345	254,792
Total liabilities	<u>\$ 224,422</u>	<u>\$ 4,873,399</u>	<u>\$ 4,838,737</u>	<u>\$ 259,084</u>
<u>TOTALS</u>				
Assets:				
Cash and investments	\$ 185,021	\$ 8,077,279	\$ 8,084,640	\$ 177,660
Securities lending collateral	33,959	-	16,279	17,680
Receivables:				
Interest	2,406	1,827	2,672	1,561
Taxes, net	115,329	185,985	148,416	152,898
Due from other governmental agencies	33,395	24,842	25,454	32,783
Other assets	80,591	66,882	72,821	74,652
Total assets	<u>\$ 450,701</u>	<u>\$ 8,356,815</u>	<u>\$ 8,350,282</u>	<u>\$ 457,234</u>
Liabilities:				
Securities lending collateral - due to borrowers	\$ 33,959	\$ 24,295	\$ 40,574	\$ 17,680
Due to other governmental agencies	60,568	26,034	22,960	63,642
Fiduciary liabilities	356,174	8,702,699	8,682,961	375,912
Total liabilities	<u>\$ 450,701</u>	<u>\$ 8,753,028</u>	<u>\$ 8,746,495</u>	<u>\$ 457,234</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 well-being have changed over time.

Revenue Capacity

This segment includes information to help the reader assess the County's most significant local revenue source, the 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 & 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.

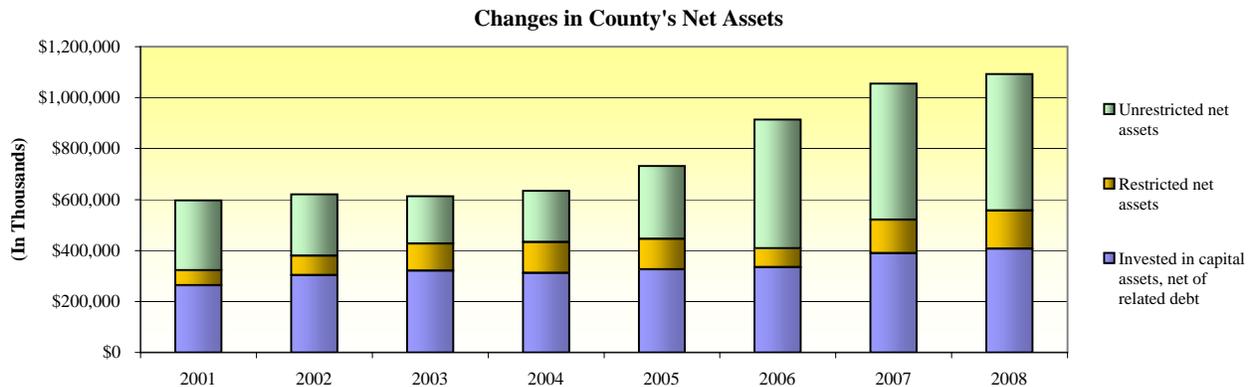
Operating information

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 year. The County implemented Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, in FY 2000-01; schedules presenting government-wide activities include information beginning from that year.

COUNTY OF SAN MATEO
Net Assets by Component
Last Eight Fiscal Years
(accrual basis of accounting)
(In Thousands)

	As of June 30,							
	2001	2002	2003	2004	2005	2006	2007	2008
Governmental Activities								
Invested in capital assets, net of related debt ¹	\$ 209,076	\$ 264,251	\$ 281,735	\$ 271,872	\$ 287,265	\$ 292,983	\$ 342,916	\$ 360,632
Restricted for:								
Government programs ³	-	953	49,533	45,207	60,012	68,414	91,179	102,966
Debt service	55,235	72,592	34,505	71,958	58,217	65	40,248	38,158
Capital projects	-	-	18,917	-	-	4,574	-	-
Unrestricted	285,608	259,093	197,799	219,281	302,777	514,597	525,709	503,969
Subtotal governmental activities net assets	549,919	596,889	582,489	608,318	708,271	880,633	1,000,052	1,005,725
Business-type Activities								
Invested in capital assets, net of related debt	53,812	38,721	38,836	39,797	38,771	41,223	46,614	47,003
Restricted for:								
Housing assistance programs	3,731	2,638	3,219	4,167	1,127	1,506	167	7,595
Unrestricted (Deficit)	(10,010)	(17,361)	(12,045)	(18,445)	(16,007)	(9,901)	8,107	31,759
Subtotal business-type activities net assets	47,533	23,998	30,010	25,519	23,891	32,828	54,888	86,357
Primary Government								
Invested in capital assets, net of related debt	262,888	302,972	320,571	311,669	326,036	334,206	389,530	407,635
Restricted for:								
Government programs	-	953	49,533	45,207	60,012	68,414	91,179	102,966
Debt service	55,235	72,592	34,505	71,958	58,217	65	40,248	38,158
Capital projects	-	-	18,917	-	-	4,574	-	-
Housing assistance programs	3,731	2,638	3,219	4,167	1,127	1,506	167	7,595
Total restricted	58,966	76,183	106,174	121,332	119,356	74,559	131,594	148,719
Unrestricted	275,598	241,732	185,754	200,836	286,770	504,696 ⁴	533,816	535,728
Total primary government net assets ²	\$ 597,452	\$ 620,887	\$ 612,499	\$ 633,837	\$ 732,162	\$ 913,461	\$ 1,054,940	\$ 1,092,082
Percent of increase (decrease) in primary government net assets	-	3.92%	-1.35%	3.48%	15.51%	24.76%	15.49%	3.52%



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

Notes:

¹ Capital assets include land, easements, infrastructure, construction in progress, structures & improvements, and equipment.

² Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when an external party, such as the state or federal government, places a restriction on how the resources may be used, or through enabling legislation enacted by the County.

³ Net assets are restricted for specific programs at various functional levels such as general government, public protection, public ways and facilities, health and sanitation, public assistance, and recreation.

⁴ Substantial increase in net assets for the governmental and business-type activities is partially due to reporting postemployment healthcare benefits under GASB Statement No. 45 instead of GASB Statement No. 16.

COUNTY OF SAN MATEO
Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)
(In Thousands)

	Fiscal Year Ended June 30,							
	2001	2002	2003	2004	2005	2006	2007	2008
Expenses								
<u>Governmental activities:</u>								
General government	\$ 50,942	\$ 61,071	\$ 60,667	\$ 60,845	\$ 60,798	\$ 68,175	\$ 67,730	\$ 65,188
Public protection	191,195	204,037	224,777	242,405	243,797	253,800	277,542	294,239
Public ways and facilities	15,611	24,925	21,546	22,657	19,938	19,701	18,617	20,312
Health and sanitation	142,654	154,955	152,449	157,452	170,679	173,311	200,441	235,782
Public assistance	149,934	169,021	172,014	182,914	184,150	195,258	151,594	201,221
Education	179	194	190	145	151	142	-	-
Recreation	7,277	8,011	7,685	7,397	7,401	8,032	8,302	8,839
Interest on long-term debt	13,866	14,677	14,603	17,023	19,019	19,459	19,244	20,126
Total governmental activities expenses	<u>571,658</u>	<u>636,891</u>	<u>653,931</u>	<u>690,838</u>	<u>705,933</u>	<u>737,878</u>	<u>743,470</u>	<u>845,707</u>
<u>Business-type activities:</u>								
San Mateo Medical Center	158,606	142,399	131,243	164,972	178,500	188,920	207,729	221,318
Airports	1,591	1,525	1,744	1,706	1,654	1,753	2,146	2,482
Coyote Point Marina	1,260	1,027	1,153	1,250	1,045	1,330	1,252	1,403
Housing Authority	34,052	48,314	68,695	71,776	69,899	64,615	59,509	58,947
Total business-type activities expenses	<u>195,509</u>	<u>193,265</u>	<u>202,835</u>	<u>239,704</u>	<u>251,098</u>	<u>256,618</u>	<u>270,636</u>	<u>284,150</u>
Total primary government expenses	<u>\$ 767,167</u>	<u>\$ 830,156</u>	<u>\$ 856,766</u>	<u>\$ 930,542</u>	<u>\$ 957,031</u>	<u>\$ 994,496</u>	<u>\$ 1,014,106</u>	<u>\$ 1,129,857</u>
Program Revenues								
<u>Governmental activities:</u>								
Charges for services								
General government	\$ 30,167	\$ 24,229	\$ 30,544	\$ 33,083	\$ 33,089	\$ 31,903	\$ 28,864	\$ 21,505
Public protection	23,460	22,941	24,441	28,093	30,603	29,831	30,864	28,849
Public ways and facilities	2,338	2,386	3,812	3,047	3,544	3,451	2,968	4,281
Health and sanitation	47,334	42,985	42,777	44,528	47,634	49,094	53,143	62,959
Public assistance	6,188	6,412	5,406	4,953	4,297	7,160	6,750	5,083
Recreation	1,185	1,168	1,224	1,361	1,262	1,266	1,364	1,450
Operating grants and contributions	320,699	339,288	343,808	368,896	382,115	392,847	414,761	408,626
Capital grants and contributions	140	17	18	3,304	10,130	13,068	1,769	750
Total governmental activities program revenues	<u>431,511</u>	<u>439,426</u>	<u>452,030</u>	<u>487,265</u>	<u>512,674</u>	<u>528,620</u>	<u>540,483</u>	<u>533,503</u>
<u>Business-type activities:</u>								
Charges for services								
San Mateo Medical Center	88,784	73,075	67,948	97,307	112,751	123,695	110,826	104,927
Airports	1,536	1,819	1,768	1,817	1,888	1,904	2,077	2,236
Coyote Point Marina	1,036	1,087	1,123	1,047	1,101	1,192	1,165	1,137
Housing Authority	1,140	1,173	1,309	1,444	1,979	1,932	1,727	1,890
Operating grants and contributions	83,204	83,099	102,962	75,280	75,310	73,128	103,700	106,474
Capital grants and contributions	147	-	5,839	3,680	8,618	5,385	8,357	5,398
Total business-type activities program revenues	<u>175,847</u>	<u>160,253</u>	<u>180,949</u>	<u>180,575</u>	<u>201,647</u>	<u>207,236</u>	<u>227,852</u>	<u>222,062</u>
Total primary government program revenues	<u>\$ 607,358</u>	<u>\$ 599,679</u>	<u>\$ 632,979</u>	<u>\$ 667,840</u>	<u>\$ 714,321</u>	<u>\$ 735,856</u>	<u>\$ 768,335</u>	<u>\$ 755,565</u>
Net Expense ¹								
Governmental activities	\$ (140,147)	\$ (197,465)	\$ (201,901)	\$ (203,573)	\$ (193,259)	\$ (209,258)	\$ (202,987)	\$ (312,204)
Business-type activities	(19,662)	(33,012)	(21,886)	(59,129)	(49,451)	(49,382)	(42,784)	(62,088)
Total primary government net expense	<u>\$ (159,809)</u>	<u>\$ (230,477)</u>	<u>\$ (223,787)</u>	<u>\$ (262,702)</u>	<u>\$ (242,710)</u>	<u>\$ (258,640)</u>	<u>\$ (245,771)</u>	<u>\$ (374,292)</u>

Source: County's Comprehensive Annual Financial Reports

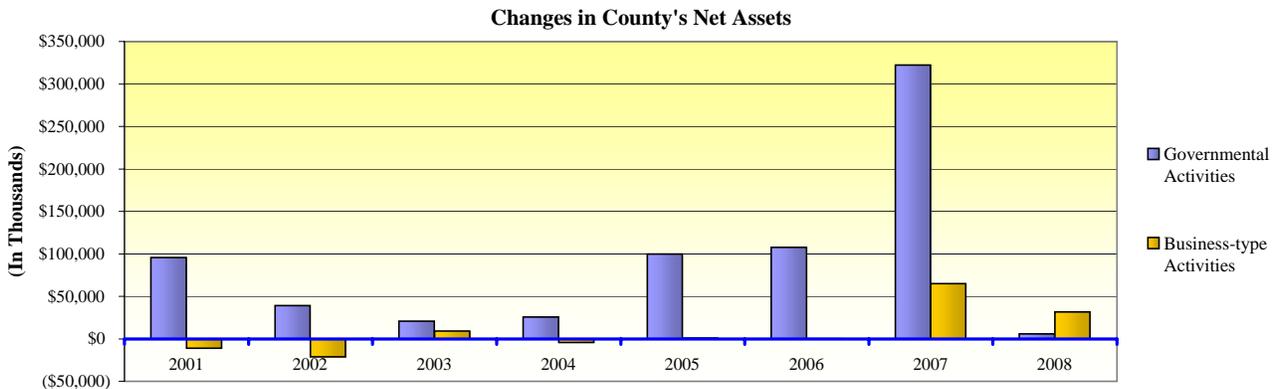
Notes:

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 Assets
Last Eight Fiscal Years
(accrual basis of accounting)
(In Thousands)

	Fiscal Year Ended June 30,							
	2001	2002	2003	2004	2005	2006	2007	2008
General Revenues and Other Changes in Net Assets								
<u>Governmental activities:</u>								
Taxes:								
Property taxes	\$ 130,871	\$ 139,879	\$ 141,582	\$ 176,853	\$ 218,188	\$ 298,368	\$ 295,134	\$ 326,757
Property transfer taxes	5,534	4,984	5,849	7,003	8,111	8,487	8,192	6,011
Sales and use taxes	18,243	16,155	15,882	15,762	16,061	12,986	13,544	14,896
Property tax in-lieu of sales taxes	-	-	-	-	-	3,878	4,164 ²	4,569
Transient occupancy taxes	766	666	590	632	815	839	842	667
Aircraft taxes	1,166	1,336	1,123	1,017	814	821	1,287	1,680
Other taxes	1,776	-	-	-	2	5	4	23
Motor vehicle in-lieu taxes	44,814	46,295	49,785	52,799	58,033	-	- ³	-
Unrestricted interest and investment earnings	28,049	22,624	23,329	6,995	20,369	19,059	40,750 ⁴	31,473
Securities lending activities:								
Securities lending income	-	-	588	850	1,895	3,689	4,245	2,750
Securities lending expenses	-	-	(525)	(720)	(1,761)	(3,569)	(4,139)	(2,362)
Miscellaneous	11,819	18,660	13,890	20,293	20,707	21,680	20,301	21,123
Special items	495	(1,598)	-	-	-	-	-	-
Transfers	(7,528)	(12,225)	(29,403)	(52,082)	(50,022)	(49,291)	(61,918)	(89,710)
Total governmental activities	236,005	236,776	222,690	229,402	293,212	316,952	322,406	317,877
<u>Business-type activities:</u>								
Unrestricted interest and investment earnings	847	896	719	252	258	286	626	890
Securities lending activities:								
Securities lending income	-	-	31	16	30	83	139	133
Securities lending expenses	-	-	(27)	(12)	(27)	(80)	(137)	(115)
Miscellaneous	268	10,059	849	2,300	-	-	2,298	2,939
Special items	-	(11,445)	-	-	-	-	-	-
Transfers	7,528	12,225	29,403	52,082	50,022	49,291	61,918	89,710
Total business-type activities	8,643	11,735	30,975	54,638	50,283	49,580	64,844	93,557
Total primary government	\$ 244,648	\$ 248,511	\$ 253,665	\$ 284,040	\$ 343,495	\$ 366,532	\$ 387,250	\$ 411,434
Change in Net Assets								
Governmental activities	\$ 95,858	\$ 39,311	\$ 20,789	\$ 25,829	\$ 99,953	\$ 107,694	\$ 322,406	\$ 5,673
Business-type activities	(11,019)	(21,277)	9,089	(4,491)	832	198	64,844	31,469
Total primary government	\$ 84,839	\$ 18,034	\$ 29,878	\$ 21,338	\$ 100,785	\$ 107,892	\$ 387,250	\$ 37,142



Notes:

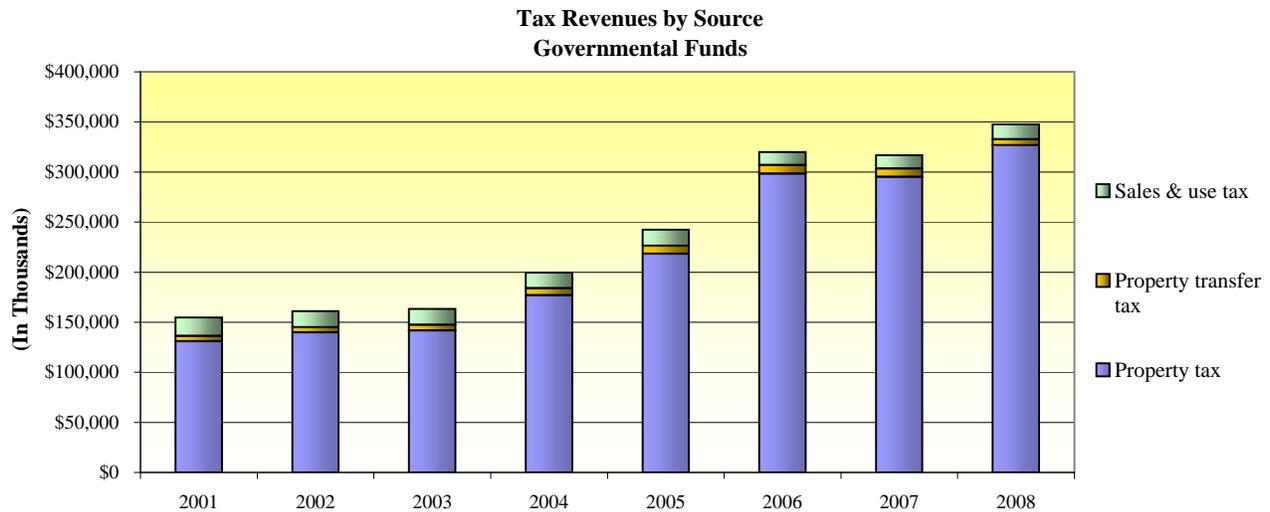
² This amount reflected the County's share of revenues from "Triple Flip", a State legislation enacted to replace 0.25% sales tax revenue to local governments via a temporary reduction to ERAF until the State's recovery loan is fully paid.

³ In prior years, vehicle license fee (VLF) was based on the original VLF and reported as motor vehicle in-lieu taxes. Starting in FY 2005-06, VLF is calculated using the prior year's VLF amount plus the local increases in assessed valuations of property and is reported as property tax revenue.

⁴ Strong economic conditions accounted for a significant return on investment.

COUNTY OF SAN MATEO
Governmental Activities Tax Revenues by Source
Last Eight Fiscal Years
(accrual basis of accounting)
(In Thousands)

Fiscal Year	Property tax							Total
	Property	Property Transfer	Sales and Use	in-lieu of Sales Tax	Transient Occupancy	Aircraft	Other	
2001	\$ 130,871	\$ 5,534	\$ 18,243	\$ -	\$ 766	\$ 1,166	\$ 1,776	\$ 158,356
2002	139,879	4,984	16,155	-	666	1,336	-	163,020
2003	141,582	5,849	15,882	-	590	1,123	-	165,026
2004	176,853 ¹	7,003	15,762	-	632	1,017	-	201,267
2005	218,188 ²	8,111	16,061	-	815	814	2	243,991
2006	298,368 ³	8,487	12,986	3,878 ⁴	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
Change								
2001 - 2008	149.7%	8.6%	-18.3%	n/a	-12.9%	44.1%	-98.7%	123.9%



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

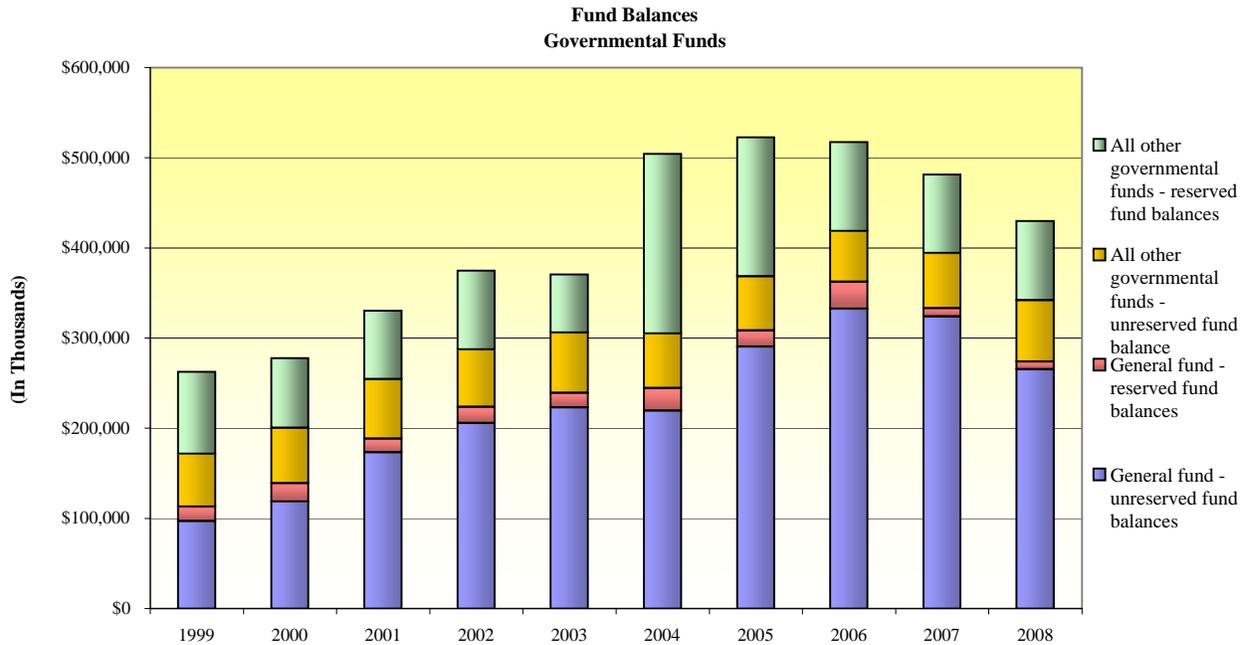
Notes:

- ¹ Based on findings from the Controller's office Internal Audit Division, the County received approximately \$25 million in property tax rebates from the Educational Revenue Augmentation Fund (ERAF) in FY 2004, which accounted for the substantial increase in property tax revenues.
- ² The County realized approximately \$41 million more in property tax rebates from ERAF in FY 2008, which accounted for most of the increase.
- ³ 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 is calculated using the prior year's VLF amount plus the local increases in the assessed valuations of property and is reported as property tax revenue.
- ⁴ 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.

n/a - not applicable

COUNTY OF SAN MATEO
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

	As of June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008 ¹
General Fund										
Reserved for:										
Encumbrances	\$ 8,655	\$ 9,943	\$ 9,977	\$ 12,609	\$ 11,274	\$ 2,902	\$ 3,070	\$ 3,737	\$ 3,209	\$ 2,385
Inventories and advances	6,948	10,516	5,218	5,173	5,099	22,141	14,771	26,092	5,943	5,929
Unreserved	<u>97,223</u>	<u>118,691</u>	<u>173,189</u>	<u>205,836</u>	<u>222,896</u>	<u>219,529</u>	<u>290,471</u>	<u>332,479</u>	<u>324,074</u>	<u>265,544</u>
Total general fund	<u>112,826</u>	<u>139,150</u>	<u>188,384</u>	<u>223,618</u>	<u>239,269</u>	<u>244,572</u>	<u>308,312</u>	<u>362,308</u>	<u>333,226</u>	<u>273,858</u>
All Other Governmental Funds										
Reserved for:										
Encumbrances	9,425	11,339	15,221	11,245	7,768	2,373	287	21	-	-
Debt service	77,546	62,240	57,255	72,592	34,505	71,958	58,217	65,244	69,893	68,431
Inventories and advances	3,900	3,789	3,603	3,569	3,369	3,393	3,420	3,404	431	359
Capital projects	-	-	-	-	18,917	121,796	92,606	30,314	16,698	18,863
Unreserved:										
Special revenue	53,219	56,125	59,771	56,690	60,015	51,132	51,073	45,542	51,230	57,886
Debt service	257	-	-	-	-	-	-	-	-	-
Capital projects	<u>5,252</u>	<u>5,172</u>	<u>6,191</u>	<u>7,011</u>	<u>6,775</u>	<u>9,187</u>	<u>8,939</u>	<u>10,570</u>	<u>9,830</u>	<u>10,393</u>
Total all other governmental funds	<u>149,599</u>	<u>138,665</u>	<u>142,041</u>	<u>151,107</u>	<u>131,349</u>	<u>259,839</u>	<u>214,542</u>	<u>155,095</u>	<u>148,082</u>	<u>155,932</u>
Total Governmental Funds²										
Reserved for:										
Encumbrances	18,080	21,282	25,198	23,854	19,042	5,275	3,357	3,758	3,209	2,385
Debt service	77,546	62,240	57,255	72,592	34,505	71,958	58,217	65,244	69,893	68,431
Inventories and advances	10,848	14,305	8,821	8,742	8,468	25,534	18,191	29,496	6,374	6,288
Capital projects	-	-	-	-	18,917	121,796	92,606	30,314	16,698	18,863
Unreserved:										
General Fund	97,223	118,691	173,189	205,836	222,896	219,529	290,471	332,479	324,074	265,544
Special revenue	53,219	56,125	59,771	56,690	60,015	51,132	51,073	45,542	51,230	57,886
Debt service	257	-	-	-	-	-	-	-	-	-
Capital projects	<u>5,252</u>	<u>5,172</u>	<u>6,191</u>	<u>7,011</u>	<u>6,775</u>	<u>9,187</u>	<u>8,939</u>	<u>10,570</u>	<u>9,830</u>	<u>10,393</u>
Total governmental funds	<u>\$ 262,425</u>	<u>\$ 277,815</u>	<u>\$ 330,425</u>	<u>\$ 374,725</u>	<u>\$ 370,618</u>	<u>\$ 504,411</u>	<u>\$ 522,854</u>	<u>\$ 517,403</u>	<u>\$ 481,308</u>	<u>\$ 429,790</u>



Source: 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.

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
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008 ¹	
Revenues											
Taxes	\$ 125,733	\$ 135,970	\$ 152,469	\$ 165,309	\$ 166,717	\$ 200,766	\$ 225,830	\$ 317,504	\$ 329,142	\$ 347,205	176.14%
Licenses and permits	3,716	6,079	7,786	8,419	8,306	8,829	11,683	12,814	11,900	11,311	204.39%
Intergovernmental	331,205	363,420	351,795	391,521	393,075	406,135	437,231	386,003	405,455	387,475	16.99%
Charges for services	72,386	66,842	90,972	84,090	90,071	89,131	91,147	102,524	92,011	109,150	50.79%
Fines, forfeitures and penalties	8,330	11,626	11,127	10,445	8,789	9,589	8,831	9,285	9,806	10,114	21.42%
Rents and concessions	1,994	1,826	1,710	1,813	2,449	1,017	1,005	914	1,123	1,194	-40.12%
Investment income	15,306	22,128	25,615	21,456	20,660	6,983	19,359	18,267	33,538	28,294	84.86%
Securities lending activities:											
Securities lending income	-	-	-	-	588	783	1,894	3,203	3,872	2,474	n/a
Securities lending expenditures	-	-	-	-	(525)	(663)	(1,760)	(3,098)	(3,775)	(2,124)	n/a
Other revenues	16,027	22,363	12,882	15,635	14,760	30,537	29,885	26,300	17,863	34,157	113.12%
Total revenues	<u>574,697</u>	<u>630,254</u>	<u>654,356</u>	<u>698,688</u>	<u>704,890</u>	<u>753,107</u>	<u>825,105</u>	<u>873,716</u>	<u>900,935</u>	<u>929,250</u>	61.69%
Expenditures											
Current:											
General government	43,233	44,420	49,311	53,959	53,134	55,000	58,591	62,912	60,688	73,916	70.97%
Public protection	166,206	177,912	187,004	197,230	215,660	231,717	236,522	246,166	268,318	282,132	69.75%
Public ways and facilities	15,044	15,921	20,505	25,758	22,606	21,434	18,852	18,829	17,962	19,489	29.55%
Health and sanitation	118,811	134,028	141,622	152,896	148,363	153,376	166,250	168,658	195,995	230,028	93.61%
Public assistance	156,236	171,723	149,100	166,134	170,225	181,075	181,769	192,731	206,289	193,902	24.11%
Education	5,274	185	183	197	192	145	118	141	-	-	-100.00%
Recreation	5,914	6,182	6,773	7,241	7,018	6,682	6,566	7,310	7,609	8,084	36.69%
Capital outlay	46,107	38,414	29,126	50,986	42,169	34,802	72,262	77,000	41,286	18,978	-58.84%
Debt service:											
Principal	7,480	5,902	6,656	5,693	5,440	7,756	7,172	7,052	8,200	11,322	51.36%
Interest	15,023	16,336	13,365	14,177	14,707	16,892	18,515	19,804	19,015	20,005	33.16%
Bond issuance costs	-	-	-	703	-	4,077	480	-	-	-	n/a
Total expenditures	<u>579,328</u>	<u>611,023</u>	<u>603,645</u>	<u>674,974</u>	<u>679,514</u>	<u>712,956</u>	<u>767,097</u>	<u>800,603</u>	<u>825,362</u>	<u>857,856</u>	48.08%
Excess of revenues over (under) expenditures	<u>(4,631)</u>	<u>19,231</u>	<u>50,711</u>	<u>23,714</u>	<u>25,376</u>	<u>40,151</u>	<u>58,008</u>	<u>73,113</u>	<u>75,573</u>	<u>71,394</u>	-1641.65%
Other financing sources (uses)											
Issuance of lease revenue bonds/ certificates of participation (COP)											
Issuance of refunding bonds	113,140	-	-	32,890	-	155,350	10,380	-	-	-	-100.00%
Premium on lease revenue bonds/COP	-	560	-	-	-	7,805	-	-	-	-	n/a
Discount on lease revenue bonds/COP	-	-	-	-	-	342	75	-	-	-	n/a
Payment to refunded bond escrow agent	-	-	-	(146)	-	-	-	-	-	-	n/a
Proceeds from sale of capital assets	(108,856)	-	-	-	-	(7,823)	-	-	-	-	-100.00%
Capital leases	-	-	1,500	134	-	-	2	46	2	2	n/a
Capital contribution	-	-	-	-	-	-	-	-	30	-	n/a
Transfers in	-	-	-	-	-	-	-	-	-	750	n/a
Transfers out	34,389	47,045	50,445	72,563	40,379	57,790	53,485	53,632	60,441	156,378	354.73%
Total other financing sources (uses)	<u>(35,302)</u>	<u>(52,075)</u>	<u>(58,038)</u>	<u>(84,855)</u>	<u>(69,862)</u>	<u>(119,822)</u>	<u>(103,507)</u>	<u>(132,242)</u>	<u>(172,141)</u>	<u>(163,580)</u>	363.37%
Change in fund balances before special item	<u>3,371</u>	<u>(4,470)</u>	<u>(6,093)</u>	<u>20,586</u>	<u>(29,483)</u>	<u>93,642</u>	<u>(39,565)</u>	<u>(78,564)</u>	<u>(111,668)</u>	<u>(6,450)</u>	-291.34%
Special item	(1,260)	14,761	44,618	44,300	(4,107)	133,793	18,443	(5,451)	(36,095)	64,944	
Net change in fund balances	<u>\$ (1,260)</u>	<u>\$ 14,761</u>	<u>\$ 44,618</u>	<u>\$ 44,300</u>	<u>\$ (4,107)</u>	<u>\$ 133,793</u>	<u>\$ 18,443</u>	<u>\$ (5,451)</u>	<u>\$ (36,095)</u>	<u>\$ (51,518)</u>	3988.73%
Debt service as a percentage of noncapital expenditures											
	4.22%	3.88%	3.48%	3.18%	3.16%	3.63%	3.70%	3.71%	3.47%	3.73%	

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

Notes:

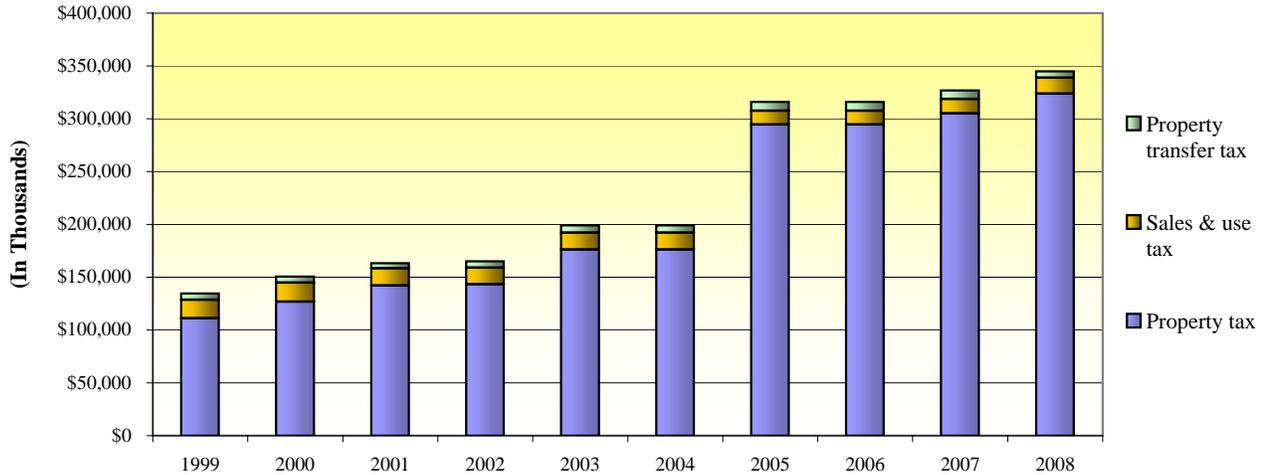
¹ See the Management's Discussion and Analysis for reasons attributed to significant changes in revenues, expenditures, and fund balances.

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)

<u>Fiscal Year</u>	<u>Property¹</u>	<u>Sales & Use</u>	<u>Aircraft</u>	<u>Property Transfer</u>	<u>Transient Occupancy</u>	<u>Total</u>
1999	\$ 105,664	\$ 14,477	\$ 474	\$ 4,790	\$ 328	\$ 125,733
2000	111,292	17,280	784	6,074	540	135,970
2001	126,760	18,243	1,166	5,534	766	152,469
2002	142,168	16,155	1,336	4,984	666	165,309
2003	143,273	15,882	1,123	5,849	590	166,717
2004	176,351	15,762	1,017	7,003	632	200,765
2005	203,499	12,706	814	8,111	700	225,830
2006	294,569	12,855	821	8,487	772	317,504
2007	305,146	13,607	1,289	8,193	907	329,142
2008	323,897	14,867	1,680	6,011	750	347,205
10 year % of change	206.5%	2.7%	254.4%	25.5%	128.7%	176.1%

Tax Revenues by Source
Governmental Funds



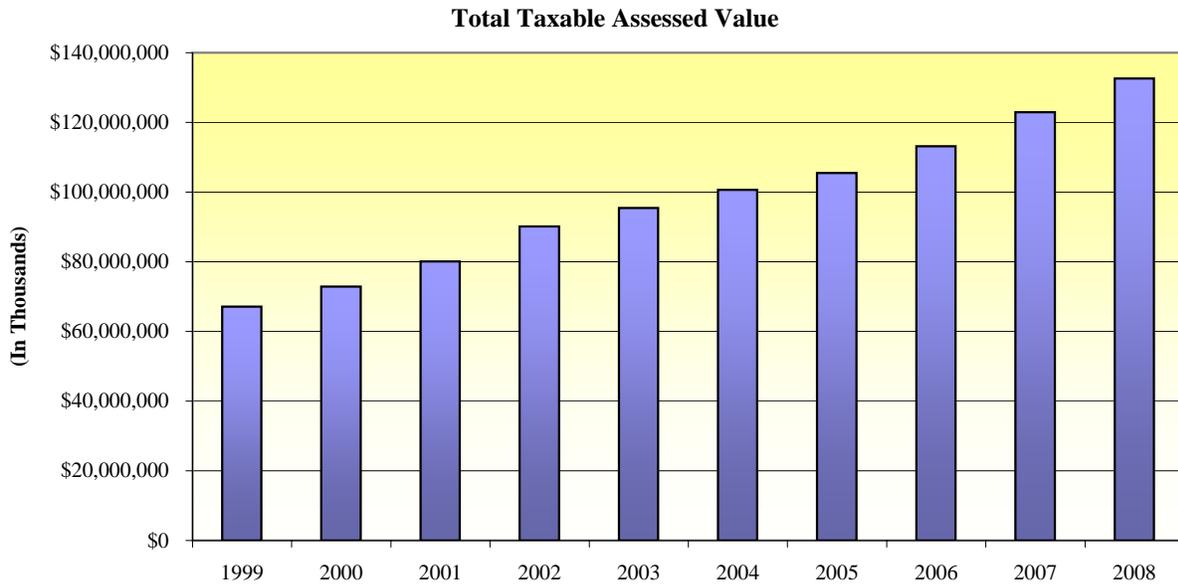
Source: Controller's Office - County of San Mateo, California

Note:

¹ Between FY 2004 and FY 2008, property tax from excess Educational Revenue Augmentation Fund account for most of the increase in property tax revenues.

COUNTY OF SAN MATEO
Assessed Value of Taxable Property
Last Ten Fiscal Years
(In Thousands)

<u>Fiscal Year</u>	<u>Real Property²</u>	<u>Personal Property</u>	<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value¹</u>	<u>Total Direct Tax Rate</u>
1999	\$ 62,862,243	\$ 6,795,063	\$ 2,542,875	\$ 67,114,431	1%
2000	68,989,934	6,594,451	2,669,020	72,915,365	1%
2001	75,398,222	7,450,029	2,727,954	80,120,297	1%
2002	84,984,729	8,043,961	2,920,396	90,108,294	1%
2003	90,740,193	7,787,859	3,073,046	95,455,006	1%
2004	96,465,383	7,468,918	3,271,733	100,662,568	1%
2005	102,268,521	6,406,818	3,222,916	105,452,423	1%
2006	110,747,828	6,034,679	3,626,924	113,155,583	1%
2007	120,723,432	6,178,495	3,952,784	122,949,143	1%
2008	130,015,063	6,723,347	4,140,836	132,597,574	1%
10 year % of Change	106.83%	-1.06%	62.84%	97.57%	0.00%



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

Notes:

¹ Article XIII A, added to California Constitution by Proposition 13 in 1978, fixed the base for valuation of property that is subject to taxes at the full cash value appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased to reflect:

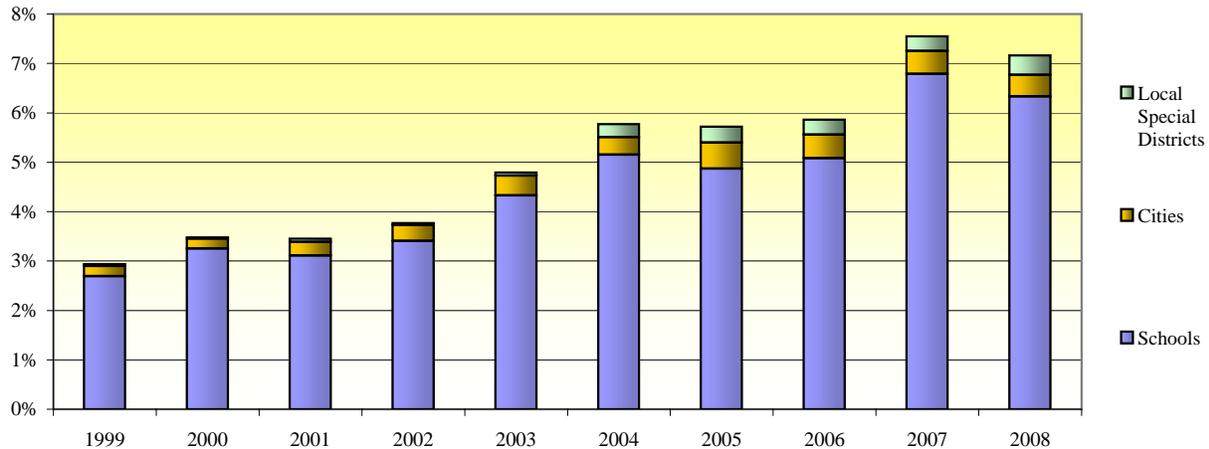
- a) annual inflation up to 2%,
- b) current market value at time of ownership change, and
- c) market value for new construction.

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 ¹
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year	General Rate ³	Debt Service Tax Rate			Total
		Overlapping Governments ²			
		Local Special Districts	Schools	Cities	
1999	1.0000	0.0004	0.0269	0.0021	1.0294
2000	1.0000	0.0003	0.0325	0.0020	1.0348
2001	1.0000	0.0006	0.0311	0.0028	1.0345
2002	1.0000	0.0004	0.0341	0.0032	1.0377
2003	1.0000	0.0006	0.0433	0.0040	1.0479
2004	1.0000	0.0026	0.0515	0.0036	1.0577
2005	1.0000	0.0032	0.0487	0.0053	1.0572
2006	1.0000	0.0030	0.0508	0.0048	1.0586
2007	1.0000	0.0030	0.0679	0.0046	1.0755
2008	1.0000	0.0039	0.0633	0.0044	1.0716

Debt Service Tax Rate



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

Notes:

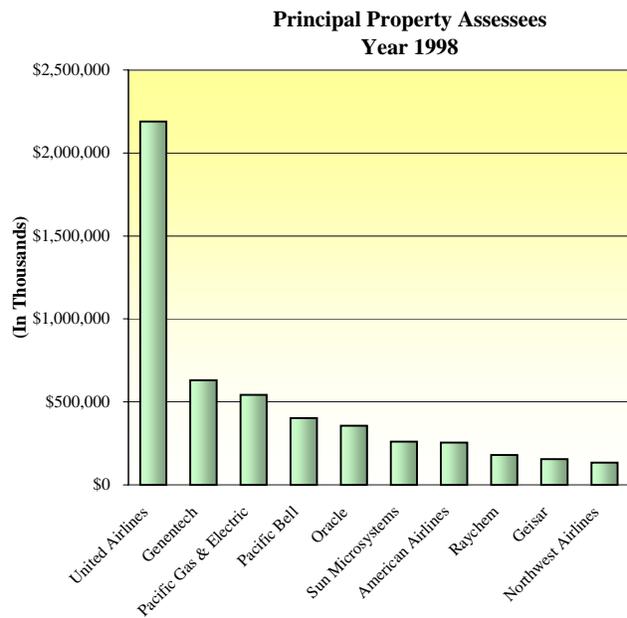
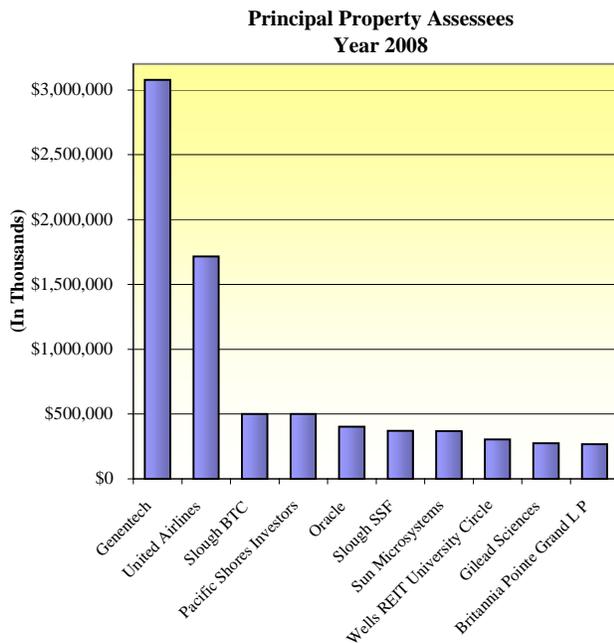
¹ On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, that limits the taxing power of California public agencies. Legislation enacted to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) 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.

² Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County.

³ 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.

COUNTY OF SAN MATEO
Principal Property Assesseees
Current Year and Eleven Years Ago
(In Thousands)

Assessee	Year 2008			Year 1998 ³		
	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value ²	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value
Genentech	\$ 3,077,095	1	2.32%	\$ 630,605	2	1.02%
United Airlines	1,715,684	2	1.29%	2,190,211	1	3.54%
Slough BTC	501,775	3	0.38%	---	---	---
Pacific Shores Investors	500,706	4	0.38%	---	---	---
Oracle	401,944	5	0.30%	357,443	5	0.58%
Slough SSF	371,550	6	0.28%	---	---	---
Sun Microsystems	368,397	7	0.28%	261,549	6	0.42%
Wells REIT University Circle	304,837	8	0.23%	---	---	---
Gilead Sciences	274,771	9	0.21%	---	---	---
Britannia Pointe Grand L P	268,200	10	0.20%	---	---	---
Pacific Gas & Electric	---	---	---	543,003	3	0.88%
AT&T (Pacific Bell)	---	---	---	402,716	4	0.65%
American Airlines	---	---	---	254,203	7	0.41%
Raychem	---	---	---	179,828	8	0.29%
Geisar	---	---	---	155,965	9	0.25%
Northwest Airlines	---	---	---	134,607	10	0.22%
Total	\$ 7,784,959		5.87%	\$ 5,110,130		8.26%



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

Notes:

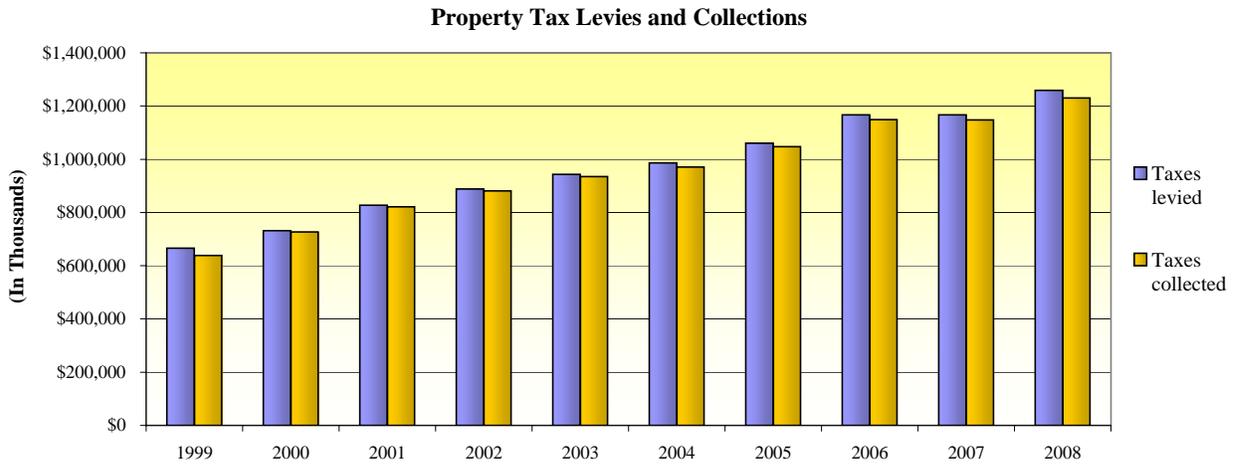
¹ Taxable assessed value includes both real and personal properties.

² Total taxable assessed value for year 2008 was about \$133 million.

³ Data for year 1999 are not available.

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	Debt Service Levy ²			Total ³	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
		County	Local Special Districts	Schools						
1999	\$ 590,190	\$ 217	\$ 18,375	\$ 1,342	\$ 610,124	\$ 605,415	99.23%	\$ 675	\$ 606,090	99.34%
2000	640,788	186	23,307	1,356	665,637	638,601	95.94%	244	638,845	95.97%
2001	704,974	324	24,864	2,071	732,233	726,243	99.18%	291	726,534	99.22%
2002	792,870	241	31,266	2,741	827,118	820,488	99.20%	1,204	821,692	99.34%
2003	839,786	388	44,924	3,660	888,758	880,057	99.02%	1,618	881,675	99.20%
2004	884,688	2,663	52,478	3,663	943,492	933,285	98.92%	1,094	934,379	99.03%
2005	926,041	3,354	51,713	5,605	986,713	968,038	98.11%	2,673	970,711	98.38%
2006	992,334	3,395	59,123	5,546	1,060,398	1,045,517	98.60%	1,576	1,047,093	98.75%
2007	1,079,958	3,705	77,821	5,781	1,167,265	1,147,755	98.33%	986	1,148,741	98.41%
2008	1,163,392	5,268	84,542	5,930	1,259,132	1,230,054	97.69%	n/a	1,230,054	97.69%



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

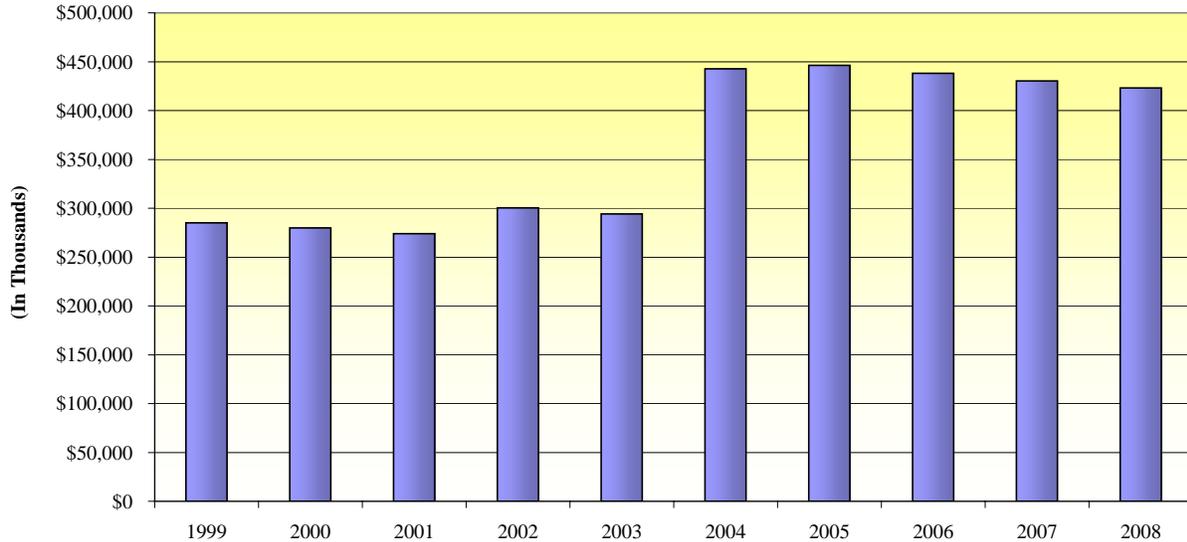
Notes:

- 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	Capital Lease Obligations ³	Subtotal	Notes Payable	Capital Lease Obligations	Subtotal			
1999	\$ 260,058	\$ 15,780	\$ 5,318	\$ 1,580	\$ 282,736	\$ 1,178	\$ 1,194	\$ 2,372	\$ 285,108	0.80%	\$ 392
2000	255,560	15,585	4,430	1,544	277,119	1,757	904	2,661	279,780	0.67%	394
2001	254,364	15,385	389	913	271,051	1,796	1,251	3,047	274,098	0.70%	384
2002	282,296	15,175	353	251	298,075	1,645	655	2,300	300,375	0.82%	420
2003	277,234	14,955	315	131	292,635	1,523	117	1,640	294,275	0.81%	410
2004	425,932 ⁴	14,725	399	-	441,056	1,591	27	1,618	442,674	1.12%	616
2005	419,323	24,939 ⁵	358	-	444,620	1,455	30	1,485	446,105	1.02%	618
2006	411,942	24,687	316	-	436,945	1,314	5	1,319	438,264	0.94%	603
2007	404,301	24,390	271	15	428,977	1,206	-	1,206	430,183	n/a	586
2008	393,565	24,083	224	7	417,879	5,133	-	5,133	423,012	n/a	572

County's Debt



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 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 JPFA. These tax-exempt certificates are sold publicly or privately to investors.

³ Capital lease obligations arise from lease agreements which are in-substance like purchases. The agreements convey property rights to the lessee and the lessee assumes substantially all of the risks and benefits of ownership.

⁴ The County issued \$155 million of lease revenue bonds to finance the construction of the Youth Services Center.

⁵ The County issued \$10.38 million of certificates of participation to finance the construction of a flood control zone at Colma Creek.

n/a - Information is unavailable.

COUNTY OF SAN MATEO
Direct and Overlapping Debt
As of June 30, 2008
(In Thousands)

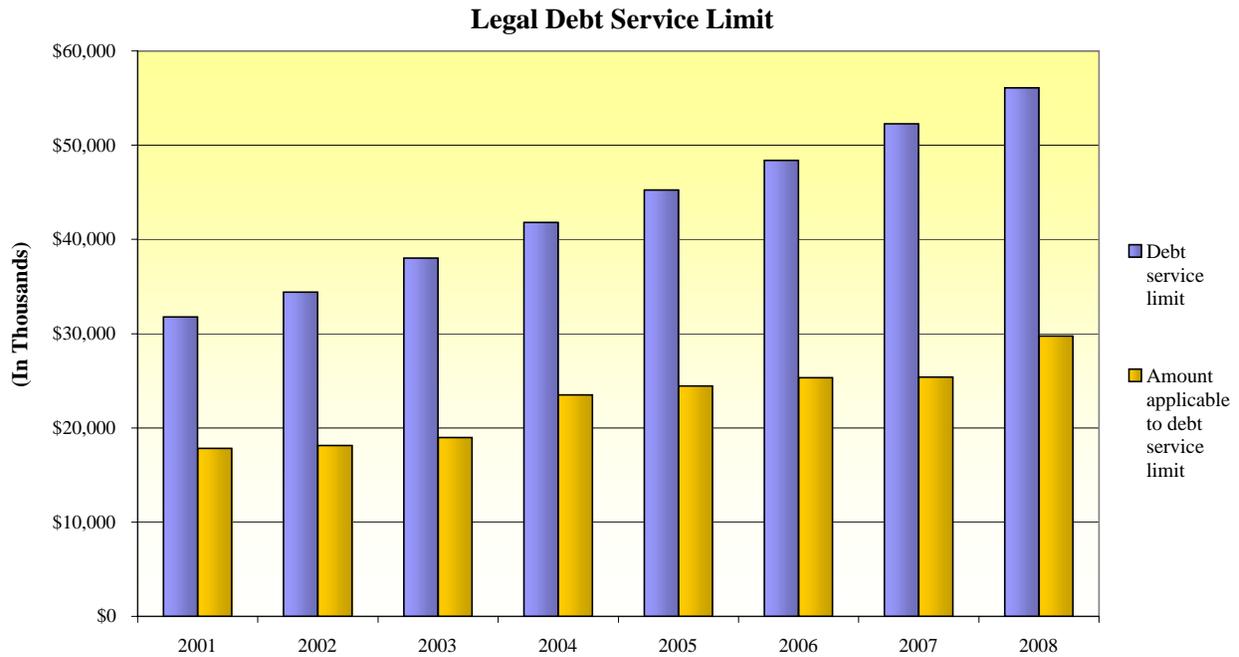
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct General Fund Obligation Debt			
San Mateo County General Fund Obligations	\$ 393,565	100.00%	\$ 393,565
San Mateo County Flood Control District Certificates of Participation	24,083	100.00%	24,083
Total direct debt	<u>417,648</u>		<u>417,648</u>
Overlapping General Fund Obligation Debt			
<i>Cities</i>			
City of Burlingame General Fund and Pension Obligations	53,185	100.00%	53,185
City of Daly City Certificates of Participation and Pension Obligations	35,375	100.00%	35,375
City of Redwood City General Fund Obligations	22,490	100.00%	22,490
City of San Mateo General Fund Obligations	34,020	100.00%	34,020
Other City General Fund Obligations	72,305	100.00%	72,305
<i>Special Districts</i>			
Midpeninsula Regional Open Space Park General Fund Obligations	104,840	31.26%	32,773
San Mateo County Mosquito Abatement District Certificate of Participation	795	100.00%	795
Granada Sanitary District Certificates of Participation	692	100.00%	692
<i>School Districts</i>			
Cabrillo Unified School District General Fund Obligations	10,910	100.00%	10,910
Belmont School District General Fund Obligations	5,760	100.00%	5,760
San Mateo County Board of Education Certificates of Participation	13,345	100.00%	13,345
San Mateo Union High School District Certificates of Participation	74,516	100.00%	74,516
Other School Districts General Fund Obligations	5,694	100.00%	5,694
Total overlapping general fund obligation debt	<u>433,927</u>		<u>361,860</u>
Overlapping Tax and Assessment Debt			
<i>Cities</i>			
	67,215	100.00%	67,215
<i>Special Districts</i>			
Redwood City General Improvement District No. 1-64	170	100.00%	170
Montara Sanitary District	16,000	100.00%	16,000
Community Facilities Districts	35,345	100.00%	35,345
Other Special Districts (1915 Act Bonds)	33,375	100.00%	33,375
<i>School Districts</i>			
Jefferson and San Mateo Union High School Districts	258,765	100.00%	258,765
Cabrillo Unified School District	21,111	100.00%	21,111
South San Francisco School District	36,435	100.00%	36,435
Sequoia Union High School District	268,995	100.00%	268,995
Hillsborough School District	38,586	100.00%	38,586
Jefferson School District	50,830	100.00%	50,830
Laguna Salada School District	27,231	100.00%	27,231
Menlo Park City School District	50,665	100.00%	50,665
Redwood City School District	57,214	100.00%	57,214
San Carlos School District	52,434	100.00%	52,434
San Mateo - Foster City School District	95,288	100.00%	95,288
San Mateo Community College District	650,620	100.00%	650,620
Other School District	174,584	100.00%	174,584
Total overlapping tax and assessment debt	<u>1,934,863</u>		<u>1,934,863</u>
Total overlapping debt	<u>2,368,790</u>		<u>2,296,723</u>
Total direct and overlapping debt	<u>\$ 2,786,438</u> ¹		<u>\$ 2,714,371</u>
Direct debt per capita (in absolute dollars)	\$ 565		
Total net direct and overlapping debt per capita (in absolute dollars)	\$ 3,768		

Source: California Municipal Statistics, Inc.

¹ Excludes revenue, mortgage revenue and tax allocation bonds, tax and revenue anticipation notes, and non-bonded capital lease obligations.

COUNTY OF SAN MATEO
Legal Debt Service Margin Information
Last Eight Fiscal Years
(In Thousands)

	Fiscal Year							
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Average Annual County budget¹ for the current and preceding four fiscal years	\$ 794,213	\$ 860,283	\$ 950,486	\$ 1,045,364	\$ 1,131,000	\$ 1,209,880	\$ 1,306,666	\$ 1,401,783
Legal debt service limit²								
Debt service limit (4% of average county annual budget for the current and preceding four fiscal years)	31,769	34,411	38,019	41,815	45,240	48,395	52,267	56,071
Less: Amount applicable to debt service limit ³	<u>(17,834)</u>	<u>(18,143)</u>	<u>(18,991)</u>	<u>(23,486)</u>	<u>(24,448)</u>	<u>(25,328)</u>	<u>(25,403)</u>	<u>(29,762)</u>
Legal debt service margin	<u>\$ 13,935</u>	<u>\$ 16,268</u>	<u>\$ 19,028</u>	<u>\$ 18,329</u>	<u>\$ 20,792</u>	<u>\$ 23,067</u>	<u>\$ 26,864</u>	<u>\$ 26,309</u>
Legal debt service margin as a percentage of debt service limit	43.86%	47.28%	50.05%	43.83%	45.96%	47.66%	51.40%	46.92%



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 Eight Fiscal Years
(In Thousands)

1993 Lease Revenue Bonds				
Purpose:	Defeased 1991 Certificates of Participation and financed the costs of a parking garage and jail.			
Funding Source:	General Fund and Criminal Justice Facilities Fund.			
Fiscal Year	Available Revenue	Debt Service		Coverage ratio ¹
		Principal	Interest	
2001	\$ 5,081	\$ 2,120	\$ 3,340	0.93
2002	4,911	2,135	3,327	0.90
2003	3,376	2,145	3,313	0.62
2004	6,671	2,160	3,298	1.22
2005	4,445	2,175	3,282	0.81
2006	4,445	1,000	3,734	0.94
2007	2,620	-	2,909	0.90
2008	2,620	-	2,909	0.90

2003 Lease Revenue Bonds				
Purpose:	Financed the costs of acquisition and construction of a new Youth Services Center.			
Funding Source:	County departments occupying the facilities.			
Fiscal Year	Available Revenue	Debt Service		Coverage ratio
		Principal ²	Interest	
2001	\$ -	\$ -	\$ -	-
2002	-	-	-	-
2003	-	-	-	-
2004	2,738	-	2,738	1.00
2005	3,946	-	3,946	1.00
2006	5,183	-	5,183	1.00
2007	5,274	-	5,383	0.98
2008	6,434	2,775	6,680	0.68

1997 Lease Revenue Bonds				
Purpose:	Financed the costs of construction, furnishing and equipping an office building, and partial defeasance of the 1994 Issue - Satellite Clinic.			
Funding Source:	General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.			
Fiscal Year	Available Revenue	Debt Service		Coverage ratio
		Principal	Interest	
2001	\$ 2,426	\$ 390	\$ 3,475	0.63
2002	2,481	425	3,068	0.71
2003	2,772	450	3,051	0.79
2004	2,558	490	3,031	0.73
2005	3,384	530	3,009	0.96
2006	5,571	2,915	2,934	0.95
2007	5,706	3,060	2,802	0.97
2008	5,725	3,220	2,661	0.97

2004 Refunding Bonds				
Purpose:	Refunded a portion of the 1993 Issue.			
Funding Source:	General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.			
Fiscal Year	Available Revenue	Debt Service		Coverage ratio
		Principal	Interest	
2001	\$ -	\$ -	\$ -	-
2002	-	-	-	-
2003	-	-	-	-
2004	-	-	-	-
2005	592	375	217	1.00
2006	657	430	227	1.00
2007	2,494	2,270	188	1.01
2008	2,486	2,390	96	1.00

1999 Lease Revenue Bonds				
Purpose:	Financed a portion of the costs of completing the Health Center and partial defeasance the 1993, 1994 and 1995 Issues.			
Funding Source:	General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement.			
Fiscal Year	Available Revenue	Debt Service		Coverage ratio
		Principal	Interest	
2001	\$ 6,315	\$ 350	\$ 5,429	1.09
2002	12,407	365	5,418	2.15
2003	5,917	375	5,406	1.02
2004	7,256	390	5,393	1.25
2005	6,004	630	5,374	1.00
2006	6,021	670	5,351	1.00
2007	6,383	1,065	5,318	1.00
2008	6,401	1,125	5,276	1.00

1997 Certificates of Participation				
Purpose:	Financed the design, construction, and installation of storm water and flood control improvements located in Colma Creek Flood Control Zone.			
Funding Source:	Colma Creek Flood Control District.			
Fiscal Year	Available Revenue	Debt Service		Coverage ratio
		Principal	Interest	
2001	\$ 976	\$ 200	\$ 779	1.00
2002	978	210	770	1.00
2003	981	220	761	1.00
2004	982	230	752	1.00
2005	982	240	742	1.00
2006	981	250	731	1.00
2007	979	260	719	1.00
2008	977	270	707	1.00

2001 Lease Revenue Bonds				
Purpose:	Financed a portion of costs of acquisition of a microwave and law enforcement mutual aid communications system and a sheriff's radio system; and the costs of the acquisition and construction of a forensics laboratory and coroner's office.			
Funding Source:	General Fund, Crime Lab fees, and Cities.			
Fiscal Year	Available Revenue	Debt Service		Coverage ratio
		Principal	Interest	
2001	\$ -	\$ -	\$ -	-
2002	-	-	494	-
2003	380	-	1,327	0.29
2004	1,766	1,340	1,309	0.67
2005	2,651	1,380	1,272	1.00
2006	2,647	1,415	1,232	1.00
2007	2,654	1,465	1,189	1.00
2008	2,653	1,510	1,143	1.00

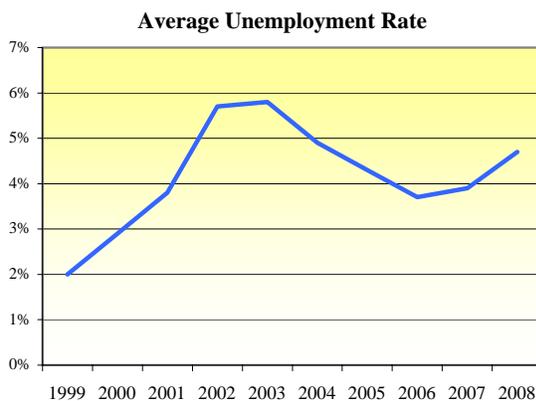
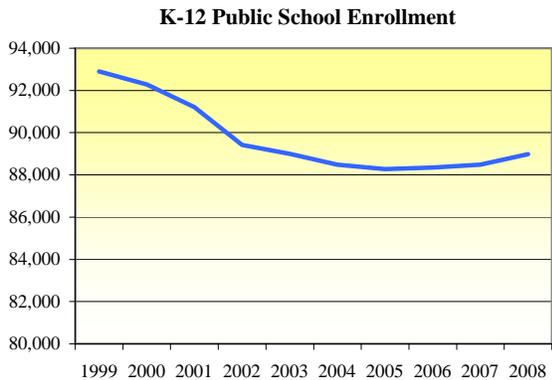
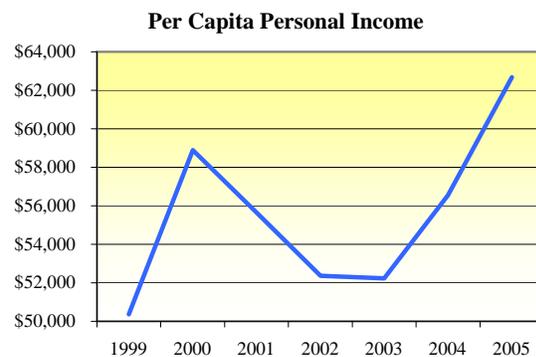
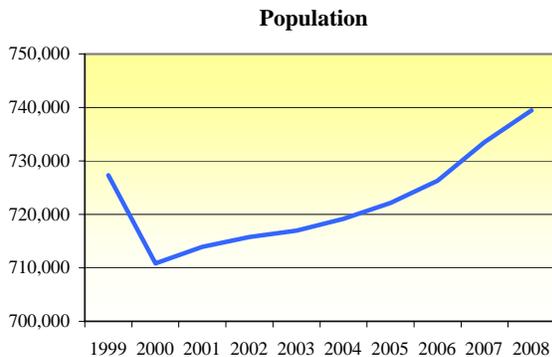
2004 Certificates of Participation				
Purpose:	Financed the acquisition, design, construction, improvement, and installation of certain improvements to the flood control system.			
Funding Source:	Colma Creek Flood Control District.			
Fiscal Year	Available Revenue	Debt Service		Coverage ratio
		Principal	Interest	
2001	\$ -	\$ -	\$ -	-
2002	-	-	-	-
2003	-	-	-	-
2004	-	-	-	-
2005	-	-	-	-
2006	501	-	352	1.42
2007	535	35	500	1.00
2008	535	35	500	1.00

Sources:
Available revenue - based on contributions made by responsible funds/departments.
Principle and interest - based on debt service schedules.

Notes:
¹ Debt service payments not covered by available revenue were funded by amounts available in the interest, revenue, or reserve funds with the Trustee.
² Retirement of principal begins in fiscal year 2008.

COUNTY OF SAN MATEO
Demographic and Economic Statistics
Last Ten Years

Year	Population ¹	Personal Income ⁵ <i>(amounts expressed in millions)</i>	Per Capita Personal Income ⁵	Median Age ⁴	K-12 Public School Enrollment ²	Average Unemployment Rate ³
1999	727,300	\$ 35,486	\$ 50,368	n/a	92,901	2.0%
2000	710,836	41,731	58,888	36.9	92,285	2.9%
2001	713,958	39,395	55,649	36.8	91,205	3.8%
2002	715,763	36,737	52,361	37.4	89,415	5.7%
2003	716,943	36,467	52,235	38.7	88,991	5.8%
2004	719,154	39,409	56,550	38.6	88,477	4.9%
2005	722,160	43,755	62,680	39.2	88,273	4.3%
2006	726,336	46,847	66,839	39.4	88,350	3.7%
2007	733,496	n/a	n/a	n/a	88,479	3.9%
2008	739,469	n/a	n/a	n/a	88,986	4.7%



Sources:

- ¹ Data include revisions by the State of California Department of Finance, Demographic Research Unit.
- ² Data include revisions by the State of California Department of Education.
- ³ Data include revisions by the State of California Employment Development Department. The 2008's figure reflects the non-seasonally adjusted unemployment rate for the period ended June 30.
- ⁴ American Community Survey.
- ⁵ Data include revisions by the U.S. Department of Commerce Bureau of Economic Analysis.

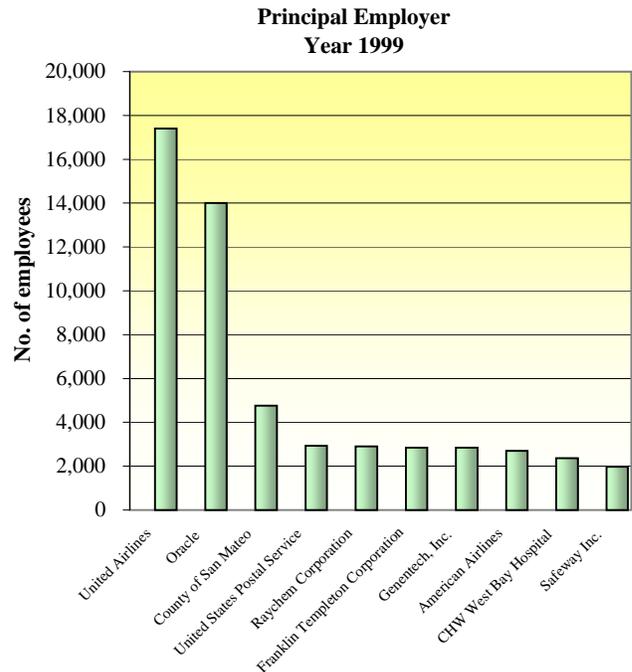
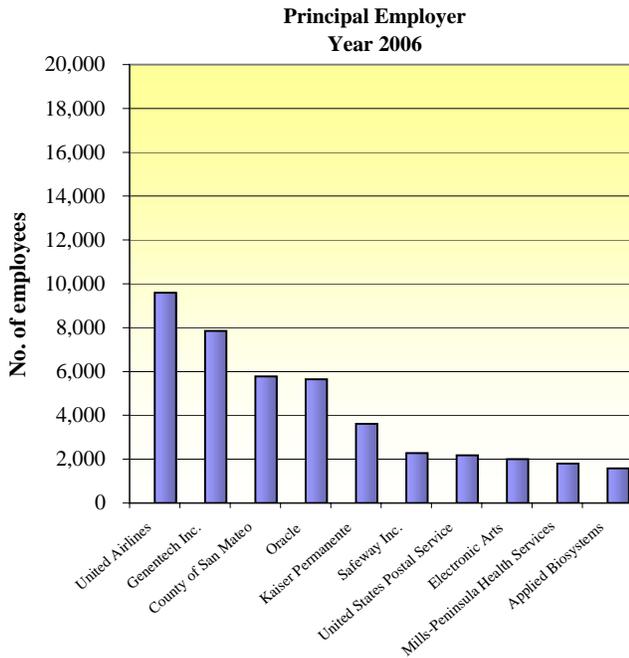
Note:

All data are presented in calendar year except for the average unemployment rate, which is presented in fiscal year.

n/a - Information is unavailable.

**COUNTY OF SAN MATEO
Principal Employers
Two Years and Ten Years Ago**

Employer	Business Type	2006 ¹			1999		
		Number of Employees ²	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
United Airlines	Airline	9,600	1	2.73%	17,400	1	4.46%
Genentech Inc.	Biotechnology	7,845	2	2.23%	2,839	7	0.73%
County of San Mateo	Government	5,777	3	1.64%	4,761	3	1.22%
Oracle	Software	5,642	4	1.61%	14,000	2	3.59%
Kaiser Permanente	Health care	3,609	5	1.03%	---	---	---
Safeway Inc.	Supermarket	2,280	6	0.65%	1,973	10	0.51%
United States Postal Service	Postal service	2,174	7	0.62%	2,937	4	0.75%
Electronic Arts	Interactive Entertainment	2,000	8	0.57%	---	---	---
Mills-Peninsula Health Services	Health care	1,800	9	0.51%	---	---	---
Applied Biosystems	Biotechnology	1,578	10	0.45%	---	---	---
Raychem Corporation	Electronics	---	---	---	2,900	5	0.74%
American Airlines	Airline	---	---	---	2,700	8	0.69%
Franklin Templeton Corporation	Investment management	---	---	---	2,849	6	0.73%
CHW West Bay Hospital	Health care	---	---	---	2,373	9	0.61%
Total		42,305		12.04%	54,732		14.03%



Source: San Francisco Business Times - Book of Lists.

Notes:

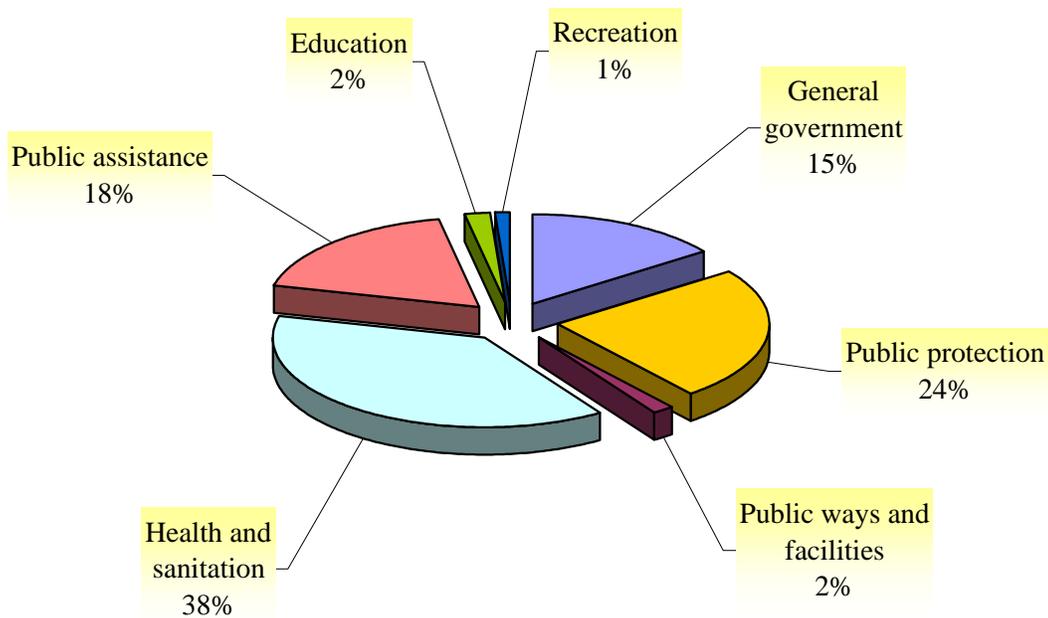
¹ Principal employer information for year 2007 and 2008 is not available.

² Total County employment for 2006 was 351,300.

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

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government	742	749	772	827	834	803	790	789	831	850
Public protection	1,246	1,263	1,281	1,344	1,354	1,321	1,292	1,354	1,381	1,391
Public ways and facilities	84	90	91	81	93	97	92	93	92	95
Health and sanitation	1,501	1,546	1,548	1,663	1,667	1,905	1,895	1,981	2,077 ³	2,174
Public assistance	743	743	773	800	870	893	906	953	994	1,036
Education	104	104	106	106	109	108	108	112	113	113
Recreation	60	59	61	63	58	55	55	55	56	56
Total full-time equivalent employees ²	4,480	4,554	4,632	4,884	4,985	5,182 ¹	5,138	5,337	5,544	5,715

Full-time Equivalent County Employees by Function
FY 2007-08



Source: County's Budget System - County of San Mateo, California

Notes:

- ¹ In August 2003, the County assumed control of the Burlingame Long Term Care Center (BLTC), a 281-bed skilled nursing facility that had been in State receivership since November 2002 due to the bankruptcy of its previous operator. The addition of BLTC increased the County's number of employees.
- ² The full-time equivalent (FTE) employee count was based on the information available in the County's Budget System.
- ³ The increase in FTE was primarily caused by extended services provided by the Public Health and the Mental Health divisions.

COUNTY OF SAN MATEO
Operating Indicators by Function
Fiscal Years 2000-2007

<u>Function</u>	<u>Fiscal Year</u> ³							
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>General Government</u>								
<i>County Counsel</i>								
Number of litigation cases	---	1,366	1,316	1,375	1,567	1,628	1,658	1,630
Percent of general litigation cases won or resolved with approval of client	---	---	---	89%	92%	95%	100%	100%
Attorney per capita	1:34,495	1:30,674	1:32,438	1:32,593	1:32,734	1:33,051	1:33,554	1:30,581
Cost per capita as compared with surrounding counties:								
San Mateo County	\$6.86	\$6.58	\$7.72	\$7.83	\$7.89	\$8.49	\$9.13	\$8.17
Surrounding counties	---	---	\$9.01	\$9.54	\$9.54	\$11.08	\$10.77	\$12.04
<i>Public Safety Communication</i>								
Number of calls received	---	481,623	746,500 ²	687,629	634,044	650,683	563,922	609,882
Number of calls processed annually by category:								
High priority	---	71,864	68,434	65,193	63,578	69,529	73,138	77,691
Other dispatched	---	184,935	207,910	207,160	200,348	181,261	174,939	217,874
Informational	---	224,824	470,156	415,276	370,118	399,893	315,845	314,317
Percent of high priority calls dispatched within established time frames:								
Police	86%	84%	83%	82%	86%	88%	89%	88%
Fire	95%	95%	94%	94%	94%	94%	94%	94%
Medical	95%	94%	94%	93%	93%	93%	92%	91%
<u>Public Protection</u>								
<i>District Attorney</i>								
Total cases reviewed	---	---	21,038	23,392	26,031	22,215	22,904	23,947
Total filings	---	---	18,138	20,007	22,325	18,994	16,871	17,729
Number of felony cases with victims	1,387	1,308	1,323	1,202	1,232	1,423	1,470	1,532
Number of victims contacted, including unsolved cases	---	638	701	2,585	4,754	5,018	5,460	4,404
Average number of cases reviewed by attorney	---	---	438	487	542	436	433	459
Percent victims for whom services were provided	---	---	---	95%	96%	97%	98%	98%
<i>Sheriff's Office</i>								
<i>Investigative services</i>								
Number of cases performed annually	---	---	5,848	6,358	6,000	5,035	5,456	7,935
Number of first-time offenders placed in Juvenile Diversion Program	253	370	358	292	434	635	759	712
Number and percent of cases submitted to the District Attorney's Office (Investigations only)	---	---	725/33%	1,419/47%	1,114/45%	1,694/37%	2,466/37%	2,460/31%
Number and percent of youth re-offending within 12 months of completing Juvenile Diversion Program	5/9%	4/4%	7/13%	9/21%	12/20%	12/16%	4/15%	6/15%
<i>Patrol Bureau</i>								
Number of dispatched calls for patrol services	60,057	59,049	70,668	63,547	59,999	57,662	57,831	56,937
Number of citations issued - patrol services	8,482	9,084	10,278	9,857	11,185	11,453	9,189	10,352
Number of total traffic activities (non-citation)	19,211	17,388	18,092	15,237	16,096	15,298	16,681	16,847
Average response time for priority dispatched calls:								
Urbanized service areas (in minutes)	2.63	3.15	3.70	3.26	2.64	3.20	3.25	3.57
Rural service areas (in minutes)	13.03	8.40	9.75	8.27	9.67	10.00	10.49	11.41
Average cost per dispatched patrol service call	\$376	\$382	\$336	\$436	\$452	\$494	\$490	\$539
<u>Probation Department</u>								
<i>Adult Supervision Services</i>								
Number of probationers placed on:								
Relapse prevention supervision services	---	---	---	---	1,701	1,437	1,878	2,654
Intensive supervision	---	---	1,448	1,749	3,708	1,479	923	954
Supervised Computer Assisted Case Services Unit	---	---	---	---	5,552	4,504	3,596	1,552
Number and percent of probationers:								
Completed probation without new sustained law violation	---	---	1,354/65%	687/71%	1,652/75%	526/66%	840/56%	805/63%
Completed treatment program during grant of probation	---	---	---	---	---	409/65%	1,234/55%	1,637/64%

(continued)

Source: County's Adopted Budget Books.

Notes:

¹ --- Data are not available.

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

³ Operating statistics is subject to retroactively adjustment as needed. The statistics for FY 2007-08 are not yet available.

COUNTY OF SAN MATEO
Operating Indicators by Function
Fiscal Years 2000-2007

<u>Function</u>	<u>Fiscal Year</u> ³							
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Juvenile Supervision Services								
Number of juveniles served on probation	---	---	---	---	3,112	3,167	2,467	2,465
Number of youth served under prevention/diversion programs	---	---	---	---	---	487	1,256	989
Number and percent of probationers:								
Completed probation without new sustained law violation	1,005/67%	1,005/67%	1,020/68%	490/84%	1,345/89%	1,373/89%	726/76%	897/79%
Completed informal contract and are not filed upon within Six months of case closure	---	---	---	---	---	---	1,262/84%	435/85%
Public Ways and Facilities								
Road maintenance								
Number of service hours:								
Asphalt and concrete pavement	32,100	31,470	38,688	27,281	22,714	20,224	17,208	20,274
Traffic signs, striping and legends	6,764	4,635	4,921	3,073	3,728	2,626	4,552	3,902
Drainage facilities	20,661	21,986	18,099	18,724	12,525	12,176	15,808	12,605
Vegetation management	15,426	20,469	22,015	19,403	15,568	14,569	13,763	16,861
Number of lane miles:								
Sealed	---	---	26.1	32.3	17.0	82.0	53.0	0.0 ⁶
Resurfaced	---	---	34.2	41.7	23.0	14.0	14.4	13.6
Reconstructed	---	---	2.7	4.7	2.9	0.3	1.2	1.9
Waste management								
Number of website visits to the County's RecycleWorks website	---	---	125,224	96,839	80,455	128,192	327,872	501,779
Number of programs implemented that reduce waste or conserve resources (data development)	---	---	---	---	---	---	34	32
Health and Sanitation								
Emergency Medical Services (EMS)								
Number of 9-1-1 calls for medical response	38,121	40,013	37,028	41,504	40,851	39,068	40,222	38,818
Percent of EMS calls responded to on time								
Ambulance	94%	94%	95%	95%	94%	93%	91%	91%
Fire first response	98%	98%	98%	98%	98%	98%	99%	98%
Mental Health Adult Services								
Number of clients served:								
Intensive level of service	2,680	2,676	2,575	2,578	2,631	2,446	2,409	2,221
Outpatient level of service	7,207	7,442	7,582	7,309	7,218	7,280	7,497	7,789
Number of new clients served	---	---	---	---	---	2,556	2,613	2,722
Percent of customer survey respondents indicating they have benefited from mental health treatment:								
Able to deal more effectively with daily problems	91%	91%	93%	90%	96%	95%	92%	87%
Better able to control their life	90%	90%	91%	88%	94%	95%	94%	87%
Mental Health Youth Services								
Number of clients served:								
Intensive	685	700	719	784	711	752	987	1,041
Non-intensive	1,220	1,328	1,292	1,408	1,451	2,136	2,024	2,302
Number of new clients served	---	---	---	---	---	1,061	1,109	1,120
Percent of survey respondents who agree or strongly agree that the client is better at handling daily life:								
Parents	---	---	84%	80%	77%	71%	78%	82%
Youth	---	---	86%	83%	71%	72%	65%	76%
Family Health Services								
Number of customers served:								
Field nursing and maternal, child and adolescent health	2,528	2,330	2,405	2,388	2,078	2,017	2,057	1,903
Prenatal to three	5,503	6,316	6,764	3,336	3,575	3,645	3,714	3,722
Women, infants and children	22,600	22,600	19,050	22,231	25,599	21,688	17,976	19,595
California children services	3,446	3,327	4,480	1,747 ⁴	2,541	2,788	2,724	2,703
Child health and disability prevention	3,900	7,862	3,732	3,101 ⁴	2,696	2,074	1,881	2,177
Lead	65	140	185	69	76	82	102	40
California nutrition network	6,872	8,015	10,938	15,750	12,532	13,152	27,411 ⁵	23,818
Number and percent of low-income children up-to-date on immunizations at age two	---	---	372/63%	374/67%	444/69%	316/71%	1,090/70%	1,107/84%

(continued)

Notes:

⁴ The decrease reflected changes in collection methodology.

⁵ Staff attended a larger number of health fairs increasing the number of customer served.

⁶ The State usually allocates funding for road sealing, resurfacing, and reconstruction. In FY 2006-07, the State only allocated funding for resurfacing and reconstruction projects.

COUNTY OF SAN MATEO
Operating Indicators by Function
Fiscal Years 2000-2007

<u>Function</u>	<u>Fiscal Year</u> ³							
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<i>Health Promotion and Disease Control</i>								
Number of clients served:								
AIDS program clinical services	549	554	576	546	565	559	576	540
Mobile clinic clinical services	---	---	2,975	1,463	3,024	2,713	3,534	4,103
STD Control	1,035	1,301	1,872	1,325	1,674	1,636	2,951 ⁹	1,954
TB Control	---	237	641	811	508	901	1,100	1,085
Percent of clients demonstrating improvement in knowledge, attitudes, and behavior regarding disease prevention, control, and treatment	---	---	---	94%	90%	96%	98%	94%
<i>Environmental Health Services</i>								
Number of permitted facilities regulated	---	---	15,476	15,694	16,481	16,092	17,350	17,763
Percent of permitted facilities receiving an annual inspection	---	---	82%	88%	91%	88%	93%	87%
Number of complaints received	---	---	1,183	1,416	1,970	1,416	2,077	2,120
Percent of complaints responded to within the required time period	---	---	85%	86%	85%	86%	84%	86%
<u>Public Assistance</u>								
<i>Community Capacity Building</i>								
Number of clients served by community based providers contracting with the Human Services Agency (HSA):								
Individuals	---	---	25,013	28,242	28,127	22,553	29,313	23,413
Families	---	---	9,137	9,582	9,580	8,271	10,558	8,480
Percent of clients needing food and/or shelter received assistance:								
Food	---	---	96%	96%	97%	98%	98%	99%
Shelter	---	---	69%	63%	68%	64%	67%	75%
<i>Economic Self-Sufficiency</i>								
Number of participants using PeninsulaWorks Centers	---	---	14,308	22,460	24,426 ⁸	24,794	20,089	17,654
Number of enrolled participants in Workforce Investment Act (WIA) Intensive & Training Services	---	---	---	---	---	1,003	954	556
Percent of WIA-enrolled participants employed six months after leaving Intensive & Training services	---	---	---	---	---	80%	77%	70%
<i>Family Strength</i>								
Number of children receiving child care assistance:								
HSA	---	---	1,598	1,578	1,520	1,600	533 ¹⁰	892
Child Care Coordinating Council/Professional Association for Childhood Education (PACE)	---	---	1,660	1,800	2,144	1,841	2,267	1,967
Percent of children served who do not experience a recurrence of maltreatment within 12 months	---	---	---	---	---	88%	91%	87%
Percent of children receiving childcare payment assistance who are cared for by licensed providers or providers who passed a background screening:								
HSA	---	---	---	---	88%	77%	79%	73%
Child Care Coordinating Council	---	---	---	82%	83%	95%	83%	78%
PACE	---	---	---	74%	65%	75%	95%	85%
<i>Housing & Community Development</i>								
Number of affordable housing units developed and occupied	---	---	215	124	104	53	158	321
<u>Recreation</u>								
<i>Parks & Recreation</i>								
Number of park reservation calls taken	2,420	2,480	3,102	3,794	3,479	5,291 ⁷	5,011	3,500 ¹¹
Number of special events processed	113	100	95	64	106	78	87	110
Percent of customer survey respondents rating services good or better	87%	94%	95%	90%	83%	96%	94%	94%

Notes:

⁷ Park reservations staff began making reservations for Fitzgerald Marine Reserve docent-led tours, a task previously performed by others.

⁸ The measure included Workforce Investment Act participants only.

⁹ The increase in number of clients served was caused by increased capacity in STD clinic stabilized workforce.

¹⁰ The Human Services Agency changed its method in calculating the number of children served.

¹¹ This represents a target result to achieve. The actual measure is not available because the Parks Department has no resources to perform the physical count.

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

	Fiscal Year							
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Governmental Activities:</u> ¹								
General government								
Child care centers	2	2	2	2	2	2	2	2
Fairground	1	1	1	1	1	1	1	1
Grant yards	6	6	6	6	6	6	6	6
Law library	1	1	1	1	1	1	1	1
Public protection								
Fire stations	4	4	4	4	4	4	4	4
Sheriff stations	1	1	2	2	2	2	2	2
Jail	1	1	1	1	1	1	1	1
Youth services center	1	1	1	1	1	1	1 ²	1
Public ways and facilities								
Road								
Pavement (miles)	316.5	316.6	316.7	316.8	316.6	316.2	314.4	315.9
Bridges	28	28	28	28	28	28	28	28
Traffic signals	17	17	17	18	19	19	19	19
Sewer and water								
Sewer:								
Sanitary sewers (miles)	148.45	148.45	148.45	148.45	148.51	149.47	149.47	147.35
Water:								
Water mains (miles)	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
Storage capacity (thousands of gallons)	710	710	710	710	710	710	710	710
Lighting								
Street lights	2,847	2,906	2,898	2,889	2,927	2,920	2,921	2,128 ³
Flood control								
Channels (miles)	4.69	4.69	5.89	5.89	6.40	7.70	7.70	7.70
Health and sanitation								
Warehouse	1	1	1	1	1	1	1	1
Psychiatric center	1	1	1	1	1	1	1	1
Satellite clinic	1	1	1	1	1	1	1	1
Public assistance								
Drug treatment center	1	1	1	1	1	1	1	1
Employment and training center	1	1	1	1	1	1	1	1
Recreation								
Parks	21	21	22	22	22	22	22	22
Boating recreation center	1	1	1	1	1	1	1	1
<u>Business-type Activities:</u>								
Medical center	1	1	1	1	1	1	1	1

Sources:

County Capital Asset Master File
Department of Public Works

Notes:

- ¹ Four buildings are currently occupied by departments from different functions.
- ² A new youth services center was opened in September 2006.
- ³ The decrease was caused by transfer of the Ravenswood Lighting District to the City of East Palo Alto.



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