



COUNTY OF SAN MATEO, CALIFORNIA

FINANCIAL HIGHLIGHTS

FISCAL YEAR ENDED JUNE 30, 2018

Juan Raigoza
San Mateo County Controller

Letter to the Citizens and Residents of San Mateo County

It is my honor to present to you the County's Financial Highlights report, also known as the Popular Annual Financial Report (PAFR), for fiscal year (FY) 2017-18.

My goal for this report is to provide financial information that is easy to understand and transparent to our citizens, residents, policy leaders, and County management. This report summarizes essential information contained in the County's Comprehensive Annual Financial Report (CAFR) for FY 2017-18, and includes 5-year trend charts and explanations of financial results. In FY 2017-18, government-wide revenues totaled \$1.9 billion while expenditures totaled \$1.6 billion. Additionally, as of June 30, 2018, total assets equaled \$3.2 billion while total liabilities equaled \$1.6 billion.

Key economic indicators for the County remain positive. The County's unemployment rate was only 2.1%, as of September 2018, and home prices are at historic highs, however, the pace of economic growth is expected to slow as the current economic cycle matures. Other uncertainties include future federal and state funding priorities that may negatively impact the County's finances, especially legislation or policies that would reduce payment amounts to the County for providing healthcare services and/or increase to the number of uninsured residents.

Planned investments in capital projects will require hundreds of millions of dollars. The County's Aaa and AAA issuer bond ratings were recently affirmed. The County's outstanding credit rating allows it to obtain financing for capital projects at relatively low interest rates. In November 2018, the County's sold \$217 million in lease revenue bonds to finance capital projects.

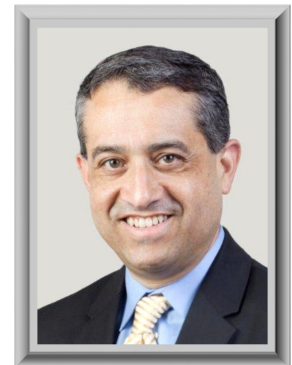
The above will require the County to focus on sustainable growth and closely monitor liabilities and expenditures in order to weather any future revenue reductions and the next cyclical economic slowdown. The current U.S. economic expansion is 9 years old, making it the second longest on record after the 10-year expansion that ended with the bursting of the dot-com bubble in 2001. A recession is inevitable and the County should continue to plan long-term and prepare for it.

Please visit our website at <http://controller.smcgov.org> to view or download copies of the CAFR, Financial Highlights (PAFR), Property Tax Highlights and other publications. I welcome your comments and questions at (650) 363-4777 or controller@smcgov.org.

Sincerely,



Juan Raigoza
San Mateo County Controller



The financial information in this report is derived from the County's Comprehensive Annual Financial Report (CAFR) for FY 2017-18. The CAFR is prepared in conformity with generally accepted accounting principles (GAAP), and provides all of the detail and disclosure required for fair presentation in conformity with GAAP. The CAFR is available for interested users at <http://controller.smcgov.org/document/2018-cafr>.



Facebook: <https://www.facebook.com/CountyofSanMateo>



Twitter: <https://twitter.com/sanmateoco>

County Profile

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

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

The County plays a dual role that differs from cities. Cities generally provide services such as police and fire protection, sanitation, recreation programs, planning, street repair, and building inspection within the incorporated areas.

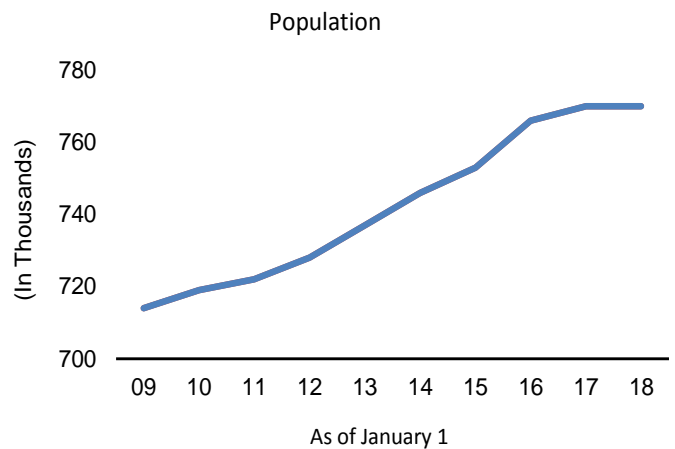
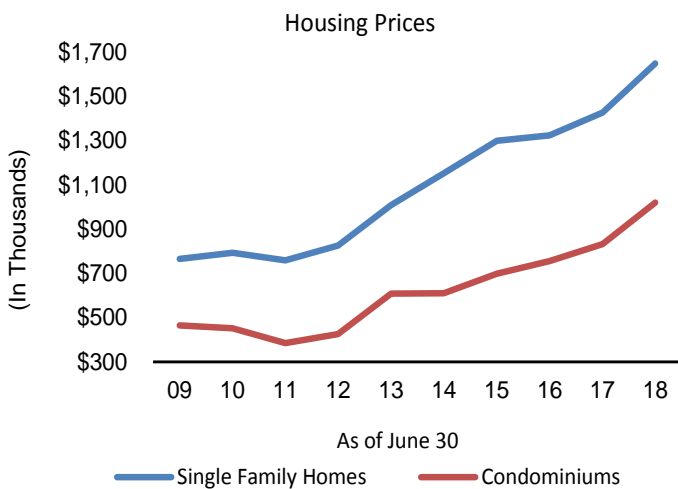
The County, a subdivision of the State, provides a vast array of services for all residents in the County. These services include social services, public health protection, housing programs, property tax assessment, tax collection, elections, and public safety.

The County also provides city-type services for residents who live in unincorporated areas.

The County is governed by a five-member Board of Supervisors elected by San Mateo County voters.



From left to right and front to back: Name (District Number)
 Warren Slocum (4), Don Horsley (3), Dave Pine (1)
 Carole Groom (2), David J. Canepa (5)



Mission and Goals

The County government protects and enhances the health, safety, welfare and natural resources of the community and provides quality services that benefit and enrich the lives of the people of the community. The County is committed to:

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



Shared Vision 2025 is the County's vision for a healthy and safe, prosperous, livable, environmentally conscious and collaborative community. Some progress measures are highlighted below.

For more information see: <https://performance.smcgov.org/shared-vision>.



Healthy and Safe Community

Increase Life Expectancy: FY 2017-19 target for all race and ethnicities to average 83 years life expectancy.

Residents Report Feeling Safe: 62.7% of survey respondents rating safety as excellent or very good.



Prosperous Community

Improve Affordability of Housing and Basic Needs: Unemployment rate of 2.5% as of June 2018.

Close Education Achievement Gaps: High school graduation rate is 88.1%.



Livable Community

Voter Turnout: 72.6% of registered voters voted in November 2018 statewide General Election.

Visits to County Libraries and eBranches: 5,828,600 individual visits.



Environmentally Conscious Community

Conserve and Protect Natural Resources: 17,074 acres of County park land protected.

Reduce Greenhouse Gas Emissions: 6.62 billion vehicle miles travelled on county roads.



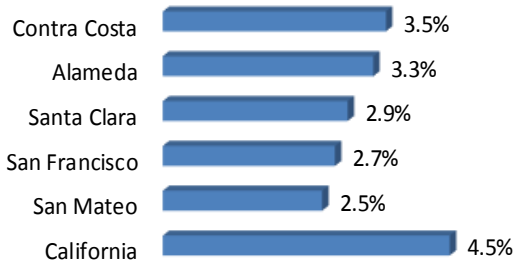
Collaborative Community

Open, Responsive and Effective Government: Aaa/AAA credit rating maintained.

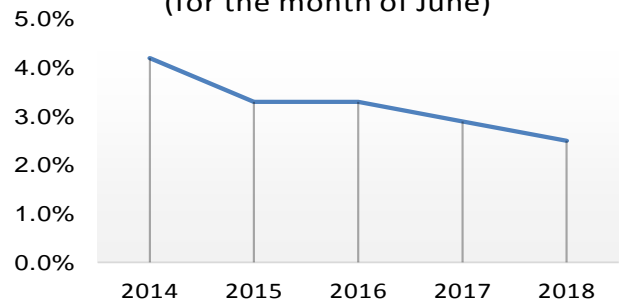
Dataset Available in Open Data Portal: 652 data sets in the Open Data Portal.

Statistical Information

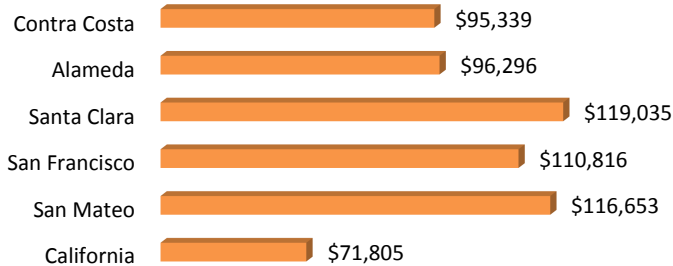
Unemployment Rates as of June 2018



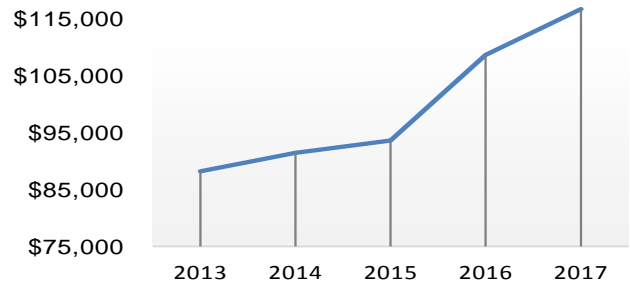
County of San Mateo Unemployment Rate (for the month of June)



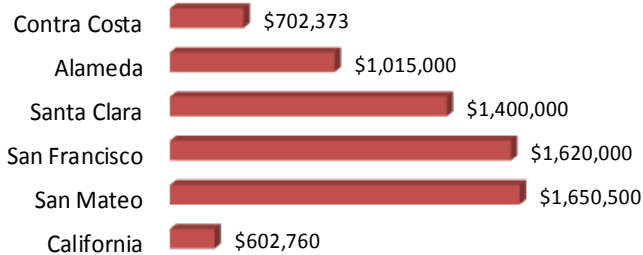
Median Household Income 2017*



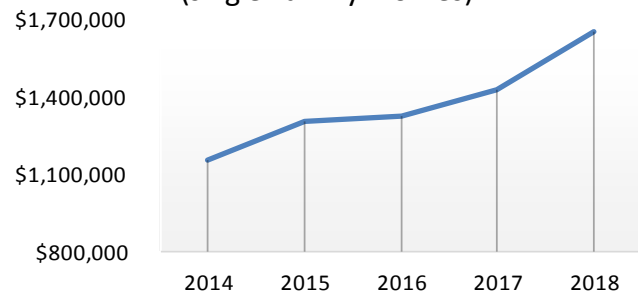
County of San Mateo Median Household Income*



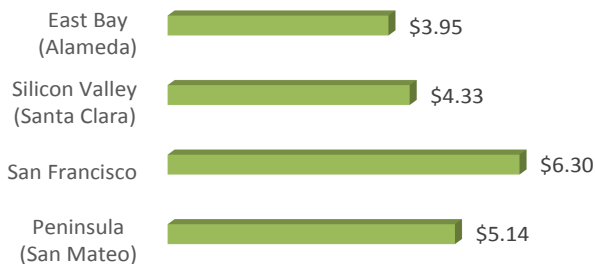
Median Home Price as of June 2018 (single-family homes)



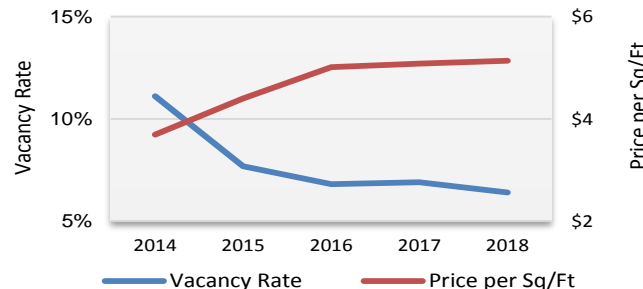
County of San Mateo Median Home Price as of June (single-family homes)



Office Rent Second Quarter 2018 (per square foot)



County of San Mateo Office Rent vs. Vacancy Rate (second quarter)



* Latest available U.S. Census Bureau data.

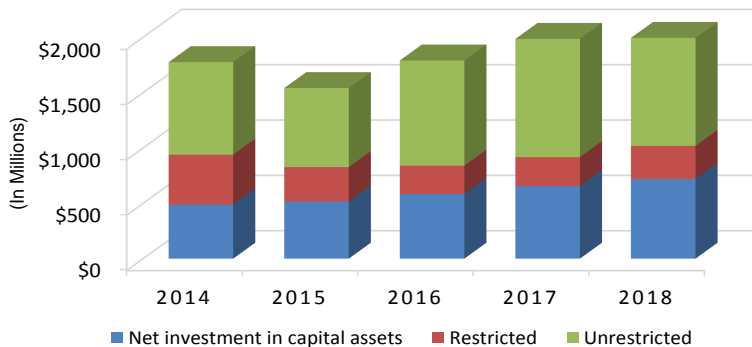
Government-Wide Financial Position

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

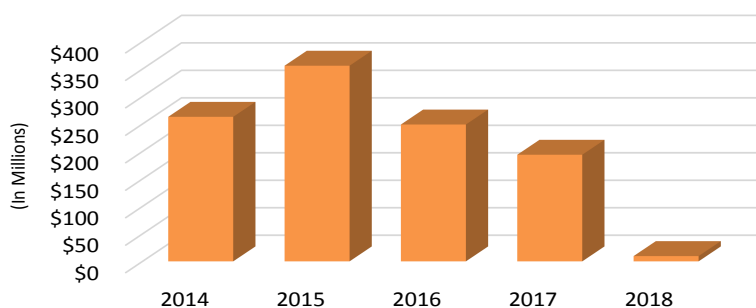
Over time, changes in net position (net worth) may serve as a useful indicator of whether the County's financial position is improving or deteriorating. For FY 2017-18, the County's total net position increased by \$10 million to \$2 billion. The positive change in net position indicates that the financial position of the County is improving. Net position of \$2 billion is classified into three categories: \$719 million in net investment in capital assets, \$300 million in restricted, and \$976 million in unrestricted.

Statement of Net Position (in millions)			
	Fiscal Year		Inc./Dec.) Amount
	2017-18	2016-17	
Current and other assets	\$ 2,086	\$ 2,031	\$ 55
Capital assets	1,111	1,085	26
Total assets	<u>3,197</u>	<u>3,116</u>	<u>81</u>
Deferred outflows of resources	440	478	(38)
Long-term liabilities	555	584	(29)
Net pension liability	546	675	(129)
Net OPEB liability	87	-	87
Other liabilities	384	338	46
Total liabilities	<u>1,572</u>	<u>1,597</u>	<u>(25)</u>
Deferred inflows of resources	70	12	58
Net position:			
Net investment in capital assets	719	656	63
Restricted	300	261	39
Unrestricted	976	1,068	(92)
Total net position	<u>\$ 1,995</u>	<u>\$ 1,985</u>	<u>\$ 10</u>

Net Position
as of June 30



Change in Net Position
as of June 30



Assets are resources with service capacity the County controls.

Liabilities are obligations the County owes.

Long-term liabilities include estimated claims, compensated absences, and debts (such as lease revenue and revenue refunding bonds, notes payable, and other long-term obligations).

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

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

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

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

Restricted net position represents resources that are subject to external restrictions on their use and are available to meet the County's ongoing obligations for programs with external restrictions.

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

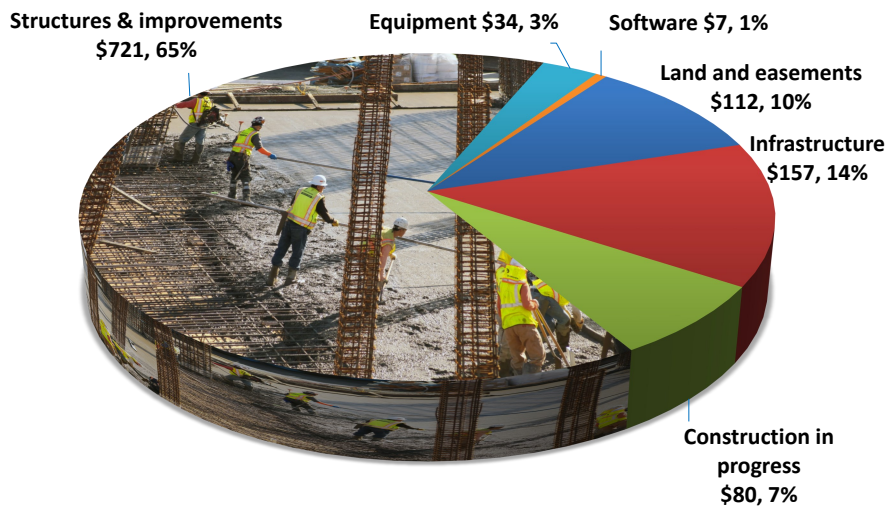
Government-Wide Financial Position

Capital assets. The County’s capital assets include land and easements, infrastructure, construction in progress, structures and improvements, equipment, and software. As of June 30, 2018, the County’s total investment in capital assets increased by \$26 million, or 2%, to \$1,111 million. Major events related to capital assets during FY 2017-18 include the following:

- \$19 million in construction in progress (\$8.8 million for 911 Dispatch Center/Regional Operations Center, \$3.9 million for Health System Center Campus Upgrade, \$2.1 million for Skylanda Fire Station Replacement, \$2 million for Animal Care Shelter, \$1.3 million for County Office Building #3, and \$0.9 million for Cordilleras Mental Health Facility Replacement).
- \$4 million in software for completion of the Probation Case Management System.
- \$2 million in equipment purchases to meet countywide operating needs.

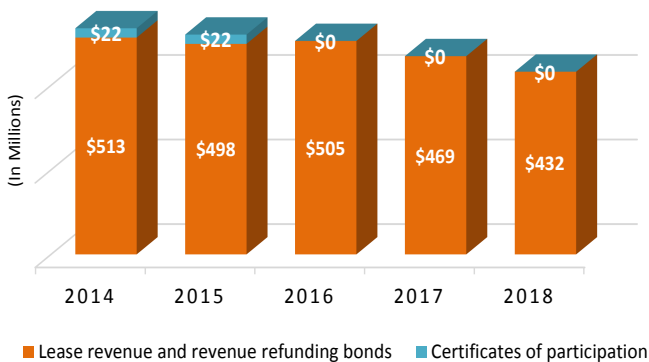
Capital Assets as of June 30, 2018

(In Millions)

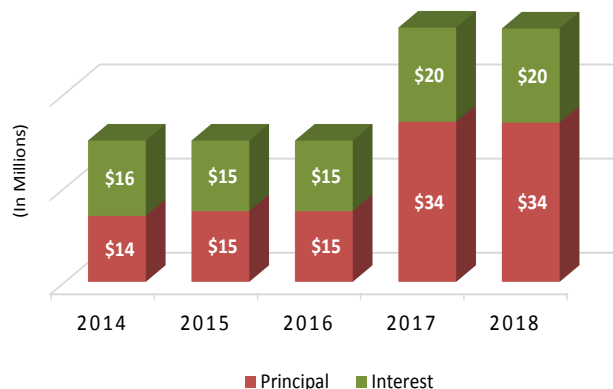


Long-term debts. The County’s total long-term debts (a subset of total long-term liabilities) decreased \$35 million, or 7%, to \$441 million as of June 30, 2018. This amount consists of \$432 million in lease revenue and revenue refunding bonds, \$2.7 million in notes payable, and \$5.9 million in other long-term obligations. The decrease in long-term debts is mainly due to paying on the scheduled retirement of outstanding debt. The County’s bond credit rating is AAA/Aaa.

**Long-Term Debts
as of June 30**



**Debt Service Payments
by fiscal year**



Government-Wide Financial Position

Pension Plan

San Mateo County Employees' Retirement Association (SamCERA) and the County use two actuarial valuation methods for its pension plan, one for financial reporting purposes in accordance with Government Accounting Standards Board Statement No. 68, and another for funding purposes to determine the County's annual contribution to the plan.

For Financial Reporting Purposes

Net pension liability is the difference between the total pension liability and plan assets at fair value (fiduciary net position).

Net Pension Liability as of June 30, 2018	<i>(in millions)</i>
Total pension liability (a)	\$ 4,370
Fiduciary net position (b)	<u>3,823</u>
County's proportionate share of the collective net pension liability (a) - (b)	\$ 547
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	87.5%

As of June 30, 2018 for financial reporting purposes, the County's net pension liability is \$547 million, and the plan's funded ratio is 87.5%. A year earlier, the County's net pension liability was \$676 million, and the plan's funded ratio was 83.3%.

For Funding Purposes

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

<i>(Dollars in millions)</i>	Fiscal Year		
	2017-18	2016-17	2015-16
UAAL - for the entire Plan	\$ 619	\$ 743	\$ 738
Funded Ratio	87.5%	84.3%	83.1%
County's proportionate share of UAAL	\$ 589	\$ 707	\$ 703

As of June 30, 2018, for funding purposes as reported by SamCERA, the entire pension plan's UAAL totaled \$619 million. The County's proportionate share of the plan's UAAL is \$589 million (95.2% of \$619 million).

Actuarial Methods and Assumptions

	Financial Reporting Purposes	Funding Purposes
Discount rate/assumed rate of return	6.92%	6.75%
Measurement date of assets	June 30, 2017	June 30, 2018
Recognition of investment income/(loss)	Projected gain +/- 20% of difference between projected and actual gain/(loss)	Gain/(loss) recognized over 5-year period
Funded ratio as of June 30, 2018	87.5%	87.5%

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

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

Schedule of County Contributions

In FY 2013-14, the County contributed an additional funding of \$50 million to SamCERA, and will pay an additional \$10 million in each of the following nine years to provide greater security for the plan, improve its funded ratio, and reduce the County's long-term pension costs.

To help achieve the above goals, an additional contribution of \$17.6 million was made to SamCERA, for a total additional contribution of \$27.6 million in FY 2017-18.

<i>(Dollars in millions)</i>	Fiscal Year	
	2017-18	2016-17
Contractually required contributions	\$ 170,807	\$ 156,761
Actual contributions	198,437	190,361
Contribution deficiency (excess)	<u>\$ (27,630)</u>	<u>\$ (33,600)</u>

Government-Wide Financial Position

The County's **Other Postemployment Benefits (OPEB) Plan** provides healthcare benefits to eligible County retirees. The OPEB benefits are funded by County contributions and investment earnings which are invested in the California Employers' Retiree Benefit Trust (CERBT) Fund. During FY 2017-18 the County contributed \$24.6 million to the Retiree Health Plan. The County's portion of total OPEB liability was \$359 million, its net OPEB liability was \$87 million, and funded ratio was 75.8% as of June 30, 2018.

As of July 1, 2017, the County implemented new GASB Statement No. 75, which resulted in the County restating/ reducing the beginning net position on the government-wide financial statements by \$253 million (see table on page 10). Statement No. 75 requires the reporting of the net OPEB liability amount on the face of the financial statements. The table below compares the amounts reported for financial statement purposes and those used for funding purposes to determine annual contribution amounts.

Actuarial Summary for Entire Plan		
	Financial Reporting Purposes	Funding Purposes
Discount rate	6.73%	6.73%
Measurement date of assets	June 30, 2017	June 30, 2018
Funded ratio as of June 30, 2018	75.8%	74.6%
Net OPEB liability	88.8 million	101.8 million



Total OPEB Liability provides an estimate of the plan's liability attributed to employees' services.

Fiduciary Net Position provides a snap shot of the plan's assets held in the fund to meet current and future liabilities.

Net OPEB Liability represents the estimated unfunded liability.

Funded Ratio is an important indicator to determine the financial health of the plan. The closer the plan is to a 100% funded status, the better it is positioned to meet its future liabilities.

For Financial Reporting Purposes

Net OPEB liability is the difference between the total OPEB liability and plan assets at fair value (fiduciary net position).

Net OPEB Liability as of June 30, 2018	(in millions)	
	Entire Plan	County
Plan Proportional Share	100%	98%
Total OPEB liability (a)	\$ 366	\$ 359
Fiduciary net position (b)	277	272
Net OPEB liability (a) - (b)	\$ 89	\$ 87

*"Never spend your money before you have earned it."
- Thomas Jefferson (1743-1826)*



Government-Wide Results of Operation

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

Change in County's Net Position (in millions)			
	Fiscal Year		
	2017-18	2016-17	2015-16
Revenues:			
Program Revenues			
Charges for services	\$ 549	\$ 497	\$ 477
Operating grants and contributions	568	503	483
Capital grants and contributions	5	6	5
Total program revenues	<u>1,122</u>	<u>1,006</u>	<u>965</u>
General Revenues			
Taxes:			
Property taxes	565	515	472
Property transfer taxes	11	10	10
Sales and use taxes	115	107	98
Property tax in-lieu of sales taxes	-	-	5
Transient occupancy taxes	2	2	1
Aircraft taxes	1	1	1
Vehicle rental business license tax	11	13	12
Subtotal - taxes	705	648	599
Unrestricted interest and investment earnings	25	15	22
Miscellaneous	46	43	28
Total general revenues	<u>776</u>	<u>706</u>	<u>649</u>
Total revenues	<u>1,898</u>	<u>1,712</u>	<u>1,614</u>
Expenses:			
General government	157	130	112
Public protection	409	403	358
Public ways and facilities	24	23	20
Health and sanitation	351	305	275
Public assistance	250	244	222
Recreation	16	15	13
Interest on long-term liabilities	18	19	22
San Mateo Medical Center	314	290	265
Airports	5	4	3
Coyote Point Marina	2	1	1
Housing Authority	89	83	73
Total expenses	<u>1,635</u>	<u>1,517</u>	<u>1,364</u>
Excess before special item	263	195	250
Special item	-	-	(1)
Change in net position	263	195	249
Net position, beginning, as previously stated	1,985	1,790	1,541
Cumulative effect of accounting change and prior period adjustment	(253)	-	-
Net position, beginning, as restated	1,732	1,790	1,541
Net position, end of the year	<u>\$ 1,995</u>	<u>\$ 1,985</u>	<u>\$ 1,790</u>
Breakdown of net position, end of the year			
Net investments in capital assets	\$ 719	\$ 656	\$ 584
Restricted	300	261	256
Unrestricted	976	1,068	950
Net position, end of the year	<u>\$ 1,995</u>	<u>\$ 1,985</u>	<u>\$ 1,790</u>
Population in San Mateo County	774,155	770,203	766,041
Per capita general revenue (in absolute dollars)	\$ 1,003	\$ 917	\$ 847
Per capita revenue (in absolute dollars)	\$ 2,451	\$ 2,223	\$ 2,107
Per capita expense (in absolute dollars)	\$ (2,112)	\$ (1,970)	\$ (1,781)
Per capita net revenue (in absolute dollars)	\$ 340	\$ 253	\$ 326

Revenues are monies the County receives from a variety of sources. Program revenues are derived directly from County programs and can be broken down into the following categories:

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

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

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

Governmental activities are normally funded by taxes and intergovernmental revenues and cover various services including: **General government** includes costs incurred by the County's administrative offices.

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

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

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

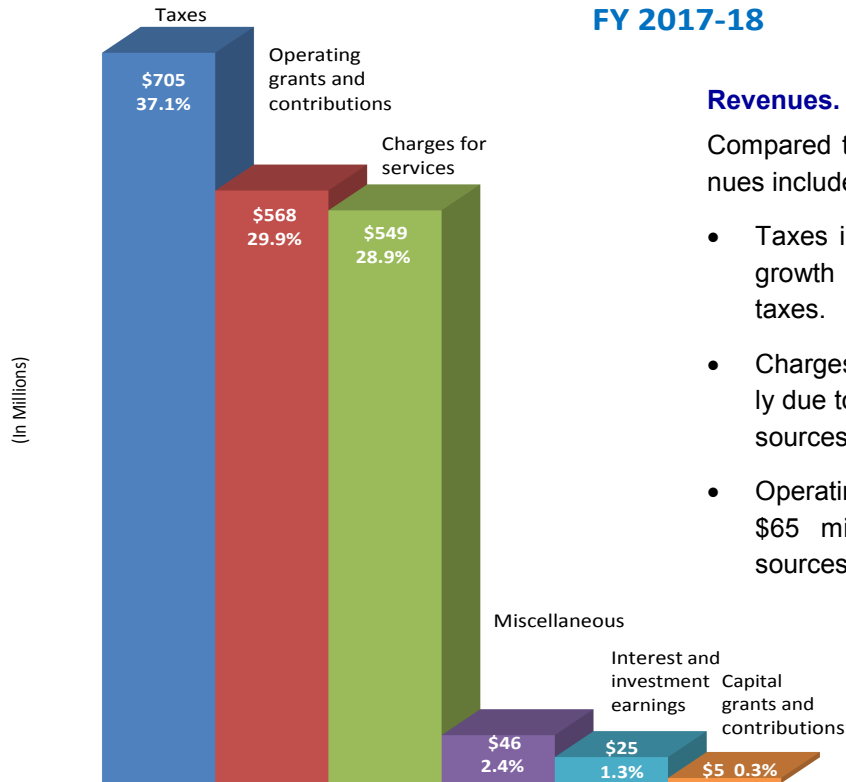
Public assistance helps individuals and families to achieve economic self-sufficiency, promote community and family strength, and ensure child safety and well-being.

Recreation provides residents with access to parks and recreational facilities.

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

Government-Wide Results of Operation

Where did the County get revenues from? FY 2017-18

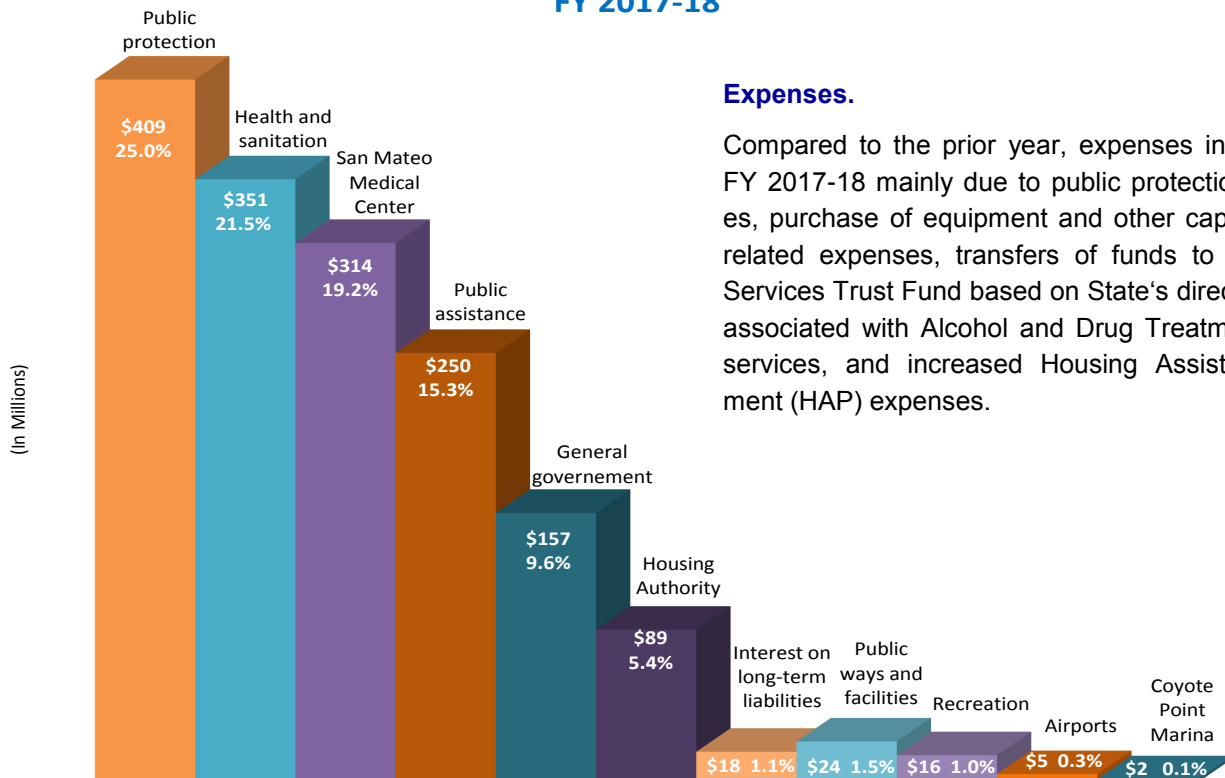


Revenues.

Compared to the prior year, major increase in revenues included the following:

- Taxes increased by \$57 million primarily due to growth in property taxes and increased sales taxes.
- Charges for services increased \$52 million mainly due to reimbursements from State and Federal sources.
- Operating grants and contributions increased \$65 million, mainly from State and Federal sources.

Where did the County spend money? FY 2017-18



Expenses.

Compared to the prior year, expenses increased in FY 2017-18 mainly due to public protection expenses, purchase of equipment and other capital project related expenses, transfers of funds to the Social Services Trust Fund based on State's directive, costs associated with Alcohol and Drug Treatment (AOD) services, and increased Housing Assistance payment (HAP) expenses.

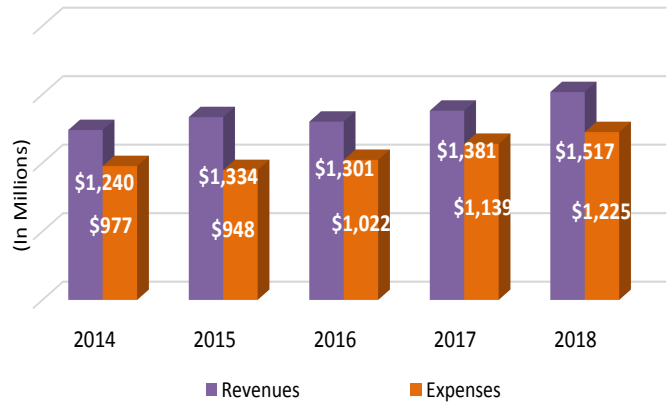
Government-Wide Results of Operation

Governmental activities. In each of the past five fiscal years, total revenues from the County’s governmental activities were greater than related expenses. A portion (\$58 million) of the excess revenues from the General Fund (governmental activities) was used to subsidize mandated healthcare services provided by the San Mateo Medical Center (business-type activities).

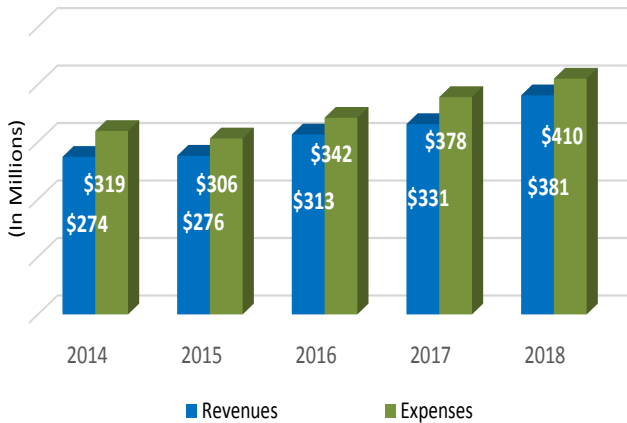
“The circulation of confidence is better than the circulation of money.”

- James Madison (1751-1836)

Governmental Activities



Business-type Activities



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

“A penny saved is a penny earned”

- Benjamin Franklin (1706-1790)



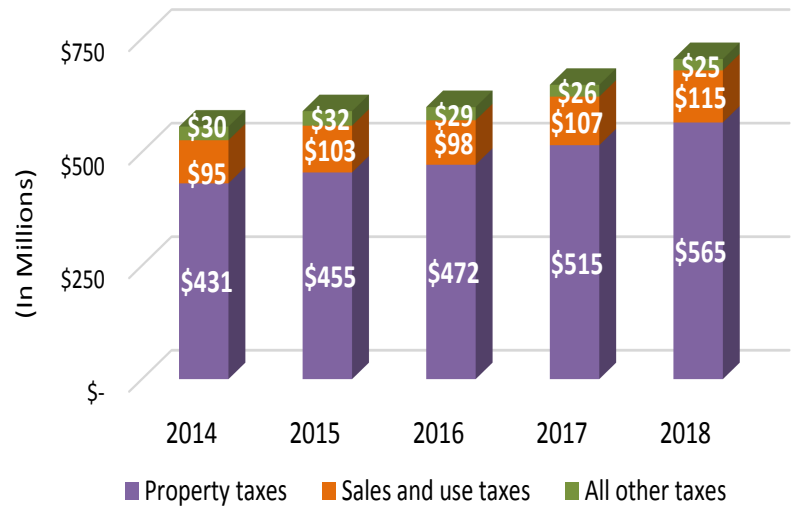
Tax Revenues

County's tax revenues reached \$705 million for the fiscal year ended June 30, 2018, an increase of \$57 million over the prior year.

Major increased are from the following:

- \$39 million increase in property tax revenues due to growth in real property assessed values.
- \$8 million increase in property tax in-lieu of vehicle license fee (VLF), consistent with a countywide assessed valuation growth in FY 2017-18.
- \$6.5 million increase in Measure K sales tax and \$2.4 million in Public Safety half-cent sales tax.

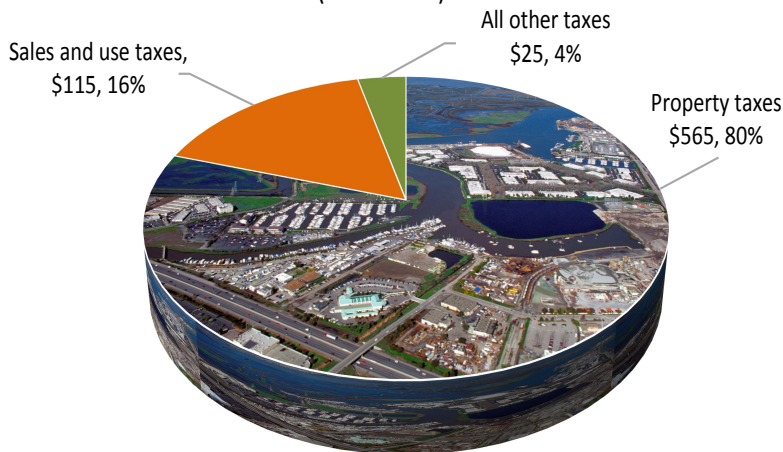
County Tax Revenues



County Tax Revenues

FY 2017-18

(in millions)



Measure K is a countywide half-cent sales tax, extended by voters in November 2016, to support County services.

In FY 2017-18 Measure K generated \$89.6 million in sales tax revenues while \$88.4 million was spent on Measure K funded initiatives. Significant expenditures for FY 2017-18 included: technology infrastructure and open data projects (\$9.7 million), new 911 Dispatch Center (\$8.8 million), affordable housing (\$8.7 million), and the Big Lift (\$8.3 million).

Tax Revenues

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

Countywide Assessed Value of Taxable Property as of January 1 (in millions)

Fiscal Year	Real Property	Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value	% of Change Total Taxable Assessed Value
2013-14	156,222	6,389	(5,037)	157,574	6%
2014-15	165,062	6,574	(5,236)	166,400	6%
2015-16	177,738	6,973	(5,502)	179,209	8%
2016-17	190,856	7,313	(5,376)	192,793	8%
2017-18	205,113	8,339	(4,650)	208,802	8%

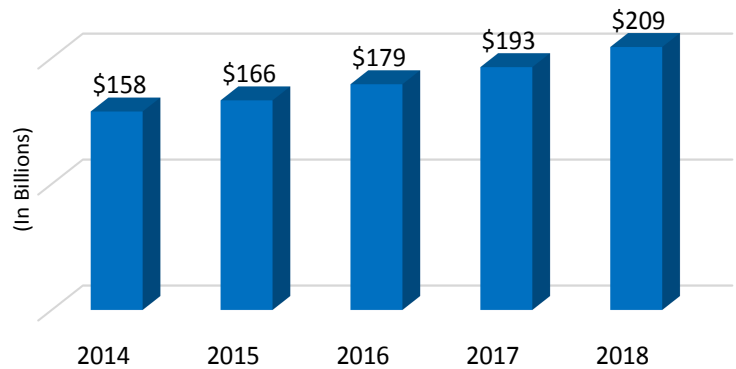


Property tax revenues make up the County's largest source of General Fund discretionary revenues. The health of the local real estate market, and associated changes in property assessed values are key indicators of the financial outlook for the County.

The FY 2017-18 locally and State assessed property values for the County (\$209 billion as of January 1, 2017) increased 8%, or \$15.2 billion, compared to last year. This increase translated to an increase in the 1% general property tax revenues of \$152 million county-wide, shared by local taxing agencies (schools, cities, special districts, and the County).

The County's locally and State assessed property values for the FY 2018-19 increased 8%, or \$16.6 billion, to \$225 billion compared to the prior year. This increased the countywide property tax revenue base to \$2.25 billion. The FY 2018-19 countywide assessed values are at a historic high.

Countywide Assessed Value of Taxable Property



County's Top Ten Taxpayers in FY 2017-18 (in millions)

	Property Taxes Levied*	Percentage of Total Taxes Levied
Pacific Gas & Electric Co.	\$ 25.0	1.08%
Genentech	22.8	0.98%
United Airlines	19.8	0.85%
Glead Sciences	18.3	0.78%
Google	11.7	0.50%
Facebook	8.8	0.38%
Oracle	7.8	0.34%
American Airlines	7.5	0.32%
Slough BTC LLC	6.5	0.28%
Penninsula Innovation Partners	4.8	0.21%
Total	\$ 133.0	5.72%

* Based on the general tax and debt service on secured, unsecured, unitary, and railroad properties as of June 30, 2018



General Fund Budgetary

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.



General Fund Expenditures Budget vs. Actual By Class (in millions) FY 2017-18		
Class	Budget Amount	Actual* Amount
Salaries and benefits	\$ 814.3	\$ 725.1
Services and supplies	536.4	376.2
Other charges	357.3	284.6
Fixed assets	17.9	5.0
Other financing uses	175.9	130.3
Intrafund transfers	(206.5)	(171.0)
Contingencies	187.4	-
Total	\$ 1,882.7	\$ 1,350.2

* On a budgetary basis.

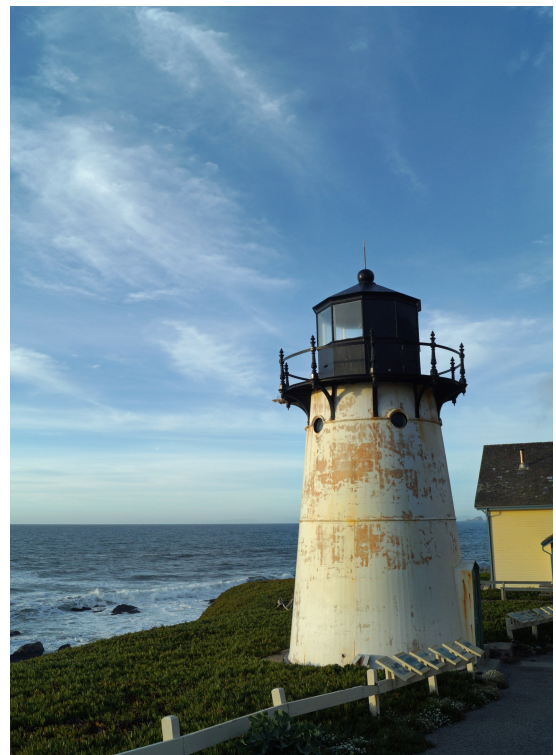
General Fund Expenditures - Budgetary Comparison Budget vs. Actual (budgetary basis) By Departments/Budget Units FY 2017-18

(Dollars in millions) General Fund Departments/Budget Units	Budget Amount	Actual** Amount	% of Total Actual
Health System*	\$ 457.5	\$ 436.7	32.3%
Human Services Agency	254.5	185.4	13.7%
Sheriff's Office	271.7	242.6	18.0%
Probation	98.4	83.0	6.1%
Housing	46.3	21.1	1.6%
Public Works	40.0	16.9	1.3%
Assessor-Clerk-Recorder-Elections	29.3	24.1	1.8%
Information Services Department	41.2	22.6	1.7%
Human Resources	18.2	16.2	1.2%
District Attorney	39.7	31.8	2.4%
Tax Collector/Treasurer	17.2	6.2	0.5%
County Managers Office/Clerk of the Board	100.9	71.5	5.3%
Controller	15.3	12.1	0.9%
Office of Sustainability	12.6	7.8	0.6%
Child Support Services	12.0	10.9	0.8%
Planning and Building	13.9	10.8	0.8%
Parks Department	26.3	15.4	1.1%
County Counsel	14.2	11.0	0.8%
Agriculture Weights and Measures	6.4	5.3	0.4%
Board of Supervisors	5.2	4.6	0.3%
Coroner	3.8	3.3	0.2%
Local Agency Formation Commission	0.4	0.2	0.0%
Non-Departmental Services	310.7	110.7	8.2%
Contingencies (Non-departmental)	47.0	-	0.0%
Total	\$ 1,882.7	\$ 1,350.2	100.0%

Other financing uses are transfers of financial resources from one fund to another.

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

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



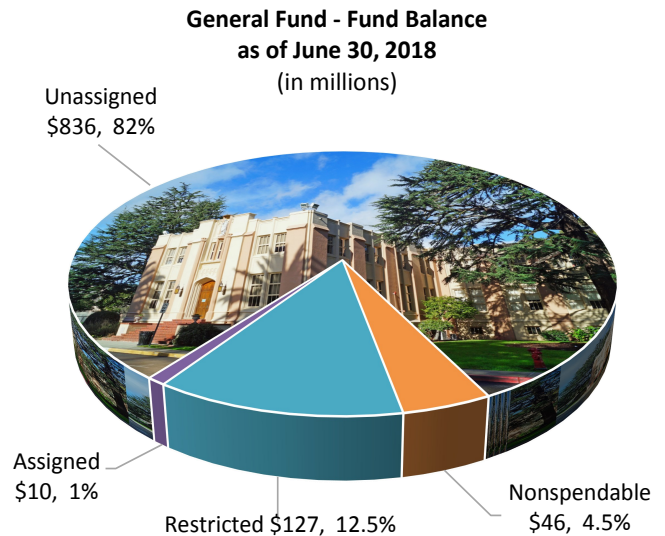
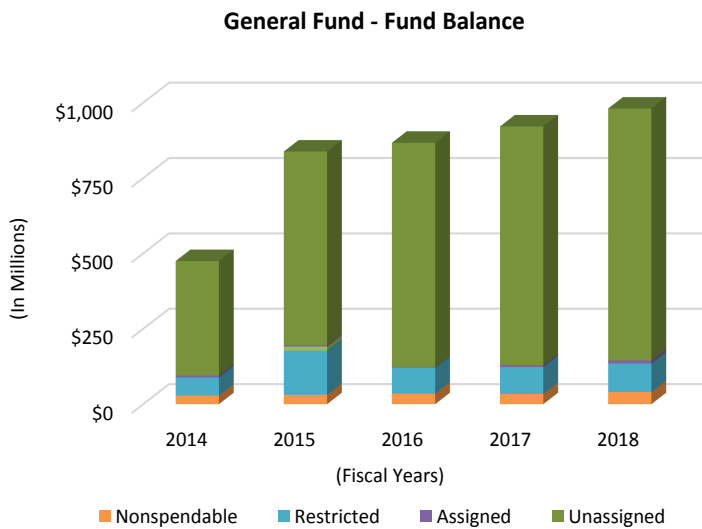
* Excludes San Mateo Medical Center, business-type activities.

** On a budgetary basis.

General Fund Financial Position

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

The fund balance provides information about the County’s net resources available for spending, and its financing requirements.



As a measure of the General Fund’s liquidity, total unrestricted fund balance and total fund balance can be compared to the General Fund’s total functional expenditures. (Total General Fund expenditures less Other Financing Uses).

- The total \$846 million unrestricted (assigned and unassigned) fund balance of the General Fund approximates 83% of the total functional expenditures of \$1.14 billion.
- The total fund balance of \$1.02 billion of the General Fund approximates 90% of the total functional expenditures of \$1.14 billion.

At June 30, 2018, the General Fund had a total fund balance of \$1,019 million consisting of the following:

- \$46 million is **nonspendable**, which includes items that are not expected to be converted to cash such as inventories, prepaid items, and long-term interfund advances and receivables.
- \$127 million is **restricted**, which can be spent only for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation.
- \$10 million is **assigned** to be used by the County for specific purposes.
- \$836 million is **unassigned** and can be used for any purpose.

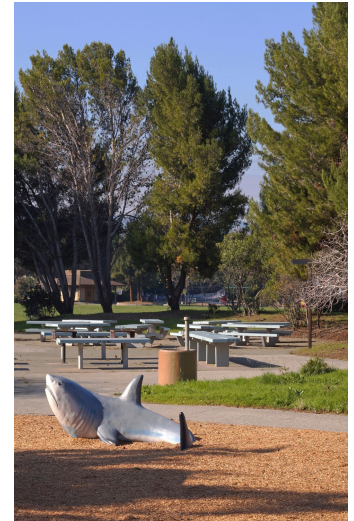
“The government is us; we are the government, you and I.”

- Theodore Roosevelt (1858-1919)

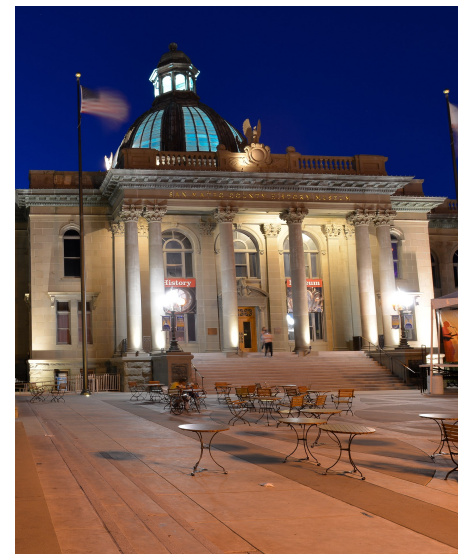
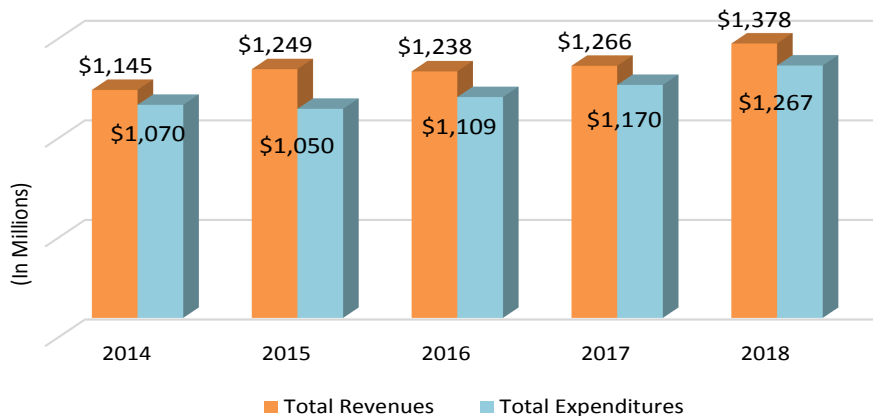
General Fund Result of Operations

The General Fund is the County's largest source of discretionary revenue. The General Fund statement is presented using current financial resources measurement focus and modified accrual basis of accounting. This means the General Fund operations are presented as revenues and expenditures are received and incurred during the fiscal year, including revenues to be received within 60 days after the fiscal year end.

General Fund Revenues (in millions)					
Source	FY 2017-18		FY 2016-17		Inc./ (Dec.) Amount
	Amount	% of Total	Amount	% of Total	
Taxes	\$ 659	47.8%	\$ 616	48.7%	\$ 43
Licenses and permits	8	0.6%	7	0.6%	1
Intergovernmental	503	36.5%	460	36.3%	43
Charges for services	139	10.1%	131	10.3%	8
Fines, forfeitures, and penalties	8	0.6%	8	0.6%	0
Rents and concessions	1	0.1%	2	0.2%	(1)
Investment income	19	1.4%	11	0.9%	8
Other	28	2.0%	29	2.3%	(1)
Total major revenue sources	1,365		1,264		101
Other financing sources	13	0.9%	2	0.1%	11
Total revenues	\$1,378	100.0%	\$ 1,266	100.0%	\$ 112

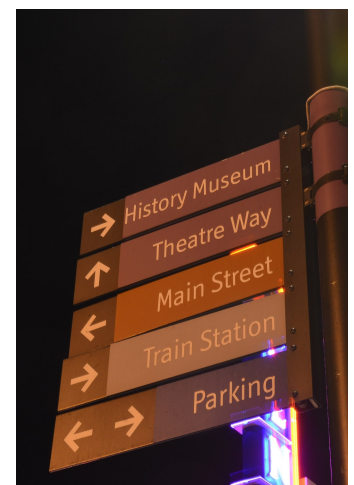


General Fund Operations



General Fund Expenditures (in millions)					
Function	FY 2017-18		FY 2016-17		Inc./ (Dec.) Amount
	Amount	% of Total	Amount	% of Total	
General government	\$ 145	11.4%	\$ 114	9.7%	\$ 31
Public protection	403	31.8%	388	33.2%	15
Health and sanitation	336	26.5%	284	24.3%	52
Public assistance	232	18.3%	225	19.2%	7
Recreation	15	1.2%	14	1.2%	1
Capital outlay	6	0.5%	23	2.0%	(17)
Total functional expenditures	1,137		1,048		89
Other financing uses	130	10.3%	122	10.4%	8
Total expenditures**	\$ 1,267	100.0%	\$ 1,170	100.0%	\$ 97

** Differences between total general fund expenditures and total actual (budgetary basis) expenditures are due mainly to reporting on budgetary basis versus financial reporting basis under GAAP.



Award for Outstanding Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) has given an award for “Outstanding Achievement in Popular Annual Financial Reporting” to San Mateo County for its Financial Highlights publication for the fiscal year ended June 30, 2017. This Award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

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

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

