

COUNTY OF SAN MATEO, CALIFORNIA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016

Juan Raigoza, Controller



Cover Photo: Crystal Springs, Burlingame, CA

County of San Mateo, California

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Fiscal Year Ended June 30, 2016



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Controller

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2016**

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INTRODUCTORY SECTION

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COUNTY OF SAN MATEO
OFFICE OF THE CONTROLLER

Juan Raigoza
Controller

Shirley Tourel
Assistant Controller

555 County Center, 4th Floor
Redwood City, CA 94063
650-363-4777
<http://controller.smcgov.org>

November 18, 2016

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

California Government Code sections 25250 and 25253 require that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. The Comprehensive Annual Financial Report (CAFR) of the County of San Mateo (County) for the fiscal year ended June 30, 2016 is hereby published.

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

The County's independent auditor, Macias Gini & O'Connell LLP, has issued an unmodified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

The Management's Discussion and Analysis (MD&A) section, which appears on pages 4-21 of this report, provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The County, one of the nine counties in the San Francisco Bay Area, was established by State law in 1856. The County occupies 455 square miles and contains 20 cities on a peninsula bounded by the City and County of San Francisco to the North, Santa Clara County to the South, San Francisco Bay to the East, and the Pacific Ocean to the West. Though sandwiched between two large urban areas, the County is a pleasant mix of suburban and rural areas. Most of the County's 766,041 residents live in the suburban corridor east of the Santa Cruz Mountains, which bisect the County. The western part of the County remains primarily rural and has some of California's most beautiful coastline.

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

Under a charter form of government, the County is governed by a five-member Board of Supervisors (the Board). Each Supervisor serves four-year terms on a full-time basis, must reside in one of the five districts of the County, and is elected by district in non-partisan elections. The Board is responsible, among other duties, for passing ordinances, adopting the County's budget, and appointing committees, the County Manager/Clerk of the Board and the County Counsel. The County Manager appoints the non-elected directors of ten departments. The County has six elected officials responsible for the offices of the Assessor-County Clerk-Recorder, Controller, Coroner, Sheriff, District Attorney, and Treasurer-Tax Collector.

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

Economic and Financial Outlook

Global recovery has leveled amid increasing financial turbulence. Relative to last year, global recovery continues, but at an ever slowing and increasingly fragile pace. As a result, global gross domestic product (GDP) is projected to grow at 3.2% in 2016, 2.8% in 2017 and 3.0% in 2018. The outlook for the United States is lower, and forecasted to grow at an annual rate of 1.1% in 2016, 2.2% in 2017 and 2.1% in 2018. GDP of San Francisco metropolitan area, which includes San Mateo County, increased by 4.1% in 2015 (latest available data) compared to the average U.S. metro area growth of 2.5%. This was primarily due to continued growth in the Bay Area's technology sector.

Unemployment rates in both the State and County have declined steadily during the past years. As of June 2016, the County's unemployment rate is 3.3% (same rate as prior year), which is lower than the State's rate of 5.7% and the national rate of 4.9%. Although hiring continues at a steady pace, since the beginning of 2016 a number of start-up and large technology companies in the Silicon Valley experienced a rise in layoffs.

Since property tax revenues are the County's largest source of general fund revenues, the health of the local real estate market and associated changes in property assessed values are key indicators of the County's financial outlook. For the fiscal year (FY) 2016-17 total Property Assessment Roll value for the County is \$191 billion, \$13.5 billion or 7.6% higher than the prior year. This will increase the local property tax revenue base to \$1.91 billion. Property tax revenues are shared by all local taxing agencies (schools, cities, special districts, and the County). FY 2016-17 is the sixth consecutive year that new historic highs have been set and reflect the County's continuing growing economy.

The median price paid for a home (house and condo) in the Bay Area in June 2016 was \$712,000, up 7.7% from \$661,000 in July 2015. Within the County the median home price for July 2016 increased to \$1,075,000, an 8.9% increase from July 2015 when the median price was \$987,500. The County's median single-family home price rose 0.48% to \$1,306,250 as of June 2016 from \$1,300,000 as of June 2015. While this will result in higher assessed property values and property tax revenues in the future, affordability continues to decline across the Bay Area.

The California Association of Realtors' Traditional Housing Affordability Index measures the percentage of households that can afford to purchase a median priced home. The housing affordability index for the Bay Area was 23 during the June 2016 quarter. The County's affordability index was 14, while the U.S. index was 57 and the State's was 31 in June 2016. Accordingly, during the June 2016 quarter, only 14% of households in the County could afford to purchase a median priced home in the County.

The Commercial real estate market experienced a dramatic surge in 2016, and landlord asking rates for commercial space increased in almost every city in the Silicon Valley, as technology companies continue to expand their campuses. The average asking rate to lease commercial space in the County rose 13.9% to \$5.01 per square foot per month as of June 2016. Meanwhile, the County's vacancy rate for commercial property has declined significantly. In June 2016 the vacancy rate was at 3.7%, much lower than 7.7% in June 2015, and 16.3% in June 2014.

Long-Term Financial Planning

Educational Revenue Augmentation Fund (ERAF)

Since FY 1992-93 local taxing entities (cities, special districts, and the County) are mandated to shift a portion of their property tax dollars to the ERAF to be used to reduce the State's obligation in funding school districts. School districts that receive less than their minimum State guaranteed amount are eligible to receive revenues from the ERAF while those that receive property taxes equal to or greater than their minimum State guaranteed amount do not.

Starting in FY 2013-14, legislation created a new funding formula to determine the minimum State guaranteed amount for K-12 school districts. The new formula, referred to as the Local Control Funding Formula (LCFF), is expected to increase the State's minimum guaranteed amount for school districts, thus increasing the obligation from the ERAF. School districts that receive monies from ERAF per the LCFF are referred to as LCFF-funded schools.

Any monies in the ERAF that are in excess of the total amount the LCFF-funded school districts are eligible to receive, less special education funding as determined by the California Department of Education and funding for community colleges, is refunded back to the local taxing agencies in the same proportion as their contributions. These refunded monies are referred to as Excess ERAF.

Generally, the fewer LCFF-funded school districts, the larger the Excess ERAF amount. In FY 2015-16, 13 out of 24 K-14 school districts were LCFF-funded school districts, up from 9 in FY 2014-15. Over time, as the State increases the minimum funding requirements, the number of LCFF-funded school districts will increase to reduce the amount of Excess ERAF returned to the County, cities, and special districts.

The County's portion of Excess ERAF monies was \$109 million in FY 2015-16. The County is conservative in budgeting Excess ERAF monies, as the revenues are subject to legislative risks.

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

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

Under current law, there is no statutory mechanism to fully reimburse counties and cities for lost sales and use tax and vehicle license fee revenues when the ERAF account has insufficient funds. Due to the County's efforts, the State has made the cities and County whole in the last three years through special State budget appropriations totaling \$14.9 million, of which \$12 million was distributed to the cities and \$2.9 million to the County. The ERAF account's obligation to fund the Triple Flip swap ended in FY 2015-16.

Employees' Retirement Plan

In FY 2014-15, the County implemented the Government Accounting Standards Board (GASB) Statement No. 68 related to financial reporting of pension plans on the basic financial statements. It also requires full disclosures in the notes and required supplementary information sections of the CAFR. SamCERA (the Plan) is the pension plan for the County. Because of this standard SamCERA and the County now use two different actuarial valuation methods for its pension plan - one for financial reporting purposes as required by GASB No. 68, and the other for funding purposes to determine the County's annual contribution to the plan.

As of June 30, 2016, for financial reporting purposes, the County's net pension liability is \$466.3 million, and the plan's funded ratio is 87.5%. Contributions from the County to the pension plan totaled \$174 million in FY 2015-16.

As of June 30, 2016, for funding purposes as reported by SamCERA, the entire pension plan's Unfunded Actuarial Accrued Liability (UAAL) totaled \$737.6 million, an increase of \$35.4 million from the UAAL of \$702.2 million in

FY 2014-15. For funding purposes, the pension plan's funded ratio increased from 82.6%, as of June 30, 2015, to 83.1% as of June 30, 2016, while the County's proportionate share of the plan's unfunded liability increased to \$703 million (95.25% of \$737.6 million). SamCERA lowered the discount rate from 7.25% to 7.00% beginning in FY 2015-16, which will require the County to increase its contributions.

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

	Funding Purposes	Financial Reporting Purposes
Discount Rate / Assumed Rate of Return	7.00%	7.45%
Measurement Date of Assets	June 30, 2016	June 30, 2015
Recognition of Investment Income (Loss)	Gain (loss) recognized over 5-year period, 20% per year	Projected gain plus/minus 20% of difference between projected and actual gain (loss)
Funded Ratio as of June 30, 2016	83.1%	87.5%
Unfunded Actuarial Accrued Liability as of June 30, 2016	\$703 million	n/a
Net Pension Liability as of June 30, 2016	n/a	\$466.3 million

The discount rate, the assumed investment rate of return, has a major impact when determining the actuarial net pension liability amount. Note 13, Employees' Retirement Plans, includes a required disclosure titled *Sensitivity of the County's Proportionate Share of Net Pension Liability to Changes in the Discount Rate*. Decreasing the discount rate by 1% from 7.45% to 6.45% would increase the County's net pension liability, for financial statement reporting purposes, from \$466.3 to \$924.0 million. Similarly, significant changes to the unfunded liability amount, as calculated by SamCERA for funding purposes, would result if that discount rate was decreased from 7.00% to 6.00%.

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

Other Postemployment Benefits (OPEB)

The County administers a postemployment benefit (OPEB) Retiree Health Plan. The County prefunds its OPEB obligations through the California Employers' Retiree Benefits Trust (CERBT). For the year ended June 30, 2016, the County contributed \$28.3 million to the Retiree Health Plan. Per the latest actuarial report, the plan's funded ratio was 61.0% as of June 30, 2015. During FY 2014-15, the Retiree Health Plan's unfunded actuarial accrued liability (UAAL) increased by 18.7% to \$150.3 million. Starting with the year ending June 30, 2017 an actuarial analysis will be performed annually instead of biennially.

In June 2015, GASB issued Statements No. 74 and No. 75. These Statements specify accounting and financial reporting requirements for postemployment benefits other than pensions. The County will implement GASB No. 74 effective in FY 2016-17, and No 75 in FY 2017-18. GASB No. 74 will require additional financial statement notes and supplementary information disclosures while GASB No. 75, similar to pension reporting standards released by GASB No. 68, requires reporting of the net OPEB liability amount on the face of the financial statements. It will also require additional financial statement notes and supplementary information disclosures about the actuarial assumptions and methods used to account for OPEB plans. These changes will increase the transparency of these unfunded liabilities.

Measure A Sales Tax Revenues

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

In FY 2015-16 and FY 2014-15, Measure A tax generated \$79.9 million and \$80.6 million, respectively. During the same years, the County spent \$44.1 million and \$36.4 million, respectively, on Measure A funded initiatives. Significant expenditures for FY 2015-16 include: technology infrastructure and Open Data projects (\$8.9 million), SamTrans' Youth, Elderly and Disabled initiative to support paratransit services (\$5 million), and buildings and facilities infrastructure (\$3 million).

Measure A funded initiatives totaling \$178.3 million were appropriated in FY 2016-17. This includes \$118.2 million of new budget appropriations plus \$60.1 million of previously budgeted appropriations. Some of the approved initiatives for FY 2016-17 include: Countywide capital projects (\$57.9 million), County community development initiatives (\$17.4 million), The Big Lift early learning program (\$14.4 million), Parks improvement projects (\$6.5 million), and homeless and safety net services (\$6.2 million).

Affordable Care Act

The Affordable Care Act (ACA) changed health care coverage for Americans in two significant ways. It expanded Medicaid (called Medi-Cal in California) to cover more low-income individuals, and provided subsidies for low and middle income Americans to purchase insurance through health insurance marketplaces.

Implementation of the ACA has successfully reduced the number of uninsured County residents. The Human Services Agency in partnership with the Health System's Health Coverage Unit and a network of community-based organization partners has carried out three seasons of Open Enrollment for health insurance coverage under the ACA. Census data to track the number of uninsured Americans continues to lag, but the most recent estimates (Fall 2015) indicate that 92.5% of the County's residents are now insured.

As of September 2016, approximately 36,000 County residents are enrolled in Medi-Cal through the ACA, and over 26,000 residents now have insurance through California's health insurance marketplace, Covered California. The 62,000 residents currently benefitting from the ACA's health insurance expansion is similar to the total in 2015.

In addition to the expansion of Medi-Cal coverage, the ACA added treatment for moderate mental illness and for substance use treatment as Medi-Cal benefits. The increased coverage has already made a difference. The number of County residents able to obtain treatment for moderate mental health issues has increased four-fold. In 2016, San Mateo became the first county in the state approved to implement an organized system of substance use treatment for Medi-Cal beneficiaries. The number of beneficiaries receiving these treatments is expected to double in the first year.

The ACA's provisions also affect the financing of healthcare, particularly for health care providers that serve a large population of low-income residents. Of the approximately 36,000 residents who are enrolled in the expanded component of Medi-Cal, approximately 19,000 are assigned to San Mateo Medical Center (SMMC). SMMC's revenues and net operating results improved in FY 2015-16 since a greater proportion of the patients it serves now have insurance. However, the full financial impacts to SMMC may not be known for years as the various financial components that are a part of Medi-Cal and healthcare safety net financing continue to be implemented. Future federal legislation regarding the ACA may also result in additional unknown financial impacts to SMMC.

Infrastructure

The countywide capital projects budget for FY 2016-17 includes a total of \$182 million from General Fund, Measure A, and other County funding sources.

Major General Fund projects include the Animal Care Shelter replacement (\$21.9 million), Parks and Marina projects (\$7.6 million), Maguire Correctional Facility improvements (\$6.5 million), Strategic Energy Master Plan Project Development (\$3.0 million), and the Mirada Road Erosion Protection project (\$2.6 million).

Some key capital projects funded by Measure A include the Public Safety Dispatch and Emergency Operations Center (\$32.9 million), Green Valley Trail and Flood Park improvements project (\$2.7 million), Maple Street Shelter renovation project (\$4.5 million), other infrastructure replacement projects (\$3.7 million), and the Respite Center - Hacienda House remodel (\$2.8 million).

In 2014, \$87.1 million from the sale of the Circle Star Plaza property were set aside in the Accumulated Capital Outlay (ACO) Fund for future construction projects. Several projects will be funded by the ACO Fund in FY 2016-17, including: County Office Building No. 1 restoration and Information Systems Department facilities remodel (\$5.6 million), San Mateo Medical Center's old hospital building upgrades (\$7 million), and the Old Maguire Jail remodel (\$12.6 million).

Meeting the Future

Compared to last year, the likelihood of a downturn in the local economy in the near future has increased. The forecasted lower global, U.S., and State GDP rates all point towards a slowing economy. While the County's low unemployment rate of 3.3% is the same as the prior year, the growth rate in home prices has slowed. Slowing increases to home prices will slow the growth in property tax revenues. In addition, the County has experienced stagnant growth in local sales tax revenues over the past two fiscal years.

County revenues that may be at risk include funding for health care services under the ACA and property tax revenues received from Excess ERAF. Future federal legislation may reduce payment amounts for providing health care services and/or increase the number of uninsured residents, which would reduce SMMC's revenues. Furthermore, as the State, via changes to the LCFF, increases the minimum funding requirements to school districts the amount of Excess ERAF monies returned to the County, cities and special districts will decrease.

Although the prepayment of pension liabilities will lower future required contributions, increases to unfunded postemployment benefit liabilities, and the lowering of the pension plan's assumed rate of return by SamCERA from 7.25% to 7.00% beginning for FY 2015-16, will both require increased contributions from the County.

Planned investments in capital projects will require hundreds of millions of dollars in one-time construction/acquisition costs, plus additional annual funds to operate and maintain such infrastructure. The FY 2016-17 budget alone includes \$182 million in one-time funds for capital projects. On-going operating and maintenance costs for some of these capital projects will likely require tens of millions of dollars of additional funding each year.

A slowing economy, increases to unfunded liabilities, potential cost increases to provide health care services, expected reductions to Excess ERAF monies received, and increased costs related to the County's infrastructure needs all suggest that the County should focus on sustainable growth, maintaining sound finances, and closely monitoring expenditures in order to withstand any future revenue cuts or an economic downturn.

Relevant Financial Policies

Investments

The County investment pool was established to meet the County's liquidity and long-term investment needs. The Board established an eight-member oversight committee under State law to monitor the management of public funds in the investment pool. The oversight committee meets at least three times a year to evaluate general strategies, monitor results, and evaluate the economic outlook, portfolio diversification, maturity structure, and potential risks to the invested funds. The Board reviews and approves the Investment Policy annually. The foundation of the County Investment Policy is in priority order: safety, liquidity, and yield. The County pool is not only designed as an income

fund to maximize returns, but also attempts to match maturities with capital expenditures and other planned outlays. All amendments to the policy require the Board's approval.

Reserves

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

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

Budget

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

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

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

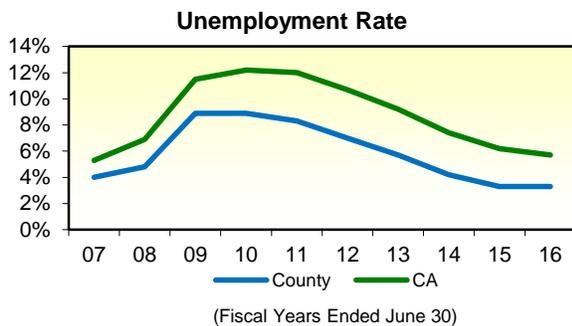
Debt Service Limit

Under the County's Debt Limit Ordinance, the Board is required to establish the County debt service limit annually. The debt service limit is applicable to non-voter approved debt that is the obligation of the County. The limit does not include any voter approved debt or any debts of agencies, whether governed by the Board or not, other than the County. The annual debt service limit shall not exceed 4% of the average annual County budget for the current and the preceding four fiscal years. The approved limit can be exceeded only through a 4/5 vote of the Board and upon a finding that such action is necessary and in the best interest of the County and its citizens. For FY 2015-16, the County continued to remain within this limit.

Factors Affecting Economy

Employment

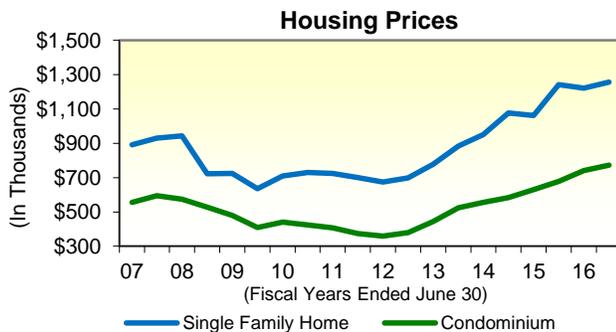
- The County had an estimated 14,700 unemployed residents as of June 2016.
- The County’s unemployment rate was 3.3% for June 2016, similar to 3.3% in June 2015.
- This compares with an unemployment rate of 5.7% for California and 4.9% for the U.S. for June 2016.
- Among California’s 58 counties, the County recorded the lowest unemployment rate as of June 2016.



Source: Employment Development Dept., California U.S. Department of Labor

Residential Property

- The County’s median single-family home price rose 1.9% to \$1,325,000 as of June 2016 from \$1,300,000 as of June 2015.
- The County’s median condominium price rose 8.4% to \$756,000 as of June 2016 from \$697,500 as of June 2015.



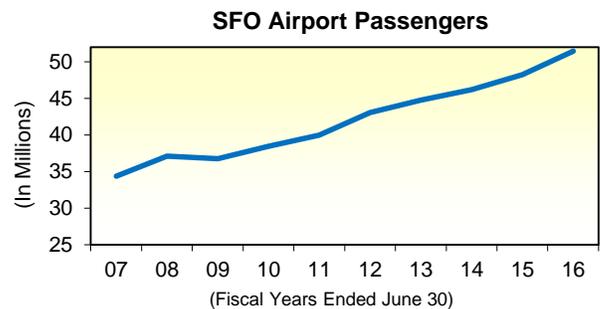
Source: San Mateo County Association of Realtors, based on statistics from Multiple Listing Services, Inc.

Commercial Property

- The County’s vacancy rate in June 2016 was at 3.7%, much lower than 7.7% for June 2015, and 16.3% for June 2014.
- The average asking rate to lease space in the County rose 13.9% to \$5.01 per square foot per month as of June 2016, up from \$4.40 in June 2015, and \$3.83 in June 2014.

Tourism

- San Francisco International Airport remains a significant economic engine in the region by providing tens of thousands of jobs. The Airport’s total passenger volume rose 6.6% to 51.4 million for June 2016 from 48.2 million for June 2015.



Source: SFO Comparative Traffic Reports

Taxable Sales

- The County’s total taxable sales rose 2.2% to \$4.2 billion for the fourth quarter ended December 2014 (latest data) from \$4.1 billion for the same period ended December 2013.

Median Family Income & Per Capita Income

- The County’s estimated median family income increased to \$101,272 for 2015 (latest data), an 11% increase from \$91,421 for 2014.
- The County’s per capita personal income increased to \$89,659 in 2014 (latest data), a 4.7% increase from \$85,653 in 2013.

Major Initiatives



Healthy Community

Health System

- Provide support services for older adults in need of: emergency food, status check-in, and living assistance due to Alzheimer’s dementia.
- Train teen Healthy Living Ambassadors in the basics of food cultivation, horticulture, nutrition, fitness, and instructional practices so they can teach children healthy living skills while growing a school garden.
- Administer the Covered California Navigator Program to help improve health care quality, lower costs, and reduce health disparities.



Safe Community

Department of Probation / Sheriff’s Office / Human Services Agency

- Prevent abuse of children through Human Trafficking and Commercially Sexually Exploited Children initiative.

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

- Manage construction of new Public Safety Communications and Emergency Operations Center facility.



Environmentally Conscious Community

County Manager’s Office

- Transition paper files to electronic documents and develop an integrated process and tool kit that other departments can use when they transition to electronic files.



Prosperous Community

Department of Public Works / County Manager’s Office

- Make improvements to San Carlos and Half Moon Bay Airport facilities. Design and prepare Airport Land use and Compatibility Plan at San Carlos Airport.
- Build 28,000 square foot building for Animal Care Shelter for domestic animal holding, farmed animal holding, spay/neuter clinic, and administrative offices.

Human Services Agency

- Purchase a mobile hygiene unit to help provide shower, bathroom and laundry facilities for unsheltered homeless individuals.
- Help low income homeless individuals and families identify housing opportunities. Provide temporary financial assistance and services to return homeless people to permanent housing.
- Implement the Housing Our People Effectively (HOPE) Plan to redesign and re-engineer the County’s Homeless Services delivery systems.



Livable Community

Department of Housing

- Provide funding to non-profit housing providers to acquire and operate affordable housing units and prevent rent increases (Housing Preservation Fund).
- Buy out mortgages of supportive housing facilities to strengthen financial position of drug rehabilitation providers via Behavioral Health Mortgage Assistance initiative.
- Support the development of new affordable housing units within the County through Affordable Housing Fund 4.0.

Parks Department

- Upgrade to a new Park Reservation System which allows web-based access to annual passes and donations. Increase presence in social media, and barcoding of passes and permits.



Collaborative Community

Human Resources Department

- Expand Supported Training and Employment Program (STEP) to a year-round program. STEP offers emancipated foster youth job readiness skills training, employment coaching, and hands-on work experience in a County department.
- Design and implement Countywide Contracts System to automate development and processing of contract documents, contract assembly and approval, contract monitoring, closure and archiving.

Awards and Acknowledgements

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report (CAFR) for the prior fiscal year ended June 30, 2015. This was the sixteenth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The County also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2015.

Acknowledgements

My goal for this CAFR is to provide financial information that is transparent to our residents, policy leaders, and County management.

We welcome input from all users of this CAFR. This report would not have been possible without the dedication of all the fiscal officers and staff of the County. Their daily work help to ensure the financial stability and integrity of the County. I would like to acknowledge the extra efforts extended for the preparation of this report by the Controller's Office personnel. I also wish to thank the County's independent auditors Macias Gini & O'Connell LLP.

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

Finally, I wish to thank all of the citizens of San Mateo County for their support and employees of the County for their dedication and contributions to County government.

Respectfully submitted,



Juan Raigoza
Controller



Government Finance Officers Association

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

Presented to

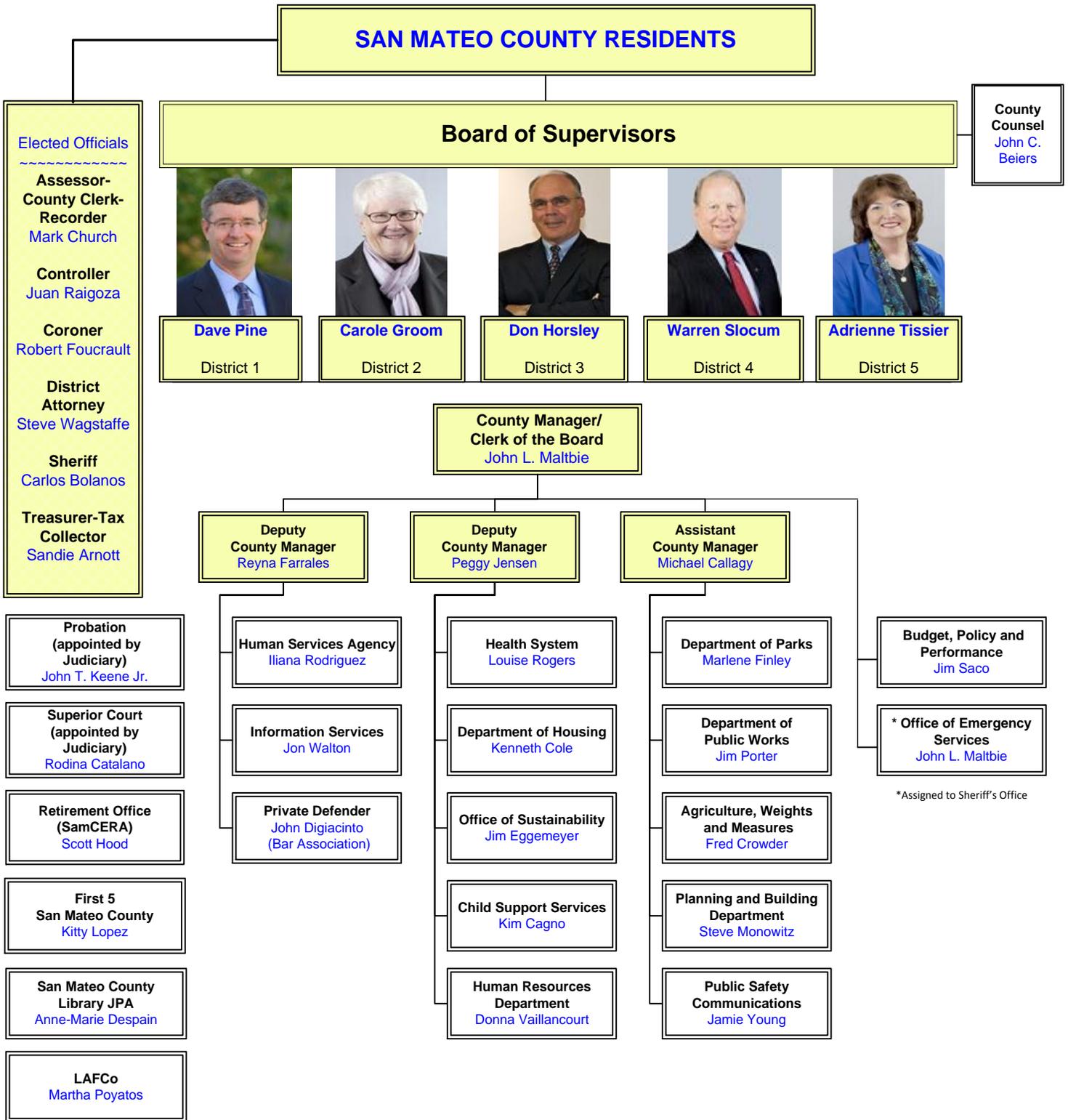
**County of San Mateo
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

COUNTY OF SAN MATEO
Organization Chart
 June 30, 2016



COUNTY OF SAN MATEO
Public Officials

ELECTED OFFICIALS

Board of Supervisors:

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

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

APPOINTED OFFICIALS

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

DEPARTMENT DIRECTORS

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

AFFILIATED ORGANIZATIONS

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



FINANCIAL SECTION

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



Independent Auditor’s Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of San Mateo, California (County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the County of San Mateo (Housing Authority), the San Mateo County Employees’ Retirement Association (SamCERA), the First 5 San Mateo County (First 5), and the Health Plan of San Mateo (HPSM), which represent the following percentages of the assets and deferred outflows, net positions/fund balances, and revenues/additions of the following opinion units as of and for the year ended June 30, 2016.

Opinion Unit	Assets and Deferred Outflows	Net Positions/ Fund Balances	Revenues/ Additions
Business-type activities	11%	34%	23%
Major enterprise fund – Housing Authority	100%	100%	100%
Aggregate remaining fund information	50%	54%	6%
Aggregate discretely presented component units	100%	100%	100%

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

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

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

Opinions

In our opinion, based on our audit and the 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, slightly slanted style.

Walnut Creek, California
November 18, 2016



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, 2016

This Management's Discussion and Analysis provides a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we provided in our transmittal letter in the preceding section. **All dollar amounts are expressed in thousands unless otherwise indicated.**

Financial Highlights

Government-wide financial position

The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year 2015-16 by \$1.8 billion (*net position*):

- \$584 million represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets (*net investment in capital assets*). These capital assets are used to provide services to citizens and are not available for future spending.
- \$257 million represents resources that are subject to external restrictions on their use and are available to meet the County's ongoing obligations for programs with external restrictions (*restricted net position*).
- \$950 million is available to fund County programs for citizens and debt obligations to creditors (*unrestricted net position*).

The County's total net position increased \$249.2 million to \$1.8 billion over the year. The positive change in County's net position indicates that the financial position of the County is improving.

- \$228.3 million increase in net position was derived from governmental activities predominantly from increases in property taxes, interest and investment.
- \$20.9 million increase in net position was derived from business-type activities with \$21.1 million increase from the Medical Center, and \$0.5 million decrease from the Housing Authority.

Fund financial position

The County's governmental funds reported combined fund balances of \$1.2 billion at the close of fiscal year, an increase of \$63 million compared to the prior year. About \$858 million (sum of assigned and unassigned fund balances) of this amount, or 74%, is available for spending at the County's discretion.

Capital asset and debt administration

The County's *capital assets* increased \$67 million to \$1,049 million with \$970 million for the governmental activities and \$79 million for the business-type activities. The increase was mainly from a \$166 million increase in Structures and Improvements (including \$171 million for the Maple Street Correctional Center, \$4 million for the SMMC Photovoltaic Solar Project, \$0.8 million for the East Palo Alto Photovoltaic Solar Project, offset by depreciation). This was offset by a \$101 million decrease in construction in progress mainly due to transfer of Maple Street Correctional Center from construction in progress to Structures and Improvements.

The County's total outstanding *long-term debt* (including lease revenue and revenue refunding bonds, notes payable, and other long-term obligations) decreased \$15 million to \$511 million. The decrease was mainly caused by normal debt payments made on the lease revenue bonds, certificates of participation and revenue refunding bonds (\$18.7 million including bond premiums), offset by increase of \$21.5 million from 2015 Revenue Refunding Bonds (refunding of the Certificates of Participation of 1997 and 2004 of the Colma Creek Flood Control Zone by the Flood Control District), and the issuance of 2016 Bonds of \$123.5 million to refund the 2008 Bonds.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2016

Overview of Financial Statements

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

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

The *statement of net position* presents information on all of the County's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period (e.g., uncollected taxes).

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

The government-wide financial statements include not only the County itself (known as the primary government), but also legally separate entities for which the County is financially accountable (known as component units). Some of these entities, although legally separate, function for all practical purposes as departments of the County and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 22-24 of this report.

Fund Financial Statements provide a narrower view of the County's finances. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of the County are divided into three categories: (1) Governmental Funds include general, special revenue, debt service, and capital project funds; (2) Proprietary Funds include enterprise and internal service funds; and (3) Fiduciary Funds include investment trust, pension trust, and agency funds.

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

Because the focus of governmental funds is narrower than that of governmental activities, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2016

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

The governmental fund financial statements can be found on pages 25-28 of this report.

Proprietary funds are comprised of two different fund types:

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

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

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

The proprietary fund financial statements can be found on pages 29-32 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 33-34 of this report.

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

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

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2016

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 35-89 of this report.

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

Required supplementary information can be found on pages 90-103 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 104-146 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	County's Net Position							
	Governmental		Business-type		Total		Increase/(Decrease)	
	Activities		Activities					
	2016	2015	2016	2015	2016	2015	Amount	Percentage
Current and other assets	\$ 1,704,577	\$ 1,657,886	\$ 256,843	\$ 209,013	\$ 1,961,420	\$ 1,866,899	\$ 94,521	5%
Capital assets	969,889	903,267	78,743	77,924	1,048,632	981,191	67,441	7%
Total assets	<u>2,674,466</u>	<u>2,561,153</u>	<u>335,586</u>	<u>286,937</u>	<u>3,010,052</u>	<u>2,848,090</u>	<u>161,962</u>	<u>6%</u>
Deferred outflows of resources	208,340	178,468	34,492	31,480	242,832	209,948	32,884	16%
Long-term liabilities	599,168	606,935	14,410	13,394	613,578	620,329	(6,751)	-1%
Net pension liability	387,434	325,438	78,341	63,439	465,775	388,877	76,898	20%
Other liabilities	170,709	162,271	160,922	116,768	331,631	279,039	52,592	19%
Total liabilities	<u>1,157,311</u>	<u>1,094,644</u>	<u>253,673</u>	<u>193,601</u>	<u>1,410,984</u>	<u>1,288,245</u>	<u>122,739</u>	<u>10%</u>
Deferred inflows of resources	43,368	191,225	7,996	37,277	51,364	228,502	(177,138)	-78%
Net position:								
Net investment in capital assets	508,490	441,955	75,231	73,924	583,721	515,879	67,842	13%
Restricted	256,224	310,348	362	930	256,586	311,278	(54,692)	-18%
Unrestricted	917,413	701,449	32,816	12,685	950,229	714,134	236,095	33%
Total net position	<u>\$ 1,682,127</u>	<u>\$ 1,453,752</u>	<u>\$ 108,409</u>	<u>\$ 87,539</u>	<u>\$ 1,790,536</u>	<u>\$ 1,541,291</u>	<u>\$ 249,245</u>	<u>16%</u>

Analysis of Net Position. The County's net position increased \$249 million, or 16%, to \$1.8 billion at June 30, 2016.

Governmental Activities increased the County's net position by \$228 million, or 16% to \$1.7 billion.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2016

Total assets increased \$113 million, or 4%, to \$2.7 billion. The significant changes in assets occurred in the following areas:

- *Cash and investments* increased by \$50 million. This increase was due primarily to \$35 million in unspent Measure A sales and use tax revenues, and \$15 million increased in Secured Property Taxes.
- *Receivables and loan receivable* increased \$9 million primarily due to \$3 million increase in net mortgage receivable and \$3 million increase in accrued mortgage interest and other interest income, and \$3 million increase in loan receivable to the Peninsula Clean Energy Authority.
- *Due from other governmental agencies* decreased by \$24 million primarily due to the decrease in Medi-Cal revenues and the receipt of State mandates payments under SB90 for which the State had postponed payment for 15 years.
- *Capital assets* increased by \$67 million. The significant changes occurred in the following areas:
 - \$166 million increase in Structure and Improvements resulted from \$171 million for the Maple Street Correctional Center, \$4 million for the SMMC Photovoltaic Solar Project, \$0.8 million for the East Palo Alto Photovoltaic Solar Project, offset by depreciation.
 - \$101 million decrease in construction in progress mainly due to transfer of Maple Street Correctional Center from construction in progress to Structures and Improvements.

Total liabilities increased \$63 million, or 6% to \$1.2 billion. The significant changes in liabilities occurred in the following areas:

- *Net pension liability* increased \$62 million or 19% to \$387.4 million. This increase is a reflection of amount required to provide pension benefits for both active and retired members.
- *Long-term liabilities (lease revenue bonds and certificates of participation)* decreased by \$7.7 million. The decrease was primarily due to \$15 million regularly scheduled debt payments, and accreted interest. Additionally, \$5 million was offset by the increase in compensated absences and \$2 million increase in estimated claims and other long term obligations.
- *Accounts payable & accrued salaries and benefits* increased by \$8.7 million primarily resulted from timing difference between when transactions were executed and when payments are made.

Business-Type Activities increased the County's net position by \$21 million, or 24% to \$108 million.

Total assets increased \$49 million, or 17%, to \$336 million. The increase was primarily caused by the following:

- The *Medical Center's total assets* increased \$49.1 million. The significant changes are discussed below:
 - \$15.3 million decrease in cash and cash equivalents due to decrease in accounts payable and increase in due from other governmental agencies.
 - \$4.3 million increase in net patient accounts receivable due to an increase in patient days and outpatient visits.
 - \$8.4 million decrease in due from other County funds due to payments received on outstanding balances.
 - \$69.7 million increase in due from other governmental agencies because of outstanding balances related to Health Plan of San Mateo (HPSM), intergovernmental transfers (IGT) payable and the Medi-Cal 2020 Waiver receivable.
 - \$1.1 million decrease in prepayments due to a change in contract terms for the Access to Care for Everyone (ACE) County Program.

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- The *Housing Authority's total assets* decreased \$1.7 million resulted primarily from the decrease in cash and investments as the U.S. Department of Housing and Urban Development (HUD) transitions excess housing assistance payments funds from the Housing Authority back to HUD held funds.
- The *Coyote Point Marina's total assets* increased \$0.1 million due to the completion of Dock 10 and Dock 29 at the Coyote Point Marina Park.
- The *Airport's total assets* increased \$0.7 million due to the construction in progress for various capital projects.

Total liabilities increased \$60 million, or 31%, to \$254 million. The increase was primarily due to the following:

- The *Medical Center's total liabilities* increased \$60 million mainly due to an increase of \$45.4 million in due to other governmental agencies as a result of additional audit reserves for uncertainty associated with governmental reimbursement programs for patient services, an increase of \$14.7 million in net pension liability resulted in an actuarial analysis performed under the provisions of GASB Statements No. 68, an increase of \$1.4 million in accrued compensated absences due to higher accruals for employee vacation, paid holiday and compensatory time in 2016, and a decrease of \$1.6 million in accounts payable and other current liabilities.
- The *Housing Authority's total liabilities* decreased \$1.2 million due to a decrease in accounts payable of \$0.3 million and a decrease of \$0.9 million in long term debt loan forgiveness and loan payoff in El Camino Village.
- The *Coyote Point Marina's total liabilities* increased \$0.2 million due to an increase in interest payable from the State Department of Boating and Waterways.

The **County's total net position** increased by \$249 million, or 16%, to \$1.8 billion as of June 30, 2016. The County's net position can be divided into three categories: net investment in capital assets, restricted, and unrestricted.

- 33%, or \$584 million, of the County's net position reflects its *investment in capital assets* (e.g., land, buildings and equipment); net of any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to citizens. These assets, therefore, are *not* available for future spending. Although the County's investment in capital assets is reported net of related debt, the resources needed to repay this debt are provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.
- 14%, or \$257 million, of the County's net position represents resources that are subject to external restrictions on how they may be used and therefore *restricted*.
- 53%, or \$950 million, of the County's net position represents resources that may be used to meet the County's ongoing obligations to citizens and creditors and therefore *unrestricted*.

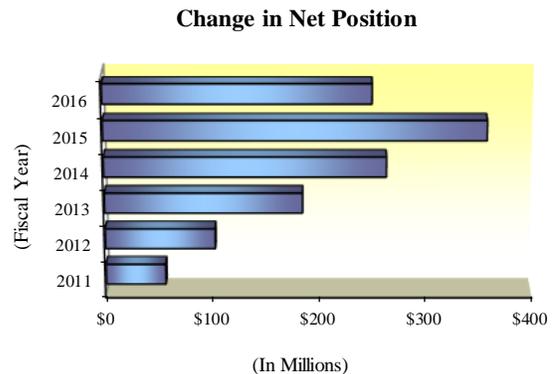
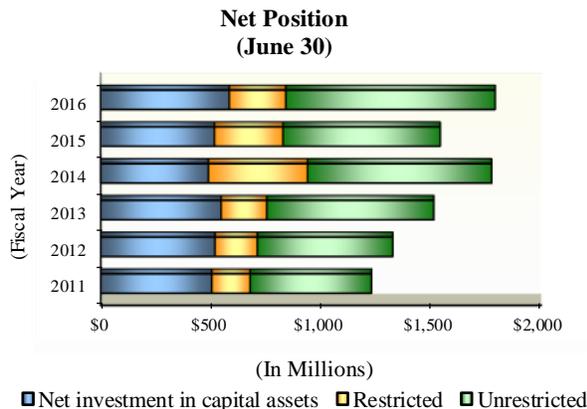
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Change in Net Position

(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2016	2015	2016	2015	2016	2015	Amount	Percentage
Revenues:								
Program revenues:								
Charges for services	\$ 173,088	\$ 179,625	\$ 303,391	\$ 267,292	\$ 476,479	\$ 446,917	\$ 29,562	7%
Operating grants and contributions	479,695	516,195	3,316	5,369	483,011	521,564	(38,553)	-7%
Capital grants and contributions	-	-	5,226	2,279	5,226	2,279	2,947	129%
Total program revenues	652,783	695,820	311,933	274,940	964,716	970,760	(6,044)	-1%
General revenues:								
Property taxes	471,985	455,001	-	-	471,985	455,001	16,984	4%
Other taxes	127,944	134,683	-	-	127,944	134,683	(6,739)	-5%
Unrestricted interest and investment earnings	21,026	13,742	776	333	21,802	14,075	7,727	55%
Miscellaneous	27,188	35,070	283	502	27,471	35,572	(8,101)	-23%
Total general revenues	648,143	638,496	1,059	835	649,202	639,331	9,871	2%
Total revenues	1,300,926	1,334,316	312,992	275,775	1,613,918	1,610,091	3,827	0%
Expenses:								
Program expenses:								
General government	111,332	120,104	-	-	111,332	120,104	(8,772)	-7%
Public protection	357,729	321,375	-	-	357,729	321,375	36,354	11%
Public ways and facilities	20,058	16,369	-	-	20,058	16,369	3,689	23%
Health and sanitation	275,293	243,919	-	-	275,293	243,919	31,374	13%
Public assistance	222,255	211,921	-	-	222,255	211,921	10,334	5%
Recreation	13,171	11,537	-	-	13,171	11,537	1,634	14%
Interest on long-term liabilities	22,187	22,980	-	-	22,187	22,980	(793)	-3%
San Mateo Medical Center	-	-	264,854	233,186	264,854	233,186	31,668	14%
Airports	-	-	3,318	3,312	3,318	3,312	6	0%
Coyote Point Marina	-	-	1,090	921	1,090	921	169	18%
Housing Authority	-	-	72,783	68,016	72,783	68,016	4,767	7%
Total expenses	1,022,025	948,205	342,045	305,435	1,364,070	1,253,640	110,430	9%
Excess (deficiency) before special item and transfers	278,901	386,111	(29,053)	(29,660)	249,848	356,451	(106,603)	-30%
Special item	(603)	-	-	-	(603)	-	(603)	100%
Transfers	(49,923)	(53,939)	49,923	53,939	-	-	-	0%
Change in net position	228,375	332,172	20,870	24,279	249,245	356,451	(107,206)	-30%
Net position - beginning, as previously stated	1,453,752	1,624,122	87,539	151,476	1,541,291	1,775,598	(234,307)	-13%
Cumulative effect of accounting change	-	(502,542)	-	(88,216)	-	(590,758)	590,758	0%
Net position - beginning, as restated	1,453,752	1,121,580	87,539	63,260	1,541,291	1,184,840	356,451	30%
Net position - ending	\$ 1,682,127	\$ 1,453,752	\$ 108,409	\$ 87,539	\$ 1,790,536	\$ 1,541,291	\$ 249,245	16%

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



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

Governmental Activities. Governmental activities increased the County's net position by \$228 million to \$1.7 billion for the fiscal year ended June 30, 2016. Such increase accounted for 92% of the County's overall increase in net position.

Analysis of Governmental Activities - Revenues

Program Revenues accounted for 50% of the County's overall governmental activities revenues. Program revenues consisted of three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. Program revenues decreased \$43 million, or 6%, from the prior year. The significant changes included the following:

- *Charges for services* decreased \$6.5 million, or 4%, to \$173 million due primarily to the decrease in Medi-Cal revenues from the State.
- *Operating grants and contributions* decreased \$36.5 million, or 7%, to \$480 million due primarily to the decrease in intergovernmental transfers (IGTs) from Health department as compared to the prior year.

General Revenues increased \$9.6 million, or 2%, from the prior year. General revenues accounted for 50% of the County's overall governmental activities revenues. The significant changes included the following:

- *Property Tax Revenues* increased \$17 million, or 4%, to \$472 million. The significant changes included the following:
 - \$14.6 million increase in secured property tax revenue due to growth in real property assessed values and decreased refunds.
 - \$2.1 million increase in supplemental property tax revenue due to an active real estate market resulting in increases in construction and sale of properties.
- *Other Tax Revenues* decreased \$6.7 million, or 5%, to \$128 million. The significant changes are discussed below.
 - \$2.6 million decrease due to one-time transfers from the State Controller's Office in FY 2014-15 for Triple Flip shortfalls.
 - \$1.6 million decrease primarily due to economic conditions, most notably reduced revenues from jet fuel sales at San Francisco International Airport as a result of low fuel prices.
 - \$2.0 million decrease in property in-lieu of sales taxes due to the mid-year restoration of the 0.25% reduction to the Bradley Burns 1% local sales tax previously shifted to pay off State issued bonds. The restoration resulted in a reduction to the amount of ERAF required to reimburse the County and cities, covering only the first two quarters of FY 2015-16.
- *Unrestricted Interest and Investment Earnings* increased \$7.3 million, or 53%, primarily due to unrealized gains on investment due to improved economic and market conditions.
- *Miscellaneous Revenues* decreased \$7.9 million, or 22%. The decrease was primarily due to \$2.3 million decrease in foundation grants, \$1.8 million decrease in workers comp claims, \$0.6 million decrease due to a one-time cash receipt on class action settlement in prior year, \$0.3 million decrease from investment recovery from Lehman bankruptcy in 2009 and \$0.3 million decrease due to Circle Star Plaza refund received in prior year, \$0.5 million decrease due to East Promenade donations received in prior year.

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Analysis of Governmental Activities – Expenses

Expenses for *General Government* decreased by \$9 million, or 7%. This decrease was due to the termination of contribution to the Seton Hospital by the Daughters of Charity set up for the provision of indigent and subsidized health care services to residents in the north county region.

Expenses for *Public protection* increased by \$36 million, or 11%. The increase was due to a \$17.4 million increase in personnel and operating expenses of the new Correctional Facility, \$6.6 million increase in implementation of the Probation Case Management System, \$3.7 million increase in the District Attorney case management system, \$1.5 million increase in private defender costs, and \$1.1 million increase in the vehicle and safety equipment replacement project to the County Fire.

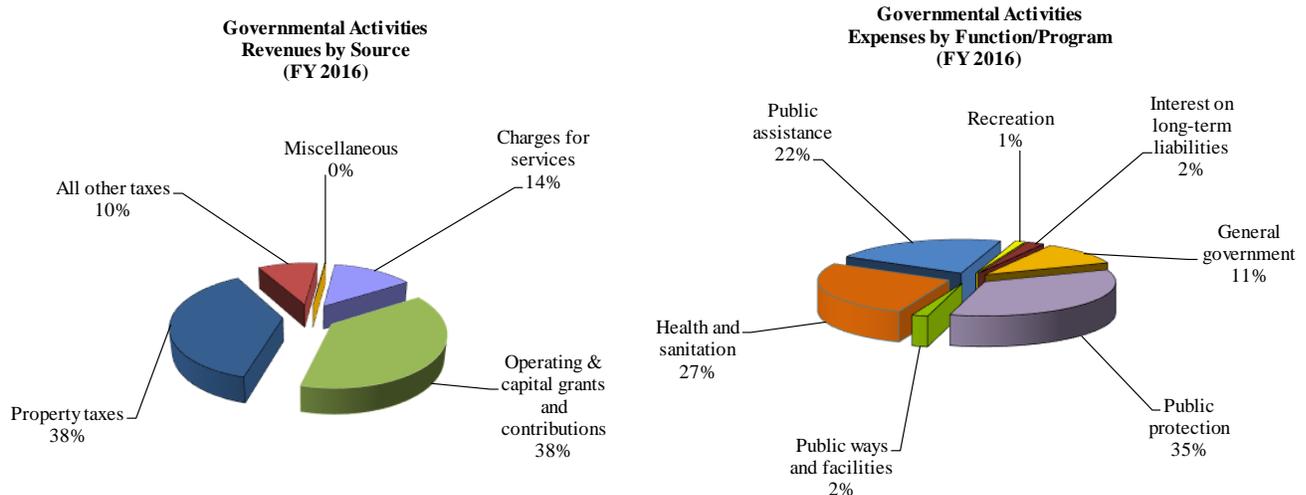
Expenses for *Public ways and facilities* increased by \$4 million or 23%. The increase was due to additional work performed on the following projects: Countywide Slurry and Cape Seal Project, Resurfacing of Pescadero Creek and Cloverdale Road, and the Crystal Springs Dam Bridge.

Expenses for *Health and sanitation* increased by \$31 million, or 13%. The increase was due to a \$12 million increase in salaries and benefits from vacancies filled, \$5.5 million increase in mental health care and alcohol/drug treatment programs, \$6 million increase in contract services for IT projects, \$2.4 million increase in project costs for the El Cerrito Relief Line Project, \$2 million increase in managed care agreements for the provision of services to clients with autism, \$1.3 million increase in drug and pharmaceutical expenses due to the loss of 340B discount pricing, and \$1.2 million increase from billing services.

Expenses for *Public assistance* increased by \$10 million, or 5%. The increase is due to a \$4.7 million increase in wages due to a new labor contract negotiated in FY15-16 for In House Supportive Services (IHSS) providers, \$4.9 million increase from new training unit costs for Lean implementation and other process improvements and implementation of new intelligence/analytics system; and \$1.4 million increase from New Family Stabilization contract and changes for subsidized employment for client wages.

Expenses for *Recreation* increased by \$2 million, or 14%. This increase was due primarily to salaries and benefits and various expenses related to Measure A.

For the fiscal year ended June 30, 2016, revenues and expenses for governmental activities are as follows:



Transfers out to business-type activities decreased \$4 million or 7% due to the decrease in General Fund contribution to the Medical Center.

Business-type Activities. The net position for business-type activities increased \$21 million to \$108 million.

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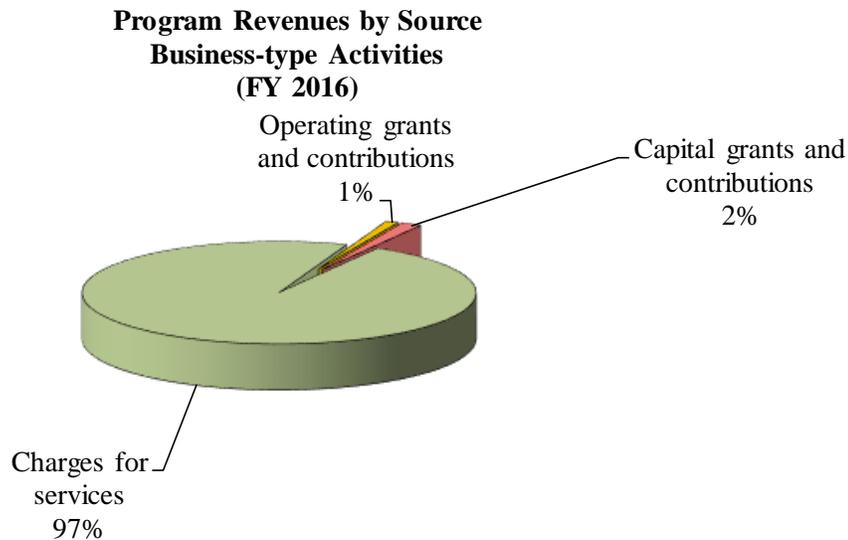
Analysis of Business-type Activities – Revenues and Expenses

Medical Center. The net position of Medical Center increased \$21 million, or 149%, to \$35 million.

The Medical Center’s net operating loss decreased \$0.2 million, or 0.7%, to \$37 million which relatively similar to the prior year net operating loss.

Housing Authority. The net position of the Housing Authority decreased \$0.5 million, or 1%, to \$37.1 million. Major factors for the Housing Authority’s net decrease of \$0.5 million included a \$3 million increase in state and federal grants and \$0.7 million increase in contract rent. The increase was offset by a \$4.2 million decrease in Port-In Housing Assistance Payment (HAP) program expenses.

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



FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

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

As of June 30, 2016, the County’s governmental funds reported combined fund balances of \$1.2 billion at year-end, an increase of \$63 million, or 6%, compared to the prior fiscal year. Approximately 74% of the combined amount, or \$858 million, constitutes fund balance that is available for appropriation in the upcoming year. The remainder of the fund balance totaling \$297 million is nonspendable and restricted, including \$34 million “not in spendable form” for items that are not expected to be converted into cash such as inventories and long-term loans, and \$262 million restricted for specific purposes.

The *General Fund* is the primary operating fund of the County. At June 30, 2016, the General Fund’s total assigned and unassigned fund balance (*unrestricted*) was \$751 million with total fund balance at \$874 million. As a measure of liquidity, total unrestricted fund balance as well as total fund balance can be compared to total fund expenditures. Total unrestricted fund balance represents 76% of total fund expenditures, and total fund balance represents 89% of total fund expenditures. The overall fund balance in the General Fund has increased \$109 million during the current fiscal year.

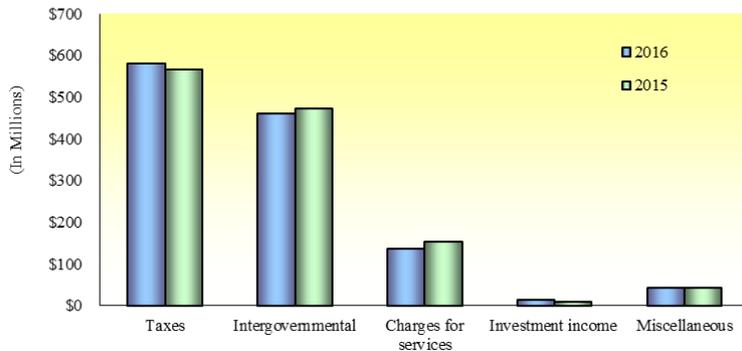
COUNTY OF SAN MATEO
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For the fiscal years ended June 30, 2016 and 2015, revenues for the General Fund are distributed as follows:

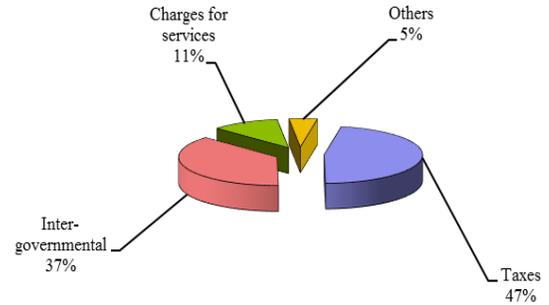
General Fund - Revenues by Source
(In Thousands)

Revenues by Source	FY 2016		FY 2015		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 580,840	47%	\$ 567,088	45%	\$ 13,752	2%
Licenses and permits	7,365	1%	7,058	1%	307	4%
Intergovernmental	460,412	37%	473,709	38%	(13,297)	-3%
Charges for services	137,345	11%	154,498	12%	(17,153)	-11%
Fines, forfeitures, and penalties	9,819	1%	8,834	1%	985	11%
Rents and concessions	1,666	0%	1,078	0%	588	55%
Investment income	14,607	1%	9,282	1%	5,325	57%
Other	23,760	2%	26,224	2%	(2,464)	-9%
Total	\$ 1,235,814	100%	\$ 1,247,771	100%	\$ (11,957)	-1%

General Fund - Revenues by Source



General Fund - Revenues by Source (FY 2016)



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

Taxes increased by \$14 million, or 2%. See explanations on page 11.

Intergovernmental revenue decreased by \$13 million, or 3%. See explanations on page 11. The unexplained decrease on page 11 is mainly due to the timing in revenue recognition. Revenues in the governmental fund financial statements are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when they become “measurable and available” within two months after year-end. Revenues not available within this period are deferred. On the contrary, revenues in the statement of activities are reported using the accrual basis of accounting. Under this method, revenues are recognized when they are earned, regardless when the related cash flows take place.

Charges for services decreased by \$17 million, or 11%. See explanations on page 11. The decrease on page 11 was primarily from the timing in revenue recognition discussed in the preceding paragraph.

Investment income increased by \$5 million, or 57%, due primarily to unrealized gains on investment due to improved economic and market conditions.

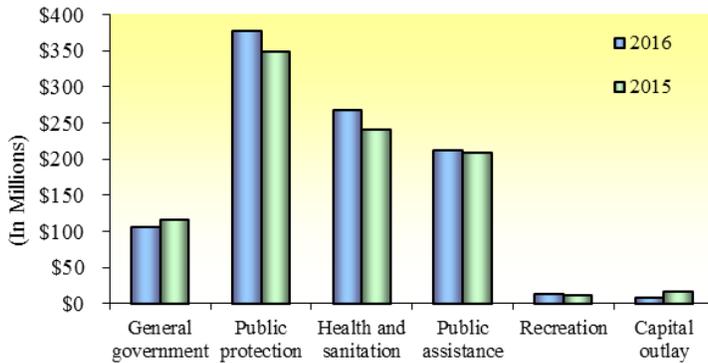
COUNTY OF SAN MATEO
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For the fiscal years ended June 30, 2016 and 2015, expenditures for the General Fund are distributed as follows:

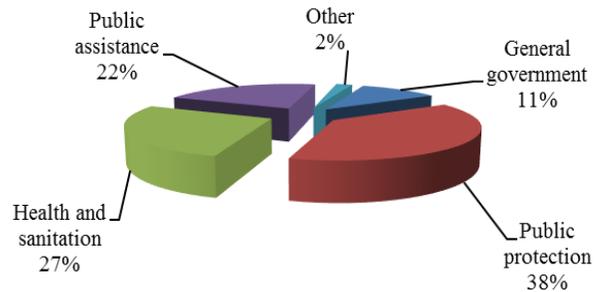
General Fund - Expenditures by Function
(In Thousands)

Expenditures by Function	FY 2016		FY 2015		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 106,369	11%	\$ 116,241	12%	\$ (9,872)	-8%
Public protection	376,640	38%	348,761	37%	27,879	8%
Health and sanitation	266,788	27%	241,407	26%	25,381	11%
Public assistance	212,631	22%	209,320	22%	3,311	2%
Recreation	12,992	1%	11,553	1%	1,439	12%
Capital outlay	9,020	1%	16,681	2%	(7,661)	-46%
Total	\$ 984,440	100%	\$ 943,963	100%	\$ 40,477	4%

General Fund - Expenditures by Function



General Fund - Expenditures by Function (FY 2016)



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

Expenditures for *General Government* decreased by \$10 million, or 8%. See explanations on page 12.

Expenditures for *Public Protection* increased by \$28 million, or 8%. See explanations on page 12.

Expenditures for *Health and Sanitation* increased by \$25 million, or 11%. See explanations on page 12.

Expenditures for *Public Assistance* increased by \$3 million, or 2%. See explanations on page 12.

Expenditures for *Recreation* increased by \$1 million, or 12%. See explanations on page 12.

Capital Outlay decreased by \$8 million, or 46%. The decrease was primarily related to the purchase of land of \$10 million in the prior year and offset by a \$2.6 million increase in software expenditures.

Joint Powers Financing Authority is a major governmental fund. During FY 2015-16, JPFA's fund balance decreased \$55.6 million to \$31.5 million. The decrease resulted predominantly from \$38.1 million in expenditures on the jail construction project and \$17.5 million resulted from the issuance of 2016 Bonds.

Nonmajor governmental funds experienced a \$9 million increase in fund balance as a whole. The significant changes occurred in the following areas:

Special Revenue Funds. The overall fund balance for special service funds decreased \$2.6 million to \$117 million. The significant changes occurred in the following funds:

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- The Road Fund finished the year with a \$6.6 million decrease in fund balance due to a \$6.6 million increase in road project expenditures. The following projects account for the majority of the increase: Crystal Springs Dam Bridge, Reconstruction of various roads, and Semicircular Road Pedestrian and Bicycle Improvements.
- The County Fire Protection Fund reported a \$1.6 million increase in fund balance primarily from the increased in property taxes and intergovernmental revenue.
- The Sewer and Sanitation Fund reported a \$3.2 million decrease in fund balance primarily due to \$3.6 million increase in expenditures related to the El Cerrito Relief Line project and the Eleanor Drive Sewer Rehab project, and \$0.8 million increase due to accrual of quarterly payments to City of Redwood City for Transport, Treatment and Disposal of Sewage, offset by \$1.4 million increase in revenue related to the general fund loan to Crystal Springs County Sanitation District.
- The Flood Control Zone Fund reported a \$2.3 million increase in fund balance. The fund received \$4.3 million from property taxes, issued \$18.7 million debt, transferred \$22.5 million to meet the debt service requirements, and experienced a \$1.8 million combined increase in other areas.
- The Solid Waste Fund reported a \$1.7 million increase in fund balance primarily from the increased in charges for services.

Capital Project Fund. The overall fund balance for capital project funds increased \$10.6 million to \$105 million. This increase in fund balance is due to \$16 million transferred from the General Fund to fund the Warm Shell Project.

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

Enterprise Funds. The overall net position of enterprise funds increased \$21 million, with \$20.6 million from major enterprise funds (Medical Center and Housing Authority) and the remaining from nonmajor enterprise funds (Airports and Coyote Point Marina). Discussion on major enterprise funds can be found in the business-type activities section.

Airports Fund's net position increased \$0.9 million to \$27.9 million, due primarily from a \$1.1 increase in rent and concessions offset by a \$0.1 million increase in salaries and benefits.

Coyote Point Marina Fund's net position stayed the same as last year. Overall, the Fund operated at nearly break-even.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's final budget exceeded the original budget by \$6.5 million, or 0.4%, for the fiscal year ended June 30, 2016. Supplemental appropriations were sponsored through unanticipated revenues. In most cases, unanticipated revenues were appropriated within budget units receiving the revenues in the same accounting period.

During FY 2015-16, the General Fund realized a total of \$6.5 million unanticipated revenues primarily from the following:

- \$4.0 million in Measure A sales tax proceeds for emergency funds to be used to support properties leased or owned by substance use treatment providers at imminent risk of being lost and/or becoming unavailable to provide residential substance use treatment.
- \$0.8 million from the Urban Area Security Initiative for unique equipment, training, planning, and exercise needs to build enhanced regional capabilities across a larger geographical area.

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- \$0.7 million from Realignment Sales Tax Revenue for the development of two Mental Health Pods within the Sheriff's Office facilities.
- \$0.3 million from Health Insurance Counseling and Advocacy Program funds for community education, lay counseling, and advocacy related to Medicare health insurance.
- \$0.7 million from other sources for various purposes.

Actual General Fund revenues were below budgeted by \$67 million, or 5.22%. Revenues from intergovernmental agencies were far below anticipated by \$17.4 million, while other financing sources were \$1.2 million above. Actual tax revenues, however, fell below the total budgeted by \$1 million due primarily to lower than expected income from sales and use taxes (Measure A), Property tax in-lieu of sales taxes, property transfer taxes, and vehicle rental business license tax. The overall revenue from the remaining sources was \$50 million lower than expected.

Actual General Fund expenditures were below budgeted by \$520 million, or 30%. The unspent appropriations can be found in the following areas:

- \$204.8 million unspent appropriations in contingencies resulted from cognizant long-term financial planning.
- \$47.2 million unspent appropriation in other financing uses due primarily to major capital projects funded by Non-Departmental Services either not yet started or completed, including planned improvements to the Maguire Correctional Facility, planning and architectural design of the Cordilleras Mental Health Facility, various maintenance and energy conservation projects at the San Mateo Medical Center, replacement of the Memorial Park Wastewater and Potable Water Systems, replacement of the Coyote Point Animal Shelter, and ongoing facility master planning for the Redwood City, San Mateo and Tower Road campuses.
- \$127.2 million unspent appropriations in services and supplies due primarily to slower than anticipated ramp up for several Measure A funded initiatives, IT projects not yet started or completed, the transfer of the Workforce Investment Act Program to the NOVA Workforce Consortium, and prudent spending.
- \$78.6 million unspent appropriations in salaries and benefits due primarily to savings from unfilled positions and the recording of \$19.5 million in additional pension contributions as a "special item" rather than benefit expenditures.
- \$73 million unspent appropriations in other charges due primarily to unspent Measure A appropriations for various initiatives including the Big Lift, Housing Projects and District-Specific grants and loans, lower than anticipated CalWORKS and Public Assistance payments, lower than anticipated loan proceeds and/or contributions provided to the Crystal Springs Sanitation District and the City of Half Moon Bay for their new library, unspent contingent operational expenses, project delays and prudent spending.
- \$18.6 million unspent appropriations in fixed assets due primarily to planned equipment and capital IT purchases not yet made, including the Measure A funded replacement of fire apparatus and safety equipment.

The overall unspent appropriation discussed above was offset by unrealized *intrafund transfers* (reimbursements from General Fund departments) of \$29.8 million.

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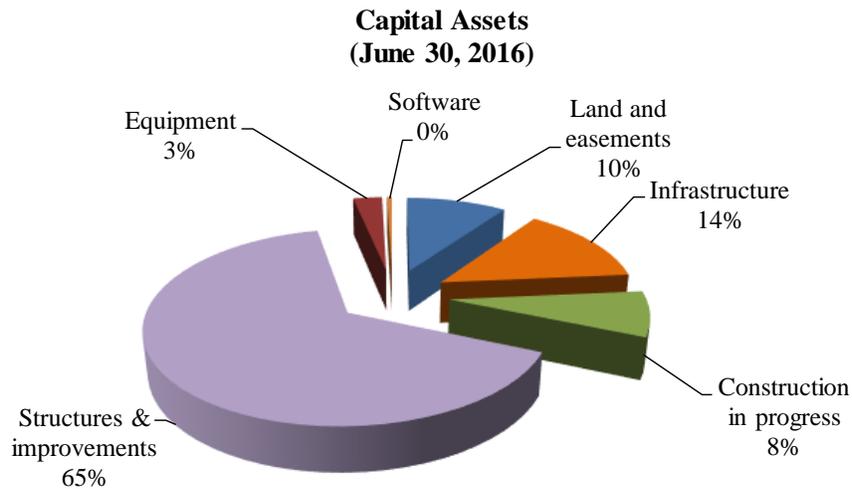
CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The County’s investment in capital assets increased \$67 million, or 7%, to \$1,049 million (net of accumulated depreciation). The investment includes land, easements, infrastructure, construction in progress, structures and improvement, equipment, and software. The County’s capital assets as of June 30, 2016 and 2015, are comprised of the following:

Capital Assets
Net of Accumulated Depreciation
(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2016	2015	2016	2015	2016	2015	Amount	Percentage
Land and easements	\$ 89,084	\$ 89,569	\$ 13,157	\$ 13,157	\$ 102,241	\$ 102,726	\$ (485)	0%
Infrastructure	144,825	142,205	-	-	144,825	142,205	2,620	2%
Construction in progress	77,313	178,146	4,224	3,615	81,537	181,761	(100,224)	-55%
Structures and improvements	639,330	473,531	46,137	46,123	685,467	519,654	165,813	32%
Equipment	17,635	16,666	11,915	11,187	29,550	27,853	1,697	6%
Software	1,702	3,150	3,310	3,842	5,012	6,992	(1,980)	-28%
Total	\$ 969,889	\$ 903,267	\$ 78,743	\$ 77,924	\$ 1,048,632	\$ 981,191	\$ 67,441	7%

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



Additional information on the County’s capital assets can be found in Note 8 on pages 62-64 of this report.

Infrastructure assets reported under the modified approach are not subject to depreciation per GASB Statement No. 34. The County reports its maintained pavement subsystem of the road network totaling \$92 million using the modified approach. The County manages its maintained pavement subsystem of the road network using the Metropolitan Transportation Commission’s Pavement Management Program (Program). This Program establishes a Pavement Condition Index (PCI) on a scale of zero to one hundred (0 – 100) for each road segment. Roads with a PCI of 40 or higher are considered in “Fair” or better condition, and roads with a PCI of 55 or higher in “Good” or better condition. The County policy requires that at least 75 percent of its primary maintained road subsystem (roads with structural sections) be maintained at a PCI of 55 or higher, and at least 65 percent of its secondary maintained pavement subsystem (roads without structural sections) at a PCI of 40 or higher.

A complete condition assessment on the County’s maintained pavement subsystem is performed every three years. From the latest complete condition assessment in FY 2015-16, the County’s maintained pavement subsystem was rated at a PCI of 72 based on a weighted average by area for the primary roads and 59 for the secondary roads.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2016

<u>PCI Condition Rating</u>	<u>2016</u>	<u>2016</u>	<u>2013</u>	<u>2013</u>	<u>2010</u>	<u>2010</u>
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
Primary:						
Good to excellent (55-100)	136.07	86.8%	139.19	89.3%	138.22	88.8%
Substandard to fair (0-54)	20.66	13.2%	16.73	10.7%	17.35	11.2%
Total	<u>156.73</u>	<u>100.0%</u>	<u>155.92</u>	<u>100.0%</u>	<u>155.57</u>	<u>100.0%</u>
Secondary:						
Fair to excellent (40-100)	130.07	81.6%	128.16	80.3%	117.05	73.2%
Substandard (0-39)	29.30	18.4%	31.36	19.7%	42.77	26.8%
Total	<u>159.37</u>	<u>100.0%</u>	<u>159.52</u>	<u>100.0%</u>	<u>159.82</u>	<u>100.0%</u>

Major events related to capital assets included the following:

- *Construction of Maple Street Correctional Center.* In December 2010 the County purchased real properties at Chemical Way in Redwood City to build a 6-level new jail for incarcerated men and women. The jail project was budgeted for \$165 million to house 768 beds as well as administrative and support facilities. The County agreed to finance \$25.6 million to affix phase two of the warm shell to the facility. The new correctional center is expected to be completed by October 2016. The total project cost since inception through June 30, 2016 was \$192.9 million (\$171 million reported as structures and improvements and \$21.9 million reported as construction-in-progress). Of this amount, \$53 million was incurred during FY 2015-16.
- *Crystal Springs Dam Bridge.* In FY 2015-16, there was an increase of \$3.4 million for the construction of the Crystal Springs Dam Bridge.
- *Roads Infrastructure.* In FY 2015-16, there was an increase of \$3 million in the value of the road infrastructure due to the completion of North Pescadero reconstruction, Seal Cover Paving, Lucky Avenue reconstruction, and Liberty Park Avenue reconstruction.
- *Various Equipment Projects.* In FY 2015-16, there was an increase of \$1.7 million in equipment purchases countywide to meet the Countywide operating needs.

Major capital project commitments include the following:

- *Youth Services Center.* The design phase for the replacement of the Youth Services Center's surveillance system is currently in construction. The estimated date of completion is in Spring 2017 with an estimated cost of \$1.1 million.
- *Maple Street Correctional Center.* As of March 2016, the County received the Certificate of Substantial Completion and began to occupy the facility. Maple Street Correctional Center (MSCC) phase 2 to build-out the warm shell (ground floor) by adding 256 secure beds is in progress with an estimated completion in October 2016 and estimated budget of \$25.6 million.
- *Skylonda Fire Station.* This project cost is now estimated to be \$8.5 million. As of June 30, 2016, \$8.0 million has been committed to fund this project; \$4 million in bond proceeds and \$4 million in Measure A Sales Tax funds. Additional funds of \$0.5 million have been recommended to the FY 2016-17 Budget to ensure there are sufficient funds to complete the project. The construction project started in June 2016 with estimated completion by May 2017.

COUNTY OF SAN MATEO
Management’s Discussion and Analysis (Continued)
 Required Supplementary Information (Unaudited)
 For the Fiscal Year Ended June 30, 2016

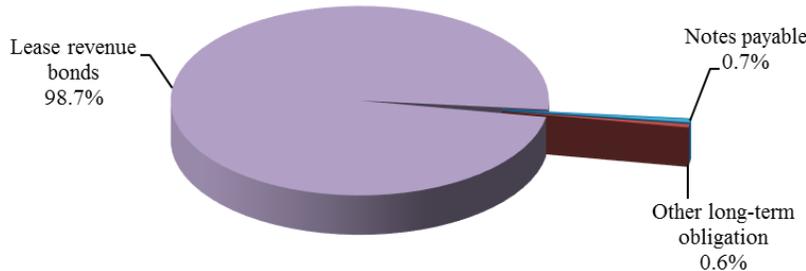
Long-term Debt. The County’s total debt decreased \$15 million, or 3%, to \$511 million as of June 30, 2016. The decrease is mainly caused by paying the scheduled retirement of outstanding debts. As indicated in the table below, the County’s total debt is primarily comprised of \$505 million in lease revenue bonds, \$3 million in notes payable, and \$3 million in other long-term obligations.

Long-Term Liabilities
(In Thousands)

	Governmental Activities		Business-type Activities		Total		Increase/(Decrease)	
	2016	2015	2016	2015	2016	2015	Amount	Percentage
Lease revenue and revenue refunding bonds (including accreted interest)	\$ 504,740	\$ 498,063	\$ -	\$ -	\$ 504,740	\$ 498,063	\$ 6,677	1%
Certificates of participation	-	21,488	-	-	-	21,488	(21,488)	-100%
Notes payable	-	-	3,511	4,000	3,511	4,000	(489)	-12%
Other long-term obligations	2,946	2,293	-	-	2,946	2,293	653	28%
Total	\$ 507,686	\$ 521,844	\$ 3,511	\$ 4,000	\$ 511,197	\$ 525,844	\$ (14,647)	-3%

The County’s debts as of June 30, 2016, are distributed as follows:

Long-Term Liabilities
(June 30, 2016)



Additional information on the County’s long-term debt can be found in Note 10 on pages 65-69 of this report.

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

- **2015 Revenue Refunding Bonds.** In August 2015, the San Mateo County Flood Control District (the “Flood Control District”) issued \$18.7 million in Revenue Refunding Bonds (the “2015 Revenue Refunding Bonds”) with a bond premium of \$2.8 million to refund the JPFA’s outstanding balance of its 1997 COPs and 2004 COPs and to pay its costs of issuance. The Flood Control District pledged its revenues to repay the 2015 Revenue Refunding Bonds.
- **2016 New Bonds and Refunding of Old Bonds.** In January of 2016, the JPFA issued a total of \$107.6 million in Lease Revenue Bonds (the “2016 Bonds”). The bond proceeds, together with other available moneys, were used to refund the outstanding 2008 Bonds, to pay costs of issuance of the 2016 Bonds, and to pay costs relating to the refunding of the 2008 Bonds. The economic gain from the refunding was \$19.3 million.
- **Scheduled Retirement of Outstanding Debt.** Apart from the above refunding, the County retired a total of \$18.7 million other outstanding lease revenue bonds, certificates of participation and revenue refunding bonds including amortization of premiums and discounts, based on the debt service payment schedules.

COUNTY OF SAN MATEO
Management's Discussion and Analysis (Continued)
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2016

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 2015-16 was \$83.8 million. The amount applicable to the debt service limit was \$36.5 million, which was \$38.7 million, or 51.5%, less than authorized.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's economy continues to improve. The following economic factors were considered in the preparation of the County's final budget for FY 2016-17.

- As of June 2016, the unemployment rate in San Mateo County remains the lowest in the State at 3.3%.
- With the close of the assessment rolls, overall assessed value for secured property (real property) is anticipated to grow 7.6% for FY 2016-17. A 1% increase in the secured roll generates about \$3.2 million in General Fund discretionary income.
- Housing prices and commercial rents continue to climb due to recovery in economy. The median single family home price was \$1.33 million for June 2016, increased by 1.9% from \$1.30 million for June 2015. The average asking rent price for commercial space increased 5.9% to \$4.66 per square feet per month as of June 2016, from \$4.40 per square feet per month as of June 2015.
- The County's taxable sales have stagnated the past two years due to lower fuel prices and the use of more fuel efficient vehicles. The County's reliance on fuel prices and consumption, particularly in the unincorporated San Francisco International Airport area, has offset sales tax growth in other business sectors. The County is projecting moderate 2% growth for both its Measure A Half Cent Sales Tax and the Bradley-Burns One Cent Sales Tax in FY 2016-17.

In September 2016 the County Board approved the final budget of \$2.7 billion for FY 2016-17.

REQUEST FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Controller, 555 County Center, 4th Floor, Redwood City, CA 94063.

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

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



Basic Financial Statements -
Government-Wide Financial Statements

COUNTY OF SAN MATEO
Statement of Net Position
June 30, 2016
(In Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	First 5 San Mateo County	Health Plan of San Mateo (December 31, 2015)
ASSETS					
Cash and investments	\$ 1,258,423	\$ 115,259	\$ 1,373,682	\$ 16,557	\$ 453,385
Restricted cash and investments	22,936	210	23,146	-	300
Receivables (net)	159,162	15,491	174,653	1,370	19,808
Due from other governmental agencies	147,504	87,649	235,153	-	86,782
Inventories	512	3,109	3,621	-	-
Other assets	10,451	4,252	14,703	-	9,585
Internal balances	711	(711)	-	-	-
Notes/Loans receivable	3,141	7,583	10,724	-	-
Net pension asset	-	-	-	-	1,633
Net OPEB asset	101,737	24,001	125,738	166	-
Capital assets:					
Nondepreciable	258,349	17,381	275,730	-	-
Depreciable, net	711,540	61,362	772,902	-	68,861
Total assets	<u>2,674,466</u>	<u>335,586</u>	<u>3,010,052</u>	<u>18,093</u>	<u>640,354</u>
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized losses on refunding of debts	16,369	-	16,369	-	-
Pension contributions subsequent to measurement date	154,076	26,931	181,007	183	-
Changes of pension-related assumptions	18,000	3,510	21,510	23	1,102
Changes in proportionate share of net pension liability	1,598	316	1,914	2	-
Difference in actual and proportionate share of pension contributions	1,259	246	1,505	2	-
Differences between expected and actual pension experience	17,038	3,489	20,527	25	-
Total deferred outflows of resources	<u>208,340</u>	<u>34,492</u>	<u>242,832</u>	<u>235</u>	<u>1,102</u>
LIABILITIES					
Accounts payable	54,652	11,472	66,124	1,956	7,797
Payable from restricted cash and investments	-	210	210	-	-
Accrued interest payable	6,211	123	6,334	-	-
Accrued salaries and benefits	22,648	5,878	28,526	39	-
Accrued liabilities	10	66	76	-	109,253
Due to other governmental agencies	23,498	142,386	165,884	-	205,054
Unearned revenues	63,583	783	64,366	-	-
Deposits	107	4	111	-	-
Long-term liabilities:					
Net pension liability - due beyond one year	387,434	78,341	465,775	517	-
Net OPEB obligation - due beyond one year	-	143	143	-	-
Lease revenue and revenue refunding bonds - due within one year	36,246	-	36,246	-	-
Lease revenue and revenue refunding bonds - due beyond one year	468,494	-	468,494	-	-
Notes payable - due within one year	-	392	392	-	-
Notes payable - due beyond one year	-	3,119	3,119	-	-
Other long-term obligations - due within one year	556	-	556	-	-
Other long-term obligations - due beyond one year	2,390	-	2,390	-	-
Estimated claims - due within one year	16,154	12	16,166	-	-
Estimated claims - due beyond one year	32,519	621	33,140	-	-
Compensated absences - due within one year	36,482	9,956	46,438	27	-
Compensated absences - due beyond one year	6,327	167	6,494	38	-
Total liabilities	<u>1,157,311</u>	<u>253,673</u>	<u>1,410,984</u>	<u>2,577</u>	<u>322,104</u>
DEFERRED INFLOWS OF RESOURCES					
Differences between expected and actual pension experience	-	-	-	-	379
Unamortized inflows of resources on refunding of debts	50	-	50	-	-
Differences between projected and actual earnings on pension investments	43,318	7,996	51,314	46	1,214
Total deferred inflows of resources	<u>43,368</u>	<u>7,996</u>	<u>51,364</u>	<u>46</u>	<u>1,593</u>
NET POSITION					
Net investment in capital assets	508,490	75,231	583,721	-	68,861
Restricted for:					
Foreclosure crisis recovery	38	-	38	-	-
District Attorney case management system	366	-	366	-	-
Health Realignment	4,373	-	4,373	-	-
Calworks	178	-	178	-	-
Social services realignment	38,449	-	38,449	-	-
Medi-Cal	21,831	-	21,831	-	-
Health services programs	10,845	-	10,845	-	-
California assistance program for immigrants	5,007	-	5,007	-	-
Wraparound program	6,248	-	6,248	-	-
Other social services programs	1,690	-	1,690	-	-
Debt services	52,451	-	52,451	-	-
Road improvement	30,474	-	30,474	-	-
Fire services	6,557	-	6,557	-	-
Sewer maintenance	17,764	-	17,764	-	-
Flood control	21,813	-	21,813	-	-
Lighting maintenance	13,395	-	13,395	-	-
Highway and transportation improvement	3,127	-	3,127	-	-
Waste management	10,799	-	10,799	-	-
Emergency care	2,300	-	2,300	-	-
Garbage and fire protection	4,136	-	4,136	-	-
Parks acquisition and development	2,291	-	2,291	-	-
Courthouse construction	423	-	423	-	-
Others	1,669	-	1,669	-	-
Healthcare services	-	-	-	-	300
Airport management by FAA	-	362	362	-	-
Unrestricted	917,413	32,816	950,229	15,705	248,598
Total net position	<u>\$ 1,682,127</u>	<u>\$ 108,409</u>	<u>\$ 1,790,536</u>	<u>\$ 15,705</u>	<u>\$ 317,759</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, 2016
(In Thousands)

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Primary government				
Governmental activities:				
General government	\$ 111,332	\$ 34,613	\$ 6,995	\$ -
Public protection	357,729	36,755	154,737	-
Public ways and facilities	20,058	2,387	15,559	-
Health and sanitation	275,293	91,215	124,794	-
Public assistance	222,255	5,880	177,517	-
Recreation	13,171	2,238	93	-
Interest on long-term liabilities	22,187	-	-	-
Total governmental activities	<u>1,022,025</u>	<u>173,088</u>	<u>479,695</u>	<u>-</u>
Business-type activities:				
San Mateo Medical Center	264,854	227,104	3,008	5,226
Airports	3,318	3,833	308	-
Coyote Point Marina	1,090	1,103	-	-
Housing Authority	72,783	71,351	-	-
Total business-type activities	<u>342,045</u>	<u>303,391</u>	<u>3,316</u>	<u>5,226</u>
Total primary government	<u>\$ 1,364,070</u>	<u>\$ 476,479</u>	<u>\$ 483,011</u>	<u>\$ 5,226</u>
Component units:				
First 5 San Mateo County	<u>\$ 7,423</u>	<u>\$ -</u>	<u>\$ 6,586</u>	<u>\$ -</u>
Health Plan of San Mateo	<u>\$ 810,791</u>	<u>\$ 910,959</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Taxes:
Property taxes
Property transfer taxes
Sales and use taxes
Property tax in-lieu of sales taxes
Transient occupancy taxes
Aircraft taxes
Vehicle rental business license tax
Unrestricted interest and investment earnings
Miscellaneous
Special item
Transfers
Total general revenues, special item, and transfers
Change in net position
Net position, beginning of year, as previously reported
Net position, end of year

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

(Continued)

COUNTY OF SAN MATEO
Statement of Activities
For the Fiscal Year Ended June 30, 2016
(In Thousands)

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business- type Activities	Total	First 5 San Mateo County	Health Plan of San Mateo (For the Year Ended December 31, 2015)
\$ (69,724)	\$ -	\$ (69,724)		
(166,237)	-	(166,237)		
(2,112)	-	(2,112)		
(59,284)	-	(59,284)		
(38,858)	-	(38,858)		
(10,840)	-	(10,840)		
(22,187)	-	(22,187)		
<u>(369,242)</u>	<u>-</u>	<u>(369,242)</u>		
	(29,516)	(29,516)		
	823	823		
	13	13		
	<u>(1,432)</u>	<u>(1,432)</u>		
	<u>(30,112)</u>	<u>(30,112)</u>		
<u>(369,242)</u>	<u>(30,112)</u>	<u>(399,354)</u>		
			\$ (837)	
				\$ 100,168
471,985	-	471,985	-	-
9,978	-	9,978	-	-
98,437	-	98,437	-	-
4,808	-	4,808	-	-
1,490	-	1,490	-	-
1,086	-	1,086	-	-
12,145	-	12,145	-	-
21,026	776	21,802	189	605
27,188	283	27,471	60	2,658
(603)	-	(603)		
(49,923)	49,923	-	-	-
<u>597,617</u>	<u>50,982</u>	<u>648,599</u>	<u>249</u>	<u>3,263</u>
228,375	20,870	249,245	(588)	103,431
<u>1,453,752</u>	<u>87,539</u>	<u>1,541,291</u>	<u>16,293</u>	<u>214,328</u>
<u>\$ 1,682,127</u>	<u>\$ 108,409</u>	<u>\$ 1,790,536</u>	<u>\$ 15,705</u>	<u>\$ 317,759</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 units:

First 5 San Mateo County
Health Plan of San Mateo

General revenues:

Taxes:
Property taxes
Property transfer taxes
Sales and use taxes
Property tax in-lieu of sales taxes
Transient occupancy taxes
Aircraft taxes
Vehicle rental business license tax
Unrestricted interest and investment earnings
Miscellaneous
Special item
Transfers
Total general revenues, special item, and transfers

Change in net position
Net position, beginning of year

Net position, end of year

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



Basic Financial Statements -

Fund Financial Statements

COUNTY OF SAN MATEO
Balance Sheet
Governmental Funds
June 30, 2016
(In Thousands)

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
ASSETS				
Cash and investments	\$ 909,241	\$ 19,363	\$ 263,707	\$ 1,192,311
Restricted cash and investments	-	22,936	-	22,936
Receivables (net):				
Accounts	16,695	-	74	16,769
Interest	16,262	274	570	17,106
Taxes	18,232	-	1,123	19,355
Mortgages	81,838	-	-	81,838
Advances	839	-	-	839
Other	22,729	-	-	22,729
Due from other funds	11,487	-	130	11,617
Due from other governmental agencies	140,973	-	3,313	144,286
Loan receivable	3,141	-	-	3,141
Other assets	4,108	104	31	4,243
Inventories	96	-	329	425
Advances to other funds	6,710	-	-	6,710
Total assets	<u>\$ 1,232,351</u>	<u>\$ 42,677</u>	<u>\$ 269,277</u>	<u>\$ 1,544,305</u>
LIABILITIES				
Accounts payable	\$ 35,750	\$ 4,179	\$ 10,237	\$ 50,166
Accrued salaries and benefits	22,058	-	477	22,535
Accrued liabilities	10	-	-	10
Due to other funds	4,174	7,033	1,373	12,580
Due to other governmental agencies	23,498	-	-	23,498
Unearned revenues	62,307	-	1,054	63,361
Deposits	-	-	13	13
Advances from other funds	-	-	4,854	4,854
Total liabilities	<u>147,797</u>	<u>11,212</u>	<u>18,008</u>	<u>177,017</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,850	-	114	1,964
Unavailable revenue - intergovernmental revenues	57,160	-	1,645	58,805
Unavailable revenue - mortgages and related interest	95,444	-	-	95,444
Unavailable revenue - excess ERAF	48,858	-	470	49,328
Unavailable revenue - SB 90	3,259	-	-	3,259
Unavailable revenue - others	4,154	-	-	4,154
Total deferred inflows of resources	<u>210,725</u>	<u>-</u>	<u>2,229</u>	<u>212,954</u>
FUND BALANCES				
Nonspendable:				
Inventories	96	-	329	425
Prepaid items	4,108	104	31	4,243
Long-term interfund advances	6,710	-	-	6,710
Long-term receivables	22,991	-	-	22,991
Restricted:				
Foreclosure crisis recovery	38	-	-	38
District Attorney case management system	366	-	-	366
Health realignment	4,373	-	-	4,373
Calworks	178	-	-	178
Social services realignment	38,449	-	-	38,449
Medi-Cal	21,831	-	-	21,831
Health services programs	10,845	-	-	10,845
California assistance program for immigrants	5,007	-	-	5,007
Wraparound program	6,248	-	-	6,248
Other social services programs	1,690	-	-	1,690
Debt service	-	31,361	27,301	58,662
Road improvement	-	-	30,474	30,474
Fire services	-	-	6,557	6,557
Sewer maintenance	-	-	17,764	17,764
Flood control	-	-	21,813	21,813
Lighting maintenance	-	-	13,395	13,395
Highway and transportation improvement	-	-	3,127	3,127
Waste management	-	-	10,799	10,799
Emergency care	-	-	2,300	2,300
Garbage and fire protection	-	-	4,136	4,136
Parks acquisition and development	-	-	2,291	2,291
Courthouse construction	-	-	423	423
Others	-	-	1,669	1,669
Assigned:				
Capital projects and improvements	653	-	102,420	103,073
Public services	5,931	-	4,772	10,703
Unassigned	744,315	-	(561)	743,754
Total fund balances	<u>873,829</u>	<u>31,465</u>	<u>249,040</u>	<u>1,154,334</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,232,351</u>	<u>\$ 42,677</u>	<u>\$ 269,277</u>	<u>\$ 1,544,305</u>

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

COUNTY OF SAN MATEO
Reconciliation of the Governmental Funds Balance Sheet to
the Government-wide Statement of Net Position
June 30, 2016
(In Thousands)

Fund balances - total governmental funds (page 25)		\$ 1,154,334
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		207,761
Deferred inflows of resources in governmental activities does not require the use of financial resources and, therefore, are not reported in the governmental funds.		(43,214)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		966,478
Net OPEB asset is not a financial resource and, therefore, is not reported in the governmental funds.		101,052
Other long-term assets are not available to pay for current-period expenditures and, therefore, are shown as deferred inflows of resources in the governmental funds.		212,954
Internal service funds are used by management to charge the costs of management of fleet maintenance, Tower Road construction, workers' compensation, long-term disability, employee benefits, and personal injury and property damage to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.		25,343
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.		(6,211)
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 and revenue refunding bonds	\$ (504,740)	
Other long-term obligations	(2,946)	
Compensated absences	(42,598)	
Net pension liability	(386,086)	
	(936,370)	(936,370)
Net position of governmental activities (page 22)		\$ 1,682,127

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, 2016
(In Thousands)

	General Fund	Joint Powers Financing Authority	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 580,840	\$ -	\$ 24,681	\$ 605,521
Licenses and permits	7,365	-	598	7,963
Intergovernmental	460,412	-	33,802	494,214
Charges for services	137,345	-	23,898	161,243
Fines, forfeitures and penalties	9,819	-	1,860	11,679
Rents and concessions	1,666	-	103	1,769
Investment income	14,607	916	2,848	18,371
Other revenues	23,760	13	1,027	24,800
Total revenues	<u>1,235,814</u>	<u>929</u>	<u>88,817</u>	<u>1,325,560</u>
Expenditures:				
Current:				
General government	106,369	204	2,918	109,491
Public protection	376,640	-	10,577	387,217
Public ways and facilities	-	-	20,284	20,284
Health and sanitation	266,788	-	20,429	287,217
Public assistance	212,631	-	19,652	232,283
Recreation	12,992	-	-	12,992
Capital outlay	9,020	38,147	50,427	97,594
Debt service:				
Principal	-	14,955	99	15,054
Interest	-	22,464	462	22,926
Payment to bond refunding escrow	-	9,758	-	9,758
Bond issuance costs	-	1,040	466	1,506
Total expenditures	<u>984,440</u>	<u>86,568</u>	<u>125,314</u>	<u>1,196,322</u>
Excess (deficiency) of revenues over (under) expenditures	<u>251,374</u>	<u>(85,639)</u>	<u>(36,497)</u>	<u>129,238</u>
Other financing sources (uses):				
Issuance of debt	-	-	619	619
Proceeds from sale of capital assets	9	-	-	9
Issuance of refunding bonds	-	107,600	18,725	126,325
Bond premium	-	15,877	2,813	18,690
Payment to refunded bonds escrow agent	-	(143,364)	-	(143,364)
Transfers in	1,855	50,226	81,897	133,978
Transfers out	(124,540)	(342)	(58,415)	(183,297)
Total other financing sources (uses)	<u>(122,676)</u>	<u>29,997</u>	<u>45,639</u>	<u>(47,040)</u>
Change in fund balances before special item	<u>128,698</u>	<u>(55,642)</u>	<u>9,142</u>	<u>82,198</u>
Special item:				
Additional pension contribution to SamCERA	<u>(19,538)</u>	<u>-</u>	<u>-</u>	<u>(19,538)</u>
Net change in fund balances	109,160	(55,642)	9,142	62,660
Fund balances - beginning	<u>764,669</u>	<u>87,107</u>	<u>239,898</u>	<u>1,091,674</u>
Fund balances - end	<u>\$ 873,829</u>	<u>\$ 31,465</u>	<u>\$ 249,040</u>	<u>\$ 1,154,334</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, 2016
(In Thousands)

Net change in fund balances - total governmental funds (page 27)	\$	62,660
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over the assets' estimated useful lives and reported as depreciation expense.		
Expenditures for general capital assets and infrastructure	\$ 97,594	
Expenditures not subject to capitalization	(9,110)	
The net effect of various miscellaneous transactions involving capital assets such as sales, retirements, trade-ins, and donations	(562)	
Less current year depreciation	<u>(21,129)</u>	66,793
Pension contributions made subsequent to the measurement date is an expenditure in the governmental funds, but reported as a deferred outflow of resources in the government-wide financial statements		
		153,624
Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are recognized as revenues in the statement of activities.		
		(25,857)
Issuance of lease revenue bonds, revenue refunding bonds, and other long term obligations provide current financial resources to the governmental funds, but these obligations are reported as long-term liabilities in the government-wide financial statements.		
		(126,944)
Bond premiums are other financing sources in the governmental funds but deferred and amortized over the life of the bonds in the statement of activities.		
		(18,690)
Repayment and defeasance of long-term liabilities are expenditures and other financing uses in the governmental funds but reduces long-term liabilities in the statement of net position.		
Payments towards:		
Refunding of the prior bonds	141,786	
Lease revenue bonds	14,510	
Certificates of participation	<u>445</u>	156,741
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Amortization of bond premium	3,521	
Retirement and amortization of loss on refunding of debt	(6,594)	
Additions of deferred losses on issuance of debt	15,936	
Change in accrued interest payable	1,155	
Accretion of capital appreciation bonds	(436)	
Change in net OPEB asset	(139)	
Change in other long-term liabilities	(34)	
Change in compensated absences	<u>(4,978)</u>	8,431
Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		
		(47,415)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expenses of certain activities of the internal service funds are reported with governmental activities.		
		<u>(968)</u>
Change in net position of governmental activities (page 24)	\$	<u>228,375</u>

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

COUNTY OF SAN MATEO
Statement of Fund Net Position
Proprietary Funds
June 30, 2016
(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 90,649	\$ 22,614	\$ 1,996	\$ 115,259	\$ 66,112
Restricted cash and investments	-	210	-	210	-
Receivables (net):					
Accounts	13,800	12	65	13,877	380
Grant	461	-	-	461	-
Interest	242	50	5	297	146
Other	856	-	-	856	-
Due from other funds	4,072	-	-	4,072	14
Due from other governmental agencies	87,054	546	49	87,649	3,218
Inventories	3,109	-	-	3,109	87
Notes receivable	-	4	-	4	-
Other assets	3,175	60	-	3,235	6,209
Total current assets	<u>203,418</u>	<u>23,496</u>	<u>2,115</u>	<u>229,029</u>	<u>76,166</u>
Noncurrent assets:					
Notes receivable	200	5,251	-	5,451	-
Loan receivable	2,128	-	-	2,128	-
Deposits	1,017	-	-	1,017	-
Net OPEB asset	23,697	-	304	24,001	685
Capital assets:					
Nondepreciable:					
Land	841	4,138	8,178	13,157	-
Construction in progress	1,044	-	3,180	4,224	198
Depreciable:					
Structures and improvements	14,573	23,551	44,767	82,891	999
Equipment	18,950	1,317	180	20,447	22,151
Software	15,579	-	-	15,579	9
Less accumulated depreciation	(21,625)	(18,609)	(17,321)	(57,555)	(19,946)
Total capital assets	<u>29,362</u>	<u>10,397</u>	<u>38,984</u>	<u>78,743</u>	<u>3,411</u>
Total noncurrent assets	<u>56,404</u>	<u>15,648</u>	<u>39,288</u>	<u>111,340</u>	<u>4,096</u>
Total assets	<u>259,822</u>	<u>39,144</u>	<u>41,403</u>	<u>340,369</u>	<u>80,262</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions subsequent to measurement date	26,684	-	247	26,931	452
Changes of pension-related assumptions	3,478	-	32	3,510	61
Changes in proportionate share of net pension liability	313	-	3	316	6
Difference in actual and proportionate share of pension contributions	245	-	1	246	4
Differences between expected and actual pension experience	3,456	-	33	3,489	56
Total deferred outflows of resources	<u>34,176</u>	<u>-</u>	<u>316</u>	<u>34,492</u>	<u>579</u>
LIABILITIES					
Current liabilities:					
Accounts payable	10,636	393	443	11,472	4,486
Payable from restricted cash and investments	-	210	-	210	-
Accrued interest payable	-	-	123	123	-
Accrued salaries and benefits	5,694	138	46	5,878	113
Accrued liabilities	-	66	-	66	-
Due to other funds	3,122	-	-	3,122	1
Due to other governmental agencies	142,386	-	-	142,386	-
Unearned revenues	759	10	14	783	222
Deposits	-	-	4	4	94
Notes payable - current	-	1	391	392	-
Compensated absences - current	9,582	287	87	9,956	119
Estimated claims - current	-	12	-	12	16,154
Total current liabilities	<u>172,179</u>	<u>1,117</u>	<u>1,108</u>	<u>174,404</u>	<u>21,189</u>
Noncurrent liabilities:					
Advances from other funds	944	-	-	944	912
Net pension liability	77,631	-	710	78,341	1,348
Net OPEB obligation	-	143	-	143	-
Notes payable - noncurrent	-	36	3,083	3,119	-
Compensated absences - noncurrent	-	129	38	167	92
Estimated claims - noncurrent	-	621	-	621	32,519
Total noncurrent liabilities	<u>78,575</u>	<u>929</u>	<u>3,831</u>	<u>83,335</u>	<u>34,871</u>
Total liabilities	<u>250,754</u>	<u>2,046</u>	<u>4,939</u>	<u>257,739</u>	<u>56,060</u>
DEFERRED INFLOWS OF RESOURCES					
Differences between projected and actual earnings on pension investments	7,929	-	67	7,996	154
Total deferred inflows of resources	<u>7,929</u>	<u>-</u>	<u>67</u>	<u>7,996</u>	<u>154</u>
NET POSITION					
Net investment in capital assets	29,361	10,360	35,510	75,231	3,411
Restricted:					
Airport management by FAA	-	-	362	362	-
Unrestricted	5,954	26,738	841	33,533	21,216
Total net position	<u>\$ 35,315</u>	<u>\$ 37,098</u>	<u>\$ 36,713</u>	<u>109,126</u>	<u>\$ 24,627</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(717)	
Net position of business-type activities (page 22):				<u>\$ 108,409</u>	

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

COUNTY OF SAN MATEO
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Business-type Activities - Enterprise Funds			Total	Governmental Activities
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds		Internal Service Funds
Operating revenues:					
Charges for services	\$ 411,525	\$ -	\$ 1,093	\$ 412,618	\$ 140,854
Less:					
Contractual allowances	(302,202)	-	-	(302,202)	-
Provision for doubtful accounts	(4,758)	-	-	(4,758)	-
Net charges for services	104,565	-	1,093	105,658	140,854
Other program revenues:					
Supplemental programs	18,600	-	-	18,600	-
Premium revenues	90,394	-	-	90,394	-
Sales tax	326	-	-	326	-
Other operating revenues:					
Rent and concessions	2,123	3,662	3,843	9,628	-
Revenue from housing assistance payments	-	67,689	-	67,689	-
Revenue from foundations	3,093	-	-	3,093	-
Sales of drugs and medical supplies, fees, and others	8,003	-	-	8,003	-
Miscellaneous	-	516	41	557	1,037
Total operating revenues	227,104	71,867	4,977	303,948	141,891
Operating expenses:					
Salaries and benefits	143,081	4,798	1,308	149,187	2,606
Pension expenses	9,436	-	87	9,523	160
Pharmaceutical drugs	7,990	-	-	7,990	-
Supplies	11,375	-	-	11,375	-
Contract provider services	34,648	-	-	34,648	-
Other fees and purchased services	47,625	-	-	47,625	-
General and administrative	7,368	3,420	1,999	12,787	14,631
Benefits and claims	-	-	-	-	19,904
Insurance premiums	-	-	-	-	105,285
Depreciation and amortization	2,712	737	895	4,344	970
Housing assistance payments	-	63,828	-	63,828	-
Total operating expenses	264,235	72,783	4,289	341,307	143,556
Operating income (loss)	(37,131)	(916)	688	(37,359)	(1,665)
Nonoperating revenues (expenses):					
State and federal grants	-	-	308	308	-
Medi-Cal rate differential	3,008	-	-	3,008	-
Loss from disposal of capital assets	(274)	-	-	(274)	-
Investment income	372	380	24	776	728
Interest expense	-	-	(165)	(165)	-
Total nonoperating revenues, net	3,106	380	167	3,653	728
Income (loss) before capital contributions and transfers	(34,025)	(536)	855	(33,706)	(937)
Capital contributions	5,226	-	-	5,226	-
Transfers in	60,267	-	17	60,284	113
Transfers out	(10,361)	-	-	(10,361)	(717)
Change in net position	21,107	(536)	872	21,443	(1,541)
Net position - beginning	14,208	37,634	35,841		26,168
Net position - end	<u>\$ 35,315</u>	<u>\$ 37,098</u>	<u>\$ 36,713</u>		<u>\$ 24,627</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(573)	
Change in net position of business-type activities (page 24)				<u>\$ 20,870</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, 2016
(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Cash receipts from customers	\$ 211,134	\$ 72,386	\$ 5,476	\$ 288,996	\$ -
Cash receipts from interfund services provided	-	-	-	-	138,365
Cash paid to suppliers of goods and services	(112,186)	(4,445)	(1,649)	(118,280)	(116,139)
Cash paid to employees for services	(166,909)	(4,520)	(1,525)	(172,954)	(3,005)
Cash paid for housing assistance	-	(64,074)	-	(64,074)	-
Cash paid for judgments and claims	-	-	-	-	(18,510)
Net cash provided by (used in) operating activities	(67,961)	(653)	2,302	(66,312)	711
Cash flows from noncapital financing activities					
County subsidy transfers	60,267	-	-	60,267	-
Transfers received from other funds	-	-	17	17	113
Transfers paid to other funds	(10,361)	-	-	(10,361)	(717)
Loan payment to other funds	-	(725)	-	(725)	(111)
Loan repayments to other funds	(214)	-	-	(214)	-
State and federal grant receipts	-	-	308	308	-
Net cash provided by (used in) noncapital financing activities	49,692	(725)	325	49,292	(715)
Cash flows from capital and related financing activities					
Acquisition of capital assets	(3,357)	(648)	(1,432)	(5,437)	(688)
Capital contribution	5,226	-	-	5,226	-
Payment on long-term liabilities	-	(148)	(341)	(489)	-
Interest paid on long-term liabilities	-	(19)	(92)	(111)	-
Net cash provided by (used in) capital and related financing activities	1,869	(815)	(1,865)	(811)	(688)
Cash flows from investing activities					
Cash disbursed for loans	742	(3,094)	-	(2,352)	-
Interest received from loans	-	2,596	-	2,596	-
Investment income received	372	451	21	844	701
Net cash provided by (used in) investing activities	1,114	(47)	21	1,088	701
Net increase (decrease) in cash and cash equivalents	(15,286)	(2,240)	783	(16,743)	9
Cash and cash equivalents, beginning	105,935	25,064	1,213	132,212	66,103
Cash and cash equivalents, end	\$ 90,649	\$ 22,824	\$ 1,996	\$ 115,469	\$ 66,112
Financial statement presentation:					
Cash and investments	\$ 90,649	\$ 22,614	\$ 1,996	\$ 115,259	\$ 66,112
Restricted cash and investments	-	210	-	210	-
Cash and cash equivalents, end	\$ 90,649	\$ 22,824	\$ 1,996	\$ 115,469	\$ 66,112

(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, 2016
(In Thousands)

	Business-type Activities - Enterprise Funds				Governmental
	San Mateo Medical Center	Housing Authority	Other Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (37,131)	\$ (916)	\$ 688	\$ (37,359)	\$ (1,665)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) from operating activities:					
Management services income from Medi-Cal rate differential	3,008	-	-	3,008	-
Depreciation	2,712	737	895	4,344	970
Decrease (increase) in:					
Accounts receivable	(4,314)	421	76	(3,817)	(371)
Grant receivable	21	-	-	21	-
Other receivable	(180)	-	-	(180)	-
Due from other funds	8,453	-	7	8,460	241
Due from other governmental agencies	(69,672)	(692)	445	(69,919)	(164)
Inventories	(227)	-	-	(227)	1
Other assets	1,136	53	-	1,189	(3,232)
Deposits	(31)	-	-	(31)	-
Net OPEB asset	30	-	-	30	-
Deferred outflows of resources	(2,978)	-	-	(2,978)	(27)
Increase (decrease) in:					
Accounts payable	(2,922)	(382)	350	(2,954)	3,823
Accrued salaries and benefits	1,365	37	10	1,412	53
Accrued liabilities	-	33	-	33	-
Due to other funds	-	-	(26)	(26)	(1)
Due to other governmental agencies	45,353	-	-	45,353	-
Unearned revenues	225	4	(3)	226	(46)
Net pension liability	14,761	-	107	14,868	235
Net OPEB obligation	-	25	-	25	-
Compensated absences	1,443	27	21	1,491	-
Estimated claims	-	-	-	-	1,394
Deferred inflows of resources	(29,013)	-	(268)	(29,281)	(500)
Net cash provided by (used in) operating activities	<u>\$ (67,961)</u>	<u>\$ (653)</u>	<u>\$ 2,302</u>	<u>\$ (66,312)</u>	<u>\$ 711</u>

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

COUNTY OF SAN MATEO
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016
(In Thousands)

	SamCERA Pension Trust	Investment Trust	Agency Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments (in County investment pool)	\$ 1,236	\$ 2,698,653	\$ 358,374
Cash and investments (outside County investment pool)	243,488	-	-
Receivables (net):			
Due from broker for investments sold	9,810	-	-
Contributions	7,354	-	-
Interest	4,886	6,263	852
Security lending income	27	-	-
Taxes	-	-	140,568
Other	100	-	-
Due from other governmental agencies	-	4,689	51,072
Prepaid expense	8	-	-
Net OPEB asset	458	-	-
Investments:			
Fixed income	610,608	-	-
Equity	1,723,374	-	-
Alternatives	404,377	-	-
Risk parity	280,336	-	-
Inflation hedge	349,680	-	-
Capital assets, net	5,162	-	-
Other assets	-	107	42,741
Total assets	<u>3,640,904</u>	<u>2,709,712</u>	<u>\$ 593,607</u>
LIABILITIES			
Accounts payable	1,808	348	\$ -
Due to broker for investments purchased	7,582	-	-
Due to other governmental agencies	88,363	1,962	86,611
Other liabilities	1,763	5,681	-
Fiduciary liabilities	-	-	506,996
Total liabilities	<u>99,516</u>	<u>7,991</u>	<u>\$ 593,607</u>
NET POSITION			
Net position restricted for pension benefits/investment pool participants	<u>\$ 3,541,388</u>	<u>\$ 2,701,721</u>	

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

COUNTY OF SAN MATEO
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	SamCERA Pension Trust	Investment Trust
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Employer contributions	\$ 191,094	\$ -
Plan member contributions	56,069	-
Contributions to investment pool	-	3,823,376
Total contributions	<u>247,163</u>	<u>3,823,376</u>
Net investment income:		
Net appreciation in fair value of investments	22,197	8,392
Investment income	36,704	64,703
Investment expense	(34,789)	-
Securities lending activities:		
Securities lending income	423	-
Securities lending expenses	(145)	-
Total net investment income	<u>24,390</u>	<u>73,095</u>
Other additions	4,910	-
Total additions	<u>276,463</u>	<u>3,896,471</u>
DEDUCTIONS		
Benefits and refunds paid to plan members and beneficiaries:		
Service retirement benefits	157,513	-
Disability retirement benefits	21,091	-
Death and other benefits	894	-
Withdrawals of members' contributions	3,366	-
Total benefits and refunds paid to plan members and beneficiaries	<u>182,864</u>	<u>-</u>
Distributions from investment pool	-	3,682,545
Administrative expenses	6,676	-
Other expense	11	-
Total deductions	<u>189,551</u>	<u>3,682,545</u>
Change in net position	86,912	213,926
Net position - beginning	<u>3,454,476</u>	<u>2,487,795</u>
Net position - end	<u>\$ 3,541,388</u>	<u>\$ 2,701,721</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, 2016
(In Thousands)

NOTE 1 – THE FINANCIAL REPORTING ENTITY

(a) Reporting Entity

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

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

The County's financial statements include all financial activities for which the primary government is financially accountable or closely related. The financial statements of the individual component units may be obtained by writing to the County of San Mateo, Controller's Office, 555 County Center, 4th Floor, Redwood City, California 94063.

(b) Blended Component Units

San Mateo County Joint Powers Financing Authority

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

Housing Authority of the County of San Mateo

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

In-Home Supportive Services (IHSS) Public Authority

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

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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of this relationship with the County, the IHSS Public Authority is reported as a nonmajor governmental fund in the County's basic financial statements.

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

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

(c) Discretely Presented Component Units

First 5 San Mateo County

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

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

Health Plan of San Mateo

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

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

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

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

(d) Component Unit – Fiduciary in Nature

San Mateo County Employees' Retirement Association

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Government-wide Financial Statements

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

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

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

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

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

The County reports the following major governmental funds:

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

The County reports the following major enterprise funds:

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

The County also reports the following additional fund types:

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

These funds include:

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

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

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

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

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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

2. Investments

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

Investment transactions are recorded on the trade date. Investments in nonparticipating interest-earning investment contracts are reported at cost; commercial paper that has a maturity of less than 90 days are reported at amortized cost; and all other investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of investments is determined using the fair value hierarchy defined by GASB 72.

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

For the fiscal year ended June 30, 2016, the County Treasurer has not entered into any legally binding guarantees to support the participant equity in the investment pool. Income from pooled investments is allocated to individual funds or external participants based on each fund's or participant's average daily cash balance at quarter end in relation to the total pool investments. Investment income earned in agency funds with no interest earning requirements is assigned to the General Fund. Income from non-pooled investments is deposited into funds that provided the resources.

3. Restricted Cash and Investments

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

4. Mortgages Receivable

For the purpose of the fund financial statements, governmental fund expenditures arising from long-term loan subsidy programs are charged to operations upon funding. The loans are recorded, net of an estimated allowance for potentially uncollectible loans, as mortgages receivable with an offset to deferred inflows of resources. The balance of the mortgages receivable includes loans that may be forgiven if certain terms and conditions are being met. The County reported mortgages receivable of \$81.8 million, net of allowance of \$8.9 million, on the governmental fund balance sheet as of June 30, 2016.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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5. Inventories

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

6. Capital Assets

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

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

The County has six networks of infrastructure assets: road, bridge, water and sewer, lighting, drainage, and flood control. The County's maintained pavement subsystem has been classified as roads with or without formal structural sections and is reported using the modified approach. In FY 2015-16 the County performed a complete, physical assessment of the maintained pavement subsystem condition. The condition assessment is completed triennially.

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

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives of the capital assets, are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

7. Deferred Outflows/Inflows of Resources

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

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

8. Pensions

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

9. Other Postemployment Benefits (OPEB)

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

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

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

11. Net Position

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

12. Fund Balance Policies

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

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

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

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

D. Revenues and Expenditures/Expenses

1. Property Tax Levy, Collection, and Maximum Rates

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

The County is responsible for assessing, collecting, and distributing property taxes in accordance with State law. Property taxes are levied on both secured (real property) and unsecured (personal property other than land and buildings) property. Supplemental property taxes are assessed upon transfer of ownership in property or completion of new construction. The State legislature determines the method of distribution of receipts from a 1% tax levy among the County, cities, school districts, and other districts. After deducting redevelopment tax allocation increment of \$15.1 billion for the fiscal year 2015-16, the total secured and unsecured assessed property value, net of Homeowner’s Exemptions, and including utility, unitary, and railroad properties assessed by the State, was \$164.9 billion. On the government-wide financial statements, property tax revenues are recognized in the fiscal year for which they are levied. On the fund financial statements, property tax revenues are deferred if not received within two months after fiscal year-end. The County levies, bills, and collects taxes as follows:

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

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

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Reserve Fund (TLRF). The primary purpose of TLRF is to cover losses that may occur as a result of special sales of tax-defaulted property. The County legally is required to maintain a minimum of 1% of the total tax levies on secured properties within the tax areas of participating entities, which was about \$21.4 million at June 30, 2016.

County management believes that any ownership rights to the TLRF the County may have are effective only upon a Board-approved transfer or to the extent of losses related to the sale of tax defaulted property. Balance in TLRF is being held in a custodial capacity for the participants in the County's Teeter Plan and accounted for in an agency fund. The balance in the TLRF was \$152.6 million at June 30, 2016.

Pursuant to Section 97.2 (D)(4)(i) of the California Revenue and Taxation Code (Code), in 1992 the County established an agency fund, the Educational Revenue Augmentation Fund (ERAF), to redirect property tax from the County, cities, and special districts to public education programs. Each of these local agencies is required to shift an amount of property tax revenues prescribed by the Code to ERAF. Once school districts and programs are paid the maximum allowable, the Code requires the excess ERAF be refunded to these local agencies. The County General Fund received a total of \$109.7 million from the excess ERAF for the fiscal year ended June 30, 2016.

2. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

3. Special Items

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

E. Estimates

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

F. Interfund Transactions

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

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

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

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

As of June 30, 2016, the County implemented GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement improves accounting and financial reporting for state and local governments' investments by enhancing the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The County incorporated the provisions of this Statement in Note 4 of its financial statements.

In June 2015, the GASB issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which clarifies the hierarchy of generally accepted accounting principles (GAAP), and reduces the GAAP hierarchy to two catalogues of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within the scope of authoritative GAAP. GASB Statement No. 76 is effective for the County's fiscal year ending June 30, 2016 and there is no impact to the financial statements.

In December 2015, the GASB issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement is intended to address accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election measure all of its investments at amortized cost for financial reporting purposes. The Statement is effective for the County's fiscal year ending June 30, 2016 and there is no impact to the financial statements.

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

- In June 2015, the GASB issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement is intended to make OPEB accounting and financial reporting consistent with the pension standards outlined in GASB Statement No. 67. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaced GASB Statement 43. GASB Statement No. 74 is effective for the County's fiscal year ending June 30, 2017.
- In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which establishes new accounting and financial reporting for state and local governments by improving the accounting and financial reporting for OPEB plans and provides information obtained by state and local government employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. GASB Statement No. 75 is effective for the County's fiscal year ending June 30, 2018.
- In August 2015, the GASB issued GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement is intended to improve financial reporting relating to disclosures of tax abatement transactions. The required disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues. The Statement is effective for the County's fiscal year ending June 30, 2017.

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- In December 2015, the GASB issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which amends the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pension* to exclude pensions provided to employees of State or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a State or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of State or local governmental employers and to employees of employers that are not State or local governmental employers, and (3) has no predominant State or local governmental employer. This Statement also establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and require supplementary information for pensions that have the characteristics described above. The Statement is effective for the County's fiscal year ending June 30, 2017.
- In January 2016, the GASB issued GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of Statement No. 14*, which amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*. The Statement establishes an additional blending requirement for the financial statement presentation of component units. The Statement is effective for the County's fiscal year ending June 30, 2017.
- In March 2016, the GASB issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement is effective for the County's fiscal year ending June 30, 2018.
- In March 2016, the GASB issued GASB Statement No. 82, *Pension Issues – an amendment of Statements No. 67, No. 68, and No. 73*. This Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting for Financial Reporting for Pensions*, and No. 73, *Accounting for Financial Reporting for Pensions and Related Assets That Are Not within the Scope of Statement 68, and Amendments to Certain Provisions of Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for the County's fiscal year ending June 30, 2017.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Equity/Net Position

At June 30, 2016, the IHSS Public Authority, a special revenue fund; the Tower Road Construction, and the Workers' Compensation Insurance internal service funds, reported net deficits of \$0.6 million, \$0.7 million, and \$23.0 million, respectively.

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

Tower Road Construction. Projects undertaken by this fund were insufficient to generate enough revenues to cover overhead expenses. The County will take steps to cure the financial imbalance through staffing and spending reductions, increase service charge billing rates, identify opportunities to increase efficiencies, and business process improvements.

Workers' Compensation Insurance. This fund has accumulated sufficient net position to pay for workers compensation claims on a pay as you go basis. The County has sufficient General Fund reserve to cover the deficit in this fund as needed. In addition, the County will continue to phase in premium rate increases and work with departments to inhibit growth in operating costs.

COUNTY OF SAN MATEO
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NOTE 4 – CASH AND INVESTMENTS

The County investment pool includes both voluntary and involuntary participation from external public entities. Certain special districts and entities are required under State statutes to maintain their cash surplus in the pool. The investment pool is not registered with the Securities and Exchange Commission as an investment company. Part of the JPFA's and SamCERA's cash and investments are deposited in and managed by outside financial institutions. As of June 30, 2016, the net asset value of involuntary participation in the investment pool was \$3.63 billion.

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

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

Cash and cash equivalents:		The County's Cash and investments are reported as follows:	
Cash on hand - County	\$ 3,127	Primary government	\$ 1,396,828
Cash on hand - Agency funds	1,366	Discretely presented component unit - First 5	16,557
Certificates of deposit - County	10,000	Discretely presented component unit - HPSM	453,685 ²
Money market deposit accounts - JPFA	9,603	Pension trust fund	3,613,099
Money market mutual fund - JPFA	7,813	Investment trust fund	2,698,653
Cash and deposits - SamCERA	243,488	Agency funds	<u>358,374</u>
Deposits - County	(21,303) ¹	Total cash and investments	<u>\$ 8,537,196</u>
Cash deposits - HPSM	306,377 ²		
Cash equivalents - HPSM	<u>40,184</u> ²		
Total cash	<u>600,655</u>		
 Investments:			
In Treasurer's pool	4,516,534		
With fiscal agents of the JPFA	8,349		
In SamCERA's portfolio	3,368,375		
In HPSM's portfolio	<u>43,734</u> ²		
Total investments	7,936,992		
Perspective difference	<u>(451)</u> ³		
Total cash and investments	<u>\$8,537,196</u>		

¹ At year-end, the carrying amount of the County's cash deposits was \$(21,303) and the bank balance was \$41,899. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

² HPSM's cash and investments were as of December 31, 2015.

³ Perspective difference represents the difference between HPSM's participation in the Treasurer's pool at December 31, 2015 and June 30, 2016, which was \$63,389 and \$63,840, respectively.

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

The table below summarizes total investments reported as of June 30, 2016:

	Interest Rates	Maturities	Par Value	Fair Value	Weighted Average Maturity (Years)
Investments in Investment Pool					
U.S. government securities	0.625% - 1.750%	11/30/16 - 1/31/23	\$ 350,000	\$ 353,211	3.29
U.S. government agency securities	0.305% - 2.000%	7/5/16 - 11/30/20	2,486,201	2,489,958	0.89
U.S. government agency securities - floating rate	0.508% - 0.596%	2/27/17 - 12/20/17	45,000	44,996	1.11
² U.S. instrumentalities	0.875% - 1.625%	7/19/18 - 5/24/21	80,000	80,652	3.53
Corporate bonds	0.750% - 2.300%	7/22/16 - 4/7/21	382,595	385,332	1.74
Corporate bonds - floating rate	0.693% - 0.498%	7/13/16 - 8/17/20	328,000	328,129	1.00
Local Agency Investment Fund	0.580%	**	65,000	65,000	0.46
Commercial paper	0.395% - 0.853%	7/7/16 - 11/16/16	436,015	435,506	0.18
Repurchase agreements	0.400%	7/1/16	333,750	333,750	0.00
Total investments in investment pool			\$ 4,506,561	\$ 4,516,534	1.07
Investments outside of Investment Pool					
San Mateo Joint Powers Financing Authority					
Federal Home Loan Bank - discount note				1,940	*
Hong Kong and Shanghai Banking Corporation - repurchase agreements				938	1.17
Investment contract				5,471	3.28
Subtotal				8,349	2.28
San Mateo County Employees' Retirement Association					
Commingled fixed income portfolio:					
Angelo Gordon OWL				23,029	20.15
Angelo Gordon STAR				31,854	21.43
Beach Point Select				40,939	6.20
Brigade Capital Management				63,796	6.29
Franklin Templeton				100,004	3.25
Fidelity Institutional Asset Management				247,229	8.04
Western Asset Management				103,757	8.13
Subtotal				610,608	8.12
Debt securities:					
U.S. government securities				67,970	**
Equity securities:					
Foreign stocks				326,134	**
U.S. common & preferred stock				395,817	**
Commingled funds:					
Domestic equity				575,736	**
International equity				197,068	**
Domestic equity				118,848	**
International equity				109,770	**
Real estate				244,563	**
Risk parity				280,336	**
Alternatives:					
Absolute return/hedge funds				183,886	**
Private equity				220,491	**
Private real asset				37,148	**
Subtotal				2,757,767	
Total SamCERA's investments				3,368,375	
Health Plan of San Mateo (as of December 31, 2015)					
Local Agency Investment Fund				43,734	0.46
Total investments outside of investment pool				3,420,458	
Total investments				\$ 7,936,992	

* Weighted average maturity (WAM) is less than 0.01 year.

** Not applicable or not available.

¹ WAM was computed using the average life from the Pooled Money Investment Account quarterly performance report as of June 30, 2016.

² U.S. instrumentalities are United States dollar denominated senior unsecured, unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development.

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

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years or less in accordance with its investment policy. At June 30, 2016, the investment pool had a weighted average maturity of 1.07 years and its investment in floating rate securities was \$373 million which are tied to the three-month London Interbank Offered Rate (LIBOR) index.

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

<u>Investment as of June 30, 2016</u>	<u>Standard & Poor's Rating</u>	<u>% of Portfolio</u>
U.S. Government Securities		
U.S. Treasury Securities	AA+	7.82%
U.S. Instrumentalities	AAA	1.79%
U.S. Government Agency Securities		
Federal Home Loan Bank	AA+	30.30%
Federal Home Loan Mortgage Corporation	AA+	11.05%
Federal National Mortgage Association	AA+	9.40%
Federal Farm Credit Bank	AA+	3.71%
Farmer Mac	AA+	0.66%
Federal Farm Credit Bank - Floating Rate	AA+	0.44%
Federal National Mortgage Association - Floating Rate	AA+	0.55%
Corporate Bonds		
Corporate Bonds	AAA	0.11%
Corporate Bonds	AA+	1.72%
Corporate Bonds	AA	0.62%
Corporate Bonds	AA-	4.30%
Corporate Bonds	A+	0.56%
Corporate Bonds	A	1.22%
Corporate Bonds - Floating Rate Securities	AA+	1.44%
Corporate Bonds - Floating Rate Securities	AA	0.55%
Corporate Bonds - Floating Rate Securities	AA-	4.23%
Corporate Bonds - Floating Rate Securities	A+	0.71%
Corporate Bonds - Floating Rate Securities	A	0.33%
Local Agency Investment Fund	Not rated	1.45%
Commercial Paper	A1+	5.33%
Commercial Paper	A1	3.32%
Commercial Paper	Not rated	1.00%
Repurchase Agreements	AA+	7.39%
Total		<u>100.00%</u>

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2016
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Custodial Credit Risk for Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The County's investment policy requires that deposits in banks must meet the requirements of California Government Code. Under this code, any deposits of more than \$0.25 million must be collateralized at 110% to 150% of the value of the deposit to guarantee the safety of the public funds. The first \$0.25 million of the County's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than the \$0.25 million insured amount are fully collateralized by Union Bank by pledging identifiable U.S. Government securities at 110% or more.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer of securities. State law and the County Investment Policy restrict the County's investments in U.S. Treasury Obligations to 100% of its portfolio (100% per issuer); Obligations of U.S. Agencies or government sponsored enterprises to 100% (40% per issuer); banker's acceptance to 15% (5% per issuer); collateralized time deposits within the State to 15% (5% per issuer), negotiable certificates of deposit, corporate bonds and medium-term notes to 30% (5% per issuer); commercial paper to 40% (5% per issuer); repurchase agreements secured by U.S. Treasury or agency obligation to 100% (100% per issuer for U.S. Treasuries and 40% per issuer for agency obligations); shares of beneficial interest issued by diversified management companies as defined in Government Code section 53601 to 10% (5% per issuer); and mortgage backed securities to 20% (5% per issuer). As of June 30, 2016, the investment pool has more than 5% of its total investments with the following issuers: 30.30% in Federal Home Loan Bank, 11.05% in Federal Home Loan Mortgage Corporation, 9.95% in Federal National Mortgage Association, and 8.61% in Wells Fargo Bank.

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

The County's investment pool is invested in the State of California Local Agency Investment Fund (LAIF), which is part of the State of California Pooled Money Investment Account (PMIA). As of June 30, 2016, the PMIA balance was \$75.4 billion, of which 1.55% is in structured notes and medium-term asset backed securities, and 1.26% in short-term asset-backed commercial paper. The total amount invested by all public agencies in LAIF was \$22.7 billion, while the County's investment in LAIF was \$65 million and HPSM's investment in LAIF was \$43.7 million. The value of the pool shares in LAIF is determined on an amortized cost basis, which approximates fair value. PMIA is not SEC-registered, but is required to invest according to the California Government Code. The average maturity of PMIA investments was 167 days as of June 30, 2016. The Local Investment Advisory Board, which consisted of five members designated by State statutes, has oversight responsibility for LAIF.

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Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2016
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County Investment Pool Condensed Financial Information

Below is the condensed statement of the investment pool as of June 30, 2016:

Statement of Net Position

Assets:	
U.S. government securities	\$ 353,211
U.S. government agency securities	2,489,958
U.S. government agency securities - floating rate	44,996
U.S. instrumentalities	80,652
Corporate bonds	385,332
Corporate bonds - floating rate	328,129
Local Agency Investment Fund	65,000
Commerical paper	435,506
Repurchase agreements	333,750
Total investments	<u>4,516,534</u>
Other assets	11,059
Pool deposits	<u>41,899</u>
Total assets	<u>4,569,492</u>
Liabilities:	
Unfunded checks and warrants	63,202
Other liabilities	<u>7,991</u>
Total liabilities	<u>71,193</u>
Net Position:	
Equity of internal pool participants	1,796,578
Equity of external pool participants	<u>2,701,721</u>
Total net position	<u>\$ 4,498,299</u>

Statement of Changes in Net Position

Net position at July 1, 2015	\$ 4,164,627
Net change in investments by pool participants	<u>333,672</u>
Net position at June 30, 2016	<u>\$ 4,498,299</u>

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

Participant units outstanding (one dollar par value)	\$ 4,489,907
Undistributed and unrealized gain	<u>8,392</u>
Net position at June 30, 2016	<u>\$ 4,498,299</u>

Participant net position at fair value price per share (\$4,498,299 divided by 4,489,907 units)	<u>\$ 1.0019</u>
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COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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JPFA's Investment Portfolio

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

Interest Rate Risk. The JPFA has not adopted a formal policy that limits investment maturity as a means of managing its exposure to declines in fair values arising from increasing interest rates. As of June 30, 2016, the JPFA's investment portfolio had a weighted average maturity of 2.28 years.

Credit Risk. The JPFA's bond trust agreements include provisions which restrict the JPFA's investment in (a) money market mutual funds rated "AAM" or "AAM-G" by Standard & Poor's, or better; (b) repurchase agreements with any domestic bank the long-term debt of which is rated at least "A" or better by Standard & Poor's Corporation and Moody's Investors Service; (c) specific obligations of government sponsored agencies which are not backed by the full faith and credit of the United State of America, including Federal Home Loan Bank, and (d) investment agreements. As of June 30, 2016, the JPFA's money market mutual fund was rated "A+" by Standard & Poor's, "A1" by Moody's Investors Service, and "AA" by Fitch. The repurchase agreement with the Hong Kong and Shanghai Banking Corporation was rated "Aa3" by Moody's Investors Service. The discount note with the Federal Home Loan Bank was rated "AA+" by Standard & Poor's and "Aaa" by Moody's Investors Service. The remaining investments were unrated including the investment contract with Financial Guaranty Insurance Company Capital Market Services Group.

Concentration of Credit Risk. The JPFA places no limit on the amount invested in any one issuer. At June 30, 2016, the JPFA has \$1 million, or 11%, of its total investments in repurchase agreements with the Hong Kong and Shanghai Banking Corporation; \$2 million, or 23%, in a discount note with the Federal Home Loan Bank; and \$5.5 million, or 66%, in an investment contract with Financial Guaranty Insurance Company Capital Market Services Group.

SamCERA's Investment Portfolio

Investments. The Board of Retirement has exclusive control of SamCERA's investments. The 1937 Act authorizes the Board of Retirement to invest, or delegate the authority to invest, the assets of SamCERA in any investment allowed by statutes and deemed prudent in the informed opinion of the Board of Retirement. SamCERA records investment transactions on the trade date. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Real estate assets are reported at fair value utilizing an income approach to valuation. An independent appraisal is obtained once every quarter to determine the fair market value of the real estate assets. Private equity and real assets are reported in SamCERA's financial statements based on the fair value provided by the General Partner on a quarterly basis. The management assumptions are based upon the nature of the investment and the underlying business. Risk parity, hedge funds, and commodities are reported based on the fair value provided by a third party administrator.

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.

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

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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(In Thousands)

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

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

Custodial Credit Risk - Deposits. SamCERA has no general policy on custodial credit risk for deposits. SamCERA maintains operation cash deposits to support day-to-day cash management requirements. At June 30, 2016, cash held with a financial institution in a pooled money market fund totaled \$111.2 million and cash held in the County's investment pool was \$1.2 million. The deposits are not exposed to custodial credit risk as they are eligible and covered by insurance in accordance with applicable law and Federal Deposit Insurance Corporation rules and regulations. However, \$0.6 million held with the Northern Trust Company is uninsured and uncollateralized. Thus it is subject to custodian credit risk.

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

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

<u>Credit Risk</u>	<u>Commingled Management</u>
AAA	21.40%
AA	4.10%
A	17.00%
BBB	14.40%
Less than BBB	32.10%
Not rated	11.00%
	<u>100.00%</u>

Interest Rate Risk. SamCERA has investments in seven external investment pools containing debt securities as well as investments in fixed income portfolios. SamCERA's investment policy does not have a formal policy that limits investment duration as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk - Investments. The individual investment guidelines for each investment manager require that managed investments be held in the name of SamCERA. The master custodian may rely on sub-custodians. The custodial requirement does not apply to real estate investments and investments in pools. As of June 30, 2016, SamCERA had no investments that were exposed to custodial credit risk because all securities held by SamCERA's custodian bank are in SamCERA's name. SamCERA does not have a general policy addressing custodial credit risk.

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

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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(In Thousands)

Foreign Currency Risk - Foreign Exchange Contracts. Foreign currency contracts are subject to foreign currency risk. Foreign exchange contracts include forward contracts and spot contracts. Currency forward contracts are derivatives and generally serve to hedge or offset the impact of foreign currency exchange rate fluctuations on the reported U.S. dollar fair value of investments denominated in foreign currencies. Spot contracts are generally used when SamCERA is required to make or receive payments in a foreign currency. Spot contracts are agreements to buy or sell a certain amount of foreign currency at the current market rate, for settlement in two business days.

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

The table below shows the fair value of investments in U.S. dollars that are exposed to foreign currency risk as of June 30, 2016, by investment type and currency denomination.

Country	Common Stock	Foreign Currency	Total
Australia	\$ 14,496	\$ 392	\$ 14,888
Canada	2,217	898	3,115
Switzerland	34,484	-	34,484
Denmark	12,348	-	12,348
Europe	63,937	18	63,955
United Kingdom	74,205	1,155	75,360
Hong Kong	4,228	589	4,817
Japan	72,215	81	72,296
South Korea	3,194	-	3,194
Mexico	1,531	-	1,531
Malaysia	954	(954)	-
Philippines	924	-	924
Sweden	20,540	-	20,540
Singapore	13,961	-	13,961
South Africa	6,900	-	6,900
Total	<u>\$326,134</u>	<u>\$ 2,179</u>	<u>\$328,313</u>

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

Derivatives. SamCERA's investment contains various derivative positions as of and for the year ended June 30, 2016, primarily in swaps and foreign currency forward positions. In comparison to SamCERA's total investments at fair value, the fair value of SamCERA's derivative positions as of June 30, 2016 is not material. SamCERA held derivatives with a negative notional amount of \$7.6 million and a fair value of zero dollars at June 30, 2016. Changes in fair value during FY 2016 are reported in the statement of changes in fiduciary net position as a component of investment income. No derivatives were held that would be classified as hedging derivatives – all are classified as investment derivatives.

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

<u>Investment Derivatives as of June 30, 2016</u>	<u>Notional Value</u>	<u>Fair Value</u>
Interest rate contracts - short	\$ (17,698)	\$ -
Commodity contract futures - long	10,137	-
Total	\$ (7,561)	\$ -

Custodial Credit Risk - Derivatives. As of June 30, 2016, SamCERA's derivatives were not subject to custodial credit risk. However, they are subject to other risks.

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

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

For the year ended June 30, 2016, SamCERA's securities lending agent lent SamCERA securities to borrowers under the securities lending agreement. In return, SamCERA received cash, securities issued or guaranteed by the United States government, and sovereign debt or irrevocable bank letters of credit as collateral. As SamCERA did not have the ability to pledge or sell collateral securities delivered absent a borrower default, such non-cash collateral is not reported on the statement of fiduciary position. Borrowers were required to maintain the designated margin percentage of collateral on a daily basis.

SamCERA did not impose any restrictions for the fiscal year ended June 30, 2016, on the amount of loans that the securities lending agent made on its behalf. The securities lending agent indemnified SamCERA by agreeing to purchase replacement securities or supplement the amount of cash collateral in the event the borrower failed to return the loaned securities and the collateral was inadequate to replace the securities lent or the borrower failed to pay SamCERA for any income distributions on loaned securities. There were no losses during the fiscal year ended June 30, 2016, resulting from a default of the borrowers or the securities lending agent.

SamCERA and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders had in a short-term investment pool managed by the securities lending agent. As of June 30, 2016, the fair value of securities on loan reported and the total collateral held amounted to \$89.1 million and \$90.8 million (\$88.4 million in cash collateral and \$2.4 million in non-cash collateral), respectively. The amount of collateral exceeded the amount of securities on loan by \$1.7 million.

SamCERA does not have the ability to pledge or sell collateral securities delivered absent a borrower default. Therefore, such non-cash collateral is not reported on the statement of fiduciary net position.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2016
(In Thousands)

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

Security Lending Collateral Interest Rate Risk. Cash collateral from loans of securities is invested in the State Street Navigator Securities Lending Prime Portfolio. Its average effective duration is restricted to 90 days or less. As of June 30, 2016, the average maturity of securities on loan was approximately 42 days, which generally matches the average duration of maturities of 34 days for the Northern Institutional Liquid Assets Portfolio cash collateral pool at June 30, 2016.

Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The investments in an external investment pool are not subject to reporting within the level hierarchy. The three levels of the fair value hierarchy are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2016
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The County's cash equivalents and investments by fair value level as of June 30, 2016, include the following:

<u>Investments</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Investments subject to fair value hierarchy:			
U.S. government securities	\$ 353,211	\$ -	\$ 353,211
U.S. government agency securities	2,491,898	-	2,491,898
U.S. government agency securities - floating rate	44,996	-	44,996
U.S. instrumentalities	80,652	-	80,652
Corporate bonds	385,332	-	385,332
Corporate bonds - floating rate	328,129	-	328,129
Commercial paper	435,506	-	435,506
Repurchase agreements	334,688	-	334,688
Investment agreement	5,471	-	5,471
Debt securities:			
U.S. government securities	67,970	-	67,970
Equity securities:			
Foreign stocks	326,134	326,134	-
U.S. common & preferred stock	395,817	395,817	-
Commingled funds:			
Domestic bond	103,757	-	103,757
Domestic equity	575,736	-	575,736
International equity	197,068	-	197,068
Total investments subject to fair value hierarchy	<u>6,126,365</u>	<u>\$ 721,951</u>	<u>\$ 5,404,414</u>
Investments not subject to fair value hierarchy:			
Local Agency Investment Fund	<u>108,734</u>		
Investments measured at the net asset value (NAV)			
Domestic bond	406,847		
Global bond	100,004		
Domestic equity	118,848		
International equity	109,770		
Real estate	244,563		
Risk parity	280,336		
Absolute return/hedge funds	183,886		
Private equity	220,491		
Private real asset	37,148		
Total investments measured at NAV	<u>1,701,893</u>		
Total investments	<u>\$ 7,936,992</u>		

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2016
(In Thousands)

<u>Investments measured at NAV</u>	<u>6/30/2016</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Domestic bond funds ⁽¹⁾	\$ 406,847	\$ -	Daily, quarterly	15-90 days
Global bond funds ⁽¹⁾	100,004	-	Monthly	15 days
Domestic equity funds ⁽¹⁾	118,848	-	Daily	1-5 days
International equity funds ⁽¹⁾	109,770	-	Daily	1-10 days
Real estate Funds ⁽²⁾	244,563	22,700	Quarterly, not eligible	45 days
Risk parity Funds ⁽³⁾	280,336	-	Monthly	15 days
Absolute return/hedge funds ⁽⁴⁾	183,886	-	Semi-monthly, monthly	5-75 days
Private equity funds ⁽⁵⁾	220,491	134,000	Not eligible	Not applicable
Private real asset funds ⁽⁵⁾	37,148	57,300	Not eligible	Not applicable
Total investments measured at NAV	<u>\$ 1,701,893</u>	<u>\$ 214,000</u>		

- ⁽¹⁾ *Bond and Equity Funds.* This type includes five domestic bond funds, one global bond fund, one domestic equity fund, and two international equity funds that are considered to be in commingled in nature. Each is valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments.
- ⁽²⁾ *Real Estate Funds.* This type includes two real estate funds that invest primarily in a diversified portfolio of institutional quality multi-family, industrial, retail and office assets in the United States. The fair values of the investments in this type have been determined using the NAV (or its equivalent) of the Plan's ownership interest in partners' capital. One investment has quarterly liquidity while the other is ineligible for redemption.
- ⁽³⁾ *Risk Parity Funds.* This type includes two risk parity funds that seek to generate returns from a risk diversified portfolio of asset exposures. The fair values of the investments in this type have been determined using the NAV (or its equivalent) of the Plan's ownership interest in partners' capital. The funds can be redeemed on a monthly basis.
- ⁽⁴⁾ *Hedge Funds/Absolute Return.* This strategy consists of two multi-strategy absolute return/hedge funds. One fund delivers efficient exposure to a well-diversified portfolio of hedge fund strategies and the other builds a broad range of return-seeking positions (i.e. multi-strategy) with high underlying liquidity that incorporates multiple risk views.
- ⁽⁵⁾ *Private Equity and Real Asset Funds.* SamCERA's private equity portfolio consists of eighteen funds, investing primarily in buyout funds, venture capital, and debt/special situations. The private real asset portfolio comprises of six funds, investing in infrastructure, mining finance, solar, energy, and farmland. The fair values of these funds have been determined using net assets values one quarter in arrears plus current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments with the funds are liquidated, which on average can occur over the span of 5 to 10 years.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2016
(In Thousands)

NOTE 5 – RECEIVABLES

As of June 30, 2016, receivables of the County’s major funds, nonmajor funds in aggregate, and internal service funds in aggregate, including allowances for uncollectible accounts, are listed below. The General Fund has a net receivable of \$156.6 million, of which about \$115.0 million is not expected to be collected within the next twelve months.

<u>Governmental Activities</u>	General Fund	JPFA	Nonmajor Governmental Funds	Internal Service Funds	Total
Accounts	\$ 281,488	\$ -	\$ 234	\$ 380	\$ 282,102
Interest	16,860	274	570	146	17,850
Taxes	29,458	-	1,814	-	31,272
Mortgages	90,698	-	-	-	90,698
Advances	839	-	-	-	839
Other	22,729	-	-	-	22,729
Gross receivables	442,072	274	2,618	526	445,490
Less: allowances for uncollectibles	(285,477)	-	(851)	-	(286,328)
Total receivables, net	<u>\$ 156,595</u>	<u>\$ 274</u>	<u>\$ 1,767</u>	<u>\$ 526</u>	<u>\$ 159,162</u>

<u>Business-type Activities</u>	Medical Center	Housing Authority	Nonmajor Enterprise Funds	Total
Accounts	\$ 63,958	\$ 12	\$ 103	\$ 64,073
Grant	461	-	-	461
Interest	242	50	5	297
Other	856	-	-	856
Gross receivables	65,517	62	108	65,687
Less: allowances for uncollectibles	(50,158)	-	(38)	(50,196)
Total receivables, net	<u>\$ 15,359</u>	<u>\$ 62</u>	<u>\$ 70</u>	<u>\$ 15,491</u>

NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES

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

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2016
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Due to/from other funds

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

The table below summarizes the County's interfund receivables and payables as of June 30, 2016:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	JPFA	\$ 7,033
	Nonmajor Governmental Funds	1,346
	Medical Center	3,108
		<u>11,487</u>
Nonmajor Governmental Funds	General Fund	102
	Nonmajor Governmental Funds	27
	Internal Service Funds	1
		<u>130</u>
Medical Center	General Fund	<u>4,072</u>
Internal Service Funds	Medical Center	<u>14</u>
	Total	<u><u>\$ 15,703</u></u>

Advances to/from other funds

Advances from the General Fund are comprised of the following as of June 30, 2016:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 4,854
	Medical Center	944
	Internal Service Fund	912
	Total	<u><u>\$ 6,710</u></u>

- \$4.9 million, of the authorized \$8.7 million, was advanced to Crystal Springs Sanitation District in April 2015 to begin construction of the Crystal Springs/El Cerrito Trunk Sewer to improve performance and capacity of sewer facilities. Crystal Springs Sanitation District will return the \$8.7 million to the County General Fund over a twenty year period with 2.10% interest from revenue of the Crystal Springs Sanitation District.
- \$0.9 million represents a 10% reserve on Behavioral Health programs operated by the Medical Center. This reserve will be returned by the Medical Center to the Behavioral Health department when the P14 audit is completed. The P14 audit is not scheduled to be completed in fiscal year 2016-2017.
- \$0.9 million outstanding advance resulted from three separate advances (\$0.3 million in June 2009, \$0.5 million in June 2010, and \$0.6 million in June 2011) to the Tower Road Construction Fund to cover cash deficits at year-end offset by a \$0.5 million payment against advances.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2016
(In Thousands)

NOTE 7 – INTERFUND TRANSFERS

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

(a) Between Governmental and Business-type Activities:

Transfer from	Transfer To	Amount	Purpose
General Fund	Medical Center	\$ 58,868	Provide subsidy to support indigent healthcare as budgeted.
	Medical Center	1,399	Provide subsidy to finance retiree health benefits.
	Subtotal	<u>60,267</u>	
General Fund	Nonmajor Enterprise Funds	17	Provide subsidy to finance retiree health benefits.
Medical Center	Nonmajor Governmental Funds	10,076	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	285	Transfer funds to finance capital projects.
	Subtotal	<u>10,361</u>	
Total		<u>\$ 70,645</u>	

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

Transfer from	Transfer To	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 43,813	Provide funds to finance County capital projects.
	Nonmajor Governmental Funds	16,497	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	3,702	Contribute funds to support in-home supportive services.
	Nonmajor Governmental Funds	131	Provide funds to subsidize County retirement.
	Subtotal	<u>64,143</u>	
General Fund	Internal Service Funds	34	Provide subsidy to finance retiree health benefits.
	Internal Service Funds	50	Provide funds to finance County capital projects.
	Internal Service Funds	29	Transfer funds to finance purchases of capital assets.
Subtotal		<u>113</u>	
JPFA	General Fund	325	Provide residual funds to finance County Radio System.
JPFA	Nonmajor Governmental Funds	17	Transfer funds to finance Colma Creek revenue refunding.
Nonmajor Governmental Funds	General Fund	748	Transfer funds to cover rent surcharges.
	General Fund	757	Reimburse Commute Alternatives Program costs.
	Subtotal	<u>1,505</u>	
Nonmajor Governmental Funds	Nonmajor Governmental Funds	3,904	Transfer funds to cover lease payments.
	Nonmajor Governmental Funds	2,338	Transfer funds to finance capital improvements.
	Nonmajor Governmental Funds	442	Transfer funds to cover debt service payments.
Subtotal		<u>6,684</u>	
Nonmajor Governmental Funds	JPFA	29,180	Transfer funds to cover debt service payments.
	JPFA	21,046	Transfer funds to finance Certificates of Participation.
	Subtotal	<u>50,226</u>	
Internal Service Funds	General Fund	21	Provide funds to support Sheriff's driver's training program.
	General Fund	4	Transfer funds to cover rent surcharges.
	Subtotal	<u>25</u>	
Internal Service Funds	Nonmajor Governmental Funds	689	Transfer funds to finance capital projects.
	Nonmajor Governmental Funds	3	Transfer funds to cover lease payments.
	Subtotal	<u>692</u>	
Total		<u>\$ 123,730</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, 2016
(In Thousands)

NOTE 8 – CAPITAL ASSETS

Capital asset activities for the fiscal year ended June 30, 2016, are as follows:

	Balance July 1, 2015	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2016
Governmental activities					
<i>Capital assets, not being depreciated:</i>					
Land and easements	\$ 89,569	\$ 15	\$ -	\$ (500)	\$ 89,084
Infrastructure - maintained road subsystem	89,012	-	-	2,940	91,952
Construction in progress	178,146	82,989	-	(183,822)	77,313
Total capital assets, not being depreciated	356,727	83,004	-	(181,382)	258,349
<i>Capital assets, being depreciated:</i>					
Infrastructure	84,144	-	-	1,453	85,597
Structures and improvements	648,638	15	(179)	178,982	827,456
Equipment	93,466	6,701	(2,149)	12	98,030
Software	10,358	31	-	-	10,389
Total capital assets, being depreciated	836,606	6,747	(2,328)	180,447	1,021,472
<i>Less accumulated depreciation for:</i>					
Infrastructure	(30,951)	(1,773)	-	-	(32,724)
Structures and improvements	(175,107)	(13,141)	42	80	(188,126)
Equipment	(76,800)	(5,706)	2,099	12	(80,395)
Software	(7,208)	(1,479)	-	-	(8,687)
Total accumulated depreciation	(290,066)	(22,099)	2,141	92	(309,932)
Total capital assets, being depreciated, net	546,540	(15,352)	(187)	180,539	711,540
Governmental activities capital assets, net	\$ 903,267	\$ 67,652	\$ (187)	\$ (843)	\$ 969,889
Business-type activities					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 13,157	\$ -	\$ -	\$ -	\$ 13,157
Construction in progress	3,615	2,041	(41)	(1,391)	4,224
Total capital assets, not being depreciated	16,772	2,041	(41)	(1,391)	17,381
<i>Capital assets, being depreciated:</i>					
Structures and improvements	81,105	1,211	-	575	82,891
Equipment	20,360	1,714	(2,261)	634	20,447
Software	14,880	517	-	182	15,579
Total capital assets, being depreciated	116,345	3,442	(2,261)	1,391	118,917
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(34,982)	(1,772)	-	-	(36,754)
Equipment	(9,173)	(1,341)	1,982	-	(8,532)
Software	(11,038)	(1,231)	-	-	(12,269)
Total accumulated depreciation	(55,193)	(4,344)	1,982	-	(57,555)
Total capital assets, being depreciated, net	61,152	(902)	(279)	1,391	61,362
Business-type activities capital assets, net	\$ 77,924	\$ 1,139	\$ (320)	\$ -	\$ 78,743

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2016
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Depreciation

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

<u>Governmental Activities</u>	
General government	\$ 3,975
Public protection	11,399
Public ways and facilities	572
Health and sanitation	2,825
Public assistance	1,242
Recreation	1,116
Depreciation on capital assets held by the County's internal service funds are charged to various functions based on their usage of the assets.	970
Total depreciation - governmental activities	\$ 22,099
<u>Business-type Activities</u>	
Medical Center	\$ 2,712
Housing Authority	737
Airports	582
Coyote Point Marina	313
Total depreciation - business-type activities	\$ 4,344

Capital Project Commitments

The County has three major capital projects underway in FY 2015-16. They are as follows:

Youth Services Center

The main facility of the Youth Services Center was completed in September 2006 and the Receiving Home in January 2010. The demolition of the old Hillcrest Facility and re-sculpting of the Berm were completed November 2011. The current project underway at the Youth Services Center includes the Loop Road Security project. A risk assessment feasibility study for security improvements along Loop Road was conducted in 2009 and recommended constructing perimeter fencing, gates, controls and associated appurtenances, lighting, communications, and video surveillance. The Loop Road Security project was completed in the Spring of 2014. The design phase for the replacement of the Youth Services Center's deficient security and surveillance system has been completed and is currently in construction. The estimated date of completion is in Spring 2017 with an estimated cost of \$1.1 million.

Maple Street Correctional Center

In December 2010, the County purchased four parcels of land at 20-80 Chemical Way, Redwood City, to build a new Maple Street Correctional Center (MSCC). This facility is approximately 259,806 square feet, consisting of a 576-bed facility (including 88 beds in low-security transitional housing), a surface parking for 189 vehicles, and all necessary on site and off site utility improvements. The correctional center will consist of an inmate processing/transport area, a non-secure inmate-housing unit, support services (food and laundry), and a secure inmate housing. The facility will also include a 4,660 square foot Central Utility Plant building. As of March 2016, the County received the Certificate of Substantial Completion and began to occupy the facility. MSCC phase 2 to build-out the warm shell (ground floor) by adding 256 secure beds is in progress with an estimated completion in October 2016 and estimated budget of \$25.6 million.

COUNTY OF SAN MATEO
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Skylonda Fire Station

In August 2013, the JPFA issued the 2013 Bonds totaling \$40 million. A portion of the proceeds of the 2013 Bonds was used to finance capital improvements to the Skylonda Fire Station located on Skyline Boulevard in the Town of Woodside, California. This project will replace the existing barracks and offices at Station 58 and adds a community room in a new 6,000 square foot facility. The fire station will house two engines (a paramedic engine and a wildland engine) and serves the communities of Skylonda, Kings Mountain, La Honda, Upper Woodside, Alpine Road, Middleton Tract, and Skyline Boulevard. The project cost is now estimated to be \$8.5 million. As of June 30, 2016, \$8.0 million has been committed to fund this project; \$4 million in bond proceeds and \$4 million in Measure A Sales Tax funds. Additional funds of \$0.5 million have been recommended to the FY 2016-17 Budget to ensure there are sufficient funds to complete the project. The construction project started in June 2016 with estimated completion by May 2017.

NOTE 9 – LEASES

The County occupies a number of non-County owned office buildings and facilities to conduct its business under non-cancelable operating leases. Total rental paid for these leases was approximately \$12.8 million for the fiscal year ended June 30, 2016, and the future minimum lease payments are as follows:

<u>Governmental Activities</u>	
<u>Fiscal year</u> <u>ending June 30,</u>	
2017	\$ 13,601
2018	12,023
2019	10,776
2020	7,303
2021	5,157
2022-2026	13,263
2027-2031	5,882
2032-2036	5,875
2037-2041	5,875
Total	<u>\$ 79,755</u>

The County also leases various County-owned properties to other entities under non-cancelable operating leases. Income from these rental activities amounted to \$1.0 million for the fiscal year ended June 30, 2016.

COUNTY OF SAN MATEO
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(In Thousands)

NOTE 10 - LONG-TERM LIABILITIES

The County's long-term liabilities as of June 30, 2016, are as follows:

<u>Type of indebtedness (purpose)</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2016</u>
<u>Governmental Activities</u>					
<u>Lease Revenue Bonds:</u>					
<u>1993 Issue</u>					
Purpose: To defease 1991 Certificates of Participation and finance the costs of a parking garage and jail.					
Term Current Interest Bonds	7/1/2016	6.50%	\$3,975	\$ 36,170	\$ 3,975
Term Current Interest Bonds	7/1/17 - 7/1/21	5% - 6%	\$4,230 - \$5,205	23,520	23,520
1993 Issue				59,690	27,495
<u>1993 Issue - Satellite Clinic</u>					
Purpose: To finance a portion of the costs of constructing and equipping the North County Satellite Clinic and an adjacent parking structure.					
Serial Capital Appreciation Bonds	9/1/17 - 9/1/26	5.9% - 6%	\$188 - \$233	2,085	2,085
Accreted interest on capital appreciation bonds				8,941	5,547
1993 Issue - Satellite Clinic				11,026	7,632
<u>2009 Issue</u>					
Purpose: To provide funds, together with other available moneys, to refund a portion of the outstanding 1997 Bonds and the outstanding 1999 Bonds (collectively, the "Prior Bonds"), to pay costs of issuance of the 2009 Bonds, and to pay other costs relating to the refunding of the Prior Bonds.					
Serial Current Interest Bonds	7/15/16 - 7/15/17	4% - 5%	\$6,145 - \$6,675	46,130	12,820
Serial Current Interest Bonds	7/15/18 - 7/15/26	5% - 5.25%	\$6,475 - \$8,990	69,375	69,375
2009 Issue				115,505	82,195
<u>2013 Issue</u>					
Purpose: To provide funds, together with other available moneys, (i) to redeem outstanding 1997, 1999, and 2001 Bonds, (ii) to finance certain capital improvements, and (iii) to pay costs of issuance of the 2013 Bonds.					
Serial Current Interest Bonds	7/15/16 - 7/15/32	2% - 5.25%	\$550 - \$10,320	40,065	37,920
<u>2014 Issue</u>					
Purpose: To provide funds, together with other available moneys, (i) to finance the acquisition, construction and equipping of the Maple Street Correctional Center, (ii) to refund all of the outstanding notes previously issued by the County in FY 2013-14, the proceeds of which were used to reimburse the County for the purchase price of the jail project site, (iii) to pay capitalized interest on the 2014 Bonds through May 30, 2016, (iv) to provide the Reserve Account Requirement, and (v) pay issuance costs of the 2014 Bonds.					
Serial Current Interest Bonds	6/15/17 - 6/15/31	3% - 5%	\$5,675 - \$18,085	157,895	157,895
Term Interest Bonds	6/15/32 - 6/15/35	4%	\$2,500 - \$5,010	15,145	15,145
Term Interest Bonds	6/15/36 - 6/15/37	4%	\$495 - \$1,530	2,025	2,025
2014 Issue				175,065	175,065
<u>2016 Issue</u>					
Purpose: To provide funds, together with other available moneys, to refund the outstanding 2008 Bonds, to pay costs of issuance of the 2016 Bonds, and to pay costs relating to the refunding of the 2008 Bonds.					
Serial Current Interest Bonds	7/15/16 - 7/15/36	2% - 5%	\$3,290 - \$7,620	107,600	107,600
Total lease revenue bonds and accreted interest on capital appreciation bonds				508,951	437,907

(Continued)

COUNTY OF SAN MATEO
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Type of indebtedness (purpose)	Maturities	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2016
Revenue Refunding Bonds:					
<u>2015 Issue</u>					
Purpose: To provide funds, together with other available moneys, (i) to refund its Certificates of Participation in the Colma Creek Flood Control Zone, and (ii) to pay issuance costs of the 2015 Bonds.					
Serial Current Interest Bonds	8/1/16 - 8/1/35	2% - 5%	\$630 - \$1,410	\$ 18,725	\$ 18,725
Total governmental activities				<u>\$ 527,676</u>	<u>\$ 456,632</u>
<u>Business-type Activities</u>					
Notes Payable:					
Coyote Point Marina					
Department of Boating and Waterways	8/1/15 - 8/1/29	4.5%	\$14 - \$50	\$ 2,314	\$ 516
Dock 29 loan	8/1/16 - 8/1/45	4.5%	\$30 - \$114	1,919	1,919
Housing Authority					
California Housing Finance Agency	5/20/57	0.00%	-	49	37
Airports					
Department of Transportation	2/7/16 - 2/7/23	4.78%	\$315 - \$362	4,000	1,039
Total business-type activities				<u>\$ 8,282</u>	<u>\$ 3,511</u>

The table below summarizes changes in the County's long-term liabilities for the fiscal year ended June 30, 2016.

	Balance July 1, 2015	Additions/ Accretions	Retirements	Balance June 30, 2016	Amounts Due Within One Year
Governmental Activities:					
Lease revenue bonds	\$ 460,065	\$ 107,600	\$ (135,305)	\$ 432,360	\$ 32,970
Accreted interest on capital appreciation bonds	5,111	436	-	5,547	-
Add: unamortized premium	32,887	15,877	(3,340)	45,424	2,505
Lease revenue bonds, net	498,063	123,913	(138,645)	483,331	35,475
Certificates of participation	21,436	-	(21,436)	-	-
Add: unamortized premium	52	-	(52)	-	-
Certificates of participation, net	21,488	-	(21,488)	-	-
Revenue refunding bonds	-	18,725	-	18,725	630
Add: unamortized premium	-	2,813	(129)	2,684	141
Revenue refunding bonds, net	-	21,538	(129)	21,409	771
Other long-term obligations	2,293	1,237	(584)	2,946	556
Estimated claims	47,279	19,904	(18,510)	48,673	16,154
Compensated absences	37,812	35,386	(30,388)	42,809	36,482
Total Governmental Activities	<u>\$ 606,935</u>	<u>\$ 201,978</u>	<u>\$ (209,744)</u>	<u>\$ 599,168</u>	<u>\$ 89,438</u>
Business-type Activities:					
Notes payable	\$ 4,000	\$ -	\$ (489)	\$ 3,511	\$ 392
Net OPEB Obligation	118	148	(123)	143	-
Estimated claims	644	-	(11)	633	12
Compensated absences	8,632	10,324	(8,833)	10,123	9,956
Total Business-type Activities	<u>\$ 13,394</u>	<u>\$ 10,472</u>	<u>\$ (9,456)</u>	<u>\$ 14,410</u>	<u>\$ 10,360</u>

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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Resources used to finance long-term liabilities of governmental and business-type activities are as follows:

- The *lease revenue bonds* are payable by a pledge of revenues from the base rental payments payable by the County, pursuant to individual lease agreements between the JPFA and the County for the use of equipment and facilities acquired or constructed by the JPFA. Under California law, the County cannot make lease payments until the County has constructive use or occupancy of the property being financed. Once construction is completed, the leases act like direct financing leases with lease payments equal to debt service payments. Total debt service requirements remaining on the lease revenue bonds is \$603.6 million payable through June 15, 2037. For the current year, principal and interest paid by the JPFA totaled \$15.2 million and \$22.3 million, respectively.
- The *certificates of participation* are payable by a pledge of revenues from the installment payments payable by the County Flood Control District, pursuant to Installment Payment Agreements between the JPFA and the County. In FY 2015-16, the certificates of participation were paid off from the Revenue Refunding Bonds. For the current year principal and interest paid by the JPFA (including refunded debts) totaled \$21.4 million and \$0.6 million, respectively.
- *Notes payable* under business-type activities are funded separately by respective enterprise funds.
- *Other long-term obligation* is financed by the General Fund including Los Trancos County Water District, State Water Resources Control Board, and Genentech tax settlement.
- *Net OPEB obligation* is financed by the Housing Authority.
- *Estimated claims* are liquidated by charges for services collected through individual internal service funds and reserves of the Housing Authority.
- *Compensated absences* are financed by governmental funds (General Fund and individual special revenue funds) and enterprise funds (Medical Center, Housing Authority, Airports, and Coyote Point Marina) that are responsible for the charges.

Refunding of Certificates of Participation

In August 2015, the San Mateo County Flood Control District (the “Flood Control District”) issued \$18.7 million in Revenue Refunding Bonds (the “2015 Revenue Refunding Bonds”) with a bond premium of \$2.8 million to refund the JPFA’s outstanding balance of its 1997 COPs and 2004 COPs and to pay its costs of issuance. The Flood Control District pledged its revenues to repay the 2015 Revenue Refunding Bonds through August 2035. For the current year interest paid by the Flood Control District was \$0.4 million. Total principal and interest remaining on the 2015 Revenue Refunding Bonds were \$18.7 million and \$10.5 million, respectively.

The 2015 Revenue Refunding Bonds proceeds were deposited immediately into an irrevocable trust for the defeasance of \$11.0 million of the outstanding 1997 COPs and \$10.0 million of the outstanding 2004 COPs principal and \$52 thousand of the accrued 1997 COPs interest and \$4 thousand of the 2004 COPs interest. As a result, the JPFA removed the net investment in lease along with the COPs from its stand-alone financial statements.

The Flood Control District in effect realized an economic gain of \$3.6 million (the difference between the present value of the debt service payments on the old debt and the present value of the debt service payments on the new debt) by reducing its aggregate debt service payments of \$6.9 million over the next 23 years.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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Issuance of 2016 Lease Revenue Bonds

In January of 2016, the JPFA issued a total of \$107.6 million in Lease Revenue Bonds (the “2016 Bonds”) with an average interest rate of 5% and a bond premium of \$15.8 million. Together with other available moneys, the proceeds of the 2016 Bonds totaling \$123.4 million were used to refund the outstanding 2008 Bonds and to pay the accrued interest and costs of issuance. On the refunding date of the 2008 Bonds, certain bonds are uncallable until July 2018. Thus, the proceeds were deposited into an irrevocable trust until the 2008 Bonds can be redeemed. At June 30, 2016, the defeased 2008 Bonds outstanding principal totaled \$120.8 million, which will be paid by the funds held in the refunding escrow in July 2018.

The JPFA in effect realized an economic gain of \$19.3 million (the difference between the present value of the debt service payments on the old debt and the present value of the debt service payments on the new debt) by reducing its aggregate debt service payments of \$22.7 million over the next 20 years. While the refunding resulted in an economic gain, the refunding also resulted in a \$15.9 million accounting loss, which is the difference between the funds required to refund the old debt and the net carrying amount of the old debt. The accounting loss is reported as deferred outflow of resources on the statement of net position and will be amortized over the remaining life of the new debt.

The 2016 Bonds are limited obligations of the JPFA payable solely from, and secured solely by, revenues of the JPFA, consisting primarily of Base Rental Payments to be received by the JPFA from the County under a Master Facility Lease between the JPFA and the County, for the right to use and possess certain real property and facilities.

Annual debt service requirements for the governmental activities as of June 30, 2016, are summarized as follows:

<u>Fiscal Year Ended June 30,</u>	Governmental Activities					
	Lease Revenue Bonds			Revenue Refunding Bonds		
	Principal	Interest		Principal	Interest	
2017	\$ 32,970	\$ -	\$ 19,562	\$ 630	\$ 892	
2018	33,233	692	18,350	630	876	
2019	32,792	728	16,816	650	854	
2020	31,335	775	15,249	680	824	
2021	28,806	819	13,804	710	789	
2022-2026	115,801	4,809	51,208	4,135	3,359	
2027-2031	93,268	1,118	24,061	5,270	2,190	
2032-2036	56,040	-	6,457	6,020	715	
2037	8,115	-	139	-	-	
Total requirements	432,360	8,941	165,646	\$ 18,725	\$ 10,499	
Less: unaccrued interest	-	(3,394)	-			
Total	\$ 432,360	\$ 5,547	\$ 165,646			

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Annual debt service requirements for the business-type activities as of June 30, 2016, are summarized as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Business-type Activities</u>	
	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 391	\$ 162
2018	409	144
2019	428	125
2020	69	105
2021	72	102
2022-2026	412	456
2027-2031	422	353
2032-2036	333	263
2037-2041	416	180
2042-2046	522	74
2047-2051	-	-
2052-2056	-	-
2057	37	-
Total requirements *	<u>\$ 3,511</u>	<u>\$ 1,964</u>

* The County was awarded a \$2.1 million loan for plans, permits, environmental review, and construction of Dock 29. Under this loan agreement, the State Department of Boat and Waterways reimburses the County for the amount expended on the Dock 29 project. In exchange, the County is obligated to pay interest annually until the Dock 29 is constructed and then principal plus interest afterwards. The loan repayment schedule is not available until the project is fully completed. As of June 30, 2016, the total principal due to the State is \$1,919.

Legal Debt Service Limit

The County's annual legal debt service limit shall not exceed 4% of the average annual County budget for the current and the preceding four fiscal years, and shall be for non-voter approved debt that is the obligation of the County. The County's legal debt service limit was \$83.8 million for the fiscal year ended June 30, 2016.

NOTE 11 – NET POSITION

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

- *Net Investment in Capital Assets* groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt, including debt related deferred outflows of resources, that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* reflects net position that is subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation.
 - Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources and includes a *legally enforceable* requirement that those resources be used only for the specific purposes stipulated in the legislation.

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- A legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor. As of June 30, 2016, restricted net position for the governmental activities was \$256.2 million as reported on the government-wide statement of net position, and approximately \$68.6 million of which was restricted by enabling legislation.
- *Unrestricted Net Position* represents net position of the County that is not restricted for any project or purpose.

NOTE 12 – FUND BALANCES

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

General Fund Departmental Reserve Requirements

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

Departments must obtain approval from the County Manager prior to using reserves that will reduce the reserve below the two percent requirement. Excess fund balance at year end must first be used to replenish the minimum reserve requirement. Departments that are unable to demonstrate progress towards achieving the two percent requirement will be subject to enhanced fiscal oversight. Fund balance in excess of two percent minimum departmental reserves can only be allocated to the following: one-time purposes, purchase of capital assets, sinking fund for future replacement of assets, deferred maintenance, one-time departmental projects, reserve for audit disallowances, local match for grants, seed money for new departmental programs with ongoing funding sources and outcome measures, and short-term coverage of operational costs to maintain program integrity and prevent employee layoffs. Unexpended one-time funds from deferred and incomplete projects are carried over to the next fiscal year at 100% of the amount not spent.

General Fund Non-departmental Reserve Requirements

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

1. *General Fund Reserves* – should be maintained at a minimum of five percent (5%) of total General Fund Net Appropriations for one-time purposes or as part of a multi-year financial plan to balance the County’s budget. The five percent requirement may include Excess ERAF reserves. Excess fund balance at year end should first be used to replenish “Appropriation for Contingencies” and next the minimum of the five percent requirement.
2. *Appropriation for Contingencies* – should be maintained at three percent (3%) of total General Fund Net Appropriations for one-time emergencies and economic uncertainties. Excess fund balance at year end must be first used to replenish this amount to achieve the highest possible credit rating.
3. *Reserve for Capital Improvements* – should be maintained at a minimum of \$2 million to preserve the County’s capital assets. The reserve will be appropriated annually to finance countywide capital improvements as specified in the five-year County’s Capital Improvement plan. This plan will be updated annually during the budget process.

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4. *Reserve for Countywide Automation Projects* – should be maintained at a minimum of \$2 million to support automation projects that will generate long-term ongoing savings and reductions to net county cost.
5. *Reserve in Excess of Above Requirements* – can only be allocated for the following one-time or short-term purposes:
 - Capital and technology improvements;
 - Reduction of unfunded liabilities, including Retirement and Retiree Health obligations;
 - Debt retirement;
 - Productivity enhancements;
 - Cost avoidance projects;
 - Litigation;
 - Local match for grants involving multiple departments;
 - Innovation and Entrepreneurial Fund to create one-time and short term incentives for team efforts that generate ongoing savings or revenues in new and creative ways, including one-time investments in infrastructure and other areas with established parameters regarding payback periods and returns on investments;
 - Seed money for new programs involving multiple departments with future ongoing funding sources and outcome measures; and
 - Other purposes deemed to be fiscally prudent for the County as identified and recommended by the County Manager’s Office to the Board.

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

Service Departments and Non-General Fund Departments

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

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

NOTE 13 – EMPLOYEES’ RETIREMENT PLANS

San Mateo County Employees’ Retirement Association

(a) Plan Description

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

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

The Board of Retirement undertakes the administrative and fiduciary responsibility over the pension plan. SamCERA issues a publicly available financial report that can be obtained by writing to the San Mateo County Employees' Retirement Association, 100 Marine Parkway, Suite 125, Redwood Shores, California 94065 or via the Internet at www.samcera.org/comprehensive-annual-financial-reports.

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

SamCERA has seven tiers covering members classified as general, safety or probation. The tables below provide details for each of these tiers.

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

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

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

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

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

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

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

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Pension Plan Membership. Plan membership as of June 30, 2016 is displayed in the table below.

	Tier 1*	Tier 2*	Tier 3*	Tier 4*	Tier 5	Tier 6	Tier7	Total
RETIREES AND BENEFICIARIES CURRENTLY RECEIVING BENEFITS								
General	1,612	1,783	143	561	1	-	-	4,100
Safety	266	167	-	50	-	-	-	483
Probation	68	77	-	20	-	-	-	165
Subtotal	1,946	2,027	143	631	1	-	-	4,748
TERMINATED MEMBERS ENTITLED TO BUT NOT RECEIVING BENEFITS (INACTIVE/DEFERRED)								
General	11	371	108	769	35	-	74	1,368
Safety	1	19	-	41	6	-	2	69
Probation	-	11	-	38	-	-	-	49
Subtotal	12	401	108	848	41	-	76	1,486
CURRENT MEMBERS, VESTED								
General	16	702	74	2,124	10	-	6	2,932
Safety	3	81	-	253	-	-	1	338
Probation	1	41	-	189	1	-	-	232
Subtotal	20	824	74	2,566	11	-	7	3,502
CURRENT MEMBERS, NON-VESTED								
General	-	2	17	57	274	-	1,139	1,489
Safety	-	-	-	8	54	1	94	157
Probation	-	-	-	1	8	1	29	39
Subtotal	-	2	17	66	336	2	1,262	1,685
Total Members	1,978	3,254	342	4,111	389	2	1,345	11,421

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

Contributions. The 1937 Act established the basic obligations for employers and members to make contributions to the pension trust fund. The employer and member contribution rates are based on recommendations made by an independent actuary and adopted by the Board of Retirement. The participating employers are required by statutes to contribute the amounts necessary to fund the estimated benefits accruing to SamCERA members not otherwise funded by member contributions or expected investment earnings. Employer contribution rates for each tier are determined pursuant to Government Code Section 31453 of the 1937 Act. Contribution rates are actuarially determined using the entry age normal method and consist of an amount for normal cost (the estimated amount necessary to finance benefits earned by members during the year) and an amount required to amortize the unfunded actuarial accrued liability. Contributions to the plan from the County were \$181.0 million and First 5 were \$0.2 million for the year ended June 30, 2016.

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

As of June 30, 2016, the County reported \$465.8 million of net pension liability for its proportionate share of the net pension liability, while First 5 reported \$0.5 million of net pension liability for its proportionate share of the net pension liability. The net pension liability of the plan is measured as of June 30, 2015, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The County's proportion of the net pension liability was based on statutory contributions. The County's proportionate share of the net pension liability, which includes First 5 was 94.78% as of June 30, 2015, which was an increase of 0.21% from its share measured as of June 30, 2014.

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For the year ended June 30, 2016, the County recognized pension expense of \$57.1 million and First 5 recognized pension expense of \$64.6 thousand. At June 30, 2016, the County and First 5 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Primary Government</u>		<u>First 5</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected pension experience	\$ 20,527	\$ -	\$ 25	\$ -
Change of pension-related assumptions	21,510	-	23	-
Differences between projected and actual earnings on pension investments	-	(51,315)	-	(46)
Change in proportionate share of net pension liability	1,914	-	2	-
Difference in actual and proportionate share of pension contributions	1,507	-	2	-
Pension contributions subsequent to measurement date	181,007	-	183	-
TOTAL	<u>\$ 226,465</u>	<u>\$ (51,315)</u>	<u>\$ 235</u>	<u>\$ (46)</u>

The County reported \$181.0 million and First 5 reported \$0.2 million as deferred outflows of resources related to pension contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>First 5</u>
2017	\$ (13,829)	\$ (12)
2018	(13,829)	(12)
2019	(13,829)	(12)
2020	35,629	40

(c) Actuarial Assumptions

The total pension liabilities in the June 30, 2015 actuarial valuation were determined using the information below.

Actuarial Methods and Assumptions

Valuation date	6/30/2015
Actuarial cost method	Entry Age Normal
Actuarial experience study	July 1, 2011 to April 30, 2014
Amortization method	Level Percent of Projected Payroll
Amortization period	UAAL as of June 30, 2008, is amortized over a closed 15-year period ending June 30, 2023. Subsequent changes in the UAAL is amortized over separate closed 15-year layers which are determined annually.
Asset valuation method	5-year smoothed recognition of asset gains and losses (determined as the difference of the actual fair value to the expected fair value), which cannot vary more than 20% from the fair value.
Actuarial assumptions:	
Investment rate of return	7.45%, net of pension plan investment and administrative expenses
Inflation rate (CPI)	3.00%
Payroll growth rate	3.50%
Mortality	Rates are primarily based on RP-2000 mortality tables. See the valuation report as of June 30, 2016, for details.

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The long-term expected rate of return on pension plan investments was determined using a building-block approach in which a median (or expected) geometric rate of return is developed for each major asset class. The median rates are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and estimates of the median geometric rates of return for each major asset class are shown in the table below. The asset class return assumptions are presented on a nominal basis, and all assumptions include a base inflation rate assumption of 3.0%.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Equity	48%	7.80%
Fixed Income	18%	4.00%
Alternatives	12%	8.30%
Risk Parity	8%	5.60%
Inflation Hedge	14%	6.20%
Cash		1.50%
Total	100%	

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

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

(Dollars in Millions)

	<u>Primary Government</u>		
	<u>1% Decrease:</u>	<u>Current Discount Rate:</u>	<u>1% Increase:</u>
	<u>6.45%</u>	<u>7.45%</u>	<u>8.45%</u>
Total pension liability	\$ 4,195.6	\$ 3,737.4	\$ 3,279.9
Fiduciary net position	3,271.6	3,271.6	3,271.6
Net pension liability	924.0	465.8	8.3
	<u>First 5</u>		
	<u>1% Decrease:</u>	<u>Current Discount Rate:</u>	<u>1% Increase:</u>
	<u>6.45%</u>	<u>7.45%</u>	<u>8.45%</u>
Total pension liability	\$ 4.7	\$ 4.2	\$ 3.7
Fiduciary net position	3.7	3.7	3.7
Net pension liability	1.0	0.5	0.0

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

COUNTY OF SAN MATEO
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(d) Payable to the Pension Plan

At June 30, 2016, the County has paid all contributions to the pension plan required for the year ended June 30, 2016.

San Mateo County Supplemental Retirement Plan

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

Federal and State tax laws, and the 1937 Act limit the annual compensation that can be used to determine benefits in SamCERA. All County employees who were hired after July 1, 1996, are subject to the annual limit, which is \$265 thousand for calendar year 2015. The Supplemental Retirement Plan was established in 2004 to invest contributions on compensation earnable over the annual limit to compensate for benefits that cannot be paid under SamCERA. The County is the plan trustee and is authorized to invest funds held under the Supplemental Retirement Plan. Fees are charged to the participants based on the fund selection.

Each year the County will contribute to the Supplemental Retirement Plan for certain employee participants. The amount of the contributions to the Supplemental Retirement Plan is the same amount that the County would have contributed to SamCERA for the benefits that cannot be paid under that plan. Contributions are fully vested. The employee participants and the amount of the County’s annual contributions are designated in the plan documents. During the year ended June 30, 2016, the County contributed \$23 thousand into the Supplemental Retirement Plan.

County of San Mateo Extra Help Agile 401a Plan

The County maintains a qualified defined contribution plan for extra help employees. Employees are eligible upon employment at their discretion. Employer contributions are discretionary and are determined by the County on an annual basis. Employer matching contributions made by the County, including any earnings, vest over a 3-year period. During the year ended June 30, 2016, the County contributed \$316 thousand into the Agile 401a Plan.

Housing Authority of the County of San Mateo

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

The Housing Authority is required to deposit an amount as set forth in the plan to employee accounts. Employer contributions are vested 20% for each year of service of the individual employee until the employee becomes fully vested after five years. Under this plan, management employees do not need to make contributions. The Housing Authority contributes 14% of the gross salary monthly for management. The plan had 42 active participants as of June 30, 2016. During the fiscal year ended June 30, 2016, the Housing Authority contributed \$0.3 million to its retirement plan.

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

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

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Health Plan of San Mateo

Health Plan of San Mateo (HPSM) established the Health Plan of San Mateo Employee Retirement (the “Plan”) in January 1994. The Plan is a single-employer defined benefit pension (cash balance) plan administered by HPSM. Eligible HPSM employees become members of the Plan on the first day of employment. HPSM has the authority to amend or terminate the Plan at any time and for any reason by actions of its Commission.

Under the Plan, participants’ account balances are credited with contributions equal to 10% of their annual compensation, plus interest of 5% on an annual basis effective January 1, 2005. Benefits are payable in the form of a single sum payment upon termination or can be deferred through optional payment forms. Participants earn a vested right to accrued benefits upon completion of three years of service and upon death, permanent disability or employer termination of the Plan. Contributions to the Plan are made by HPSM as no contributions are permitted by participants.

As of December 31, 2015, HPSM implemented GASB 68 and recognized \$1.1 million of deferred outflows of resources in difference between projected and actual investment earnings, \$1.6 million of deferred inflows of resources including \$0.4 million in difference between expected and actual experience and \$1.2 million in changes in assumptions, and established \$1.6 million in net pension asset.

Amount reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expense are as follows:

<u>Year Ended December 31</u>	<u>HPSM</u>
2016	\$ (63)
2017	(63)
2018	(63)
2019	(63)
2020	(237)

Actuarial assumptions used by HPSM as of December 31, 2015:

Valuation date	Contributions related to the actuarially determined contributions are made for the plan year January 1 to December 31
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Projected Payroll
Asset valuation method	Market value
Actuarial assumptions:	
Projected salary increases	5.00%
Mortality	Based on the RP-2014 Health Annuitant and Employee tables for males and females with generational projections from 2016 using projection scale MP-2015
Discount rate	7.50%

The following table summarizes the sensitivity of net pension assets to changes in the discount rates as of December 31, 2015.

	<u>HPSM</u>		
	<u>1% Decrease:</u>	<u>Current Discount Rate:</u>	<u>1% Increase:</u>
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Net pension asset as of December 31, 2015	\$ (453)	\$ (1,633)	\$ (2,680)

For further information on discount rate, deferred outflows and deferred inflows of resources as calculated under the requirement of GASB 68, details can be found in the HPSM’s stand-alone financial statements as of December 31, 2015.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
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NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS

County of San Mateo

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

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

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

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

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

Funding Policy. The current funding policy of the County is to contribute the annual required contribution each year. Contribution requirements or amendments for members and the County are established through negotiations with individual bargaining units. For the fiscal year ended June 30, 2016, the County contributed \$28.3 million, or 99.4% of the annual required contribution to the Retiree Health Plan.

Annual OPEB Cost and Net OPEB Asset. The County's annual OPEB cost consists of: (1) the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, (2) one year's interest on the beginning balance of the net OPEB asset, and (3) an adjustment to the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over a closed 30-year period from July 1, 2005. The remaining amortization period as of June 30, 2016, is 19 years.

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

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The following table shows the components of the County's annual OPEB cost for the fiscal year ended June 30, 2016, the amount contributed to the plan, and changes in the County's net OPEB asset:

Annual required contribution	\$ 28,304
Interest on prior year net OPEB asset	(8,516)
Adjustment to annual required contribution	<u>8,686</u>
Annual OPEB cost	28,474
Contribution made	<u>(28,304)</u>
Decrease in net OPEB asset	170
Net OPEB asset - beginning of year	<u>(126,532)</u>
Net OPEB asset - end of year	<u><u>\$(126,362)</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2014	\$ 23,809	101.7%	\$ (126,374)
6/30/2015	23,735	100.7%	(126,532)
6/30/2016	28,474	99.4%	(126,362)

The table below shows how the total net OPEB asset as of June 30, 2016, is distributed. SamCERA's and First 5's employees are County employees and thereby eligible for postemployment health benefits.

	Net OPEB Obligation (Asset)
Governmental Activities	\$ (101,737)
Business-type Activities	(24,001)
SamCERA	(458)
First 5 San Mateo County	<u>(166)</u>
	<u><u>\$ (126,362)</u></u>

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

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

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

COUNTY OF SAN MATEO
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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.

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

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

An excise tax for high cost health coverage, or “Cadillac” health plans was included in the Patient Protection and Affordable Care Act (ACA) passed into law in March 2010. The provision levies 40% tax on the value of health plan costs that exceed certain thresholds for single coverage or family coverage. GASB Statement No. 45 indicates that the projection of benefits should include all benefits to be provided to retirees in accordance with the current “substantive” plan at the time of valuation. For this reason, the actuary has included the value of the excise tax in the June 30, 2015 valuation. The valuation also assumes that there will be no changes to the current law and that there will be no changes in plan design to help mitigate the impact of the tax.

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

Housing Authority of the County of San Mateo

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

Funding Policy. Contribution requirements for the members and the Housing Authority are established through a Memorandum of Understanding between the Housing Authority and its employees. For each eight hours of unused sick leave, the Housing Authority will contribute \$165.00 towards the monthly health premiums for non-management retirees and their eligible dependents up to 384 hours. The contribution increases to \$200.00 monthly for each 8 hours above 384 hours unused at retirement. The retiree may choose to convert more sick leave hours each month for higher payments. For each eight hours of unused sick leave, the Housing Authority will pay for the entire cost of monthly health premiums for management retirees and their eligible dependents until the unused sick leave is fully exhausted.

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

The table below summarizes the position of the Housing Authority’s OPEB plan for the fiscal year ended June 30, 2016.

Annual required contribution	\$	149
Interest on prior year net OPEB obligation		7
Adjustment to annual required contribution		(8)
Annual OPEB cost		148
Contribution made		(122)
Increase in net OPEB obligation		26
Net OPEB obligation - beginning of year		117
Net OPEB obligation - end of year	\$	143

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2014	\$ 130	359.4%	\$ 115
6/30/2015	132	97.6%	118
6/30/2016	148	82.6%	143

Funded Status and Funding Progress. The unfunded actuarial accrued liability is amortized as a level dollar over an “open” 30 years. The table below indicates the funded status as of July 1, 2016, the most recent actuarial valuation date.

Actuarial accrued liability (AAL)	\$	869
Actuarial value of plan assets		736
Unfunded actuarial accrued liability (UAAL)	\$	133
Funded ratio (actuarial value of plan assets/AAL)		84.7%
Annual covered payroll (active plan members)	\$	3,316
UAAL as a percentage of annual covered payroll		4.0%

Actuarial Methods and Assumptions. The Entry Age Normal Cost Method was used for the valuation at July 1, 2016. The actuarial assumptions included a 5.75% return on investment and the medical inflation rate of 6.25% and 8.25% for pre 65 and post 65, respectively, for FY 2016-17 (6.50% and 7.00% for pre 65 and post 65 for FY 2017-18 and 5.25% for pre 65 and post 65 for FY 2018-2021) with an underlying general inflation rate at 2.5%. The demographic assumptions (including termination, retirement, and mortality), the sick leave accrual rate, and the sick leave usage rate are updated in each new valuation to determine the actuarial present value of projected benefits. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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NOTE 15 – RISK MANAGEMENT

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

- Real and personal property in excess of \$100 per incident, but limited to a maximum of \$500,000.
- Earthquake in excess of \$250 or 5% of the replacement value, whichever is more per incident, but limited to a maximum of \$50,000 in aggregate.
- Flood damage in excess of 5% of the replacement value per location, but limited to a maximum of \$50,000 in aggregate.
- General liability in excess of \$1,000 per incident, but limited to a maximum of \$55,000.
- Workers' compensation in excess of \$1,000 per incident including statutorily required limits.
- Auto liability in excess of \$1,000 per incident, but limited to a maximum of \$55,000.
- Malpractice in excess of \$500 per incident, but limited to a maximum of \$25,000 per claim and aggregate.

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

The estimated claims liability of \$48.7 million, as reported in the internal service funds at June 30, 2016, is based on requirements of GASB Statements No. 10 and 30. Under these statements, the County is required to report a liability for claims if, prior to issuance of the financial statements, information indicates that the liability is probable and the amount of loss can be reasonably estimated. About \$47.5 million of the \$48.7 million reported was actuarially determined at a discount rate of 2%. The actuarially determined liability (which covers workers' compensation losses, general liability, and automobile liability) includes allocated loss adjustment expenses, case reserves, development of known claims, and incurred but not reported claims. Settled claims have not exceeded the commercial coverage in any of the past three fiscal years and there has not been a significant reduction in coverage in FY 2015-16.

Changes to the claims liability for FY 2014-15 and FY 2015-16 are as follows:

Liability at June 30, 2014	\$ 48,731
Current year claims and changes in estimates	16,554
Payments on claims	<u>(18,006)</u>
Liability at June 30, 2015	47,279
Current year claims and changes in estimates	19,904
Payments on claims	<u>(18,510)</u>
Liability at June 30, 2016	<u>\$ 48,673</u>

Housing Authority. The Housing Authority is exposed to all common perils associated with the ownership and rental of real estate properties. Management has established a risk management program to minimize loss occurrence and to transfer risk through various levels of insurance. The Housing Authority is a member of Housing Authority Insurance Group (HAIG). Through HAIG, the Housing Authority maintains liability coverage for Commercial and Auto claims up to \$10 million and for public officials and employment practice up to \$1 million (defense only). All other common perils such as business, auto, and flood (where applicable) are insured through commercial insurance carriers. For fiscal year ended June 30, 2016, the Housing Authority paid \$110 thousand towards premium and received surplus distribution of \$6 thousand from HAIG.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2016
(In Thousands)

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Grants

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

Encumbrances

The County uses “encumbrances” to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve portion of applicable appropriations. As of June 30, 2016, the County’s General Fund had a total of \$2.8 million in encumbrances.

Medical Center Third-Party Payors

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

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

Medical Center Concentration of Credit Risk

Receivables from federal and State government agencies represent \$87.1 million at June 30, 2016, and Medical Center management does not believe that there is any credit risk associated with collection from these governmental agencies. Third party patient accounts receivable consist of receivables from various payors, including individuals involved in diverse activities subject to differing economic conditions, and do not represent any concentrated credit risk to the Medical Center. Management continually monitors and adjusts its allowances associated with these receivables and such allowances have historically been adequate to cover losses realized.

Medical Center Third-Party Reimbursement Agreements

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

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

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2016
(In Thousands)

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

Beginning November 1, 2010, California was granted a renewal of the Section 1115 Medicaid Demonstration, which was entitled "California's Bridge to Reform" (Bridge to Reform). The Bridge to Reform waiver covered the period from November 1, 2010, through October 31, 2015. This renewal extended the prior "Medi-Cal/Uninsured Demonstration Project".

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

Under the Demonstration and Bridge to Reform programs, payments for the public hospitals were comprised of: 1) fee for service (FFS) reimbursement for inpatient hospital services (exclusive of physician component); 2) Medi-Cal Disproportionate Share Hospital (DSH) payments; 3) distribution from a newly created pool of federal funding for uninsured care, known as the Safety Net Care Pool (SNCP); 4) unreimbursed cost of physician and non-physician practitioner services; and 5) costs applicable to the Coverage Initiative. In addition, the Bridge to Reform program also covers i) LIHP which includes the Medicaid Expansion Coverage (MCE) and Health Care Coverage Initiative (HCCI) previously called Coverage Initiative; and ii) Delivery System Reform Incentive Pool (DSRIP) program which is a subset of the SNCP. The nonfederal share of these five types of payments is provided by the public hospitals rather than the State, primarily through Certified Public Expenditures (CPE) whereby the hospital expends its local funding for services to draw down federal financial participation (FFP) calculated using the Federal Medical Assistance Percentage (FMAP). The FMAP rate was 50% for FY 2016. For the inpatient hospital cost-based reimbursement, each hospital provides its own CPE and receives the resulting federal match. For the DSH and SNCP distributions, the CPEs of all the public hospitals are used in the aggregate to draw down the federal match. The Medical Center reports its CPEs to DHCS each fiscal year through submission of the State mandated "Paragraph 14" Workbook (P14).

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

At June 30, 2016, the Medical Center's P14 cost reports under the two (2) Medicaid waiver programs have been audited for FY06, FY07 and FY08, with the FY14 audit currently in progress for the purposes of finalizing the AB85 redirection of Health Realignment funds. It is anticipated that FY09 through FY13 will be audited over the next several years.

The Bridge to Reform waiver expired October 31, 2015. On December 30, 2015, CMS approved *Medi-Cal 2020* – a five year renewal of California's Section 1115 Medicaid Waiver, which provides California public hospitals new federal funding through programs that are designed to shift the focus away from hospital-based and inpatient care, towards outpatient, primary and preventative care. A renewal of California's Medicaid Waiver was a fundamental component to public hospital's ability to continue to successfully implement the ACA beyond the primary step of coverage expansion.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2016
(In Thousands)

On December 3, 2014, CMS issued a final rule on Medicaid DSH payments. The preamble to CMS's final rule included language explaining the exclusion of uncompensated costs of FQHCs for purposes of calculating hospital-specific DSH payments. While this exclusion has not been previously applied in the calculation of DSH payments to California public hospitals, CMS is taking the position that the exclusion is consistent with CMS policy articulated in prior regulatory guidance, including a December 19, 2008, DSH final rule. As a result, on May 19, 2016, DHCS notified the Medical Center that it is incorporating CMS' policy into DSH audits and DSH reconciliations effective for the State FY13, which is scheduled for this year. DHCS has also instructed the Medical Center to exclude uncompensated FQHC costs in future data submissions related to DSH payments for subsequent years. DHCS is in discussions with CMS to determine whether any years prior to FY13 are affected.

Management estimates the application of this policy by CMS will have a material adverse effect on the Medical Center's financial position and recorded a liability of \$44.4 million for the potential recoupment of prior year DSH payments. However, the Medical Center disputes the CMS policy and its retroactive application and is pursuing advocacy and legal options to protect its ability to continue providing essential health care services to Medi-Cal and uninsured patients.

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

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

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

The Medical Center received a total of \$65.8 million in FY 2016 from HPSM, which includes \$5.6 million in FFS revenue, \$10.8 million in AB85 rate range capitation revenue, \$2.7 million in primary care capitation revenue, \$46.8 million in new eligible Medi-Cal Managed Care capitation revenue and \$0.03 million for pay-for-performance (P4P) revenue. The \$5.6 million in FFS revenue is reported as a component of net patient service revenue while the AB85 rate range capitation, primary care capitation, newly eligible Medi-Cal Managed Care capitation and P4P revenues are reported as premium revenues on the Statement of Revenues, Expenses and Changes in Net Position.

Medicare. Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Medical Center is reimbursed for Graduate Medical Education and Disproportionate Share Hospital amounts at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audit thereof by the Medicare fiscal intermediary. At June 30, 2016, the last Medical Center Medicare cost report audited by the fiscal intermediary was for June 30, 2014. Medicare revenue is presented as part of net patient service revenue on the Statement of Revenues, Expenses and Changes in Net Position. At June 30, 2016, the Medical Center recorded \$2.0 million of receivable related to potential Medicare cost report audit adjustments.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2016
(In Thousands)

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

With California electing to implement a State-run Medicaid Expansion afforded by the Affordable Care Act, the State anticipates that counties' costs and responsibilities for the health care services for the indigent population will decrease as much of this population becomes eligible for coverage through Medi-Cal or Covered California. On June 27, 2013, Governor Brown signed into law AB 85 that provides a mechanism for the State to redirect State Health Realignment funding to fund social service programs. The redirected amount will be determined according to a formula-based approach that takes into account a county's cost and revenue experience, and redirects 80% of any profits (longfalls) realized by the county back to the State, up to a maximum of \$16 million. The formula options were developed in consultation with the counties and DHCS to ensure continued viability of the county as a safety net provider.

On July 21, 2015, the Medical Center received notice that \$16 million of Realignment funding was redirected for FY16. However, this determination is expected to be reconciled against actual revenues and expenses and a final determination made during the FY17. As of June 30, 2016 redirected Realignment funding for FY14 and FY15 had not yet been reconciled, therefore a final determination of the actual redirection amount has not been made. The financial impact of potential redirection of the Medical Center's Realignment funding in future years is not yet known.

Medical Center Net Patient Service Revenue

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

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

Premium Revenue

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

Charity Care

The Medical Center provides treatment to all patients regardless of their ability to pay. Throughout the admission, billing and collection processes, certain patients are identified by the Medical Center as qualifying for the charity-discounted-health program. Once a patient is determined to be eligible for the Medical Center program, the patient's account is classified as charity-discounted care. Costs are the basis for valuing charity care. The cost of charity care provided was approximately \$206.1 million for the year ended June 30, 2016. The total cost estimate is based on a ratio of cost to charges, where costs are allocated as a percentage of payor mix. The net cost of charity-discount care is determined by the total charity care cost less payor revenue, patient-related revenue due to sliding-scale payments, and other patient-specific sources, was \$24.7 million for the year ended June 30, 2016.

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2016
(In Thousands)

Housing Authority of the County of San Mateo

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

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

In addition to the Response Costs, Daly City and the Housing Authority shall jointly and severally pay to DTSC a "carrying charge" of \$24 thousand per year until the Response Cost payment is fully paid. During the fiscal year ended June 30, 2016, the Authority paid \$12 thousand to DTSC for carrying charge. At June 30, 2016, the balance of estimated contingent liability was \$633 thousand. This amount is presented as current and non-current estimated claims in the Statement of Net Position.

Genentech Tax Settlement

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

Property tax paid in San Mateo County is distributed to schools, cities and redevelopment agencies, the County, and special districts such as for flood control and mosquito abatement. Refunds of property tax overpayments are collected from these entities as determined by the County's Property Tax Division. Total tax refund due from the County to Genentech is approximately \$0.5 million as of June 30, 2016, and is recorded as other current obligation in the Statement of Net Position.

There are currently outstanding appeals before the San Mateo County Assessment Appeals Board (AAB) brought by Genentech with respect to the assessed values of its property for tax years 2000 through 2005. Genentech's appeal applications routinely claim a 50% reduction in the value of its properties as assessed by the County. In considering the Genentech assessment appeals, the AAB has determined that for several of appeals for tax year 2003, Genentech is entitled to have its application values applied. Depending upon interest and the precise calculations used to determine the reduction of assessed value, which are still to be decided by the AAB, the total refund and interest thereon, due from all affected taxing entities, is currently estimated to be between \$5 million and \$7 million. The County's portion of that amount would exceed \$500,000. The County expects that it will seek judicial review of the AAB's decision once it is finalized.

Pending Litigation

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

COUNTY OF SAN MATEO
Notes to the Basic Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2016
(In Thousands)

NOTE 17 – SPECIAL ITEMS

Additional Pension Contribution to SamCERA

The County's total pension liability has increased over the past decade. On November 19, 2013, the Board adopted a resolution to deposit supplemental funding of \$50 million to SamCERA in fiscal year 2013-14 and \$10 million each fiscal year from fiscal years 2014-15 through 2022-23 to provide greater security for pension benefits for both active and retired members, enhance the solvency of SamCERA, and reduce County's long-term pension costs by accelerating the reduction of the net pension liability. In May 2016, the County contributed \$10 million to SamCERA.

On March 31, 2015, the Board adopted a resolution setting employer and member contribution rates for all members and employers for fiscal year 2015-16 in accordance with Government Code Sections 31453 and 31454. This resolution set the County's targeted contribution rate at 37.14%. To reach the targeted contribution rate, the County made an additional contributions of \$9.5 million to SamCERA in May 2016. These contributions were reported as special items on the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances.

Acquisition of the Los Trancos County Water District

The Los Trancos County Water District (LTCWD) was organized in 1954 to provide potable water service to Vista Verde, Los Trancos Woods, Blue Oaks, and nearby area within San Mateo County. In April 2005, LTCWD sold its water system to California Water Service Company and was no longer the water supplier to the Los Trancos Woods community. On September 1, 2015, the Board adopted a resolution authorizing the acquisition of the LTCWD. LTCWD filed an application with Local Agency Formation Commission for dissolution and the dissolution was approved effective October 1, 2015. Upon the dissolution of the LTCWD, the County assumed ownership of three parcels including lake and lands, and all of cash and investments, notes payable and other records. As of June 30, 2016, the County recorded a special item in the amount of \$603 in the government-wide statement of activities.



Required Supplementary Information
(Unaudited)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
For the Fiscal Year Ended June 30, 2016
(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 \$92 million at June 30, 2016, is reported under the modified approach and is not subject to depreciation under GASB Statement No. 34.

The County manages its maintained pavement subsystem of the road network using the Metropolitan Transportation Commission's Pavement Management Program (Program). This Program establishes a Pavement Condition Index (PCI) on a scale from zero to one hundred (0 – 100) for each road segment. The pavement of roads with a PCI of 40 or higher is considered in a "Fair" or better condition, and roads with a PCI of 55 or higher in a "Good" or better condition. The County requires that at least 75 percent of the primary maintained road subsystem (roads with structural sections) be maintained at a PCI of 55 or higher, and at least 65 percent of the secondary maintained pavement subsystem (roads without structural sections) at a PCI of 40 or higher. A complete condition assessment is determined triennially. The latest complete condition assessment was completed in FY 2015-16.

PCI Condition Rating	2016	2016	2013	2013	2010	2010
	Number of Miles	Percent	Number of Miles	Percent	Number of Miles	Percent
Primary:						
Good to excellent (55-100)	136.07	86.8%	139.19	89.3%	138.22	88.8%
Substandard to fair (0-54)	20.66	13.2%	16.73	10.7%	17.35	11.2%
Total	<u>156.73</u>	<u>100.0%</u>	<u>155.92</u>	<u>100.0%</u>	<u>155.57</u>	<u>100.0%</u>
Secondary:						
Fair to excellent (40-100)	130.07	81.6%	128.16	80.3%	117.05	73.2%
Substandard (0-39)	29.30	18.4%	31.36	19.7%	42.77	26.8%
Total	<u>159.37</u>	<u>100.0%</u>	<u>159.52</u>	<u>100.0%</u>	<u>159.82</u>	<u>100.0%</u>

For the fiscal year ended June 30, 2016, the actual maintenance and preservation cost exceeded the estimated costs by \$330. The variance was primarily due to increased spending required for the maintenance and preservation work.

Fiscal Year Ended June 30,	Maintenance and Preservation Cost		
	Estimated	Actual	Variance
2011	\$ 3,425	\$ 3,931	\$ (506)
2012	5,943	5,736	207
2013	5,731	6,110	(379)
2014	4,375	4,805	(430)
2015	3,964	3,472	492
2016	4,511	4,841	(330)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited) – (Continued)
For the Fiscal Year Ended June 30, 2016
(In Thousands)

2. SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2016			
	Governmental	Business type	First 5	Total County
County's proportion of the collective net pension liability (asset)	78.75%	15.92%	0.11%	94.78%
County's proportionate share of the collective net pension liability (asset)	\$ 387,434	\$ 78,341	\$ 517	\$ 466,292
County's covered-employee payroll	358,061	72,402	478	430,940
County's proportionate share of the collective net pension liability as a percentage of covered payroll	108.20%	108.20%	108.20%	108.20%
Plan fiduciary net position as a percentage of the total pension liability	87.53%	87.53%	87.53%	87.53%

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

3. SCHEDULE OF COUNTY CONTRIBUTIONS - PENSION PLAN

	2016			
	Governmental	Business type	First 5	Total County
Contractually required contributions	\$ 134,538	\$ 26,931	\$ 183	\$ 161,652
Contributions in relation to the contractually required contribution	154,076	26,931	183	181,190
Contribution deficiency (excess)	(19,538)	-	-	(19,538)
Covered payroll	372,001	75,220	496	447,717
Contributions as a percentage of covered payroll	41.42%	35.80%	36.87%	40.47%

	2015			
	Governmental	Business type	First 5	Total County
Contractually required contributions	\$ 135,406	\$ 26,396	\$ 170	\$ 161,971
Contributions in relation to the contractually required contribution	145,406	26,396	170	171,971
Contribution deficiency (excess)	(10,000)	-	-	(10,000)
Covered payroll	358,061	72,402	478	430,940
Contributions as a percentage of covered payroll	40.61%	36.46%	35.48%	39.91%

	2014			
	Governmental	Business type	First 5	Total County
Contractually required contributions	\$ 112,044	\$ 31,588	\$ 204	\$ 143,836
Contributions in relation to the contractually required contribution	162,044	31,588	204	193,836
Contribution deficiency (excess)	(50,000)	-	-	(50,000)
Covered payroll	333,641	65,038	420	399,099
Contributions as a percentage of covered payroll	48.57%	48.57%	48.57%	48.57%

Note to Schedules – 2. and 3.

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

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

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited) – (Continued)
For the Fiscal Year Ended June 30, 2016
(In Thousands)

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

The schedule of funding progress reported that SamCERA's pension plan was 82.6% funded as of the June 30, 2015 actuarial valuation date, the actuarial value of assets was \$3,343.6 million, the actuarial accrued liability for benefits was \$4,045.8 million, and the unfunded actuarial accrued liability (UAAL) was \$702.2 million. Beginning with the financial statement as of June 30, 2015, financial reporting for pension assets and liabilities are computed under different actuarial assumptions and methods than in prior years. Furthermore, these assumptions and methods that are used for financial reporting purposes are different than those that are used for funding purposes.

Actuarial Valuation Methods and Assumptions. The employer statutory contribution rates for the fiscal year ended June 30, 2016, are those calculated in the actuarial valuation as of June 30, 2014. Details of actuarial methods and assumptions selected for the actuarial valuation as of June 30, 2014, are summarized in the table below.

Actuarial Valuation as of June 30, 2014 (For Funding Purposes)

Valuation date	6/30/2014
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	UAAL as of June 30, 2008, is amortized over a closed 15-year period ending June 30, 2023. Subsequent changes in the UAAL is amortized over separate closed 15-year layers which are determined annually.
Asset valuation method	5-year smoothed recognition of asset gains and losses (determined as the difference of the actual fair value to the expected fair value), which cannot vary more than 20% from the fair value.
Actuarial assumptions:	
Investment rate of return	7.25%, net of pension plan investment and administrative expenses
Inflation rate (CPI)	3.00%
Annual projected salary increases	3.50%

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited) – (Continued)
For the Fiscal Year Ended June 30, 2016
(In Thousands)

4. SCHEDULES OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS

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

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
7/1/2014	\$ 472	\$ 1,667	\$ 1,195	28.3%	\$ 3,203	37.3%
7/1/2015	589	1,946	1,357	30.3%	3,225	42.1%
7/1/2016	736	869	133	84.7%	3,316	4.0%



General Fund

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 420,617	\$ 420,617	\$ -	\$ 353,076	\$ (67,541)
Resources (inflows):					
Taxes	543,519	547,619	4,100	546,543	(1,076)
Licenses, permits and franchises	6,482	6,482	-	7,369	887
Fines, forfeitures and penalties	7,484	7,484	-	6,826	(658)
Use of money and property	8,550	8,550	-	12,946	4,396
Intergovernmental revenues	465,414	467,741	2,327	450,330	(17,411)
Charges for services	142,489	142,489	-	168,381	25,892
Interfund revenue	74,647	74,647	-	(748)	(75,395)
Miscellaneous revenue	36,661	36,748	87	31,442	(5,306)
Other financing sources	461	461	-	1,702	1,241
Amounts available for appropriation	1,285,707	1,292,221	6,514	1,224,791	(67,430)
General Government					
Board of Supervisors - Special Projects					
Salaries and benefits	35	35	-	-	35
Services and supplies	42	42	-	6	36
Intrafund transfers	(31)	(31)	-	-	(31)
Total Board of Supervisors - Special Projects	46	46	-	6	40
Board of Supervisors - District 1					
Salaries and benefits	805	805	-	765	40
Services and supplies	69	69	-	42	27
Other charges	102	102	-	98	4
Other financing uses	3	3	-	3	-
Total Board of Supervisors - District 1	979	979	-	908	71
Board of Supervisors - District 2					
Salaries and benefits	758	758	-	713	45
Services and supplies	71	71	-	38	33
Other charges	47	47	-	40	7
Other financing uses	3	3	-	3	-
Total Board of Supervisors - District 2	879	879	-	794	85
Board of Supervisors - District 3					
Salaries and benefits	925	925	-	700	225
Services and supplies	71	71	-	44	27
Other charges	51	51	-	40	11
Other financing uses	3	3	-	3	-
Total Board of Supervisors - District 3	1,050	1,050	-	787	263
Board of Supervisors - District 4					
Salaries and benefits	886	886	-	673	213
Services and supplies	73	73	-	70	3
Other charges	48	48	-	48	-
Other financing uses	3	3	-	3	-
Total Board of Supervisors - District 4	1,010	1,010	-	794	216
Board of Supervisors - District 5					
Salaries and benefits	789	789	-	652	137
Services and supplies	71	71	-	32	39
Other charges	47	47	-	41	6
Other financing uses	3	3	-	3	-
Total Board of Supervisors - District 5	910	910	-	728	182

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
County Manager/Clerk of the Board					
Salaries and benefits	5,885	5,885	-	4,643	1,242
Services and supplies	4,546	4,546	-	2,662	1,884
Other charges	762	762	-	897	(135)
Other financing uses	140	140	-	15	125
Intrafund transfers	(592)	(592)	-	(120)	(472)
Contingencies	1,105	1,105	-	-	1,105
Total County Manager/Clerk of the Board	11,846	11,846	-	8,097	3,749
Special Services					
Salaries and benefits	766	766	-	651	115
Services and supplies	466	466	-	110	356
Other charges	15,915	17,043	1,128	17,031	12
Other financing uses	4	4	-	4	-
Intrafund transfers	(13,446)	(14,574)	(1,128)	(14,384)	(190)
Contingencies	686	686	-	-	686
Total Special Services	4,391	4,391	-	3,412	979
Assessor-Clerk-Recorder					
Salaries and benefits	18,943	18,908	(35)	17,291	1,617
Services and supplies	8,185	8,185	-	5,684	2,501
Other charges	1,315	1,350	35	1,346	4
Fixed assets	430	430	-	32	398
Other financing uses	524	524	-	524	-
Intrafund transfers	(3,619)	(3,619)	-	(4,322)	703
Contingencies	500	500	-	-	500
Total Assessor-Clerk-Recorder	26,278	26,278	-	20,555	5,723
Controller's Office					
Salaries and benefits	8,880	8,698	(182)	7,567	1,131
Services and supplies	2,150	2,427	277	2,012	415
Other charges	3,737	3,737	-	3,632	105
Other financing uses	175	175	-	175	-
Intrafund transfers	(1,991)	(1,991)	-	(1,238)	(753)
Contingencies	986	986	-	-	986
Total Controller's Office	13,937	14,032	95	12,148	1,884
Tax Collector/Treasurer					
Salaries and benefits	8,078	8,078	-	6,493	1,585
Services and supplies	3,176	3,176	-	1,141	2,035
Other charges	3,717	3,717	-	3,565	152
Fixed assets	142	142	-	38	104
Other financing uses	179	179	-	179	-
Intrafund transfers	(3,081)	(3,081)	-	(3,173)	92
Contingencies	301	301	-	-	301
Total Tax Collector/Treasurer	12,512	12,512	-	8,243	4,269
County Counsel					
Salaries and benefits	10,541	10,541	-	10,419	122
Services and supplies	1,113	1,113	-	493	620
Other charges	585	585	-	584	1
Fixed assets	10	10	-	-	10
Other financing uses	26	26	-	26	-
Intrafund transfers	(1,950)	(1,950)	-	(2,281)	331
Contingencies	1,797	1,797	-	-	1,797
Total County Counsel	12,122	12,122	-	9,241	2,881

(Continued)

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive Negative
	Original	Final	Increase (Decrease)		
Human Resources					
Salaries and benefits	12,383	12,383	-	11,799	584
Services and supplies	3,287	3,287	-	2,718	569
Other charges	1,257	1,257	-	1,060	197
Fixed assets	525	525	-	-	525
Other financing uses	50	50	-	50	-
Intrafund transfers	(3,068)	(3,068)	-	(2,142)	(926)
Contingencies	457	457	-	-	457
Total Human Resources	14,891	14,891	-	13,485	1,406
Information Services					
Salaries and benefits	23,875	23,875	-	20,252	3,623
Services and supplies	65,745	65,962	217	41,467	24,495
Other charges	3,153	3,153	-	2,887	266
Fixed assets	2,084	2,084	-	1,047	1,037
Other financing uses	532	532	-	405	127
Intrafund transfers	(68,802)	(69,020)	(218)	(51,819)	(17,201)
Contingencies	6,292	6,292	-	-	6,292
Total Information Services	32,879	32,878	(1)	14,239	18,639
Public Works					
Salaries and benefits	26,866	26,950	84	22,232	4,718
Services and supplies	20,543	20,550	7	14,055	6,495
Other charges	5,826	5,871	45	3,488	2,383
Fixed assets	41	107	66	41	66
Other financing uses	621	621	-	567	54
Intrafund transfers	(23,682)	(23,882)	(200)	(24,474)	592
Contingencies	476	476	-	-	476
Total Public Works	30,691	30,693	2	15,909	14,784
Non-Departmental Services					
Salaries and benefits	23,843	27,724	3,881	6,249	21,475
Services and supplies	62,970	63,011	41	48,933	14,078
Other charges	40,306	44,704	4,398	15,667	29,037
Fixed assets	-	2,072	2,072	146	1,926
Other financing uses	96,962	96,962	-	48,492	48,470
Intrafund transfers	(738)	(738)	-	(889)	151
Contingencies	132,983	121,971	(11,012)	-	121,971
Total Non-Departmental Services	356,326	355,706	(620)	118,598	237,108
Total General Government	520,747	520,223	(524)	227,944	292,279
Public Protection					
Public Safety Communication					
Salaries and benefits	10,849	10,864	15	10,863	1
Services and supplies	660	645	(15)	522	123
Other charges	590	662	72	654	8
Fixed assets	658	586	(72)	152	434
Other financing uses	27	27	-	27	-
Intrafund transfers	(1,042)	(1,042)	-	(670)	(372)
Contingencies	303	303	-	-	303
Total Public Safety Communication	12,045	12,045	-	11,548	497

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COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive Negative
	Original	Final	Increase (Decrease)		
Agricultural Commissioner					
Salaries and benefits	4,319	4,404	85	4,128	276
Services and supplies	403	404	1	267	137
Other charges	590	618	28	595	23
Fixed assets	28	28	-	-	28
Other financing uses	3	3	-	3	-
Intrafund transfers	(35)	(35)	-	-	(35)
Contingencies	261	261	-	-	261
Total Agricultural Commission	5,569	5,683	114	4,993	690
Grand Jury					
Salaries and benefits	63	63	-	61	2
Services and supplies	49	49	-	40	9
Other charges	1	1	-	-	1
Total Grand Jury	113	113	-	101	12
Message Switch					
Services and supplies	657	657	-	594	63
Other charges	265	265	-	265	-
Fixed assets	59	59	-	23	36
Intrafund transfers	(200)	(200)	-	(202)	2
Contingencies	665	665	-	-	665
Total Message Switch	1,446	1,446	-	680	766
Criminal Division					
Salaries and benefits	26,884	26,884	-	25,647	1,237
Services and supplies	2,229	2,229	-	1,181	1,048
Other charges	2,344	2,344	-	2,223	121
Fixed assets	210	210	-	26	184
Other financing uses	168	168	-	168	-
Intrafund transfers	(283)	(283)	-	(120)	(163)
Contingencies	2,454	2,454	-	-	2,454
Total Criminal Division	34,006	34,006	-	29,125	4,881
Child Support Services					
Salaries and benefits	10,253	10,203	(50)	9,551	652
Services and supplies	428	478	50	429	49
Other charges	630	630	-	665	(35)
Fixed assets	-	-	-	15	(15)
Other financing uses	267	267	-	264	3
Intrafund transfers	(56)	(56)	-	-	(56)
Total Child Support Services	11,522	11,522	-	10,924	598
County Support of Courts					
Salaries and benefits	505	505	-	498	7
Services and supplies	1,104	1,104	-	1,058	46
Other charges	19,399	19,399	-	18,990	409
Other financing uses	7	7	-	7	-
Total County Support of Courts	21,015	21,015	-	20,553	462
Private Defender Program					
Services and supplies	19,503	20,003	500	19,536	467
Other charges	21	22	1	488	(466)
Other financing uses	44	44	-	45	(1)
Total Private Defender Program	19,568	20,069	501	20,069	-

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COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive Negative
	Original	Final	Increase (Decrease)		
Sheriff					
Salaries and benefits	161,318	161,022	(296)	153,692	7,330
Services and supplies	22,095	23,046	951	14,630	8,416
Other charges	25,504	25,585	81	26,202	(617)
Fixed assets	6,665	6,715	50	717	5,998
Other financing uses	1,695	2,359	664	1,672	687
Intrafund transfers	(2,363)	(2,363)	-	(1,621)	(742)
Contingencies	7,313	7,313	-	-	7,313
Total Sheriff	222,227	223,677	1,450	195,292	28,385
Probation					
Salaries and benefits	60,602	60,602	-	58,579	2,023
Services and supplies	24,514	24,514	-	23,056	1,458
Other charges	9,941	9,941	-	9,712	229
Fixed assets	5,878	5,878	-	2,949	2,929
Other financing uses	7,557	7,557	-	7,557	-
Intrafund transfers	(18,604)	(18,604)	-	(18,829)	225
Contingencies	2,033	2,033	-	-	2,033
Total Probation	91,921	91,921	-	83,024	8,897
Coroner's Office					
Salaries and benefits	1,999	1,999	-	1,700	299
Services and supplies	764	764	-	621	143
Other charges	380	380	-	330	50
Fixed assets	17	17	-	17	-
Other financing uses	(70)	(70)	-	-	(70)
Contingencies	168	168	-	-	168
Total Coroner's Office	3,258	3,258	-	2,668	590
Local Agency Formation Commission					
Salaries and benefits	322	322	-	260	62
Services and supplies	42	42	-	32	10
Other charges	52	52	-	25	27
Intrafund transfers	(112)	(112)	-	-	(112)
Contingencies	93	93	-	-	93
Total Local Agency Formation Commission	397	397	-	317	80
Fire Protection					
Salaries and benefits	4	4	-	4	-
Services and supplies	8,330	8,330	-	6,714	1,616
Other charges	136	136	-	126	10
Fixed assets	4,349	4,349	-	1,537	2,812
Other financing uses	183	183	-	315	(132)
Intrafund transfers	22	22	-	-	22
Total Fire Protection	13,024	13,024	-	8,696	4,328
Planning					
Salaries and benefits	8,593	8,661	68	7,409	1,252
Services and supplies	2,614	2,614	-	1,039	1,575
Other charges	1,120	1,120	-	922	198
Fixed assets	6	6	-	6	-
Other financing uses	43	43	-	43	-
Intrafund transfers	(801)	(869)	(68)	(569)	(300)
Contingencies	850	850	-	-	850
Total Planning	12,425	12,425	-	8,850	3,575

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COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
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General Fund
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(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Office of Sustainability					
Salaries and benefits	3,724	3,724	-	2,144	1,580
Services and supplies	15,425	15,350	(75)	2,198	13,152
Other charges	671	746	75	178	568
Other financing uses	-	-	-	29	(29)
Intrafund transfers	(93)	(93)	-	(76)	(17)
Contingencies	182	182	-	-	182
Total Office of Sustainability	19,909	19,909	-	4,473	15,436
Total Public Protection	468,445	470,510	2,065	401,313	69,197
Health and Sanitation					
Health Services Administration					
Salaries and benefits	5,825	5,825	-	5,231	594
Services and supplies	2,795	3,395	600	2,600	795
Other charges	1,421	7,648	6,227	7,064	584
Other financing uses	7,978	1,151	(6,827)	2	1,149
Intrafund transfers	(2,961)	(2,961)	-	(3,047)	86
Contingencies	-	-	-	-	-
Total Health Services Administration	15,058	15,058	-	11,850	3,208
Health Coverage Unit					
Salaries and benefits	4,244	4,244	-	2,766	1,478
Services and supplies	5,749	5,749	-	4,748	1,001
Other charges	243	243	-	147	96
Intrafund transfers	(2,503)	(2,503)	-	(2,520)	17
Total Health Coverage Unit	7,733	7,733	-	5,141	2,592
Health Policy Plan Promotion					
Salaries and benefits	17,373	17,335	(38)	14,331	3,004
Services and supplies	13,067	13,034	(33)	12,628	406
Other charges	1,775	1,814	39	1,813	1
Fixed assets	5	39	34	36	3
Other financing uses	17	17	-	17	-
Intrafund transfers	(4,259)	(4,259)	-	(2,910)	(1,349)
Contingencies	762	762	-	-	762
Total Health Policy Plan Promotion	28,740	28,742	2	25,915	2,827
Health IT					
Salaries and benefits	3,708	3,708	-	3,590	118
Services and supplies	4,199	4,199	-	1,302	2,897
Other charges	2,094	2,094	-	486	1,608
Fixed assets	36	36	-	-	36
Intrafund transfers	(4,329)	(4,329)	-	(4,329)	-
Total Health IT	5,708	5,708	-	1,049	4,659
Emergency Medical Services					
Salaries and benefits	2,090	2,090	-	1,910	180
Services and supplies	5,396	5,396	-	5,060	336
Other charges	186	186	-	159	27
Fixed assets	103	103	-	14	89
Other financing uses	1	1	-	1	-
Intrafund transfers	(80)	(80)	-	-	(80)
Contingencies	490	490	-	-	490
Total Emergency Medical Services	8,186	8,186	-	7,144	1,042

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COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
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(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive Negative
	Original	Final	Increase (Decrease)		
Contributions to Medical Center					
Other financing uses	58,868	58,868	-	58,868	-
Total Contributions to Medical Center	58,868	58,868	-	58,868	-
Environmental Health Services					
Salaries and benefits	12,340	12,340	-	11,418	922
Services and supplies	2,570	2,564	(6)	2,002	562
Other charges	1,270	1,277	7	1,277	-
Other financing uses	6	6	-	6	-
Intrafund transfers	(123)	(123)	-	(23)	(100)
Contingencies	447	447	-	-	447
Total Environmental Health Services	16,510	16,511	1	14,680	1,831
Behavioral Health Services					
Salaries and benefits	70,287	70,287	-	64,544	5,743
Services and supplies	65,701	65,151	(550)	59,436	5,715
Other charges	45,667	44,667	(1,000)	40,219	4,448
Other financing uses	351	911	560	365	546
Intrafund transfers	(2,808)	(2,808)	-	(2,261)	(547)
Contingencies	79	79	-	-	79
Total Behavioral Health Services	179,277	178,287	(990)	162,303	15,984
Family Health Services					
Salaries and benefits	27,387	27,387	-	24,994	2,393
Services and supplies	3,925	3,933	8	3,364	569
Other charges	2,333	2,333	-	2,199	134
Fixed assets	93	93	-	-	93
Other financing uses	3	3	-	3	-
Intrafund transfers	(2,167)	(2,167)	-	(1,022)	(1,145)
Contingencies	520	520	-	-	520
Total Family Health Services	32,094	32,102	8	29,538	2,564
Correctional Health Services					
Salaries and benefits	15,338	15,341	3	14,794	547
Services and supplies	6,285	6,461	176	6,397	64
Other charges	796	1,212	416	1,168	44
Fixed assets	596	216	(380)	183	33
Intrafund transfers	(8,877)	(8,877)	-	(8,858)	(19)
Contingencies	174	174	-	-	174
Total Correctional Health Services	14,312	14,527	215	13,684	843
Total Health and Sanitation					
	366,486	365,722	(764)	330,172	35,550
Public Assistance					
Workforce Investment Board					
Salaries and benefits	1,160	1,159	(1)	65	1,094
Services and supplies	5,473	5,473	-	6	5,467
Other charges	800	800	-	14	786
Other financing uses	-	1	1	1	-
Total Workforce Investment Board	7,433	7,433	-	86	7,347

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COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
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General Fund
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(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive Negative
	Original	Final	Increase (Decrease)		
Aging & Adult Services					
Salaries and benefits	20,581	20,579	(2)	18,726	1,853
Services and supplies	6,993	6,993	-	4,436	2,557
Other charges	6,939	7,389	450	5,359	2,030
Fixed assets	8	8	-	-	8
Other financing uses	6	8	2	8	-
Intrafund transfers	(5,228)	(5,228)	-	(2,739)	(2,489)
Contingencies	508	508	-	-	508
Total Aging & Adult Services	29,807	30,257	450	25,790	4,467
In Home Support Services - Public Authority					
Other charges	3,702	3,702	-	-	3,702
Other financing uses	-	-	-	3,702	(3,702)
Total In Home Support Services - Public Authority	3,702	3,702	-	3,702	-
Human Services Agency					
Salaries and benefits	105,413	105,413	-	96,998	8,415
Services and supplies	75,274	74,958	(316)	54,863	20,095
Other charges	74,111	74,111	-	56,870	17,241
Fixed assets	1,020	1,020	-	23	997
Other financing uses	642	958	316	957	1
Intrafund transfers	(30,715)	(30,715)	-	(27,699)	(3,016)
Contingencies	7,847	7,847	-	-	7,847
Total Human Services Agency	233,592	233,592	-	182,012	51,580
Department of Housing					
Salaries and benefits	2,061	2,061	-	1,916	145
Services and supplies	746	846	100	258	588
Other charges	10,564	15,664	5,100	6,478	9,186
Intrafund transfers	(447)	(447)	-	(104)	(343)
Contingencies	37	37	-	-	37
Total Department of Housing	12,961	18,161	5,200	8,548	9,613
Total Public Assistance	287,495	293,145	5,650	220,138	73,007
Recreation					
Parks & Recreation					
Salaries and benefits	9,200	9,208	8	8,688	520
Services and supplies	7,770	7,595	(175)	3,395	4,200
Other charges	2,260	2,260	-	1,741	519
Fixed assets	1,178	1,432	254	516	916
Other financing uses	6	6	-	6	-
Intrafund transfers	(2,260)	(2,260)	-	(889)	(1,371)
Contingencies	474	474	-	-	474
Total Parks & Recreation	18,628	18,715	87	13,457	5,258
Total Recreation	18,628	18,715	87	13,457	5,258
Contingencies					
Contingencies	44,523	44,523	-	-	44,523
Total Contingencies	44,523	44,523	-	-	44,523
Total charges to appropriations	1,706,324	1,712,838	6,514	1,193,024	519,814
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 384,843	\$ 384,843

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (page 94)	\$ 1,224,791
Differences - budget to GAAP:	
Reimbursements are inflows of budgetary resources but are used to offset expenditures for financial reporting purposes.	748
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(1,855)
Receipts from County Agency subfunds are not budgeted but are reported as General Fund revenues for financial reporting purposes.	<u>12,130</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 27)	<u><u>\$ 1,235,814</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 101)	\$ 1,193,024
Differences - budget to GAAP:	
Expenditures offset by reimbursements for financial reporting purposes are outflow of budgetary appropriations, but are not expenditures for financial reporting purposes.	748
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.	870
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(124,540)
Special item is an outflow of budgetary resources but is not an expenditure for financial reporting purposes.	(19,538)
Disbursements from sub-funds classified from County Agency Fund, not budgeted.	<u>(66,124)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 27)	<u><u>\$ 984,440</u></u>

See Notes to the Budgetary Comparison Schedule.

COUNTY OF SAN MATEO
Required Supplementary Information (Unaudited)
Note to the Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016
(In Thousands)

BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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



Combining and Individual Fund Statements and Schedules



Nonmajor Governmental Funds

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016
(In Thousands)

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 126,225	\$ 27,209	\$ 110,273	\$ 263,707
Receivables (net):				
Accounts	46	-	28	74
Interest	282	49	239	570
Taxes	1,123	-	-	1,123
Due from other funds	129	-	1	130
Due from other governmental agencies	3,238	-	75	3,313
Other assets	26	-	5	31
Inventories	329	-	-	329
Total assets	<u>\$ 131,398</u>	<u>\$ 27,258</u>	<u>\$ 110,621</u>	<u>\$ 269,277</u>
LIABILITIES				
Accounts payable	\$ 4,910	\$ -	\$ 5,327	\$ 10,237
Accrued salaries and benefits	477	-	-	477
Due to other funds	1,308	-	65	1,373
Unearned revenues	1,026	-	28	1,054
Deposits	13	-	-	13
Advances from other funds	4,854	-	-	4,854
Total liabilities	<u>12,588</u>	<u>-</u>	<u>5,420</u>	<u>18,008</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	114	-	-	114
Unavailable revenue - intergovernmental revenues	1,583	-	62	1,645
Unavailable revenue - excess ERAF	470	-	-	470
Total deferred inflows of resources	<u>2,167</u>	<u>-</u>	<u>62</u>	<u>2,229</u>
FUND BALANCES				
Nonspendable:				
Inventories	329	-	-	329
Prepays	26	-	5	31
Restricted:				
Debt services	43	27,258	-	27,301
Road improvement	30,474	-	-	30,474
Fire services	6,557	-	-	6,557
Sewer maintenance	17,764	-	-	17,764
Flood control	21,813	-	-	21,813
Lighting maintenance	13,395	-	-	13,395
Highway and transportation improvement	3,127	-	-	3,127
Waste management	10,799	-	-	10,799
Emergency care	2,300	-	-	2,300
Garbage and fire protection	4,136	-	-	4,136
Parks acquisition and development	-	-	2,291	2,291
Courthouse construction	-	-	423	423
Miscellaneous purposes	1,669	-	-	1,669
Assigned:				
Capital projects and improvements	-	-	102,420	102,420
Miscellaneous purposes	4,772	-	-	4,772
Unassigned	(561)	-	-	(561)
Total fund balances	<u>116,643</u>	<u>27,258</u>	<u>105,139</u>	<u>249,040</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 131,398</u>	<u>\$ 27,258</u>	<u>\$ 110,621</u>	<u>\$ 269,277</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, 2016
(In Thousands)

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 18,993	\$ -	\$ 5,688	\$ 24,681
Licenses and permits	598	-	-	598
Intergovernmental	33,184	-	618	33,802
Charges for services	21,932	-	1,966	23,898
Fines, forfeitures and penalties	1,860	-	-	1,860
Rents and concessions	103	-	-	103
Investment income	1,406	229	1,213	2,848
Other	941	6	80	1,027
Total revenues	79,017	235	9,565	88,817
Expenditures:				
Current:				
General government	2,918	-	-	2,918
Public protection	10,577	-	-	10,577
Public ways and facilities	20,284	-	-	20,284
Health and sanitation	20,429	-	-	20,429
Public assistance	19,652	-	-	19,652
Capital outlay	9,130	-	41,297	50,427
Debt service:				
Principal	99	-	-	99
Interest	462	-	-	462
Bond issuance costs	466	-	-	466
Total expenditures	84,017	-	41,297	125,314
Excess (deficiency) of revenues over (under) expenditures	(5,000)	235	(31,732)	(36,497)
Other financing sources (uses):				
Issuance of debt	619	-	-	619
Issuance of refunding bonds	18,725	-	-	18,725
Bond premium	2,813	-	-	2,813
Transfers in	5,733	30,479	45,685	81,897
Transfers out	(25,443)	(29,622)	(3,350)	(58,415)
Total other financing sources	2,447	857	42,335	45,639
Net change in fund balances	(2,553)	1,092	10,603	9,142
Fund balances - beginning	119,196	26,166	94,536	239,898
Fund balances - end	\$ 116,643	\$ 27,258	\$ 105,139	\$ 249,040

COUNTY OF SAN MATEO

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016
(In Thousands)

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
ASSETS							
Cash and investments	\$ 29,265	\$ 6,594	\$ 9,259	\$ 24,384	\$ 21,845	\$ 12,379	\$ 2,114
Receivables (net):							
Accounts	-	-	26	-	7	-	13
Interest	64	16	20	53	48	27	7
Taxes	-	427	261	50	291	86	-
Due from other funds	113	-	-	1	-	-	-
Due from other governmental agencies	508	86	2	127	124	187	291
Other assets	-	-	-	-	16	-	-
Inventories	329	-	-	-	-	-	-
Total assets	<u>\$ 30,279</u>	<u>\$ 7,123</u>	<u>\$ 9,568</u>	<u>\$ 24,615</u>	<u>\$ 22,331</u>	<u>\$ 12,679</u>	<u>\$ 2,425</u>
LIABILITIES							
Accounts payable	\$ 1,854	\$ -	\$ 164	\$ 1,839	\$ 58	\$ 10	\$ -
Accrued salaries and benefits	301	-	-	39	-	-	-
Due to other funds	31	62	3	-	-	-	-
Unearned revenues	-	421	223	42	247	73	13
Deposits	9	-	4	-	-	-	-
Advances from other funds	-	-	55	4,799	-	-	-
Total liabilities	<u>2,195</u>	<u>483</u>	<u>449</u>	<u>6,719</u>	<u>305</u>	<u>83</u>	<u>13</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	43	26	5	30	9	-
Unavailable revenue - intergovernmental revenues	45	-	-	-	-	-	112
Unavailable revenue - excess ERAF	-	-	2	127	124	187	-
Total deferred inflows of resources	<u>45</u>	<u>43</u>	<u>28</u>	<u>132</u>	<u>154</u>	<u>196</u>	<u>112</u>
FUND BALANCES							
Nonspendable:							
Inventories	329	-	-	-	-	-	-
Prepays	-	-	-	-	16	-	-
Restricted:							
Debt services	-	-	-	-	43	-	-
Road improvement	26,815	-	-	-	-	-	-
Fire services	-	6,557	-	-	-	-	-
Sewer maintenance	-	-	-	17,764	-	-	-
Flood control	-	-	-	-	21,813	-	-
Lighting maintenance	-	-	995	-	-	12,400	-
Highway and transportation improvement	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-
Emergency care	-	-	-	-	-	-	2,300
Garbage and fire protection	-	-	4,136	-	-	-	-
Miscellaneous purposes	-	-	123	-	-	-	-
Assigned	895	40	3,837	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>28,039</u>	<u>6,597</u>	<u>9,091</u>	<u>17,764</u>	<u>21,872</u>	<u>12,400</u>	<u>2,300</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,279</u>	<u>\$ 7,123</u>	<u>\$ 9,568</u>	<u>\$ 24,615</u>	<u>\$ 22,331</u>	<u>\$ 12,679</u>	<u>\$ 2,425</u>

(Continued)

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016
(In Thousands)

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	IHSS Public Authority	Other Special Revenue	Total	
\$ 3,122	\$ 3,649	\$ 10,938	\$ 1,133	\$ 1,543	\$ 126,225	ASSETS
-	-	-	-	-	46	Cash and investments
8	10	24	2	3	282	Receivables (net):
-	-	-	-	8	1,123	Accounts
14	-	1	-	-	129	Interest
-	-	-	1,883	30	3,238	Taxes
10	-	-	-	-	26	Due from other funds
-	-	-	-	-	329	Due from other governmental agencies
<u>\$ 3,154</u>	<u>\$ 3,659</u>	<u>\$ 10,963</u>	<u>\$ 3,018</u>	<u>\$ 1,584</u>	<u>\$ 131,398</u>	Other assets
						Inventories
						Total assets
						LIABILITIES
\$ 3	\$ -	\$ 52	\$ 930	\$ -	\$ 4,910	Accounts payable
-	-	112	25	-	477	Accrued salaries and benefits
14	-	-	1,198	-	1,308	Due to other funds
-	-	-	-	7	1,026	Unearned revenues
-	-	-	-	-	13	Deposits
-	-	-	-	-	4,854	Advances from other funds
<u>17</u>	<u>-</u>	<u>164</u>	<u>2,153</u>	<u>7</u>	<u>12,588</u>	Total liabilities
						DEFERRED INFLOWS OF RESOURCES
-	-	-	-	1	114	Unavailable revenue - property taxes
-	-	-	1,426	-	1,583	Unavailable revenue - intergovernmental revenues
-	-	-	-	30	470	Unavailable revenue - excess ERAF
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,426</u>	<u>31</u>	<u>2,167</u>	Total deferred inflows of resources
						FUND BALANCES
						Nonspendable:
-	-	-	-	-	329	Inventories
10	-	-	-	-	26	Prepays
-	-	-	-	-	43	Restricted:
-	3,659	-	-	-	30,474	Debt services
-	-	-	-	-	6,557	Road improvement
-	-	-	-	-	17,764	Fire services
-	-	-	-	-	21,813	Sewer maintenance
-	-	-	-	-	13,395	Flood control
-	-	-	-	-	3,127	Lighting maintenance
3,127	-	-	-	-	10,799	Highway and transportation improvement
-	-	10,799	-	-	10,799	Waste management
-	-	-	-	-	2,300	Emergency care
-	-	-	-	-	4,136	Garbage and fire protection
-	-	-	-	1,546	1,669	Miscellaneous purposes
-	-	-	-	-	4,772	Assigned
-	-	-	(561)	-	(561)	Unassigned
<u>3,137</u>	<u>3,659</u>	<u>10,799</u>	<u>(561)</u>	<u>1,546</u>	<u>116,643</u>	Total fund balances
<u>\$ 3,154</u>	<u>\$ 3,659</u>	<u>\$ 10,963</u>	<u>\$ 3,018</u>	<u>\$ 1,584</u>	<u>\$ 131,398</u>	Total liabilities, deferred inflows of resources, and fund balances

COUNTY OF SAN MATEO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Road	County Fire Protection	County Service Area	Sewer and Sanitation	Flood Control Zone	Lighting Districts	Emergency Medical Services
Revenues							
Taxes	\$ -	\$ 6,053	\$ 3,696	\$ 978	\$ 4,341	\$ 1,231	\$ -
Licenses and permits	296	-	128	-	-	-	-
Intergovernmental	15,799	2,124	35	8	20	4	-
Charges for services	1,534	304	1,651	14,669	-	118	-
Fines, forfeitures and penalties	-	-	-	-	-	-	1,856
Rents and concessions	68	31	-	-	4	-	-
Investment income	345	75	103	258	228	135	30
Other	231	107	-	14	8	-	85
Total revenues	<u>18,273</u>	<u>8,694</u>	<u>5,613</u>	<u>15,927</u>	<u>4,601</u>	<u>1,488</u>	<u>1,971</u>
Expenditures							
Current:							
General government	-	-	2,458	-	-	458	-
Public protection	-	7,069	2,543	-	965	-	-
Public ways and facilities	19,899	-	-	-	-	-	-
Health and sanitation	-	-	-	17,341	-	-	1,608
Public assistance	-	-	-	-	-	-	-
Capital outlay	6,516	-	123	2,256	-	235	-
Debt service:							
Principal	-	-	-	99	-	-	-
Interest	-	-	-	20	442	-	-
Bond issuance costs	-	-	-	-	466	-	-
Total expenditures	<u>26,415</u>	<u>7,069</u>	<u>5,124</u>	<u>19,716</u>	<u>1,873</u>	<u>693</u>	<u>1,608</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,142)</u>	<u>1,625</u>	<u>489</u>	<u>(3,789)</u>	<u>2,728</u>	<u>795</u>	<u>363</u>
Other financing sources (uses)							
Issuance of debt	-	-	-	619	-	-	-
Issuance of refunding bonds	-	-	-	-	18,725	-	-
Bond premium	-	-	-	-	2,813	-	-
Transfers in	1,553	-	-	12	459	-	-
Transfers out	(8)	-	-	-	(22,470)	-	(748)
Total other financing sources (uses)	<u>1,545</u>	<u>-</u>	<u>-</u>	<u>631</u>	<u>(473)</u>	<u>-</u>	<u>(748)</u>
Net change in fund balances	<u>(6,597)</u>	<u>1,625</u>	<u>489</u>	<u>(3,158)</u>	<u>2,255</u>	<u>795</u>	<u>(385)</u>
Fund balances - beginning	<u>34,636</u>	<u>4,972</u>	<u>8,602</u>	<u>20,922</u>	<u>19,617</u>	<u>11,605</u>	<u>2,685</u>
Fund balances - end	<u>\$ 28,039</u>	<u>\$ 6,597</u>	<u>\$ 9,091</u>	<u>\$ 17,764</u>	<u>\$ 21,872</u>	<u>\$ 12,400</u>	<u>\$ 2,300</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, 2016
(In Thousands)

County Half-Cent Transportation	County-Wide Road Improvement	Solid Waste	IHSS Public Authority	Other Special Revenue	Total	
\$ 2,338	\$ -	\$ -	\$ -	\$ 356	\$ 18,993	Revenues
-	-	174	-	-	598	Taxes
-	-	80	15,113	1	33,184	Licenses and permits
-	489	2,803	357	7	21,932	Intergovernmental
-	-	-	-	4	1,860	Charges for services
-	-	-	-	-	103	Fines, forfeitures and penalties
34	47	118	18	15	1,406	Rents and concessions
1	-	8	380	107	941	Investment income
<u>2,373</u>	<u>536</u>	<u>3,183</u>	<u>15,868</u>	<u>490</u>	<u>79,017</u>	Other
						Total revenues
-	-	-	-	2	2,918	Expenditures
-	-	-	-	-	10,577	Current:
263	-	-	-	122	20,284	General government
-	-	1,480	-	-	20,429	Public protection
-	-	-	19,652	-	19,652	Public ways and facilities
-	-	-	-	-	9,130	Health and sanitation
-	-	-	-	-	462	Public assistance
-	-	-	-	-	466	Capital outlay
<u>263</u>	<u>-</u>	<u>1,480</u>	<u>19,652</u>	<u>124</u>	<u>84,017</u>	Debt service:
						Principal
						Interest
						Bond issuance costs
						Total expenditures
2,110	536	1,703	(3,784)	366	(5,000)	Excess (deficiency) of revenues over (under) expenditures
-	-	-	-	-	619	Other financing sources (uses)
-	-	-	-	-	18,725	Issuance of debt
-	-	-	-	-	2,813	Issuance of refunding bonds
-	-	7	3,702	-	5,733	Bond premium
(1,257)	(960)	-	-	-	(25,443)	Transfers in
<u>(1,257)</u>	<u>(960)</u>	<u>7</u>	<u>3,702</u>	<u>-</u>	<u>2,447</u>	Transfers out
						Total other financing sources (uses)
853	(424)	1,710	(82)	366	(2,553)	Net change in fund balances
<u>2,284</u>	<u>4,083</u>	<u>9,089</u>	<u>(479)</u>	<u>1,180</u>	<u>119,196</u>	Fund balances - beginning
<u>\$ 3,137</u>	<u>\$ 3,659</u>	<u>\$ 10,799</u>	<u>\$ (561)</u>	<u>\$ 1,546</u>	<u>\$ 116,643</u>	Fund balances - end

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Road Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 33,918	\$ 33,918	\$ -	\$ 32,489	\$ (1,429)
Resources (inflows):					
Licenses, permits and franchises	170	170	-	296	126
Use of money and property	185	185	-	413	228
Intergovernmental revenues	20,763	20,763	-	15,799	(4,964)
Charges for services	24	24	-	1,534	1,510
Interfund revenue	1,120	1,120	-	-	(1,120)
Miscellaneous revenue	170	170	-	231	61
Other financing sources	1,350	1,350	-	1,553	203
Amounts available for appropriation	<u>23,782</u>	<u>23,782</u>	<u>-</u>	<u>19,826</u>	<u>(3,956)</u>
Charges to appropriations (outflows):					
Public ways and facilities					
Salaries and benefits	10,846	10,846	-	9,596	1,250
Services and supplies	13,338	13,338	-	10,018	3,320
Other charges	2,015	2,015	-	1,397	618
Fixed assets	9,835	9,835	-	6,515	3,320
Other financing uses	9	9	-	8	1
Intrafund transfers	(1,295)	(1,295)	-	(1,111)	(184)
Contingencies	22,952	22,952	-	-	22,952
Total charges to appropriations	<u>57,700</u>	<u>57,700</u>	<u>-</u>	<u>26,423</u>	<u>31,277</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,892</u>	<u>\$ 25,892</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 19,826
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	<u>(1,553)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 18,273</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 26,423
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	<u>(8)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	<u>\$ 26,415</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County Fire Protection Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 4,947	\$ 4,947	\$ -	\$ 4,972	\$ 25
Resources (inflows):					
Taxes	5,179	5,179	-	6,053	874
Use of money and property	42	42	-	106	64
Intergovernmental revenues	2,120	2,120	-	2,124	4
Charges for services	290	290	-	304	14
Miscellaneous revenue	19	19	-	107	88
Amounts available for appropriation	7,650	7,650	-	8,694	1,044
Charges to appropriations (outflows):					
Public protection					
Services and supplies	9,974	9,974	-	7,069	2,905
Non-general fund reserves	2,623	2,623	-	-	2,623
Total charges to appropriations	12,597	12,597	-	7,069	5,528
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 6,597	\$ 6,597

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County Service Area Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 8,645	\$ 8,667	\$ 22	\$ 8,602	\$ (65)
Resources (inflows):					
Taxes	3,281	3,281	-	3,696	415
Licenses, permits and franchises	125	125	-	128	3
Use of money and property	47	47	-	103	56
Intergovernmental revenues	718	718	-	35	(683)
Charges for services	1,580	1,580	-	1,651	71
Interfund revenue	125	125	-	-	(125)
Miscellaneous revenue	4	4	-	-	(4)
Amounts available for appropriation	5,880	5,880	-	5,613	(267)
Charges to appropriations (outflows):					
General government and public protection					
Services and supplies	5,532	5,532	-	5,001	531
Other charges	38	60	22	-	60
Fixed assets	1,309	1,309	-	123	1,186
Contingencies	4,882	4,882	-	-	4,882
Non-general fund reserves	2,758	2,758	-	-	2,758
Other financing uses	6	6	-	-	6
Total charges to appropriations	14,525	14,547	22	5,124	9,423
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 9,091	\$ 9,091

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Sewer and Sanitation Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 22,603	\$ 23,150	\$ 547	\$ 19,590	\$ (3,560)
Resources (inflows):					
Taxes	619	619	-	978	359
Use of money and property	98	98	-	258	160
Intergovernmental revenues	3	3	-	8	5
Charges for services	11,651	11,651	-	14,669	3,018
Interfund revenue	10,381	10,381	-	-	(10,381)
Miscellaneous revenue	-	-	-	14	14
Other financing sources	2,212	2,212	-	631	(1,581)
Amounts available for appropriation	24,964	24,964	-	16,558	(8,406)
Charges to appropriations (outflows):					
Health and sanitation					
Salaries and benefits	1,225	1,225	-	1,203	22
Services and supplies	14,995	14,995	-	12,915	2,080
Other charges	6,837	7,384	547	3,322	4,062
Fixed assets	6,299	6,299	-	2,256	4,043
Other financing uses	112	112	-	-	112
Interest	-	-	-	20	(20)
Contingencies	18,099	18,099	-	-	18,099
Total charges to appropriations	47,567	48,114	547	19,716	28,398
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 16,432	\$ 16,432

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 16,558
Differences - budget to GAAP:	
Proceeds from issuance of debt are budgetary resources but are not revenues for financing reporting purposes.	(619)
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	(12)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 15,927

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Flood Control Zone Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 19,602	\$ 19,943	\$ 341	\$ 19,617	\$ (326)
Resources (inflows):					
Taxes	3,029	3,029	-	4,341	1,312
Use of money and property	93	93	-	232	139
Intergovernmental revenues	20	20	-	20	-
Miscellaneous revenue	-	-	-	8	8
Other financing sources	2,850	2,850	-	21,997	19,147
Amounts available for appropriation	5,992	5,992	-	26,598	20,606
Charges to appropriations (outflows):					
Public protection					
Services and supplies	2,549	2,549	-	-	2,549
Other charges	3,321	3,662	341	1,430	2,232
Fixed assets	2,000	2,000	-	-	2,000
Other financing uses	4,363	4,363	-	22,470	(18,107)
Interest	-	-	-	442	(442)
Contingencies	13,361	13,361	-	-	13,361
Total charges to appropriations	25,594	25,935	341	24,342	1,593
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 21,873	\$ 21,873

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 26,598
Differences - budget to GAAP:	
Proceeds from issuance of debt are budgetary resources but are not revenues for financing reporting purposes	(21,538)
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes	(459)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 4,601

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 24,342
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(22,470)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 1,872

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Lighting Districts Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 11,716	\$ 11,745	\$ 29	\$ 11,605	\$ (140)
Resources (inflows):					
Taxes	741	741	-	1,231	490
Use of money and property	64	64	-	135	71
Intergovernmental revenues	4	4	-	4	-
Interfund revenue	128	128	-	-	(128)
Charges for services	-	-	-	118	118
Other financing sources	115	115	-	-	(115)
Amounts available for appropriation	937	937	-	1,488	551
Charges to appropriations (outflows):					
General government					
Services and supplies	2,101	2,101	-	458	1,643
Other charges	-	29	29	-	29
Fixed assets	570	570	-	235	335
Other financing uses	110	110	-	-	110
Contingencies	9,872	9,872	-	-	9,872
Total charges to appropriations	12,653	12,682	29	693	11,989
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 12,400	\$ 12,400

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Emergency Medical Services Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 2,813	\$ 2,813	\$ -	\$ 2,685	\$ (128)
Resources (inflows):					
Fines, forfeitures and penalties	2,510	2,510	-	1,856	(654)
Use of money and property	21	21	-	30	9
Miscellaneous revenue	69	69	-	85	16
Amounts available for appropriation	2,600	2,600	-	1,971	(629)
Charges to appropriations (outflows):					
Health and sanitation					
Services and supplies	2,873	2,873	-	1,608	1,265
Other financing uses	-	-	-	748	(748)
Non-general fund reserves	2,540	2,540	-	-	2,540
Total charges to appropriations	5,413	5,413	-	2,356	3,057
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 2,300	\$ 2,300

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,356
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(748)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 1,608

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County Half-Cent Transportation Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 2,285	\$ 2,285	\$ -	\$ 2,284	\$ (1)
Resources (inflows):					
Taxes	1,865	1,865	-	2,338	473
Use of money and property	-	-	-	34	34
Miscellaneous revenue	-	-	-	1	1
Amounts available for appropriation	1,865	1,865	-	2,373	508
Charges to appropriations (outflows):					
Public ways and facilities					
Services and supplies	2,281	2,281	-	207	2,074
Other charges	119	119	-	56	63
Other financing uses	1,750	1,750	-	1,257	493
Total charges to appropriations	4,150	4,150	-	1,520	2,630
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 3,137	\$ 3,137

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,520
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(1,257)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 263

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
County-Wide Road Improvement Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 4,083	\$ 4,083	\$ -	\$ 4,083	\$ -
Resources (inflows):					
Use of money and property	25	25	-	47	22
Charges for services	350	350	-	489	139
Amounts available for appropriation	375	375	-	536	161
Charges to appropriations (outflows):					
Public ways and facilities					
Other financing uses	800	960	160	960	-
Non-general fund reserves	3,658	3,498	(160)	-	3,498
Total charges to appropriations	4,458	4,458	-	960	3,498
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 3,659	\$ 3,659

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 960
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(960)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ -

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Solid Waste Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 4,694	\$ 4,694	\$ -	\$ 9,089	\$ 4,395
Resources (inflows):					
Licenses, permits and franchises	2,300	2,300	-	174	(2,126)
Use of money and property	21	21	-	118	97
Intergovernmental revenues	-	-	-	80	80
Charges for services	1	1	-	2,803	2,802
Interfund revenue	75	75	-	-	(75)
Miscellaneous revenue	-	-	-	8	8
Other financing sources	-	715	715	7	(708)
Amounts available for appropriation	2,397	3,112	715	3,190	78
Charges to appropriations (outflows):					
Health and sanitation					
Salaries and benefits	1,239	1,239	-	867	372
Services and supplies	1,396	1,371	(25)	101	1,270
Other charges	94	119	25	512	(393)
Other financing uses	32	32	-	-	32
Contingencies	2,723	3,438	715	-	3,438
Non-general fund reserves	1,607	1,607	-	-	1,607
Total charges to appropriations	7,091	7,806	715	1,480	6,326
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 10,799	\$ 10,799

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule

\$ 3,190

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.

(7)

Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds

\$ 3,183

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
In-Home Supportive Services Public Authority Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 2,064	\$ 2,063	\$ (1)	\$ (1,080)	\$ (3,143)
Resources (inflows):					
Use of money and property	-	-	-	18	18
Intergovernmental revenues	16,705	16,705	-	15,113	(1,592)
Charges for services	-	-	-	357	357
Interfund Revenue	3,970	3,970	-	-	(3,970)
Miscellaneous revenue	350	350	-	380	30
Other financing sources	-	-	-	3,702	3,702
Amounts available for appropriation	21,025	21,025	-	19,570	(1,455)
Charges to appropriations (outflows):					
Public assistance					
Salaries and benefits	1,061	1,060	(1)	748	312
Services and supplies	4,144	4,144	-	3,325	819
Other charges	16,421	16,421	-	15,579	842
Non-general fund reserves	1,463	1,463	-	-	1,463
Total charges to appropriations	23,089	23,088	(1)	19,652	3,436
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ (1,162)	\$ (1,162)

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 19,570
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes.	(3,702)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor special revenue funds	\$ 15,868

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
<u>Highlands Landscape Maintenance District</u>					
Budgetary fund balance, July 1	\$ 705	\$ 705	\$ -	\$ 193	\$ (512)
Resources (inflows):					
Taxes	34	34	-	356	322
Use of money and property	4	4	-	15	11
Charges for services	7	7	-	7	-
Intergovernmental				1	1
Miscellaneous revenue	-	-	-	107	107
Amounts available for appropriation	<u>45</u>	<u>45</u>	<u>-</u>	<u>486</u>	<u>441</u>
Charges to appropriations (outflows):					
Health and Sanitation					
Services and supplies	85	85	-	2	83
Contingencies	553	553	-	-	553
Non-general fund reserves	112	112	-	-	112
Other	-	-	-	122	(122)
Total charges to appropriations	<u>750</u>	<u>750</u>	<u>-</u>	<u>124</u>	<u>626</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 555</u>	<u>\$ 555</u>
<u>Fish and Game Fund</u>					
Budgetary fund balance, July 1	\$ 67	\$ 67	\$ -	\$ 69	\$ 2
Resources (inflows):					
Fines, forfeitures, and penalties	1	1	-	4	3
Amounts available for appropriation	<u>1</u>	<u>1</u>	<u>-</u>	<u>4</u>	<u>3</u>
Charges to appropriations (outflows):					
General government					
Services and supplies	10	10	-	-	10
Non-general fund reserves	58	58	-	-	58
Total charges to appropriations	<u>68</u>	<u>68</u>	<u>-</u>	<u>-</u>	<u>68</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73</u>	<u>\$ 73</u>
<u>Total - Other Special Revenue Funds</u>					
Budgetary fund balance, July 1	\$ 772	\$ 772	\$ -	\$ 262	\$ (510)
Resources (inflows)	46	46	-	490	444
Charges to appropriations (outflows)	818	818	-	124	694
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 628</u>	<u>\$ 628</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, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 18,755	\$ 18,755	\$ -	\$ 26,166	\$ 7,411
Resources (inflows):					
Use of money and property	-	-	-	229	229
Miscellaneous revenue	-	-	-	6	6
Other financing sources	30,613	30,613	-	30,479	(134)
Amount available for appropriation	<u>30,613</u>	<u>30,613</u>	<u>-</u>	<u>30,714</u>	<u>101</u>
Charges to appropriations (outflows):					
Services and supplies	17	17	-	-	17
Other charges	30,001	30,001	-	-	30,001
Other financing uses	-	-	-	29,622	(29,622)
Non-general fund reserves	19,350	19,350	-	-	19,350
Total charges to appropriations	<u>49,368</u>	<u>49,368</u>	<u>-</u>	<u>29,622</u>	<u>19,746</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,258</u>	<u>\$ 27,258</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 30,714
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(30,479)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ 235</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 29,622
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(29,622)</u>
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds	<u>\$ -</u>

COUNTY OF SAN MATEO

Nonmajor Governmental Funds

Capital Projects Funds

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

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

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

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

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

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

COUNTY OF SAN MATEO
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2016
(In Thousands)

	Parks Acquisition	Accumulated Capital Outlay	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
ASSETS						
Cash and investments	\$ 2,394	\$ 87,598	\$ 1,664	\$ 422	\$ 18,195	\$ 110,273
Accounts receivable	-	-	14	14	-	28
Interest receivable	5	195	5	1	33	239
Due from other funds	-	-	-	-	1	1
Due from other governmental agencies	75	-	-	-	-	75
Other assets	-	-	-	-	5	5
Total assets	<u>\$ 2,474</u>	<u>\$ 87,793</u>	<u>\$ 1,683</u>	<u>\$ 437</u>	<u>\$ 18,234</u>	<u>\$ 110,621</u>
LIABILITIES						
Accounts payable	\$ 121	\$ -	\$ -	\$ -	\$ 5,206	\$ 5,327
Due to other funds	-	-	-	-	65	65
Unearned revenues	-	-	14	14	-	28
Total liabilities	<u>121</u>	<u>-</u>	<u>14</u>	<u>14</u>	<u>5,271</u>	<u>5,420</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - intergovernmental revenues	62	-	-	-	-	62
Total deferred inflows of resources	<u>62</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62</u>
FUND BALANCES						
Nonspendable						
Prepays	-	-	-	-	5	5
Restricted:						
Parks acquisition and development	2,291	-	-	-	-	2,291
Courthouse construction	-	-	-	423	-	423
Assigned	-	87,793	1,669	-	12,958	102,420
Total fund balances	<u>2,291</u>	<u>87,793</u>	<u>1,669</u>	<u>423</u>	<u>12,963</u>	<u>105,139</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,474</u>	<u>\$ 87,793</u>	<u>\$ 1,683</u>	<u>\$ 437</u>	<u>\$ 18,234</u>	<u>\$ 110,621</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, 2016
(In Thousands)

	Parks Acquisition	Accumulated Capital Outlays	Criminal Facility	Courthouse Construction	Other Capital Projects	Total
Revenues:						
Taxes	\$ 44	\$ -	\$ -	\$ -	\$ 5,644	\$ 5,688
Intergovernmental	618	-	-	-	-	618
Charges for services	-	-	976	976	14	1,966
Investment income	28	983	23	5	174	1,213
Other	58	-	-	-	22	80
Total revenues	<u>748</u>	<u>983</u>	<u>999</u>	<u>981</u>	<u>5,854</u>	<u>9,565</u>
Expenditures:						
Capital outlay	803	-	-	-	40,494	41,297
Total expenditures	<u>803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,494</u>	<u>41,297</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(55)</u>	<u>983</u>	<u>999</u>	<u>981</u>	<u>(34,640)</u>	<u>(31,732)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	45,685	45,685
Transfers out	(15)	(859)	(1,100)	(1,376)	-	(3,350)
Total other financing sources (uses)	<u>(15)</u>	<u>(859)</u>	<u>(1,100)</u>	<u>(1,376)</u>	<u>45,685</u>	<u>42,335</u>
Net change in fund balances	(70)	124	(101)	(395)	11,045	10,603
Fund balances - beginning	<u>2,361</u>	<u>87,669</u>	<u>1,770</u>	<u>818</u>	<u>1,918</u>	<u>94,536</u>
Fund balances - end	<u>\$ 2,291</u>	<u>\$ 87,793</u>	<u>\$ 1,669</u>	<u>\$ 423</u>	<u>\$ 12,963</u>	<u>\$ 105,139</u>

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Parks Acquisition Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 2,404	\$ 2,404	\$ -	\$ 2,361	\$ (43)
Resources (inflows):					
Taxes	300	300	-	44	(256)
Use of money and property	12	12	-	28	16
Intergovernmental revenues	600	600	-	618	18
Miscellaneous revenue	-	58	58	58	-
Other financing sources	1,220	1,220	-	-	(1,220)
Amounts available for appropriation	2,132	2,190	58	748	(1,442)
Charges to appropriations (outflows):					
Services and supplies	1,100	1,158	58	461	697
Fixed assets	1,504	1,504	-	342	1,162
Other financing uses	1,148	1,148	-	15	1,133
Non-general fund reserves	784	784	-	-	784
Total charges to appropriations	4,536	4,594	58	818	3,776
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 2,291	\$ 2,291

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 818
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(15)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	\$ 803

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Accumulated Capital Outlays Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 87,677	\$ 87,677	\$ -	\$ 87,669	\$ (8)
Resources (inflows):					
Use of money and property	500	500	-	983	483
Amounts available for appropriation	500	500	-	983	483
Charges to appropriations (outflows):					
Other financing uses	11,000	11,000	-	859	10,141
Non-general fund reserves	77,177	77,177	-	-	77,177
Total charges to appropriations	88,177	88,177	-	859	87,318
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 87,793	\$ 87,793

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 859
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financing reporting purposes.	(859)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	\$ -

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Criminal Facility Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 1,770	\$ 1,770	\$ -	\$ 1,770	\$ -
Resources (inflows):					
Use of money and property	15	15	-	23	8
Charges for services	1,100	1,100	-	976	(124)
Amounts available for appropriation	1,115	1,115	-	999	(116)
Charges to appropriations (outflows):					
Other financing uses	1,100	1,100	-	1,100	-
Contingencies	54	54	-	-	54
Non-general fund reserves	1,731	1,731	-	-	1,731
Total charges to appropriations	2,885	2,885	-	1,100	1,785
Budgetary fund balance, June 30	\$ -	\$ -	\$ -	\$ 1,669	\$ 1,669

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

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

COUNTY OF SAN MATEO
Budgetary Comparison Schedule
Courthouse Construction Fund
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 818	\$ 818	\$ -	\$ 818	\$ -
Resources (inflows):					
Use of money and property	5	5	-	5	-
Charges for services	<u>1,100</u>	<u>1,100</u>	<u>-</u>	<u>976</u>	<u>(124)</u>
Amounts available for appropriation	<u>1,105</u>	<u>1,105</u>	<u>-</u>	<u>981</u>	<u>(124)</u>
Charges to appropriations (outflows):					
Other financing uses	1,376	1,376	-	1,376	-
Non-general fund reserves	<u>547</u>	<u>547</u>	<u>-</u>	<u>-</u>	<u>547</u>
Total charges to appropriations	<u>1,923</u>	<u>1,923</u>	<u>-</u>	<u>1,376</u>	<u>547</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423</u>	<u>\$ 423</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 1,376
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(1,376)</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, 2016
(In Thousands)

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final	Increase (Decrease)		
Budgetary fund balance, July 1	\$ 2,357	\$ 2,359	\$ 2	\$ 1,918	\$ (441)
Resources (inflows):					
Taxes	33,422	33,422	-	5,644	(27,778)
Use of money and property	-	-	-	174	174
Charges for services	-	-	-	14	14
Miscellaneous revenue	-	-	-	22	22
Other financing sources	91,840	91,840	-	45,685	(46,155)
Amounts available for appropriation	<u>125,262</u>	<u>125,262</u>	<u>-</u>	<u>51,539</u>	<u>(73,723)</u>
Charges to appropriations (outflows):					
Services and supplies	-	8,107	8,107	-	8,107
Fixed assets	125,115	117,010	(8,105)	40,494	76,516
Contingencies	2,504	2,504	-	-	2,504
Total charges to appropriations	<u>127,619</u>	<u>127,621</u>	<u>2</u>	<u>40,494</u>	<u>87,127</u>
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,963</u>	<u>\$ 12,963</u>

Explanation of Differences between Budgetary Inflows and GAAP Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 51,539
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(45,685)</u>
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - nonmajor capital projects funds	<u>\$ 5,854</u>



Nonmajor Enterprise Funds

COUNTY OF SAN MATEO

Nonmajor Enterprise Funds

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

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

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

COUNTY OF SAN MATEO
Combining Statement of Fund Net Position
Nonmajor Enterprise Funds
June 30, 2016
(In Thousands)

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ 712	\$ 1,284	\$ 1,996
Receivables (net):			
Accounts	14	51	65
Interest	2	3	5
Due from other governmental agencies	49	-	49
Total current assets	<u>777</u>	<u>1,338</u>	<u>2,115</u>
Noncurrent assets:			
Net OPEB asset	185	119	304
Capital assets:			
Nondepreciable:			
Land	6,844	1,334	8,178
Construction in progress	3,180	-	3,180
Depreciable:			
Structures and improvements	29,082	15,685	44,767
Equipment	73	107	180
Less accumulated depreciation	(10,367)	(6,954)	(17,321)
Total capital assets	<u>28,812</u>	<u>10,172</u>	<u>38,984</u>
Total noncurrent assets	<u>28,997</u>	<u>10,291</u>	<u>39,288</u>
Total assets	<u>29,774</u>	<u>11,629</u>	<u>41,403</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	181	66	247
Changes of pension-related assumptions	24	8	32
Changes in proportionate share of net pension liability	2	1	3
Difference in actual and proportionate share of pension contributions	1	-	1
Differences between expected and actual pension experience	24	9	33
Total deferred outflows of resources	<u>232</u>	<u>84</u>	<u>316</u>
LIABILITIES			
Current liabilities:			
Accounts payable	360	83	443
Accrued interest payable	20	103	123
Accrued salaries and benefits	38	8	46
Unearned revenues	14	-	14
Deposits	1	3	4
Notes payable - current	330	61	391
Compensated absences - current	62	25	87
Total current liabilities	<u>825</u>	<u>283</u>	<u>1,108</u>
Noncurrent liabilities:			
Notes payable - noncurrent	709	2,374	3,083
Net pension liability - noncurrent	525	185	710
Compensated absences - noncurrent	30	8	38
Total noncurrent liabilities	<u>1,264</u>	<u>2,567</u>	<u>3,831</u>
Total liabilities	<u>2,089</u>	<u>2,850</u>	<u>4,939</u>
DEFERRED INFLOWS OF RESOURCES			
Differences between projected and actual earnings on pension investments	52	15	67
Total deferred inflows of resources	<u>52</u>	<u>15</u>	<u>67</u>
NET POSITION			
Net investment in capital assets	27,773	7,737	35,510
Restricted for airport management by FAA	362	-	362
Unrestricted	(270)	1,111	841
Total net position	<u>\$ 27,865</u>	<u>\$ 8,848</u>	<u>\$ 36,713</u>

COUNTY OF SAN MATEO
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 13	\$ 1,080	\$ 1,093
Rent and concessions	3,820	23	3,843
Miscellaneous	41	-	41
Total operating revenues	<u>3,874</u>	<u>1,103</u>	<u>4,977</u>
Operating expenses:			
Salaries and benefits	948	360	1,308
Pension expense	64	23	87
General and administrative	1,689	310	1,999
Depreciation and amortization	582	313	895
Total operating expenses	<u>3,283</u>	<u>1,006</u>	<u>4,289</u>
Operating income	<u>591</u>	<u>97</u>	<u>688</u>
Nonoperating revenues (expenses):			
State and federal grants	308	-	308
Investment income	12	12	24
Interest expense	(59)	(106)	(165)
Total nonoperating revenues (expenses)	<u>261</u>	<u>(94)</u>	<u>167</u>
Income before transfers	852	3	855
Transfers in	<u>13</u>	<u>4</u>	<u>17</u>
Change in net position	865	7	872
Net position - beginning	<u>27,000</u>	<u>8,841</u>	<u>35,841</u>
Net position - end	<u>\$ 27,865</u>	<u>\$ 8,848</u>	<u>\$ 36,713</u>

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	<u>Airports</u>	<u>Coyote Point Marina</u>	<u>Total</u>
Cash flows from operating activities			
Cash receipts from customers	\$ 4,149	\$ 1,327	\$ 5,476
Cash paid to suppliers of goods and services	(1,416)	(233)	(1,649)
Cash paid to employees for services	(1,103)	(422)	(1,525)
Net cash provided by operating activities	<u>1,630</u>	<u>672</u>	<u>2,302</u>
Cash flows from noncapital financing activities			
Transfers received from other funds	13	4	17
State and federal grants receipts	308	-	308
Net cash provided by noncapital financing activities	<u>321</u>	<u>4</u>	<u>325</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(1,372)	(60)	(1,432)
Principal paid on long-term liabilities	(314)	(27)	(341)
Interest paid on long-term liabilities	(65)	(27)	(92)
Net cash used in capital and related financing activities	<u>(1,751)</u>	<u>(114)</u>	<u>(1,865)</u>
Cash flows from investing activities			
Investment income received	11	10	21
Net cash provided by investing activities	<u>11</u>	<u>10</u>	<u>21</u>
Net increase in cash and cash equivalents	211	572	783
Cash and cash equivalents, beginning	501	712	1,213
Cash and cash equivalents, end	<u>\$ 712</u>	<u>\$ 1,284</u>	<u>\$ 1,996</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 591	\$ 97	\$ 688
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	582	313	895
Decrease (increase) in:			
Accounts receivable	19	57	76
Due from other funds	7	-	7
Due from other governmental agencies	253	192	445
Increase (decrease) in:			
Accounts payable	273	77	350
Accrued salaries and benefits	10	-	10
Due to other funds	(1)	(25)	(26)
Unearned revenues	(3)	-	(3)
Net pension liability	79	28	107
Compensated absences	17	4	21
Deferred inflows of resources	(197)	(71)	(268)
Net cash provided by (used in) operating activities	<u>\$ 1,630</u>	<u>\$ 672</u>	<u>\$ 2,302</u>



Internal Service Funds

COUNTY OF SAN MATEO

Internal Service Funds

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

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

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

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

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

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

COUNTY OF SAN MATEO
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2016
(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	\$ 15,638	\$ 417	\$ 19,743	\$ 1,611	\$ 5,586	\$ 23,117	\$ 66,112
Receivables (net):							
Accounts	4	2	-	-	374	-	380
Interest	33	1	46	4	16	46	146
Due from other funds	-	14	-	-	-	-	14
Due from other governmental agencies	-	-	-	-	-	3,218	3,218
Inventories	87	-	-	-	-	-	87
Other assets	-	-	779	-	5,430	-	6,209
Total current assets	<u>15,762</u>	<u>434</u>	<u>20,568</u>	<u>1,615</u>	<u>11,406</u>	<u>26,381</u>	<u>76,166</u>
Noncurrent assets:							
Net OPEB asset	240	445	-	-	-	-	685
Capital assets:							
Nondepreciable:							
Construction in progress	198	-	-	-	-	-	198
Depreciable:							
Structures and improvements	999	-	-	-	-	-	999
Equipment	22,127	24	-	-	-	-	22,151
Software	9	-	-	-	-	-	9
Less accumulated depreciation	(19,922)	(24)	-	-	-	-	(19,946)
Total capital assets	<u>3,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,411</u>
Total noncurrent assets	<u>3,651</u>	<u>445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,096</u>
Total assets	<u>19,413</u>	<u>879</u>	<u>20,568</u>	<u>1,615</u>	<u>11,406</u>	<u>26,381</u>	<u>80,262</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pension contributions subsequent to measurement date	238	214	-	-	-	-	452
Changes of pension-related assumptions	32	29	-	-	-	-	61
Changes in proportionate share of net pension liability	3	3	-	-	-	-	6
Difference in actual and proportionate share of pension contributions	2	2	-	-	-	-	4
Differences between expected and actual pension experience	30	26	-	-	-	-	56
Total deferred outflows of resources	<u>305</u>	<u>274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>579</u>
LIABILITIES							
Current liabilities:							
Accounts payable	96	26	94	-	3,643	627	4,486
Accrued salaries and benefits	52	50	-	11	-	-	113
Due to other funds	1	-	-	-	-	-	1
Unearned revenues	-	-	157	-	65	-	222
Deposits	94	-	-	-	-	-	94
Compensated absences - current	61	58	-	-	-	-	119
Estimated claims - current	-	-	13,961	301	1,356	536	16,154
Total current liabilities	<u>304</u>	<u>134</u>	<u>14,212</u>	<u>312</u>	<u>5,064</u>	<u>1,163</u>	<u>21,189</u>
Noncurrent liabilities:							
Advances from other funds	-	912	-	-	-	-	912
Net pension liability - noncurrent	705	643	-	-	-	-	1,348
Compensated absences - noncurrent	54	38	-	-	-	-	92
Estimated claims - noncurrent	-	-	29,328	1,085	2,106	-	32,519
Total noncurrent liabilities	<u>759</u>	<u>1,593</u>	<u>29,328</u>	<u>1,085</u>	<u>2,106</u>	<u>-</u>	<u>34,871</u>
Total liabilities	<u>1,063</u>	<u>1,727</u>	<u>43,540</u>	<u>1,397</u>	<u>7,170</u>	<u>1,163</u>	<u>56,060</u>
DEFERRED INFLOWS OF RESOURCES							
Differences between projected and actual earnings on pension investments	78	76	-	-	-	-	154
Total deferred inflows of resources	<u>78</u>	<u>76</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154</u>
NET POSITION							
Net investment in capital assets	3,411	-	-	-	-	-	3,411
Unrestricted	15,166	(650)	(22,972)	218	4,236	25,218	21,216
Total net position	<u>\$ 18,577</u>	<u>\$ (650)</u>	<u>\$ (22,972)</u>	<u>\$ 218</u>	<u>\$ 4,236</u>	<u>\$ 25,218</u>	<u>\$ 24,627</u>

COUNTY OF SAN MATEO
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2016
(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	\$ 7,686	\$ 1,969	\$ 14,447	\$ 925	\$ 6,162	\$ 109,665	\$ 140,854
Miscellaneous	91	24	430	11	407	74	1,037
Total operating revenues	<u>7,777</u>	<u>1,993</u>	<u>14,877</u>	<u>936</u>	<u>6,569</u>	<u>109,739</u>	<u>141,891</u>
Operating expenses:							
Salaries and benefits	1,235	1,371	-	-	-	-	2,606
Pension expense	84	76	-	-	-	-	160
General and administrative	2,600	331	2,927	476	3,454	4,843	14,631
Benefits and claims	-	-	13,666	14	71	6,153	19,904
Insurance premiums	-	-	1,433	-	4,656	99,196	105,285
Depreciation	970	-	-	-	-	-	970
Total operating expenses	<u>4,889</u>	<u>1,778</u>	<u>18,026</u>	<u>490</u>	<u>8,181</u>	<u>110,192</u>	<u>143,556</u>
Operating income (loss)	<u>2,888</u>	<u>215</u>	<u>(3,149)</u>	<u>446</u>	<u>(1,612)</u>	<u>(453)</u>	<u>(1,665)</u>
Nonoperating expenses							
Investment income	158	4	224	19	71	252	728
Total nonoperating expenses	<u>158</u>	<u>4</u>	<u>224</u>	<u>19</u>	<u>71</u>	<u>252</u>	<u>728</u>
Income (loss) before transfers	3,046	219	(2,925)	465	(1,541)	(201)	(937)
Transfers in	98	15	-	-	-	-	113
Transfers out	(692)	(4)	-	-	(21)	-	(717)
Change in net position	2,452	230	(2,925)	465	(1,562)	(201)	(1,541)
Net position - beginning	<u>16,125</u>	<u>(880)</u>	<u>(20,047)</u>	<u>(247)</u>	<u>5,798</u>	<u>25,419</u>	<u>26,168</u>
Net position - end	<u>\$ 18,577</u>	<u>\$ (650)</u>	<u>\$ (22,972)</u>	<u>\$ 218</u>	<u>\$ 4,236</u>	<u>\$ 25,218</u>	<u>\$ 24,627</u>

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Fleet Maintenance	Tower Construction	Workers' Compensation Insurance	Long-Term Disability
Cash flows from operating activities				
Cash received from interfund services provided	\$ 7,894	\$ 1,989	\$ 15,144	\$ 936
Cash payment to suppliers of goods and services	(2,561)	(377)	(4,318)	(476)
Cash payment to employees for services	(1,442)	(1,564)	-	1
Cash payment for judgments and claims	-	-	(11,270)	(310)
Net cash provided by (used in) operating activities	<u>3,891</u>	<u>48</u>	<u>(444)</u>	<u>151</u>
Cash flows from noncapital financing activities				
Transfers received from other funds	98	15	-	-
Transfers paid to other funds	(692)	(4)	-	-
Loan payment to other funds	-	(111)	-	-
Net cash used in noncapital financing activities	<u>(594)</u>	<u>(100)</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities				
Acquisition of capital assets	(688)	-	-	-
Net cash used in capital and related financing activities	<u>(688)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Investment income received	146	4	214	17
Net cash provided by investing activities	<u>146</u>	<u>4</u>	<u>214</u>	<u>17</u>
Net increase (decrease) in cash and cash equivalents	2,755	(48)	(230)	168
Cash and cash equivalents, beginning	12,883	465	19,973	1,443
Cash and cash equivalents, end	<u>\$ 15,638</u>	<u>\$ 417</u>	<u>\$ 19,743</u>	<u>\$ 1,611</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 2,888	\$ 215	\$ (3,149)	\$ 446
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	970	-	-	-
Decrease (increase) in:				
Accounts receivable	1	2	-	-
Due from other funds	116	(6)	52	-
Due from other government agencies	-	-	-	-
Inventories	1	-	-	-
Other assets	-	-	215	-
Deferred outflows of resources	(18)	(9)	-	-
Increase (decrease) in:				
Accounts payable	38	1	42	-
Accrued salaries and benefits	31	21	-	1
Due to other funds	-	(1)	-	-
Unearned revenues	-	(46)	-	-
Net pension liability	126	109	-	-
Estimated claims	-	-	2,396	(296)
Deferred inflows of resources	(262)	(238)	-	-
Net cash provided by (used in) operating activities	<u>\$ 3,891</u>	<u>\$ 48</u>	<u>\$ (444)</u>	<u>\$ 151</u>

(Continued)

COUNTY OF SAN MATEO
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	Personal Injury and Property Damage	Employee Benefits	Total	
	\$ 2,827	\$ 109,575	\$ 138,365	Cash flows from operating activities
	(4,584)	(103,823)	(116,139)	Cash received from interfund services provided
	-	-	(3,005)	Cash payment to suppliers of goods and services
	(894)	(6,036)	(18,510)	Cash payment to employees for services
	(2,651)	(284)	711	Cash payment for judgments and claims
				Net cash provided by (used in) operating activities
				Cash flows from noncapital financing activities
	-	-	113	Transfers received from other funds
	(21)	-	(717)	Transfers paid to other funds
	-	-	(111)	Loan from other funds
	(21)	-	(715)	Net cash provided by (used in) noncapital financing activities
				Cash flows from capital and related financing activities
	-	-	(688)	Acquisition of capital assets
	-	-	(688)	Net cash used in capital and related financing activities
				Cash flows from investing activities
	71	249	701	Investment income received
	71	249	701	Net cash provided by investing activities
	(2,601)	(35)	9	Net increase (decrease) in cash and cash equivalents
	8,187	23,152	66,103	Cash and cash equivalents, beginning
	<u>\$ 5,586</u>	<u>\$ 23,117</u>	<u>\$ 66,112</u>	Cash and cash equivalents, end
				Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:
	\$ (1,612)	\$ (453)	\$ (1,665)	Operating income (loss)
				Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:
	-	-	970	Depreciation
	(374)	-	(371)	Decrease (increase) in:
	79	-	241	Accounts receivable
	-	(164)	(164)	Due from other funds
	-	-	1	Due from other government agencies
	(3,447)	-	(3,232)	Inventories
	-	-	(27)	Other assets
				Deferred outflows of resources
	3,526	216	3,823	Increase (decrease) in:
	-	-	53	Accounts payable
	-	-	(1)	Accrued salaries and benefits
	-	-	(46)	Due to other funds
	-	-	235	Unearned revenues
	(823)	117	1,394	Net pension liability
	-	-	(500)	Estimated claims
				Deferred inflows of resources
	<u>\$ (2,651)</u>	<u>\$ (284)</u>	<u>\$ 711</u>	Net cash provided by (used in) operating activities



Fiduciary Funds

COUNTY OF SAN MATEO

Fiduciary Funds

Trust Funds

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

Agency Funds

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

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

Trial Courts Operation Fund – is solely financed by the State of California and administered by the San Mateo County Superior Court. Expenditures from this fund require written authorization from the Court's Presiding Judge or his/her designee. The County only holds a custodial relationship to this fund.

Public Administrator Fund – accounts for all assets under the control of the Public Administrator. The County holds the assets in a fiduciary capacity.

Public Guardian Fund – accounts for all assets under the control of the Public Guardian. The County holds the assets in a fiduciary capacity.

Other Agency Fund – accounts for assets held for other governmental agencies and entities by the County in a fiduciary capacity.

COUNTY OF SAN MATEO
Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2016
(In Thousands)

	External Investment Pool			Total
	Special Districts under Local Board	School Districts	Other Investment Trust	
ASSETS				
Cash and investments	\$ 227,334	\$ 1,669,101	\$ 802,218	\$ 2,698,653
Interest receivable	521	3,876	1,866	6,263
Due from other governmental agencies	4,689	-	-	4,689
Other assets	105	2	-	107
Total assets	<u>232,649</u>	<u>1,672,979</u>	<u>804,084</u>	<u>2,709,712</u>
LIABILITIES				
Accounts payable	348	-	-	348
Due to other governmental agencies	-	1,962	-	1,962
Other liabilities	4,304	-	1,377	5,681
Total liabilities	<u>4,652</u>	<u>1,962</u>	<u>1,377</u>	<u>7,991</u>
NET POSITION				
Net position restricted for investment pool participants	<u>\$ 227,997</u>	<u>\$ 1,671,017</u>	<u>\$ 802,707</u>	<u>\$ 2,701,721</u>

COUNTY OF SAN MATEO
Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	External Investment Pool			Total
	Special Districts under Local Board	School Districts	Other Investment Trust	
ADDITIONS				
Contributions:				
Contributions to investment pool	\$ 334,347	\$ 3,052,989	\$ 436,040	\$ 3,823,376
Net investment income:				
Net appreciation in fair value of investments	703	5,163	2,526	8,392
Investment income	1,793	12,784	50,126	64,703
Total net investment income	<u>2,496</u>	<u>17,947</u>	<u>52,652</u>	<u>73,095</u>
Total additions	<u>336,843</u>	<u>3,070,936</u>	<u>488,692</u>	<u>3,896,471</u>
DEDUCTIONS				
Distribution from investment pool	<u>323,993</u>	<u>2,966,594</u>	<u>391,958</u>	<u>3,682,545</u>
Change in net position	12,850	104,342	96,734	213,926
Net position - beginning	<u>215,147</u>	<u>1,566,675</u>	<u>705,973</u>	<u>2,487,795</u>
Net position - end	<u>\$ 227,997</u>	<u>\$ 1,671,017</u>	<u>\$ 802,707</u>	<u>\$ 2,701,721</u>

COUNTY OF SAN MATEO
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	<u>Balance</u> <u>July 1, 2015</u>	<u>Addition</u>	<u>Deletion</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>COUNTY LIBRARY</u>				
Assets:				
Cash and investments	\$ 26,790	\$ 31,081	\$ 28,412	\$ 29,459
Interest receivable	44	63	44	63
Taxes receivable, net	1,457	1,499	1,457	1,499
Due from other governmental agencies	1,632	1,488	1,632	1,488
Other assets	3,094	1,897	2,128	2,863
Total assets	<u>\$ 33,017</u>	<u>\$ 36,028</u>	<u>\$ 33,673</u>	<u>\$ 35,372</u>
Liabilities:				
Fiduciary liabilities	\$ 33,017	\$ 31,535	\$ 29,180	\$ 35,372
Total liabilities	<u>\$ 33,017</u>	<u>\$ 31,535</u>	<u>\$ 29,180</u>	<u>\$ 35,372</u>
<u>UNAPPORTIONED TAXES</u>				
Assets:				
Cash and investments	\$ 116,420	\$ 3,343,329	\$ 3,349,682	\$ 110,067
Interest receivable	174	238	174	238
Due from other governmental agencies	361	1,870	360	1,871
Total assets	<u>\$ 116,955</u>	<u>\$ 3,345,437</u>	<u>\$ 3,350,216</u>	<u>\$ 112,176</u>
Liabilities:				
Due to other governmental agencies	\$ 78,468	\$ 66,709	\$ 78,468	\$ 66,709
Fiduciary liabilities	38,487	2,728,141	2,721,161	45,467
Total liabilities	<u>\$ 116,955</u>	<u>\$ 2,794,850</u>	<u>\$ 2,799,629</u>	<u>\$ 112,176</u>
<u>TRIAL COURTS OPERATION</u>				
Assets:				
Cash and investments	\$ 391	\$ 34,044	\$ 32,818	\$ 1,617
Interest receivable	2	2	2	2
Other assets	1,108	1	-	1,109
Total assets	<u>\$ 1,501</u>	<u>\$ 34,047</u>	<u>\$ 32,820</u>	<u>\$ 2,728</u>
Liabilities:				
Fiduciary liabilities	\$ 1,501	\$ 32,953	\$ 31,726	\$ 2,728
Total liabilities	<u>\$ 1,501</u>	<u>\$ 32,953</u>	<u>\$ 31,726</u>	<u>\$ 2,728</u>
<u>PUBLIC ADMINISTRATOR</u>				
Assets:				
Cash and investments	\$ 20,081	\$ 16,256	\$ 22,344	\$ 13,993
Interest receivable	35	33	36	32
Other assets	9,091	2,302	2,329	9,064
Total assets	<u>\$ 29,207</u>	<u>\$ 18,591</u>	<u>\$ 24,709</u>	<u>\$ 23,089</u>
Liabilities:				
Due to other governmental agencies	\$ 27	\$ 26	\$ 27	\$ 26
Fiduciary liabilities	29,180	10,082	16,199	23,063
Total liabilities	<u>\$ 29,207</u>	<u>\$ 10,108</u>	<u>\$ 16,226</u>	<u>\$ 23,089</u>

(Continued)

COUNTY OF SAN MATEO
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2016
(In Thousands)

	<u>Balance</u> <u>July 1, 2015</u>	<u>Addition</u>	<u>Deletion</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>PUBLIC GUARDIAN</u>				
Assets:				
Cash and investments	\$ 23,340	\$ 39,168	\$ 41,249	\$ 21,259
Interest receivable	34	60	50	44
Other assets	27,089	5,435	4,509	28,015
Total assets	<u>\$ 50,463</u>	<u>\$ 44,663</u>	<u>\$ 45,808</u>	<u>\$ 49,318</u>
Liabilities:				
Due to other governmental agencies	\$ 1,328	\$ 40	\$ 1,328	\$ 40
Fiduciary liabilities	49,135	25,055	24,912	49,278
Total liabilities	<u>\$ 50,463</u>	<u>\$ 25,095</u>	<u>\$ 26,240</u>	<u>\$ 49,318</u>
<u>OTHER AGENCY</u>				
Assets:				
Cash and investments	\$ 167,907	\$ 6,236,132	\$ 6,222,060	\$ 181,979
Interest receivable	342	546	415	473
Taxes receivable, net	135,533	147,627	144,091	139,069
Due from other governmental agencies	15,641	47,713	15,641	47,713
Other assets	1,925	5,857	6,092	1,690
Total assets	<u>\$ 321,348</u>	<u>\$ 6,437,875</u>	<u>\$ 6,388,299</u>	<u>\$ 370,924</u>
Liabilities:				
Due to other governmental agencies	\$ 120	\$ 19,836	\$ 120	\$ 19,836
Fiduciary liabilities	321,228	6,658,298	6,628,438	351,088
Total liabilities	<u>\$ 321,348</u>	<u>\$ 6,678,134</u>	<u>\$ 6,628,558</u>	<u>\$ 370,924</u>
<u>TOTALS</u>				
Assets:				
Cash and investments	\$ 354,929	\$ 9,700,010	\$ 9,696,565	\$ 358,374
Receivables:				
Interest	631	942	721	852
Taxes, net	136,990	149,126	145,548	140,568
Due from other governmental agencies	17,634	51,071	17,633	51,072
Other assets	42,307	15,492	15,058	42,741
Total assets	<u>\$ 552,491</u>	<u>\$ 9,916,641</u>	<u>\$ 9,875,525</u>	<u>\$ 593,607</u>
Liabilities:				
Due to other governmental agencies	\$ 79,943	\$ 86,611	\$ 79,943	\$ 86,611
Fiduciary liabilities	472,548	9,486,064	9,451,616	506,996
Total liabilities	<u>\$ 552,491</u>	<u>\$ 9,572,675</u>	<u>\$ 9,531,559</u>	<u>\$ 593,607</u>



STATISTICAL SECTION
(Unaudited)

COUNTY OF SAN MATEO

Statistical Section

This part of the County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Financial Trends

This segment contains trend information to help the reader understand how the County's financial performance and has changed over time.

Revenue Capacity

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

Debt Capacity

This segment presents information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Economic and Demographic Information

This segment depicts demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

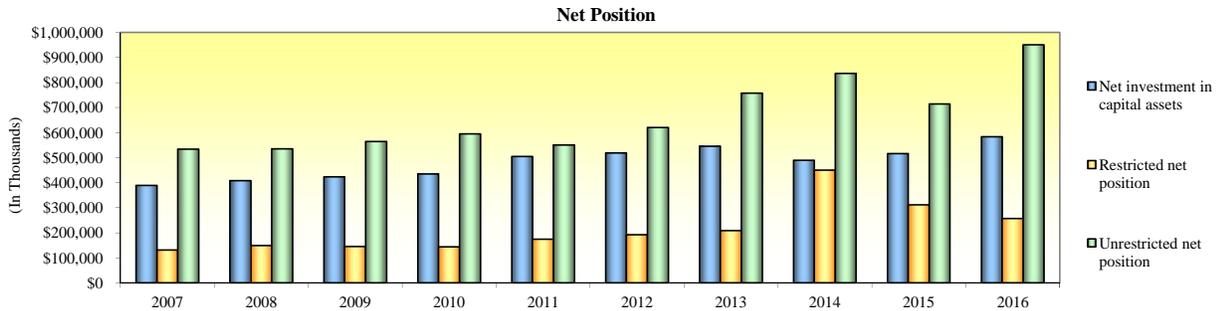
Operating Information

This segment displays service and capital asset data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise stated, the information in this section is derived from the comprehensive annual financial reports for the relevant years.

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

	As of June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net investment in capital assets ¹	\$ 342,916	\$ 360,632	\$ 375,392	\$ 381,801	\$ 449,235	\$ 459,511	\$ 482,077	\$ 418,671	\$ 441,955	\$ 508,490
Restricted for:										
Government programs ³	91,179	102,966	82,421	99,319	108,657	126,227	143,399	247,541	201,262	201,059
Capital projects	-	-	6,315	3,231	3,718	3,675	3,595	5,977	3,179	2,714
Debt service	40,248	38,158	46,504	40,605	61,056	60,863	60,726	195,628	105,907	52,451
Unrestricted	525,709	503,969	511,196	538,887	481,004	550,999	679,125	756,305	701,449	917,413
Subtotal governmental activities net position	<u>1,000,052</u>	<u>1,005,725</u>	<u>1,021,828</u> ⁴	<u>1,063,843</u>	<u>1,103,670</u>	<u>1,201,275</u>	<u>1,368,922</u>	<u>1,624,122</u>	<u>1,453,752</u>	<u>1,682,127</u>
Business-type Activities										
Net investment in capital assets	46,614	47,003	47,946	53,559	54,851	58,904	63,516	70,560	73,924	75,231
Restricted for:										
Housing assistance programs	167	7,595	10,263	444	1,095	1,886	-	-	84	-
Airport management by FAA	-	-	-	-	-	-	524	843	709	362
Fuel Dock 10 project	-	-	-	-	-	-	-	137	137	-
Unrestricted (Deficit)	8,107	31,759	53,741	55,625	69,588	69,816	78,690	79,936	12,685	32,816
Subtotal business-type activities net position	<u>54,888</u>	<u>86,357</u>	<u>111,950</u>	<u>109,628</u>	<u>125,534</u>	<u>130,606</u>	<u>142,730</u>	<u>151,476</u>	<u>87,539</u>	<u>108,409</u>
Primary Government										
Net investment in capital assets	389,530	407,635	423,338	435,360	504,086	518,415	545,593	489,231	515,879	583,721
Restricted for:										
Governmental programs	91,179	102,966	82,421	99,319	108,657	126,227	143,399	247,541	201,262	201,059
Capital projects	-	-	6,315	3,231	3,718	3,675	3,595	5,977	3,179	2,714
Debt service	40,248	38,158	46,504	40,605	61,056	60,863	60,726	195,628	105,907	52,451
Housing assistance programs	167	7,595	10,263	444	1,095	1,886	-	-	84	-
Airport management by FAA	-	-	-	-	-	-	524	843	709	362
Fuel Dock 10 project	-	-	-	-	-	-	-	137	137	-
Total restricted	<u>131,594</u>	<u>148,719</u>	<u>145,503</u>	<u>143,599</u>	<u>174,526</u>	<u>192,651</u>	<u>208,244</u>	<u>450,126</u>	<u>311,278</u>	<u>256,586</u>
Unrestricted	533,816	535,728	564,937	594,512	550,592	620,815	757,815	836,241	714,134	950,229
Total primary government net position ⁴	<u>\$ 1,054,940</u>	<u>\$ 1,092,082</u>	<u>\$ 1,133,778</u>	<u>\$ 1,173,471</u>	<u>\$ 1,229,204</u>	<u>\$ 1,331,881</u>	<u>\$ 1,511,652</u>	<u>\$ 1,775,598</u>	<u>\$ 1,541,291</u> ⁵	<u>\$ 1,790,536</u>
Percent of increase (decrease) in primary government net position	15.49%	3.52%	3.82%	3.50%	4.75%	8.35%	13.50%	17.46%	-13.20%	16.17%



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

Notes:

- ¹ Capital assets include land, easements, infrastructure, construction in progress, structures & improvements, equipment, and software.
- ² Accounting standards require that net position be reported in three components in the government-wide financial statements: net investment in capital assets, restricted, and unrestricted. Net position is considered restricted only when an external party, such as the state or federal government, places a restriction on how the resources may be used, or through enabling legislation enacted by the County.
- ³ Net position is restricted for specific purposes as indicated on the Statement of Net Position.
- ⁴ The FY2008-09's total primary government net position was restated to conform to the "retroactive adjustment" requirements under GASB Statement No. 53.
- ⁵ Decrease in total primary government net position is due to reporting net pension liability under GASB Statement Nos. 68 and 71.

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 67,730	\$ 65,188	\$ 84,171	\$ 71,316	\$ 68,325	\$ 78,215	\$ 78,988	\$ 108,980	\$ 120,104	\$ 111,332
Public protection	277,542	294,239	297,357	308,208	329,087	330,062	337,059	353,458	321,375	357,729
Public ways and facilities	18,617	20,312	27,453	18,771	19,089	19,358	20,248	19,419	16,369	20,058
Health and sanitation	200,441	235,782	241,519	229,477	214,952	221,129	228,050	246,652	243,919	275,293
Public assistance	151,594	201,221	195,507	201,823	207,316	199,789	201,087	221,761	211,921	222,255
Recreation	8,302	8,839	8,704	9,316	9,608	8,538	8,621	10,420	11,537	13,171
Interest on long-term debt	19,244	20,126	19,677	15,829	18,185	16,841	16,292	16,351	22,980	22,187
Total governmental activities expenses	743,470	845,707	874,388	854,740	866,562	873,932	890,345	977,041	948,205	1,022,025
Business-type activities:										
San Mateo Medical Center	207,729	221,318	225,876	232,530	241,028	251,626	234,736	244,015	233,186	264,854
Airports	2,146	2,482	2,427	2,879	2,598	2,763	2,841	2,877	3,312	3,318
Coyote Point Marina	1,252	1,403	1,271	1,143	1,067	1,066	826	790	921	1,090
Housing Authority	59,509	58,947	63,029	65,919	68,728	70,553	70,578	71,052	68,016	72,783
Total business-type activities expenses	270,636	284,150	292,603	302,471	313,421	326,008	308,981	318,734	305,435	342,045
Total primary government expenses	\$ 1,014,106	\$ 1,129,857	\$ 1,166,991	\$ 1,157,211	\$ 1,179,983	\$ 1,199,940	\$ 1,199,326	\$ 1,295,775	\$ 1,253,640	\$ 1,364,070
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 28,864	\$ 21,505	\$ 41,007	\$ 28,104	\$ 29,180	\$ 29,011	\$ 33,015	\$ 33,588	\$ 30,261	\$ 34,613
Public protection	30,864	28,849	29,314	32,776	36,881	35,478	35,822	34,680	35,191	36,755
Public ways and facilities	2,968	4,281	6,149	3,318	3,808	2,123	2,432	2,246	2,527	2,387
Health and sanitation	53,143	62,959	71,051	71,795	62,483	74,523	72,773	73,499	104,099	91,215
Public assistance	6,750	5,083	4,254	4,374	4,922	4,605	4,273	5,085	5,898	5,880
Recreation	1,364	1,450	1,791	2,054	1,641	2,253	2,028	1,983	1,649	2,238
Operating grants and contributions **	414,761	408,626	385,104	379,714	408,092	446,884	483,718	481,941	516,195	479,695
Capital grants and contributions	1,769	750	-	-	-	-	907	-	-	-
Total governmental activities program revenues	540,483	533,503	538,670	522,135	547,007	594,877	634,968	633,022	695,820	652,783
Business-type activities:										
Charges for services										
San Mateo Medical Center	110,826	104,927	126,039	131,370	121,074	124,285	173,494	183,861	195,904	227,104
Airports	2,077	2,236	2,503	2,609	2,771	2,589	2,505	2,712	2,674	3,833
Coyote Point Marina	1,165	1,137	1,108	1,064	1,132	1,198	1,000	977	1,089	1,103
Housing Authority	1,727	1,890	1,979	2,002	2,196	3,586	3,647	3,402	67,625	71,351
Operating grants and contributions	103,700	106,474	107,735	96,936	138,510	138,170	66,128	70,400	5,369	3,316
Capital grants and contributions	8,357	5,398	4,805	4,579	4,514	5,939	5,607	6,623	2,279	5,226
Total business-type activities program revenues	227,852	222,062	244,169	238,560	270,197	275,767	252,381	267,975	274,940	311,933
Total primary government program revenues	\$ 768,335	\$ 755,565	\$ 782,839	\$ 760,695	\$ 817,204	\$ 870,644	\$ 887,349	\$ 900,997	\$ 970,760	\$ 964,716
Net Expense ¹										
Governmental activities	\$ (202,987)	\$ (312,204)	\$ (335,718)	\$ (332,605)	\$ (319,555)	\$ (279,055)	\$ (255,377)	\$ (344,019)	\$ (252,385)	\$ (369,242)
Business-type activities	(42,784)	(62,088)	(48,434)	(63,911)	(43,224)	(50,241)	(56,600)	(50,759)	(30,495)	(30,112)
Total primary government net expenses	\$ (245,771)	\$ (374,292)	\$ (384,152)	\$ (396,516)	\$ (362,779)	\$ (329,296)	\$ (311,977)	\$ (394,778)	\$ (282,880)	\$ (399,354)

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

Notes:

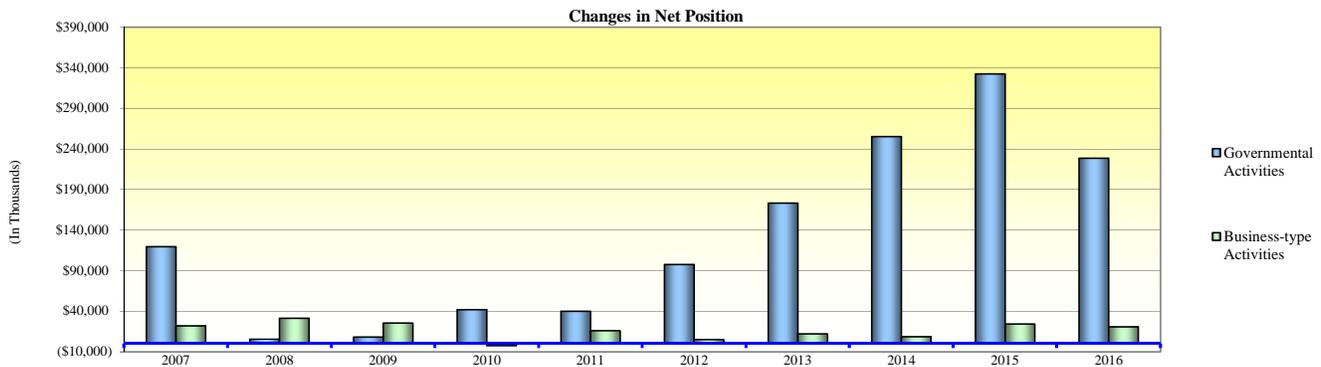
** In prior years pass-through payments from redevelopment agencies were reported as part of the property tax revenues. Starting FY 2011-12 these payments were reported under "intergovernmental revenues" as

¹ Net expense is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses are net expenses, indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program.

(Continued)

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 295,134	\$ 326,757	\$ 370,695	\$ 372,312	\$ 356,011	\$ 360,310	\$ 403,021	\$ 430,981	\$ 455,001	\$ 471,985
Property transfer taxes	8,192	6,011	3,842	4,829	5,018	5,651	6,725	8,747	10,333	9,978
Sales and use taxes	13,544	14,896	16,479	14,579	16,395	18,869	35,687	95,357	102,724	98,437
Property tax in-lieu of sales taxes	4,164 ²	4,569	4,880	4,372	4,772	5,560	6,247	5,726	6,793	4,808
Transient occupancy taxes	842	667	1,016	966	928	1,221	1,172	1,519	1,527	1,490
Aircraft taxes	1,287	1,680	1,517	1,631	857	1,091	1,576	1,399	1,125	1,086
Vehicle rental business license tax	-	-	-	-	-	-	7,907	12,254	12,181	12,145
Other taxes	4	23	13	75	43	2	-	-	-	-
Unrestricted interest and investment earnings	40,750	31,473	(641) ³	11,916	10,008	10,602	3,863	11,861	13,742	21,026
Securities lending activities:										
Securities lending income	4,245	2,750	375	47	34	-	-	-	-	-
Securities lending expenses	(4,139)	(2,362)	(291)	(38)	(29)	-	-	-	-	-
Miscellaneous	20,301	21,123	25,564	22,599	20,873	24,483	31,100	39,880	35,070	27,188
Special items	-	-	(8,139)	-	-	-	-	45,283	-	(603)
Transfers	(61,918)	(89,710)	(71,397)	(58,668)	(55,528)	(51,129)	(68,570)	(53,788)	(53,939)	(49,923)
Total governmental activities	<u>322,406</u>	<u>317,877</u>	<u>343,913</u>	<u>374,620</u>	<u>359,382</u>	<u>376,660</u>	<u>428,728</u>	<u>599,219</u>	<u>584,557</u>	<u>597,617</u>
Business-type activities:										
Unrestricted interest and investment earnings	626	890	(524)	235	279	372	173	170	333	776
Securities lending activities:										
Securities lending income	139	133	26	3	2	-	-	-	-	-
Securities lending expenses	(137)	(115)	(21)	(2)	(2)	-	-	-	-	-
Miscellaneous	2,298	2,939	3,149	2,685	3,323	3,812	2,787	5,547	502	283
Special item	-	-	-	-	-	-	(2,806)	-	-	-
Transfers	61,918	89,710	71,397	58,668	55,528	51,129	68,570	53,788	53,939	49,923
Total business-type activities	<u>64,844</u>	<u>93,557</u>	<u>74,027</u>	<u>61,589</u>	<u>59,130</u>	<u>55,313</u>	<u>68,724</u>	<u>59,505</u>	<u>54,774</u>	<u>50,982</u>
Total primary government	<u>\$ 387,250</u>	<u>\$ 411,434</u>	<u>\$ 417,940</u>	<u>\$ 436,209</u>	<u>\$ 418,512</u>	<u>\$ 431,973</u>	<u>\$ 497,452</u>	<u>\$ 658,724</u>	<u>\$ 639,331</u>	<u>\$ 648,599</u>
Change in Net Position										
Governmental activities	\$ 119,419	\$ 5,673	\$ 8,195	\$ 42,015	\$ 39,827	\$ 97,605	\$ 173,351	\$ 255,200	\$ 332,172	\$ 228,375
Business-type activities	22,060	31,469	25,593	(2,322)	15,906	5,072	12,124	8,746	24,279	20,870
Total primary government	<u>\$ 141,479</u>	<u>\$ 37,142</u>	<u>\$ 33,788</u>	<u>\$ 39,693</u>	<u>\$ 55,733</u>	<u>\$ 102,677</u>	<u>\$ 185,475</u>	<u>\$ 263,946</u>	<u>\$ 356,451</u>	<u>\$ 249,245</u>



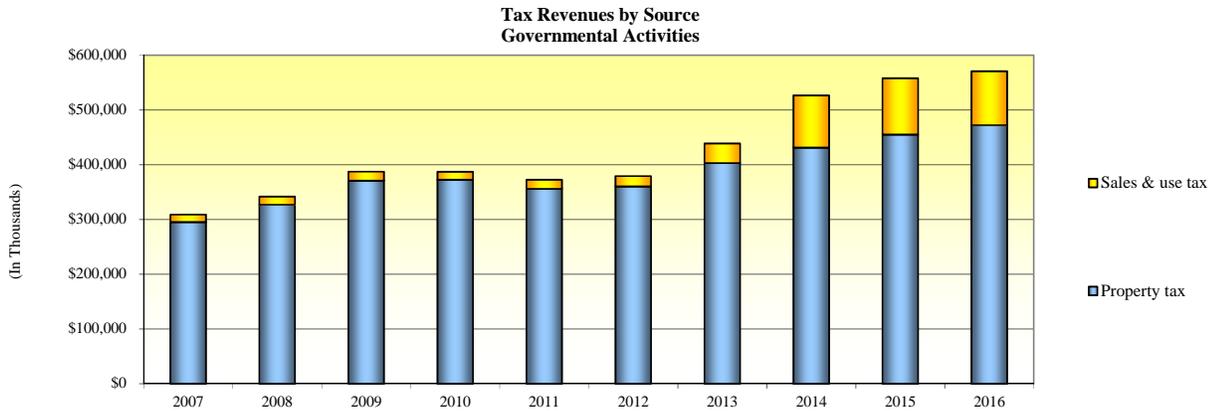
Notes:

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 the Educational Revenue Augmentation Fund (ERAF) until the State's recovery loan is fully paid.

³ Investments in the County investment pool experienced a sharp decline in value due to the Lehman loss. The financial recession further reduced the County's cash and investments in the investment pool. Lower investment value and diminished investment return resulted in a sizable decrease in interest and investment earnings.

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

Fiscal Year	Property *	Property Transfer	Sales and Use Taxes	Property tax in-lieu of Sales Tax	Vehicle Rental Business License Tax	Transient Occupancy	Aircraft	Other	Total
2007	\$ 295,134	\$ 8,192	\$ 13,544	\$ 4,164	\$ -	\$ 842	\$ 1,287	\$ 4	\$ 323,167
2008	326,757	6,011	14,896	4,569	-	667	1,680	23	354,603
2009	370,695	3,842	16,479	4,880	-	1,016	1,517	13	398,442
2010	372,312	4,829	14,579	4,372	-	966	1,631	75	398,764
2011	356,011	5,018	16,395	4,772	-	928	857	43	384,024
2012	360,310	5,651	18,869	5,560	-	1,221	1,091	2	392,704
2013	403,021	6,725	35,687 ¹	6,247	7,907 ²	1,172	1,576	-	462,335
2014	430,981	8,747	95,357 ³	5,726	12,254	1,519	1,399	-	555,983
2015	455,001	10,333	102,724	6,793	12,181	1,527	1,125	-	589,684
2016	471,985	9,978	98,437	4,808	12,145	1,490	1,086	-	599,929
Change									
2007 - 2016	59.9%	21.8%	626.8%	15.5%	n/a	77.0%	-15.6%	-100.0%	85.6%



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

Notes:

- * In prior years pass-through payments from redevelopment agencies were reported as part of the property tax revenues. Starting FY 2011-12 these payments were reported under "intergovernmental revenues" as operating grants.
- ¹ In November 2012, San Mateo County voters approved a measure that increases the sales tax throughout the County by half a cent for the next 10 years (Measure A). Revenues from Measure A will be used to help fund county critical facilities and services.
- ² In June 2012, with the voters' approval, the County adopted an ordinance to levy a business license tax on operators of vehicle rental businesses in the unincorporated area of the County. The Vehicle Rental Business License Tax was imposed at a rate of 2.5% on the gross receipts of vehicle rental businesses in the unincorporated areas effective July 1, 2012.
- ³ The sharp increase in sales and use tax revenue is predominantly from the passage of Measure A that increases the County's sales tax by half a cent for the next 10 years since its inception on April 1, 2013.

n/a - not applicable

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

Fund Balance	As of June 30,	
	2007	2008
General Fund		
Reserved for:		
Encumbrances	\$ 3,209	\$ 2,385
Inventories and advances	5,943	5,929
Unreserved	<u>324,074</u>	<u>265,544</u>
Total general fund	<u>333,226</u>	<u>273,858</u>

All Other Governmental Funds		
Reserved for:		
Debt service	69,893	68,431
Inventories and advances	431	359
Capital projects	16,698	18,863
Unreserved:		
Special revenue	51,230	57,886
Capital projects	<u>9,830</u>	<u>10,393</u>
Total all other governmental funds	<u>148,082</u>	<u>155,932</u>

Total Governmental Funds ²		
Reserved for:		
Encumbrances	3,209	2,385
Debt service	69,893	68,431
Inventories and advances	6,374	6,288
Capital projects	16,698	18,863
Unreserved:		
General Fund	324,074	265,544
Special revenue	51,230	57,886
Capital projects	<u>9,830</u>	<u>10,393</u>
Total governmental funds	<u>\$ 481,308</u>	<u>\$ 429,790</u>

	As of June 30,							
	2009 ²	2010	2011	2012	2013	2014	2015	2016
General Fund								
Nonspendable	\$ 7,154	\$ 10,666	\$ 12,099	\$ 27,124	\$ 28,517	\$ 31,031	\$ 35,269	\$ 33,905
Restricted	31,668	33,466	35,653	46,149	60,119	146,966	85,816	89,025
Committed	789	1,834	1,572	-	-	13,481	-	-
Assigned	38,583	92,881	1,763	4,590	6,190	4,410	1,623	6,584
Unassigned	179,281	146,759	194,868	231,286	342,146	380,110	641,961	744,315
Total general fund	<u>257,475</u>	<u>285,606</u>	<u>245,955</u>	<u>309,149</u>	<u>436,972</u>	<u>575,998</u>	<u>764,669</u>	<u>873,829</u>
All Other Governmental Funds								
Nonspendable	588	352	410	354	343	362	347	464
Restricted	103,572	109,689	137,778	144,616	147,601	302,180	231,898	173,410
Committed	25,310	25,283	-	-	-	-	-	-
Assigned	15,926	15,281	14,567	12,725	15,730	95,372	95,239	107,192
Unassigned	-	-	-	-	(728)	-	(479)	(561)
Total all other governmental funds	<u>145,396</u>	<u>150,605</u>	<u>152,755</u>	<u>157,695</u>	<u>163,674</u>	<u>397,914</u>	<u>327,005</u>	<u>280,505</u>
Total Governmental Funds ¹								
Nonspendable	7,742	11,018	12,509	27,478	28,860	31,393	35,616	34,369
Restricted	135,240	143,155	173,431	190,765	207,720	449,146	317,714	262,435
Committed	26,099	27,117	1,572	-	-	13,481	-	-
Assigned	54,509	108,162	16,330	17,315	21,920	99,782	96,862	113,776
Unassigned	179,281	146,759	194,868	231,286	341,418	380,110	641,482	743,754
Total governmental funds	<u>\$ 402,871</u>	<u>\$ 436,211</u>	<u>\$ 398,710</u>	<u>\$ 466,844</u>	<u>\$ 599,918</u>	<u>\$ 973,912</u>	<u>\$ 1,091,674</u>	<u>\$ 1,154,334</u>

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

Notes:

¹ Governmental funds include general fund, special revenue funds, debt service funds, and capital projects funds.

² The County early implemented GASB Statement No. 54 under which governmental fund balances were reported as nonspendable, restricted, committed, assigned, and unassigned compared to reserved and unreserved.

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

	Fiscal Year Ended June 30,										10 Year % of Increase/ Decrease
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
Revenues											
Taxes *	\$329,142	\$347,205	\$391,006	\$401,382	\$389,130	\$ 381,743	\$ 453,666	\$ 554,773	\$ 587,811	\$ 605,521	83.97%
Licenses and permits	11,900	11,311	10,168	9,578	8,498	8,692	9,082	9,678	10,023	7,963	-33.08%
Intergovernmental *	405,455	387,475	392,320	392,303	403,907	463,959	493,731	470,364	508,386	494,214	21.89%
Charges for services	92,011	109,150	115,807	107,466	112,039	118,445	114,940	140,023	176,654	161,243	75.24%
Fines, forfeitures and penalties	9,806	10,114	11,108	13,052	14,904	12,967	12,409	11,476	11,098	11,679	19.10%
Rents and concessions	1,123	1,194	1,347	1,181	1,960	1,599	1,708	3,538	1,178	1,769	57.52%
Investment income (loss)	33,538	28,294	(860)	9,707	8,328	10,127	3,731	10,352	12,187	18,371	-45.22%
Securities lending activities:											
Securities lending income	3,872	2,474	333	40	29	-	-	-	-	-	-100.00%
Securities lending expenditures	(3,775)	(2,124)	(257)	(32)	(25)	-	-	-	-	-	-100.00%
Other revenues	17,863	34,157	27,806	28,385	25,266	24,340	29,606	31,682	28,529	24,800	38.83%
Total revenues	<u>900,935</u>	<u>929,250</u>	<u>948,778</u>	<u>963,062</u>	<u>964,036</u>	<u>1,021,872</u>	<u>1,118,873</u>	<u>1,231,886</u>	<u>1,335,866</u>	<u>1,325,560</u>	47.13%
Expenditures											
Current:											
General government**	60,688	73,916	75,222	73,680	60,788	62,548	72,902	100,404	119,377	109,491	80.42%
Public protection**	268,318	282,132	288,697	290,931	323,469	335,123	328,862	342,040	358,412	387,217	44.31%
Public ways and facilities	17,962	19,489	26,672	18,171	18,512	18,906	19,599	18,910	16,790	20,284	12.93%
Health and sanitation	195,995	230,028	237,758	238,572	211,873	221,383	222,494	243,850	258,824	287,217	46.54%
Public assistance	206,289	193,902	206,098	190,352	208,747	202,959	200,458	220,554	225,296	232,283	12.60%
Recreation	7,609	8,084	8,638	8,727	9,110	8,222	8,005	9,633	11,553	12,992	70.75%
Capital outlay	41,286	18,978	16,079	15,761	83,093	23,238	34,384	76,041	125,473	97,594	136.39%
Debt service:											
Principal	8,200	11,322	11,713	12,003	11,874	12,990	13,645	14,340	14,130	15,054	83.59%
Interest	19,015	20,005	16,991	16,145	18,562	17,542	16,914	16,278	24,377	22,926	20.57%
Payment to bond refunding escrow	-	-	778	4,454	-	-	-	1,085	-	9,758	n/a
Bond issuance costs	-	-	1,328	1,094	-	-	-	1,042	-	1,506	n/a
Total expenditures	<u>825,362</u>	<u>857,856</u>	<u>889,974</u>	<u>869,890</u>	<u>946,028</u>	<u>902,911</u>	<u>917,263</u>	<u>1,044,177</u>	<u>1,154,232</u>	<u>1,196,322</u>	44.95%
Excess of revenues over expenditures	<u>75,573</u>	<u>71,394</u>	<u>58,804</u>	<u>93,172</u>	<u>18,008</u>	<u>118,961</u>	<u>201,610</u>	<u>187,709</u>	<u>181,634</u>	<u>129,238</u>	71.01%
Other financing sources (uses)											
Issuance of debt	-	-	-	-	-	-	-	-	1,332	619	100.00%
Proceeds from sale of capital assets	2	2	2	2	5	23	3	3	-	9	350.00%
Issuance of refunding bonds	-	-	141,080	115,505	-	-	-	215,130	-	126,325	100.00%
Premium on lease revenue and revenue refunding bonds	-	-	1,703	8,438	-	-	-	27,308	-	18,690	100.00%
Payment to bond refunding escrow/agent	-	-	(148,972)	(124,860)	-	-	-	(39,155)	-	(143,364)	100.00%
Capital leases	30	-	-	-	-	-	-	-	-	-	n/a
Capital contribution	-	750	-	-	-	-	-	-	-	-	n/a
Transfers in	60,441	156,378	85,614	72,613	131,685	75,426	85,919	168,487	89,486	133,978	121.67%
Transfers out	(172,141)	(163,580)	(157,011)	(131,530)	(187,199)	(126,276)	(154,458)	(222,542)	(144,690)	(183,297)	6.48%
Total other financing sources (uses)	<u>(111,668)</u>	<u>(6,450)</u>	<u>(77,584)</u>	<u>(59,832)</u>	<u>(55,509)</u>	<u>(50,827)</u>	<u>(68,536)</u>	<u>149,231</u>	<u>(53,872)</u>	<u>(47,040)</u>	-57.88%
Change in fund balances before special item	<u>(36,095)</u>	<u>64,944</u>	<u>(18,780)</u>	<u>33,340</u>	<u>(37,501)</u>	<u>68,134</u>	<u>133,074</u>	<u>336,940</u>	<u>127,762</u>	<u>82,198</u>	-327.73%
Special item	-	(116,462)	(8,139)	-	-	-	-	37,054	(10,000)	(19,538)	n/a
Net change in fund balances	<u>\$ (36,095)</u>	<u>\$ (51,518)</u>	<u>\$ (26,919)</u>	<u>\$ 33,340</u>	<u>\$ (37,501)</u>	<u>\$ 68,134</u>	<u>\$ 133,074</u>	<u>\$ 373,994</u>	<u>\$ 117,762</u>	<u>\$ 62,660</u>	-273.60%
Debt service as a percentage of noncapital expenditures	3.47%	3.73%	3.28%	3.30%	3.53%	3.47%	3.46%	3.16%	3.74%	3.46%	

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

* Prior to FY 2011-12 pass-through payments from RDAs were reported as part of property taxes. Starting FY 2011-12 these payments were reported under intergovernmental revenues.

** Historically, General Fund departments in various programs/functions moved their shares of debt service payments and 10% surcharges (as "program expenses") to a "general government" program (as "intrafund revenues"). This program then transferred the departments' contributions to the County's Debt Service and Capital Projects Funds (as "transfers-out") accordingly. The 10% surcharge was split equally between Debt Service Fund and Capital Project Fund. Beginning in FY 2012-13, departments directly transferred their shares to these two funds (as "transfers out" in lieu of "program expenses"). This new method essentially changed the way expenditures were recorded and reported in FY 2012-13.

¹ See discussions under Note 17 to the basic financial statements.

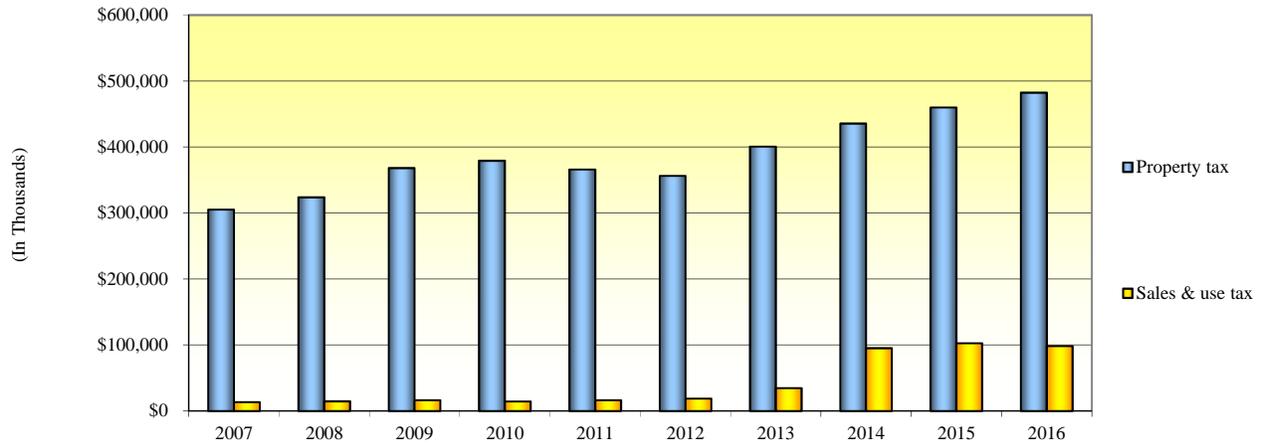
² See discussions under Note 10 to the basic financial statements.

n/a - not applicable

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

Fiscal Year	Property* Taxes	Sales & Use Taxes	Property Transfer Taxes	Vehicle Rental Business License Tax	All Other Taxes	Total
2007	\$ 305,146	\$ 13,607	\$ 8,192	\$ -	\$ 2,197	\$ 329,142
2008	323,897	14,867	6,011	-	2,430	347,205
2009	368,152	16,479	3,842	-	2,533	391,006
2010	379,302	14,579	4,829	-	2,672	401,382
2011	365,889	16,395	5,018	-	1,828	389,130
2012	356,221	18,869	5,651	-	1,002	381,743
2013	400,683	34,779	6,725	7,907 ³	3,572 ²	453,669
2014	435,497	95,357 ¹	8,747	12,254	2,918	554,773
2015	459,921	102,724	10,333	12,181	2,652	587,811
2016	482,385	98,437	9,978	12,145	2,576	605,521
10 year % of change	58.1%	623.4%	21.8%	n/a	17.3%	84.0%

Tax Revenues by Source
Governmental Funds



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

* Prior to FY 2011-12 pass-through payments from Redevelopment Agencies were reported as part of the property tax revenues. Starting FY 2011-12 these payments were reported under "intergovernmental revenues" as operating grants.

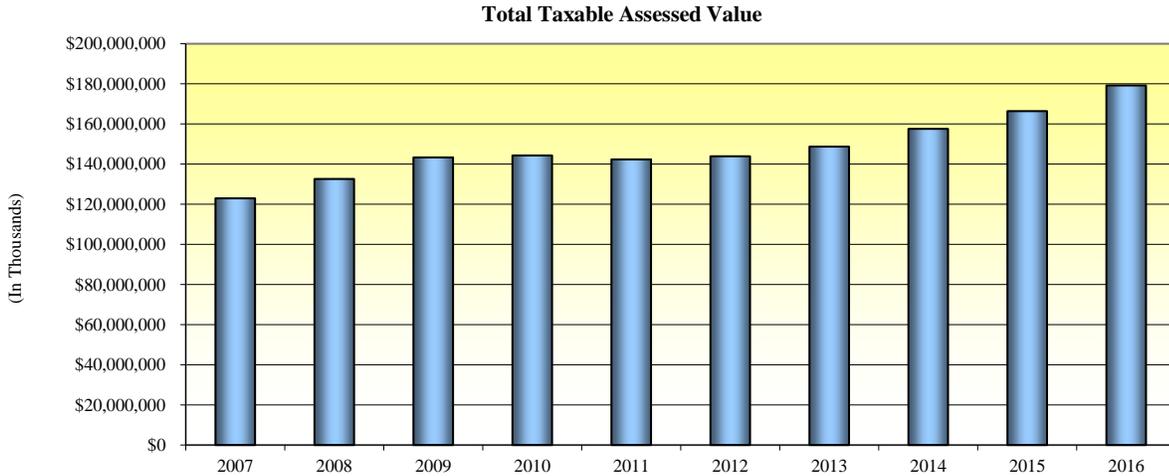
¹ The sharp increase in sales and use tax revenue is predominantly from the passage of Measure A, which increased the County's sales tax by half a cent for the next 10 years since its inception on April 1, 2013.

² The sizeable increase in other taxes is due primarily to the significant increases in Property Transfer Tax, and other taxes.

³ In June 2012, with the voters' approval, the County adopted an ordinance to levy a business license tax on operators of vehicle rental businesses in the unincorporated area of the County. The Vehicle Rental Business License Tax was imposed at a rate of 2.5% on the gross receipts of vehicle rental businesses in the unincorporated areas effective July 1, 2012.

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

<u>Fiscal Year</u>	<u>Real Property ²</u>	<u>Personal Property</u>	<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value ¹</u>	<u>% of Change Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2007	\$ 120,723,432	\$ 6,178,495	\$ 3,952,784	\$ 122,949,143	9%	1%
2008	130,015,063	6,723,347	4,140,836	132,597,574	8%	1%
2009	139,551,172	8,122,323	4,341,148	143,332,347	8%	1%
2010	140,933,698	7,953,401	4,569,501	144,317,598	1%	1%
2011	140,260,986	6,591,402	4,513,149	142,339,239	-1%	1%
2012	142,561,543	6,193,886	4,849,067	143,906,362	1%	1%
2013	146,967,831	6,381,748	4,624,208	148,725,371	3%	1%
2014	156,221,561	6,389,447	5,036,955	157,574,053	6%	1%
2015	165,062,426	6,573,444	5,235,533	166,403,337	6%	1%
2016	177,738,379	6,972,721	5,501,611	179,209,489	8%	1%
10 year % of Change	47.23%	12.85%	39.18%	45.76%		



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

Notes:

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

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

² Estimated actual value of taxable property in the County is not reassessed annually. Reassessment normally occurs when ownership changes.

COUNTY OF SAN MATEO
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

<u>Fiscal Year³</u>	<u>Direct Rate¹</u>	<u>Overlapping Rates²</u>			<u>Total</u>
	<u>County General</u>	<u>Local Special Districts</u>	<u>Schools</u>	<u>Cities</u>	
2007	1.0000	0.0011	0.0760	0.0053	1.0824
2008	1.0000	0.0010	0.0836	0.0050	1.0896
2009	1.0000	0.0010	0.0896	0.0047	1.0953
2010	1.0000	0.0010	0.0950	0.0043	1.1003
2011	1.0000	0.0010	0.1037	0.0042	1.1089
2012	1.0000	0.0009	0.1057	0.0042	1.1108
2013	1.0000	0.0009	0.1057	0.0042	1.1108
2014	1.0000	0.0009	0.1100	0.0039	1.1148
2015	1.0000	0.0008	0.1234	0.0037	1.1279
2016	1.0000	0.0011	0.1284	0.0032	1.1327

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

Notes:

¹ On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, that limits the taxing power of California public agencies. Legislation enacted to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) which provides that notwithstanding any other law, local agencies may not levy property taxes except to pay debt service on indebtedness approved by voters prior to July 1, 1978. Proposition 13 allows each county to levy a maximum tax of \$1 per \$100 of full cash value. Full cash value is equivalent to assessed value pursuant to Statutes of 1978, Senate Bill 1656.

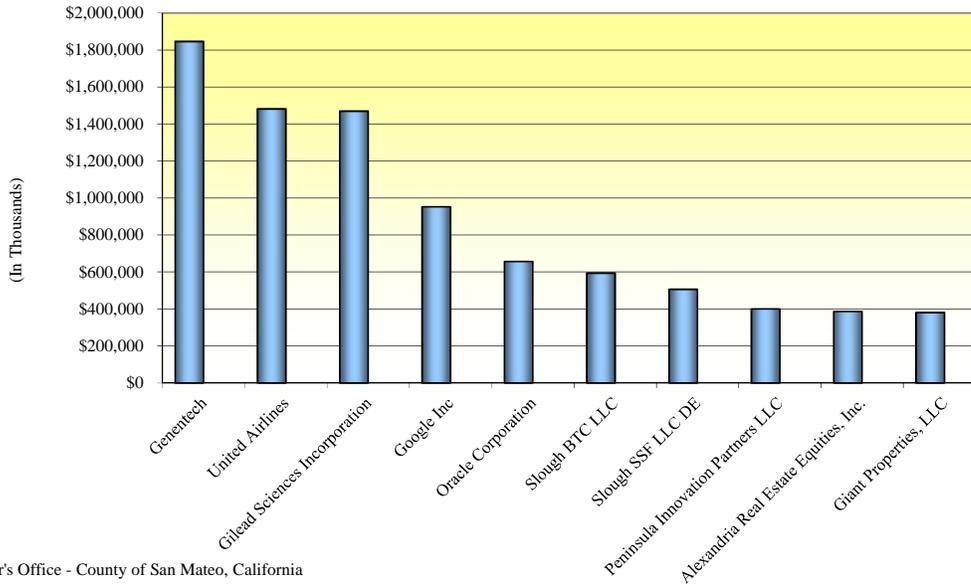
² These overlapping rates are in addition to the County rate, but only apply to taxpayers within the borders of the local special districts, schools, and cities that lie within the County.

³ Data includes retroactive revisions based on corrections to the categorization and inclusion of certain property tax rates.

COUNTY OF SAN MATEO
Principal Property Assesseees
As of January 1, 2016 and January 1, 2007
(In Thousands)

Assessee	Nature of Business	As of January 1, 2016			As of January 1, 2007		
		Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value ²	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value
Genentech	Biotechnology	\$ 1,846,046	1	1.03%	\$ 1,989,793	1	1.62%
United Airlines	Air Carrier	1,481,234	2	0.83%	1,760,548	2	1.43%
Gilead Sciences Incorporation	Biopharmaceutical	1,469,760	3	0.82%			
Google Inc	Software	952,354	4	0.53%			
Oracle Corporation	Software	656,460	5	0.37%	580,136	3	0.47%
Slough BTC LLC	Lease	594,225	6	0.33%	225,687	9	0.18%
Slough SSF LLC DE	Lease	506,219	7	0.28%			
Peninsula Innovation Partners LLC	Financial Services/Consulting	401,024	8	0.22%			
Alexandria Real Estate Equities, Inc.	Real estate	386,589	9	0.22%			
Giant Properties, LLC	Real estate	380,641	10	0.21%			
Wells Real Estate Investment Trust	Real estate				298,860	6	0.24%
Octopus Holdings	Holding				224,177	10	0.18%
Sun Microsystems	Computer products				368,615	5	0.30%
Tyco Electronics Corp	Electronics				297,347	7	0.24%
Pacific Shores Investors	Investment				490,900	4	0.40%
Westport Office Park LLC	Commercial real estate				244,494	8	0.20%
Total		\$ 8,674,552		4.84%	\$ 6,480,557		5.27%

Principal Property Assesseees
As of January 1, 2016



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

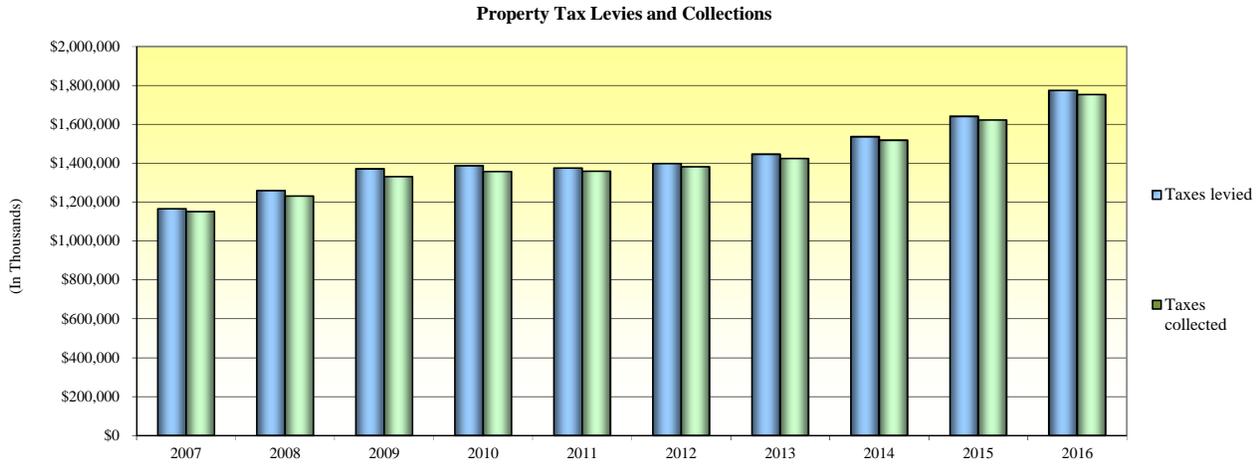
Notes:

¹ Taxable assessed value includes both real and personal properties.

² Total taxable assessed value as of January 1, 2016, was about \$179 billion.

COUNTY OF SAN MATEO
Property Tax Levies and Collections
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Total Tax Levy for the Fiscal Year					Collected within the Fiscal Year of the Levy		Total Collections to Date			
	General Levy ¹	Debt Service Levy ²				Total ³	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
		Countywide	Local Special Districts	Schools	Cities						
2007	\$ 1,078,564	\$ 1,256	\$ 80,149	\$ 5,899	\$ 1,165,868	\$ 1,150,466	98.68%	\$ 986	\$ 1,151,452	98.76%	
2008	1,163,393	1,254	88,468	6,133	1,259,248	1,230,272	97.70%	847	1,231,119	97.77%	
2009	1,258,414	1,260	105,219	6,245	1,371,138	1,330,700	97.05%	621	1,331,321	97.10%	
2010	1,266,790	1,241	113,505	5,899	1,387,435	1,356,844	97.80%	565	1,357,409	97.84%	
2011	1,249,489	1,240	118,720	5,341	1,374,790	1,356,790	98.69%	1,771	1,358,561	98.82%	
2012	1,260,617	1,233	130,692	5,349	1,397,891	1,377,958	98.57%	4,067	1,382,025	98.87%	
2013	1,302,110	1,235	137,591	5,442	1,446,378	1,422,976	98.38%	1,275	1,424,251	98.47%	
2014	1,378,449	1,233	151,643	5,362	1,536,687	1,518,582	98.82%	n/a	1,518,582	98.82%	
2015	1,455,157	1,237	179,632	5,347	1,641,373	1,621,807	98.81%	n/a	1,621,807	98.81%	
2016	1,566,828	1,716	201,131	5,051	1,774,726	1,752,862	98.77%	n/a	1,752,862	98.77%	



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

Notes:

Data includes retroactive revisions based on corrections to the categorization and inclusion of certain property tax and debt service revenues.

¹ Figures show general tax dollars from secured, unsecured, homeowners, unitary and utility assessment rolls after tax shifts to schools.

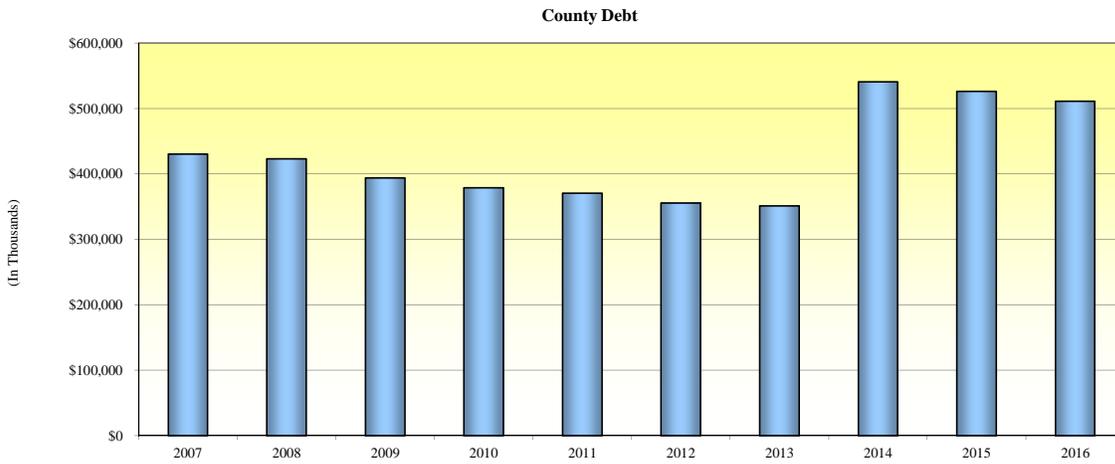
² Figures represent debt service levy for the local taxing agencies.

³ Total taxes levied for each fiscal year are based on the original property value assessment rolls provided by the County Assessor's Office.

n/a - Information is unavailable

COUNTY OF SAN MATEO
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Government	Percentage of Personal Income	Total Outstanding Debt Per Capita (In Absolute \$)
	Lease Revenue Bonds ¹	Certificates of Participation ²	Revenue Refunding Bonds ³	Notes Payable	Other Long-term Obligation	Subtotal	Notes Payable	Other Long-term Obligation	Subtotal			
2007	\$ 404,301	\$ 24,390	\$ -	\$ 271	\$ 15	\$ 428,977	\$1,206	\$ -	\$ 1,206	\$ 430,183	0.85%	\$ 591
2008	393,565	24,083	-	224	7	417,879	5,133	-	5,133	423,012	0.83%	574
2009	364,423	23,760	-	191	-	388,374	4,868	508	5,376	393,750	0.79%	528
2010	350,322	23,428	-	173	89	374,012	4,595	345	4,940	378,952	0.77%	502
2011	339,076	23,076	-	154	4,047	366,353	3,863	181	4,044	370,397	0.73%	511
2012	326,750	22,709	-	134	2,894	352,487	3,139	-	3,139	355,626	0.64%	488
2013	324,091	22,322	-	124	1,887	348,424	2,818	-	2,818	351,242	0.59%	477
2014	513,149	21,914	-	124	1,486	536,673	3,865	-	3,865	540,538	n/a	725
2015	498,063	21,488	-	-	2,293	521,844	4,000	-	4,000	525,844	n/a	698
2016	483,331	-	21,409	-	2,947	507,687	3,511	-	3,511	511,198	n/a	667



Source: County Comprehensive Annual Financial Reports.

Notes:

- ¹ Lease revenue bonds are limited obligations of the San Mateo County Joint Powers Financing Authority (JPFA) payable solely from, and secured by, revenues of the JPFA, which primarily consist of base rental payments receivable from the County under Master Facility Leases.
- ² Certificates of participation represent shares of lease-purchase payments from the Colma Creek Flood Control District via the JPFA. These tax-exempt certificates are sold publicly and privately to investors.
- ³ In FY 2015-16, the San Mateo County Flood Control District issued \$21.5 million Revenue Refunding Bonds to refund the certificates of participation.

COUNTY OF SAN MATEO
Direct and Overlapping Debt
As of June 30, 2016
(In Thousands)

Assessed valuation (including unitary utility valuation)	\$ 180,079,509		
Redevelopment Incremental Assessed Valuation	\$ 15,120,930		
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
	<u>Debt</u>	<u>Estimated</u>	<u>Estimated</u>
	<u>Outstanding</u>	<u>Percentage</u>	<u>Share of</u>
		<u>Applicable¹</u>	<u>Overlapping</u>
			<u>Debt⁴</u>
Direct General Fund Obligation Debt			
San Mateo County General Fund Obligations	\$ 483,331	100.00%	\$ 483,331
San Mateo County Flood Control District Revenue Refunding Bonds	21,409	100.00%	21,409
Other long-term obligations	2,946	100.00%	2,946
Total direct debt	<u>507,686</u>		<u>507,686</u>
Overlapping General Fund Obligation Debt			
<i>Cities</i>			
City of Brisbane General Fund and Pension Obligations	9,936	100.00%	9,936
City of Burlingame General Fund and Pension Obligations	29,605	100.00%	29,605
City of Daly City Pension Obligations	24,915	100.00%	24,915
City of Pacifica General Fund Obligations and Pension Obligations	28,965	100.00%	28,965
City of San Mateo General Fund Obligations	33,950	100.00%	33,950
Other City General Fund and Pension Obligations	41,655	100.00%	41,655
<i>Special Districts</i>			
Midpeninsula Regional Open Space Park General Fund Obligations	122,306	30.40%	37,177
Granada Sanitary District Certificates of Participation	95	100.00%	95
Menlo Park Fire Protection District Certificates of Participation	11,015	100.00%	11,015
<i>School Districts</i>			
San Mateo County Board of Education Certificates of Participation	9,890	100.00%	9,890
South San Francisco Unified School District Certificates of Participation	494	100.00%	494
Jefferson Union High School District Certificates of Participation	1,580	100.00%	1,580
Burlingham School District General Fund Obligations	3,926	100.00%	3,926
Portola Valley School District Certificates of Participation	2,050	100.00%	2,050
San Bruno School District General Fund Obligations	4,110	100.00%	4,110
Total overlapping general fund obligation debt	<u>324,492</u>		<u>239,363</u>
Overlapping Tax and Assessment Debt			
<i>Cities</i>			
	55,780	100.00%	55,780
<i>Special Districts</i>			
Midpeninsula Open Space Park District	45,000	30.40%	13,679
Montara Sanitary District	11,390	100.00%	11,390
Community Facilities Districts	107,095	100.00%	107,095
1915 Act Bonds	14,667	100.00%	14,667
<i>School Districts</i>			
San Mateo Community College District	644,384	100.00%	644,384
Cabrillo Unified School District	43,351	100.00%	43,351
La Honda-Pescadero Unified School District	5,634	100.00%	5,634
South San Francisco School District	181,153	100.00%	181,153
Jefferson Union High School District	183,679	100.00%	183,679
San Mateo Union High School District	544,824	100.00%	544,824
Sequoia Union High School District	419,320	100.00%	419,320
Belmont-Redwood Shores School and School Facilities Improvement Districts	125,167	100.00%	125,167
Burlingame School District	103,322	100.00%	103,322
Hillsborough School District	53,800	100.00%	53,800
Jefferson School District	90,150	100.00%	90,150
Menlo Park City School District	121,872	100.00%	121,872
Millbrae School District	56,810	100.00%	56,810
Redwood City School District	31,768	100.00%	31,768
San Carlos School District	120,561	100.00%	120,561
San Mateo - Foster City School District	301,001	100.00%	301,001
Other School District	128,414	100.00%	128,414
Total overlapping tax and assessment debt	<u>3,389,142</u>		<u>3,357,821</u>
Overlapping Tax Increment Debt			
	273,006	100.00%	273,006
Total overlapping debt	<u>3,986,640</u>		<u>3,870,190</u>
Total direct and overlapping debt	<u>\$ 4,494,326²</u>		<u>\$ 4,377,876</u>
Ratio of total direct and overlapping debt to adjusted assessed value:			
	2.50%		
Ratio of total overlapping tax increment debt to redevelopment incremental assessed value ³ of \$15,120,930			
	1.81%		

Source: California Municipal Statistics, Inc.

¹ Percentage of overlapping agency's assessed valuation located within the boundaries of the county.

² This total excludes enterprise revenue, mortgage revenue, tax and revenue anticipation notes, and non-bonded capital lease obligations.

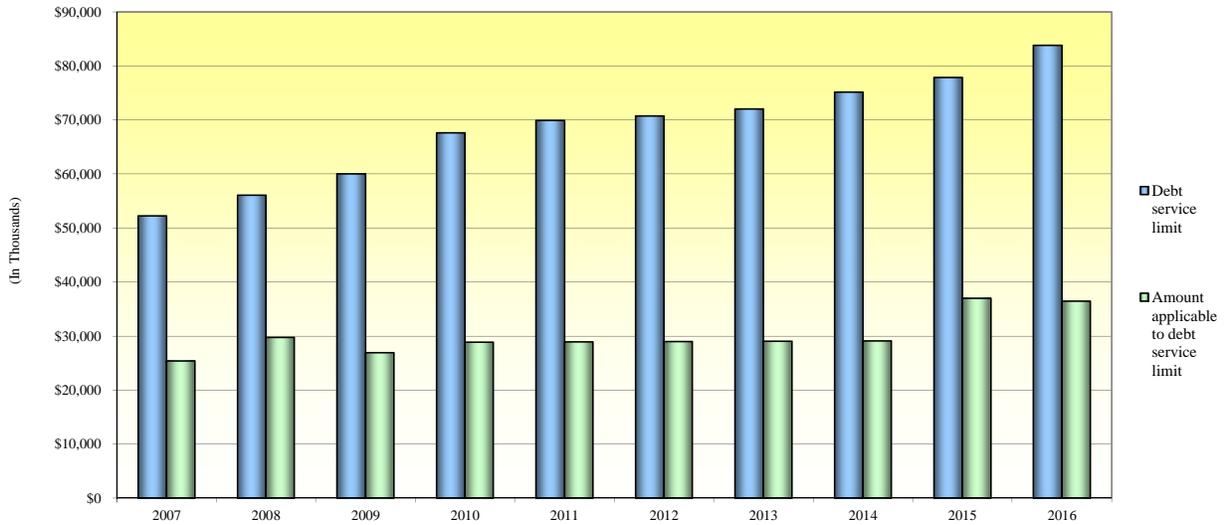
³ Redevelopment incremental valuation refers to the difference between base year assessed value and current year assessed value of properties in areas designated for redevelopment.

⁴ Overlapping debt refers to liability incurred by a municipality or local government body in partly or fully financing projects falling in the jurisdiction of such other bodies.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Average Annual County budget ¹ for the current and preceding four fiscal years	\$ 1,306,666	\$ 1,401,783	\$ 1,501,054	\$ 1,689,809	\$ 1,747,657	\$ 1,768,913	\$ 1,800,809	\$ 1,878,770	\$ 1,946,229	\$ 2,095,976
Legal debt service limit ²										
4% of average county annual budget for the current and preceding four fiscal years	52,267	56,071	60,042	67,592	69,906	70,757	72,032	75,151	77,849	83,839
Less: Amount applicable to debt service limit ³	(25,403)	(29,762)	(26,940)	(28,847)	(28,904)	(28,996)	(29,065)	(29,086)	(36,996)	(36,436)
Legal debt service margin	<u>\$ 26,864</u>	<u>\$ 26,309</u>	<u>\$ 33,102</u>	<u>\$ 38,745</u>	<u>\$ 41,002</u>	<u>\$ 41,761</u>	<u>\$ 42,967</u>	<u>\$ 46,065</u>	<u>\$ 40,853</u>	<u>\$ 47,403</u>
Legal debt service margin as a percentage of debt service limit	51.40%	46.92%	55.13%	57.32%	58.65%	59.02%	59.65%	61.30%	52.48%	56.54%

Legal Debt Service Limit



Source: County's Adopted Budget Books

Notes:

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

² County Ordinance No. 3773 requires the Board of Supervisors establish the County debt service limit annually. Under this ordinance, the debt service limit shall not exceed 4% of the average annual County budget for the current and the preceding four fiscal years, and shall be for non-voter approved debt that is the obligation of the County. The debt service limit does not apply to certificates of participation for the Colma Creek Flood Control District.

³ The information reflects debt service payments towards non-voter approved debt that is the obligation of the County.

COUNTY OF SAN MATEO
Pledged Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Available Revenue	Debt Service		Coverage ratio ¹	Available Revenue	Debt Service		Coverage ratio	
		Principal	Interest			Principal	Interest		
1993 Lease Revenue Bonds					1997 Certificates of Participation				
Purpose:	Defeased 1991 Certificates of Participation and financed the costs of a parking garage and jail.				Financed storm water and flood control improvements in Colma Creek Flood Control Zone.				
Funding Source:	General Fund and Criminal Justice Facilities Fund.				Colma Creek Flood Control District.				
2007	\$ 2,620	\$ -	\$ 2,909	0.90	\$ 979	\$ 260	\$ 719	1.00	
2008	2,620	-	2,909	0.90	977	270	707	1.00	
2009	2,620	-	2,909	0.90	979	285	695	1.00	
2010	5,097	2,560	2,825	0.95	976	295	681	1.00	
2011	5,085	2,720	2,654	0.95	976	310	666	1.00	
2012	5,087	2,905	2,472	0.95	975	325	650	1.00	
2013	5,073	3,085	2,276	0.95	979	345	634	1.00	
2014	5,070	3,290	2,069	0.95	975	360	615	1.00	
2015	5,064	3,505	1,848	0.95	976	380	596	1.00	
2016	5,467	3,730	1,613	1.02	693	400	293	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.								
2007	\$ 535	\$ 35	\$ 500	1.00					
2008	535	35	500	1.00					
2009	534	35	499	1.00					
2010	532	35	497	1.00					
2011	536	40	496	1.00					
2012	535	40	495	1.00					
2013	533	40	493	1.00					
2014	537	45	492	1.00					
2015	535	45	490	1.00					
2016	290	45	245	1.00					
2008 Lease Revenue Bonds					2009 Lease Revenue Bonds				
Purpose:	Provided funds, together with other available moneys, to redeem the 2003 Lease Revenue Bonds and to pay the termination payment for the 2003 interest swap agreements.				Provided funds to refund a portion of outstanding 1997 Bonds and the outstanding 1999 Bonds, to pay for costs of issuance of the 2009 Bonds, and to pay for other costs relation to the refunding.				
Funding Source:	County departments occupying the facilities.				General Fund, SB1732, Federally Qualified Health Center reimbursement, and tobacco settlement				
2010	\$ 9,298	\$ 2,590	\$ 6,708	1.00	\$ -	\$ -	\$ -	-	
2011	9,205	2,665	6,630	0.99	10,434	4,440	5,993	1.00	
2012	9,294	2,760	6,534	1.00	10,486	5,200	5,286	1.00	
2013	9,297	2,875	6,422	1.00	10,530	5,475	5,055	1.00	
2014	9,294	2,990	6,304	1.00	10,569	5,765	4,804	1.00	
2015	9,296	3,130	6,166	1.00	10,630	6,080	4,550	1.00	
2016	9,298	3,275	6,023	1.00	10,644	6,350	4,294	1.00	

(Continued)

COUNTY OF SAN MATEO
Pledged Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Available Revenue	Debt Service		Coverage ratio ¹	Available Revenue	Debt Service		Coverage ratio	
		Principal	Interest			Principal	Interest		
2013 Lease Revenue Bonds					2014 Lease Revenue Bonds				
Purpose:	To provide funds, together with other available moneys, (i) to redeem outstanding 1997, 1999, and 2001 Bonds, (ii) finance certain capital improvements, and (iii) to pay costs of issuance of the 2013 Bonds.				To provide funds, together with other available moneys, (i) to finance the acquisition, construction, and equipping of the Maple Street Correctional Center, (ii) to refund all of the outstanding notes previously issued by the County in FY 2013-14, the proceeds of which were used to reimburse the County for the purchase price of the jail project site, (iii) to pay capitalized interest on the 2014 Bonds through May 30, 2016, (iv) to provide the Reserve Account Requirement, and (v) pay issuance costs of the 2014 Bonds.				
Funding Source:	County departments occupying the facilities.				County departments occupying the facilities.				
2014	\$ 861	\$ -	\$ 861	1.00	\$ -	\$ -	\$ -	n/a	
2015	2,941	990	1,951	1.00	-	-	8,775	-	
2016	3,073	1,155	1,918	1.00	8,079	-	8,079	1.00	
2015 Revenue Refunding Bonds					2016 Lease Revenue Bonds				
Purpose:	To provide funds, together with other available moneys, (i) to refund its Certificates of Participation in the Colma Creek Flood Control Zone, and (ii) to pay issuance costs of the 2015 Bonds.				To provide funds, together with other available moneys, (i) to refund outstanding 2008 Bonds to pay costs of issuance of the 2016 Bonds, and to pay costs relating to the refunding of the 2008 Bonds.				
Funding Source:	Colma Creek Flood Control District.				County departments occupying the facilities.				
2016	\$ -	\$ -	\$ 442	n/a	\$ -	\$ -	\$ -	n/a	

Sources:

Available revenue - per contributions from responsible departments.

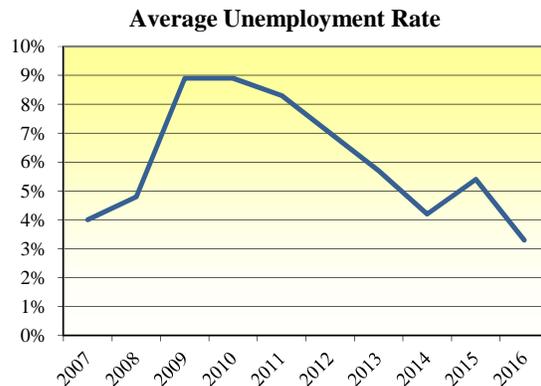
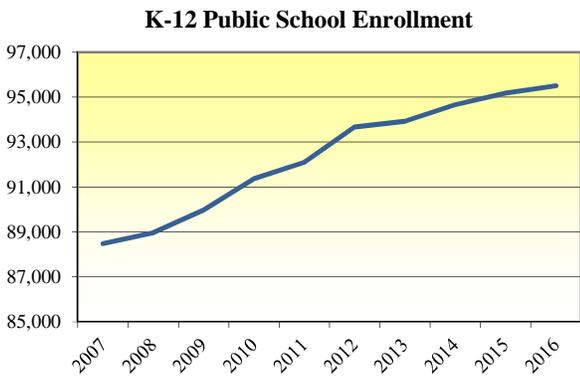
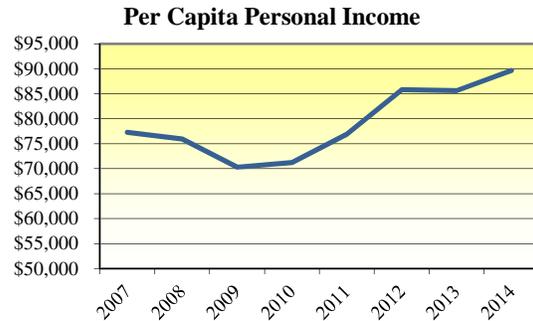
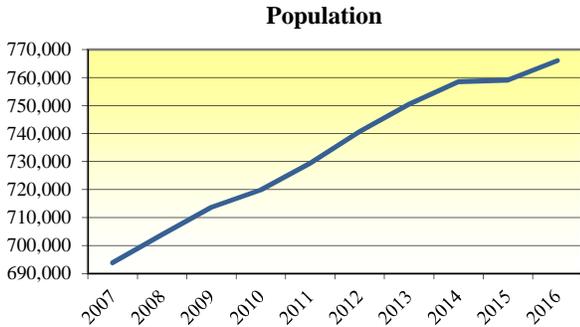
Principal and interest - per debt service schedules.

n/a - not applicable.

¹ Debt service payments not covered by available revenues were funded by amounts available in accounts with Trustee.

COUNTY OF SAN MATEO
Demographic and Economic Statistics
Last Ten Years

Year	Population ¹ (January 1st)	Total Personal Income ⁵ (in millions)	Per Capita Personal Income ⁵	Median Age ⁴	K-12 Public School Enrollment ²	Average Unemployment Rate ³
2007	693,849	\$ 53,644	\$ 77,313	39.7	88,479	4.0%
2008	703,830	53,434	75,919	39.9	88,974	4.8%
2009	713,617	50,175	70,311	38.9	89,971	8.9% ⁶
2010	719,951	51,264	71,204	39.3	91,371	8.9%
2011	729,425	56,091	76,897	39.4	92,097	8.3%
2012	740,738	63,554	85,798	39.6	93,674	7.0%
2013	750,489	64,282	85,653	39.3	93,931	5.7%
2014	758,581	68,014	89,659	39.4	94,667	4.2%
2015	759,155	n/a	n/a	39.8	95,187	3.3%
2016	766,041	n/a	n/a	n/a	95,502	3.3%



Sources:

- ¹ Data include retroactive revisions by the State of California Department of Finance, Demographic Research Unit.
- ² Data include retroactive revisions by the State of California Department of Education.
- ³ Data include retroactive revisions by the State of California Employment Development Department. Unemployment rates are non-seasonally adjusted for June.
- ⁴ U.S. Census Bureau, American Community Survey.
- ⁵ Data include retroactive revisions by the U.S. Department of Commerce Bureau of Economic Analysis.
- ⁶ The sharp increase in the unemployment rate was caused by the global economic downturn.

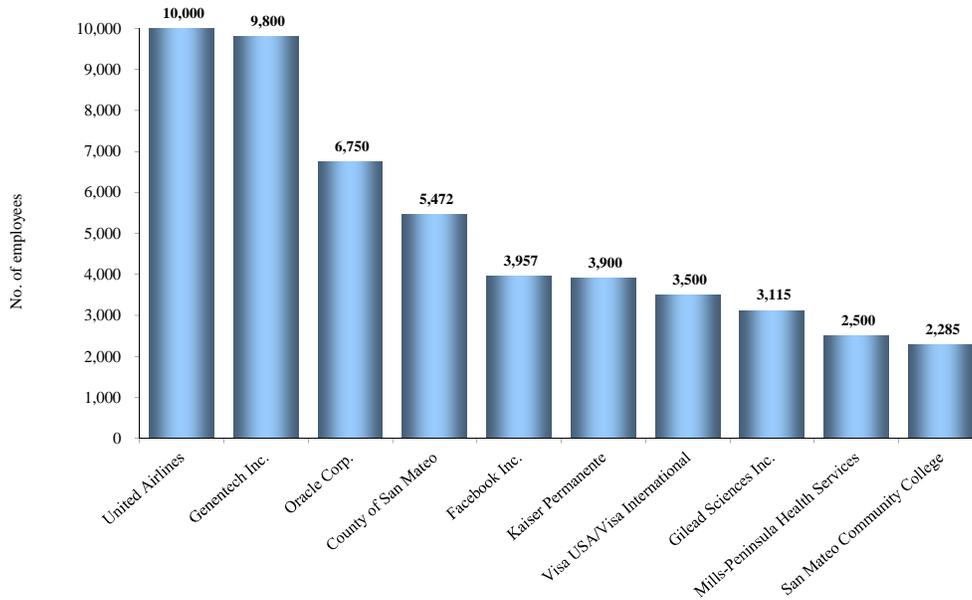
Note:

All data are presented in calendar year except for public school enrollment and average unemployment rate.
n/a - Information is unavailable.

**COUNTY OF SAN MATEO
Principal Employers
Year 2014 and Year 2006**

Employer	Business Type	2014 ¹			2006		
		Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
United Airlines	Airline	10,000	1	2.42%	9,600	1	2.73%
Genentech Inc.	Biotechnology	9,800	2	2.37%	7,845	2	2.23%
Oracle Corp.	Hardware and Software	6,750	3	1.63%	5,642	4	1.61%
County of San Mateo	Government	5,472	4	1.32%	5,777	3	1.64%
Facebook Inc.	Social Network	3,957	5	0.96%			
Kaiser Permanente	Health Care	3,900	6	0.94%	3,609	5	1.03%
Visa USA/Visa International	Global Payments Technology	3,500	7	0.85%			
Gilead Sciences Inc.	Biotechnology	3,115	8	0.75%			
Mills-Peninsula Health Services	Health Care	2,500	9	0.61%	1,800	9	0.51%
San Mateo Community College	College	2,285	10	0.55%			
Safeway Inc.	Retail Grocer				2,280	6	0.65%
United States Postal Service	Postal Service				2,174	7	0.62%
Applera (Applied Biosystems)	Biotechnology				1,578	10	0.45%
Electronic Arts Inc.	Interactive Entertainment				2,000	8	0.57%
Total		51,279		12.41%	42,305		12.04%

**Principal Employers
Year 2014**



Source: San Francisco Business Times - 2016 Book of Lists.
California Employment Development Department

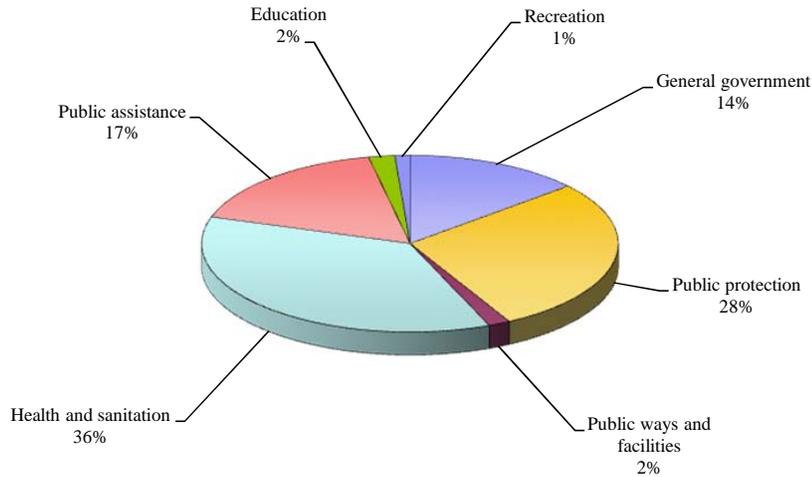
Notes:

¹ The latest information available for principal employers in the County.

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

Function	As of June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	831	850	801	774	740	736	700	704	706	746
Public protection	1,381	1,391	1,452	1,432	1,423	1,389	1,422	1,454	1,531	1,545
Public ways and facilities	92	95	96	96	90	85	86	86	85	92
Health and sanitation	2,077	2,174	2,142	2,022	1,995	1,932	1,802	1,851	1,906	1,961
Public assistance	994	1,036	1,041	960	887	890	931	979	915	921
Education	113	113	113	114	-	112	108	108	109	110
Recreation	56	56	57	52	52	51	49	59	57	64
Total full-time equivalent employees ¹	5,544	5,715	5,702	5,450	5,187	5,195	5,098	5,241	5,309	5,439

Full-time Equivalent County Employees by Function
As of June 30, 2016



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

Notes:

¹ The full-time equivalent (FTE) employee count is based on the information available in the County's Budget System and may change due to revision.

COUNTY OF SAN MATEO
Operating Indicators by Function
Fiscal Years 2014-2015

<u>Function</u> ¹	<u>Fiscal Year</u> ²	
	<u>2014</u>	<u>2015</u>
<u>General Government</u>		
<i>County Manager's Office</i>		
Issuer credit rating from Moody's/Standard & Poor's	Aaa/AAA	Aaa/AAA
<i>County Counsel</i>		
Percent of post-litigation survey respondents rating services	95%	100%
<i>Treasurer Tax Collector</i>		
Dollar earnings in County pool due to investments	\$23M	\$32M
<u>Public Protection</u>		
<i>District Attorney</i>		
Percent of clients rating victim services as good or better	95%	93%
<i>Private Defender Program</i>		
Number of criminal arraignments, both limited and general jurisdiction	17,794	16,997
<i>Sheriff's Office</i>		
<i>Forensic Laboratory</i>		
Percent of customers rating forensic laboratory services as good or better	90%	100%
<i>Patrol Bureau</i>		
Average response time - urban / rural	5:00 / 11:00	5:55 / n/a
Number of life endangering interventions on railway system	29	39
<i>Investigations Bureau</i>		
³ Annual clearance rates of violent crimes	60%	51%
<i>Maguire Correctional Facility</i>		
Number of persons booked into custody	17,157	15,054
<i>Court Security and Transportation Services</i>		
Number of inmates transported annually per deputy	1,507	2,354
<i>Probation Department</i>		
<i>Adult Services</i>		
Percent of adult probationers completing probation without a new sustained law violation	69%	69%
<i>Juvenile Services</i>		
Percent of juvenile probationers completing probation without new sustained law violations	80%	84%
<i>Institutions Services</i>		
Percent of Youth successfully completing the Community Care Program	90%	65%
<i>Coroner's Office</i>		
Percent of survey respondents rating services good or better	92%	80%
<u>Public Ways and Facilities</u>		
<i>Department of Public Works</i>		
<i>Facilities Services</i>		
Percent of facilities with Facilities Condition	86.0%	47.0%
<i>Construction Services</i>		
Percent of jobs completed within budget/schedule	100%	83%
<i>Waste management</i>		
Number of programs / projects implemented in the unincorporated areas that reduce waster, promote resource conservation, or conserve resources	30	n/a
<i>Utilities</i>		
Number of resolved sewer/sanitation district customer requests related to sewer lateral back-ups	636	606

Source: County's Adopted Budget for FY 2015-17 and Recommended Budget FY 2016-17

n/a - not applicable

¹ Functions/programs operate by the County.

² The County continuously develops and updates new set of performance measures every year.

³ The latest information available for operating indicators by function in the County.

(Continued)

COUNTY OF SAN MATEO
Operating Indicators by Function
Fiscal Years 2014-2015

<u>Function</u> ¹	<u>Fiscal Year</u> ²	
	<u>2014</u>	<u>2015</u>
<u>Health and Sanitation</u>		
<i>Health System</i>		
Health Administration		
Percent of stakeholders respondents rating services good or better	91%	84%
Health Coverage Unit		
Number of health coverage applications completed per FTE	1,300	1,100
Emergency Medical Services		
Percent of ambulance emergency medical service calls responded to on time per contract standards	94%	94%
Community-Based Programs		
Percent of Adult Protective Services cases that are resolved and stabilized for at least twelve months	92%	88%
Environmental Health Services		
Percent of suspected food-borne illness complaints responded to within one business day	88%	98%
Mental Health Adult Services		
Percent of adults who attend a follow up visit with a clinical provider within 7 days of being discharged from a psychiatric hospital	75%	84%
Mental Health Youth Services		
Percent of new youth clients system-wide receiving prompt access to treatment	68%	n/a
Alcohol and Other Drug Services		
Percent of clients who report abstinence from alcohol and other drug use at discharge	55.0%	n/a
Correctional Health Services		
Percent of juvenile offenders receiving timely histories and physicals within 96 hours of incarceration	100%	100%
San Mateo Medical Center		
Percent of publicly reported quality measures scoring in the 90th percentile	33%	38%
<u>Public Assistance</u>		
<i>IHSS Public Authority</i>		
Average number of days it takes to provide a registry caregiver	8	8
<i>Human Services Agency</i>		
Key Performance Measures		
³ Percent of applications for public assistance programs such as Medi-Cal that are processed within State standards for timeliness	69%	71%
³ Percent of applications for public assistance programs such as CalFresh that are processed within State standards for timeliness	89%	92%
³ Percent of applications for public assistance programs such as CalWORKs that are processed within State standards for timeliness	92%	98%
Reunification of children to the parent/guardian within 12 months of removal from home	72.5%	77.0%
Eligibility Determination		
³ Percent of residents receiving nutritional assistance through CalFresh benefits from total estimated population below the poverty limit	60%	59%
Vocational Rehabilitation Services (VRS)		
Overall satisfaction rated good or better for all VRS services	91%	90%
Childcare Services		
Percent of preschool aged children assisted with child care that enroll in licensed early childhood education providers	60%	n/a
Homeless and Safety Net Services		
Percent of clients residing in homeless transitional shelters (HUD funded) that are connected to mainstream services and benefits	84%	80%
Percent of clients receiving food assistance by Core Service Agencies	99%	95%
<u>Department of Housing</u>		
Housing & Community Development		
Number of households benefitting directly from County administered loans and grants for home purchase, repair, or rehabilitation	427	285
Housing Authority		
Number of individuals and families through Provider Based Assistance Program	42	46
<u>Recreation</u>		
<i>Parks & Recreation</i>		
Percent of customers rating services and experiences 'good' or 'excellent'	87%	78%
<i>Coyote Point Marina</i>		
Percent of customers rating marina services and experiences 'good' or 'excellent'	95%	100%

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

	As of June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Governmental Activities:</u>										
General government										
Child care centers	2	2	2	2	2	2	2	2	2	2
Fairground	1	1	1	1	1	1	1	1	1	1
Grant yards	6	6	6	6	6	6	6	6	6	6
Law library	1	1	1	1	1	1	1	1	1	1
Office buildings	4	4	4	4	4	4	4	4	4	4
Parking structures	1	1	1	1	2	2	2	2	2	2
Public protection										
Fire stations	4	4	4	4	4	4	4	4	4	4
Sheriff stations	1	1	1	1	1	1	1	1	1	1
Jail	2	2	2	2	2	2	2	2	2	2
¹ Youth services center	1	1	1	1	1	1	1	1	1	1
Public ways and facilities										
Road										
Pavement (miles)	314.41	315.88	314.8	315.39	315.39	315.5	315.5	315.5	315.8	316.1
Bridges	28	28	31	31	31	32	33	33	33	33
Traffic signals	19	19	19	19	19	19	19	19	19	19
Flashing Beacons	n/a	3	3	3	4	4	4	4	4	4
Lighted Crosswalks	n/a	4	4	4	4	4	4	4	6	6
Radar Feedback signs	n/a	4	4	10	11	11	11	11	11	11
Sewer and water										
Sewer:										
Sanitary sewers (miles)	149.47	147.35	147.47	144.18 ³	144.18	144.18	144.18	144.18	144.18	144.18
Water:										
Water mains (miles)	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Fire hydrants	20	20	20	20	20	20	20	20	20	20
Storage capacity (thousands of gallons)	710	710	710	710	710	710	710	710	710	710
Lighting										
Street lights	2,921	2,128 ²	2,166	2,166	2,167	2,167	2,179	2,193	2,194	2,194
Flood control										
Channels (miles)	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7
Health and sanitation										
Warehouse	2	2	2	2	2	2	2	2	2	2
Psychiatric center	1	1	1	1	1	1	1	1	1	1
Satellite clinic	1	1	1	1	1	1	1	1	1	1
Public assistance										
Drug treatment center	1	1	1	1	1	1	1	1	1	1
Employment and training center	1	1	1	1	1	1	1	1	1	1
Recreation										
Parks	19	19	19	19	19	19	19	19	19	20
<u>Business-type Activities:</u>										
Medical center	1	1	1	1	1	1	1	1	1	1
Airports	2	2	2	2	2	2	2	2	2	2
Coyote Point Marina Recreation Area	1	1	1	1	1	1	1	1	1	1

Sources:

County Capital Asset Master File
Department of Public Works

Notes:

n/a - not available

¹ A new youth services center was opened in September 2006.

² The decrease was caused by transfer of the Ravenswood Lighting District to the City of East Palo Alto.

³ Less sanitary sewer miles are maintained in the Emerald Lake Heights Sewer Maintenance District.



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