



Financial Highlights

County of San Mateo, Fiscal Year Ended June 30, 2003

Board of Supervisors

Mark Church, First District
 Jerry Hill, Second District
 Richard S. Gordon, Third District
 Rose Jacobs Gibson, President,
 Fourth District
 Michael D. Nevin, Fifth District

County Manager

John Maltbie

County Controller

Tom Huening, CPA

Visit the County's website at
www.co.sanmateo.ca.us

View "Financial Highlights" online at
www.co.sanmateo.ca.us/controller

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The financial information in this report is derived from the County's Comprehensive Annual Financial Report (CAFR) and has been summarized for readability. The CAFR is available at all public libraries in the County as well as online in the Controller's section of the County website at www.co.sanmateo.ca.us.

The Year in Review

This report highlights the significant financial and economic activity of San Mateo County, California for the fiscal year (FY) ended June 30, 2003 with significant later events noted.

Economic Indicators

The national economy was sluggish with job losses and heavy defense spending. The state's budget crisis worsened as politicians grappled with part of the deficit, leaving much of it to compound in future years. The state's bond rating dropped to a notch above junk bonds. Fiscal uncertainty led to political jeopardy. The Governor was recalled in October 2003. San Mateo County's recession continued in FY 2002-03. More than 9,000 more jobs were lost this fiscal year. Unemployment rates averaged 5.2%; the economic decline was most noticeable in the technology, transportation and hospitality industries.

Financial Indicators

Sales tax revenues declined reflecting the higher unemployment, a lack of consumer confidence and the drop in travel. Transient occupancy (hotel) tax and aircraft tax revenues declined with the drop-off of business and international travel. Property tax revenues increased due to the active residential real estate market fueled by historically low interest rates. Commercial development stalled due to the glut of office space available for bargain lease prices.



Montara Lighthouse, courtesy of Michael Kellicut of Half Moon Bay, CA

Published December 23, 2003
 by Controller Tom Huening, CPA (650) 363-4777

The Controller's Forecast

A Glimmer of Hope

In FY 2002-03, San Mateo County was mired in a recession. The federal and state budget deficits reduced local resources. Unemployment figures in San Mateo County averaged 5.2%. The County lost 9,160 jobs. This translated into lower sales tax revenues, fewer transient occupancy tax dollars, and a general lack of consumer confidence. The technology sector struggled for a comeback.

Office vacancy rates on the Peninsula were the highest in the nation during the second quarter of the fiscal year. This increased competition drove down the price of Class A commercial office space to \$2.25 per square foot per month. This is in sharp contrast to two years ago when the market peaked and rates were between \$6.00 and \$12.00 per square foot per month. Many businesses renegotiated leases, which helped them hang on in this tough business climate.

The Total Taxable Assessed Value of all property in San Mateo County was \$95.5 billion, an increase of 5.9% or \$5.3 billion. The desirability and livability of the County's 20 cities along with the lowest interest rates in 45 years produced a hot residential real estate market despite the local economy. Real estate remains an attractive alternative to the stock market right now.

The San Francisco International Airport (SFO), located in San Mateo County, is a bellwether of fiscal health in the County. It provides both local jobs and visitor dollars to the local economy. Travel dropped off sharply in FY 2001-02 after 9/11. When the local economy did not rebound and the SARS outbreak hit the Asian tourist market, airport travel continued to decline. A victim of the times, United Airlines, the County's largest employer, filed for Chapter 11 bankruptcy protection.

Tax collections were comparable with last fiscal year. Airport, transient occupancy, sales and use tax collections, although lower, were offset by increases in property and property transfer tax collections.

When the economic turnaround occurs in San Mateo County, as it is showing signs of doing in other parts of California and the country, the private sector will lead

the way. A close watch on sales tax revenue, property tax revenue, job growth and airport activity will indicate both the strength and rate of recovery.

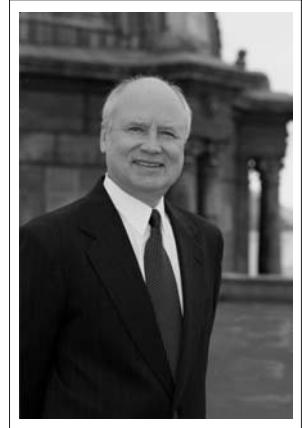
The state's budget crisis has not been addressed. The legislative rollover of budget problems, the distraction created by the recall election and the transition from one governor to another have postponed the inevitable. Additional service cuts at the local level will be a necessary part of the state's budget solution. How much, how deep and for how long are the unknowns. The repeal of the unpopular "car tax" (the Vehicle License Fee) that provides financial support to counties and local government is estimated to cost the County \$45 million in lost revenue in FY 2003-04. At this time, the state has not identified or approved any funding source to offset this loss.

Those who work in government know that the public sector recovery always lags the private sector. So, while the economic indicators in the latter part of 2003 are showing signs of life, local government will continue to be strapped for some time. Fortunately, San Mateo County continues its tradition of fiscal conservatism, and has avoided major layoffs through careful planning, creative leadership and the buildup of adequate reserves.

Sincerely,



Tom Huening, CPA
Controller



"Adversity has the effect of eliciting talents, which in prosperous circumstances would have lain dormant."

Horace, Golden Age of Rome

Spotlight: Local Transportation

BART to SFO Opens

In June 2003, the Bay Area Rapid Transit District (BART) opened four new stations in San Mateo County, the culmination of a 16-year, voter-approved project. The stations are: South San Francisco, San Bruno, Millbrae, and the San Francisco International Airport (SFO). The Millbrae station (across the freeway from SFO) was designed as an intermodal, cross-platform station linking Caltrain (commuter rail), rapid rail (the coming “Baby Bullet”), SamTrans (the County’s bus system) and BART.

The system will serve an estimated 70,000 new daily riders by 2010, eliminate 10,000 daily auto trips to SFO and relieve congestion on the County’s main transportation corridor. Transportation leaders are working on a Smart Pass to allow transit passengers to use any of the 29 Bay Area transit systems with a single card.



“Busiest New BART Station to be Millbrae--not SFO. Beyond the Airport, Caltrain Transfer Will Link to the Peninsula, South Bay”
San Francisco Chronicle, April 21, 2003

BABY BULLET zooms forward

Caltrain, the three-county commuter railway system that runs between San Francisco and the town of Gilroy in Santa Clara County, is adding and upgrading tracks to carry the “Baby Bullet”, an express rail service. Service is expected to begin midyear 2004.

San Mateo/Hayward Bridge is Widened

In October 2002, Caltrans, the California Department of Transportation, completed a new 3-lane bridge span adjacent to the existing San Mateo/Hayward Bridge. Each span now carries one-way traffic improving the capacity and the safety of this bottlenecked nine-mile Peninsula and East Bay connector.



Not So Fast

San Francisco International Airport had begun a controversial effort to fill the Bay to support additional runways and increase capacity. With the economy in the tank, the drop in travel and opposition from environmental groups, the runway expansion plans have stalled.

“SFO Runway Expansion Could Be Dumped”
San Mateo County Times, December 18, 2002

Reauthorization of Measure A Next

Measure A, the 1988 voter-approved transportation initiative, established a 20 year ½ cent sales tax to fund local transportation improvements such as grade separations, freeway interchanges, transit projects, paratransit programs, and road improvements.

Transportation leaders and the Board of Supervisors have publicly indicated their intent to lead an effort in 2004 to reauthorize this tax, which is set to expire in 2008. Reauthorization is needed to fund future congestion management projects.

“Bay Area Commute Gridlock Drops 12% -- But Is It Transit Improvements or People Out of Work?”
San Francisco Chronicle, August 17, 2002

Financial Summary - Statement of Activities

		FY 2002-03	FY 2001-02
		<i>(thousands)</i>	<i>(thousands)</i>
Revenues			
Governmental Activities	General Government	\$ 38,067	\$ 38,128
	Public Protection	122,052	125,613
	Public Ways and Facilities	19,217	17,618
	Health and Sanitation	134,005	121,917
	Public Assistance	137,424	134,917
	Education	20	3
	Recreation	<u>1,245</u>	<u>1,230</u>
	Total Revenues - Governmental Activities	<u>452,030</u>	<u>439,426</u>
Business-type Activities	San Mateo Medical Center	108,379	110,931
	Airports (San Carlos & Half Moon Bay)	1,771	1,941
	Coyote Point Marina	1,123	1,087
	Housing Authority	<u>69,676</u>	<u>46,294</u>
	Total Revenues - Business-type Activities	<u>180,949</u>	<u>160,253</u>
General Revenues	Taxes:		
	Property Taxes	141,582	139,879
	Property Transfer Taxes	5,849	4,984
	Sales and Use Taxes	15,882	16,155
	Transient Occupancy Taxes	590	666
	Aircraft Taxes	1,123	1,336
	Motor Vehicle In-Lieu Taxes	49,785	46,295
	Unrestricted Interest and Investment Earnings	24,048	23,520
	Securities lending activities:		
	Securities lending income	619	--
	Securities lending expenses	(552)	--
	Miscellaneous	<u>14,739</u>	<u>28,719</u>
	Total General Revenues	<u>253,665</u>	<u>261,554</u>
	Total Revenues	<u>886,644</u>	<u>861,233</u>
Expenses			
Governmental Activities	General Government	60,667	61,071
	Public Protection	224,777	204,037
	Public Ways and Facilities	21,546	24,925
	Health and Sanitation	152,449	154,955
	Public Assistance	172,014	169,021
	Education	190	194
	Recreation	7,685	8,011
	Interest on Long Term Debt	<u>14,603</u>	<u>14,677</u>
	Total Expenses - Governmental Activities	<u>653,931</u>	<u>636,891</u>
Business-type Activities	San Mateo Medical Center	131,243	142,399
	Airports (San Carlos & Half Moon Bay)	1,744	1,525
	Coyote Point Marina	1,153	1,027
	Housing Authority	<u>68,695</u>	<u>48,314</u>
	Total Expenses - Business-type Activities	<u>202,835</u>	<u>193,265</u>
	Total Expenses	<u>856,766</u>	<u>830,156</u>
	Special Items (See CAFR)	<u>--</u>	<u>(13,043)</u>
	Change in Net Assets	<u>29,878</u>	<u>18,034</u>
	Net Assets - Beginning, as Previously Reported	620,887	597,452
	Prior Period Adjustment	<u>(38,266)</u>	<u>5,401</u>
	Net Assets - Beginning, as Restated	<u>582,621</u>	<u>602,853</u>
	Net Assets - Ending	<u>\$ 612,499</u>	<u>\$ 620,887</u>

The Bottom Line

Total Revenues and Expenses

The County's total revenues were \$887 million, \$26 million more than the prior year. Total expenses were \$857 million, \$27 million more than the prior fiscal year. The difference between revenues and expenses has resulted in a \$30 million increase in net assets. Governmental activities increased the net assets by \$21 million and business-type activities by \$9 million.

Net Assets Decrease

However, the County's total net assets decreased \$8 million to \$613 million, a 1% decrease from the prior year. The decrease is primarily due to the change in the method of computing compensated absences liability that resulted in a \$38 million adjustment to the beginning net assets.

Unrestricted Net Assets	\$ 205 million
Restricted Net Assets	87 million
Capital Assets, net of debt	<u>321 million</u>
TOTAL	\$ 613 million

Outstanding Debt Decreased

In FY 2002-03, the County's outstanding debt decreased \$6 million to a total of \$294 million.

The County's cost to service this debt was \$20 million in FY 2002-03, well below the legal debt service limit (maximum allowable) of \$38 million. The County Debt Limit Ordinance limits annual debt service payments to 4% of a five-year County budget average.

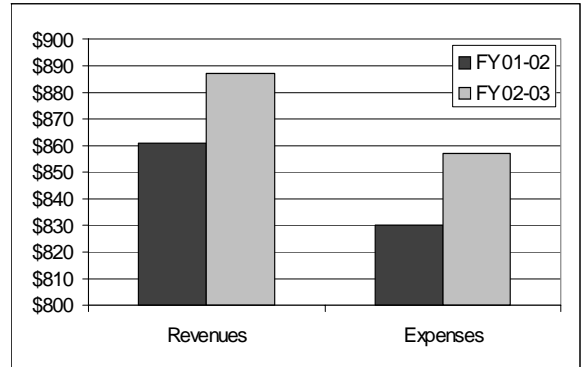
The overall County government debt burden is \$405 per capita or 0.34% of assessed value. This ratio indicates conservative borrowing and helps the County maintain the high underlying credit ratings.

County Investment Pool

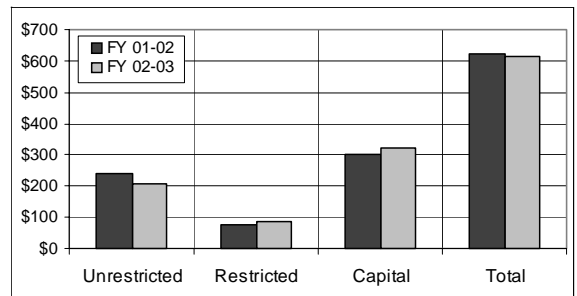
The Treasury earned 3.65% for pool participants in FY 2002-03; this compares with an average yield of 4.02% earned in the prior year.

The County Treasurer manages the investment pool. The County Investment Pool has four goals: safety, liquidity, yield and public trust.

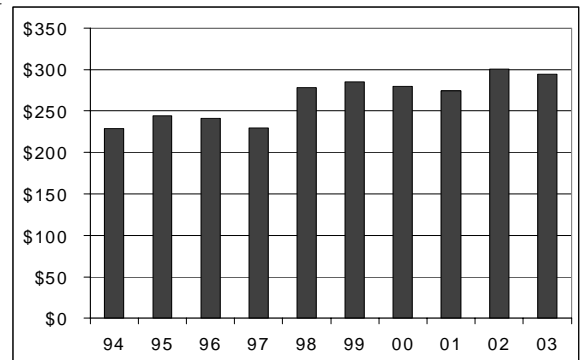
Total Revenues & Expenses (millions)



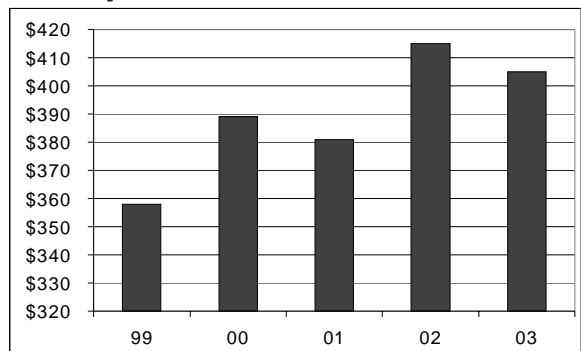
Net Assets (millions)



Total Debt (millions)



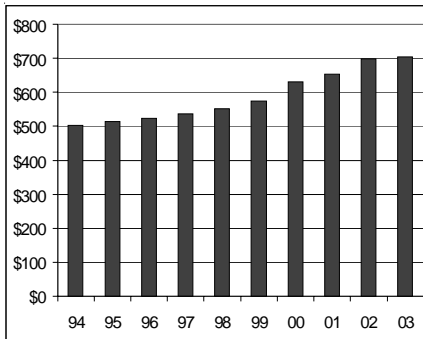
Per Capita Debt Burden



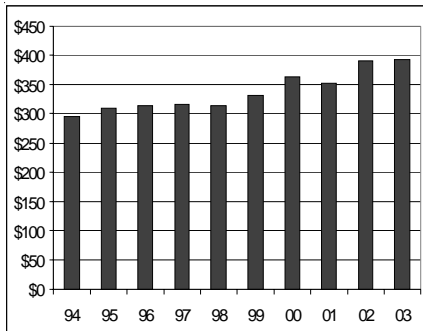
The historical data in both debt charts are for governmental funds only.

Revenues - A Decade of Trends

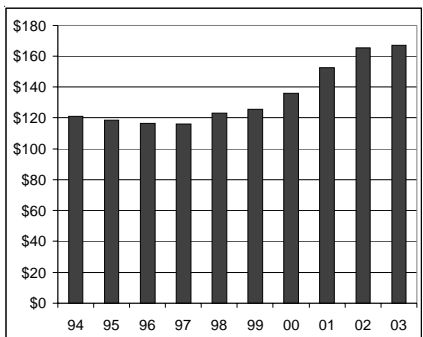
Total Revenues (millions)



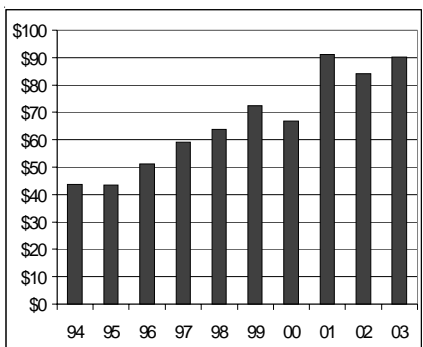
Intergovernmental (millions)



Taxes (millions)



Charges For Services (millions)

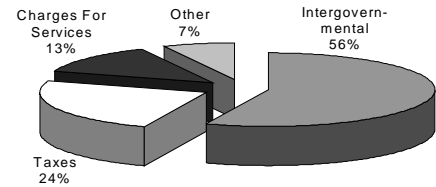


These charts depict data for all governmental funds for fiscal years ending June 30th.

Revenue Sources for FY 2002-03

Revenues for all governmental funds **increased 0.89% or \$6.2 million** over the prior year, the 10th consecutive year revenues have increased.

Approximately 93% of the County's governmental fund revenues came from three sources: 1) Intergovernmental revenues from the state and federal government, 2) Taxes and 3) Charges for Services.



Fluctuations in these revenue sources directly and immediately impact County operations in any fiscal year.

Intergovernmental (\$393 Million, 56% of Total Revenues)

Counties receive funding to provide state-mandated services locally. The majority of the County's funding comes from federal and state sources. Most of this revenue funds mental health care, public safety services and public assistance. This money helps people find jobs, low cost housing, childcare, and provides health care, food and temporary cash relief. Intergovernmental revenue funds these services; it **increased 0.4% or \$1.6 million** over the prior year.

Taxes (\$167 Million, 24% of Total Revenues)

Counties receive tax revenues that are generated locally from a number of taxes that we all pay. San Mateo County's tax revenues come from a *portion* of property taxes and sales taxes, transient occupancy taxes (from hotel room stays), aircraft taxes, property transfers taxes (from homes sold), and delinquent tax penalties. In FY 2002-03, **total tax collections edged up 0.9% or \$1.4 million.**

- Property Taxes increased 1% or 1.1 million to \$143.3 million.
- Retail Sales & Use Taxes (of which counties receive a 1% share) were down 2% or \$273,000 to \$15.9 million.
- Transient Occupancy Taxes (TOT) collections were down 11.5% or \$76,000 to \$590,000 compared to the prior year. The decrease is due to the recession, especially in the technology sector, and the SARS epidemic that reduced pan-Asian travel.
- Property Transfer Taxes increased 17% or \$0.9 million reaching \$5.9 million, reflective of the active real estate market.
- Aircraft Taxes decreased 16% from \$1.3 million to \$1.1 million.

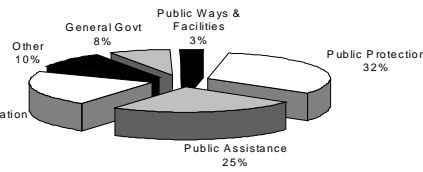
Charges for Services (\$90 Million, 13% of Total Revenues)

Revenue from Charges for Services **increased 7.1%, nearly \$6 million** more than last year. Service charges include candidate filing fees, returned check charges, tax administration fees, private defender fees, geotechnical fees, agricultural inspection fees, fingerprinting, and lab fees.

Expenditures - A Decade of Trends

Expenditures by Function for FY 2002-03

Expenditures for all governmental funds **increased by 0.7% or \$4.5 million** over the prior year. This pie chart shows a breakdown of County spending by function.



Public Protection (\$216 Million, 32% of Total Expenditures)

The Sheriff, District Attorney, Probation Department, Coroner, County Fire, and Public Safety Communications (911 Dispatch) costs are all considered Public Protection expenditures.

Public Assistance (\$170 Million, 25% of Total Expenditures)

The Human Services Agency (HSA) provides the County's public assistance programs. They provide alcohol and drug services, low-cost housing (Section 8) and homeless services, PeninsulaWorks (job search and training), Family Resource Centers in schools and community centers, CalWORKs (cash assistance for families with kids), Foster Care, and the Community Information Program. More people sought services this year due to the difficult economy.

Health & Sanitation (\$148 Million, 22% of Total Expenditures)

Mental health services, emergency services, Prenatal to Three Initiative, public health and environmental health services, the AIDS program, and health services in the jails are all Health and Sanitation expenditures.

General Government (\$53 Million, 8% of Total Expenditures)

General Government expenditures are County overhead expenses. These include the offices of the Board of Supervisors, Controller, Tax Collector/Treasurer, Assessor/Clerk/Recorder, County Manager, County Counsel, and the Employee & Public Services and Information Services departments. These offices provide leadership and legal, financial, management, technology and human resources services.

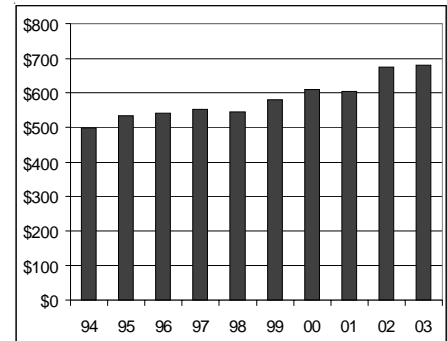
Public Ways & Facilities (\$23 Million, 3% of Total Expenditures)

Examples of these expenditures include: maintenance and improvement of 320 miles of county roads and 68 buildings, recycling programs, energy conservation programs, and compliance efforts to meet the requirements of various regulatory agencies (Fish & Game, Fish & Wildlife, Bureau of Land Management, Bay Area Air Quality Management District, etc.)

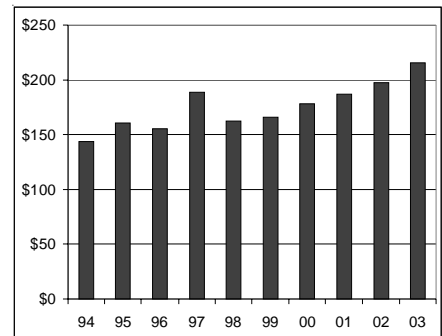
Other Expenditures (\$70 Million, 10% of Total Expenditures)

Other expenditures include the following four functions: 1) Education, 2) Recreation, 3) Capital Outlay and 4) Debt Service.

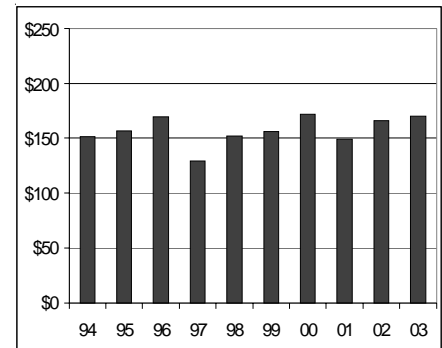
Total Expenditures (millions)



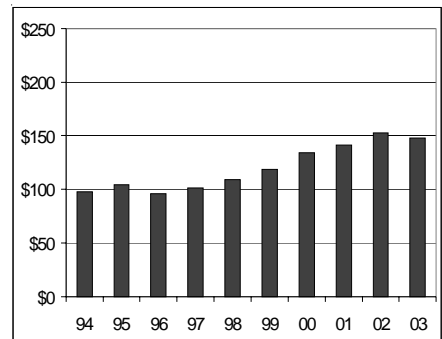
Public Protection (millions)



Public Assistance (millions)



Health & Sanitation (millions)



These charts depict data for all governmental funds for fiscal years ending June 30th.

Who Are We?

The People

Population: 720,630 (est.)
49.8% Caucasian
21.8% Hispanic
21.0% Asian/Pacific Islanders
3.3% African-American
4.1% Other
Median Age: 36.8 (in 2000)
Per Capita
Income: \$57,906 (in 2001)

The Place

Cities: Atherton
Belmont
Brisbane
Burlingame
Colma
Daly City
East Palo Alto
Foster City
Half Moon Bay
Hillsborough
Menlo Park
Millbrae
Pacifica
Portola Valley
Redwood City (*County seat*)
San Bruno
San Carlos
San Mateo
South San Francisco
Woodside
Area: 449 square miles



Did You Know ?

74% of the County's land is reserved for agriculture, watershed, open space, wetlands or parks.



*“We are
blessed.*

*We have
clean air,
protected
Pacific and
Bay coastal
waters, and
substantial
preserved
open space.
We have top
schools, a
rich
diversity of
people and
an economy
that manages
well even in
difficult
times.”*

Tom Huening
Controller

Property & Taxes

Top 10 Property Tax Taxpayers (in 2003)

	Taxable Assessed Value (millions)	% of Total Assessed Value
United Airlines	\$2,710	2.84%
Genentech Inc.	676	0.71%
Oracle Corporation	529	0.55%
Pacific Gas & Electric	518	0.54%
Sun Microsystems	498	0.52%
Pacific Shores Development	466	0.49%
American Airlines	395	0.41%
SBC (formerly Pacific Bell)	346	0.36%
The Gap Inc.	338	0.35%
Franklin Templeton Corp.	250	0.26%

Commercial Real Estate

The demand for office space decreased while the supply of new office space increased. The result was and is a very competitive commercial real estate market. Class A office space is being offered at \$2.25 per sq.ft./month and the office vacancy rate is nearly 25%. Contrast this with the average asking rate of \$6-\$12 per sq.ft./month just two years ago!

“Peninsula Leads U.S. Urban Areas in Office Vacancy, Survey Finds”

Mercury News July 25, 2002

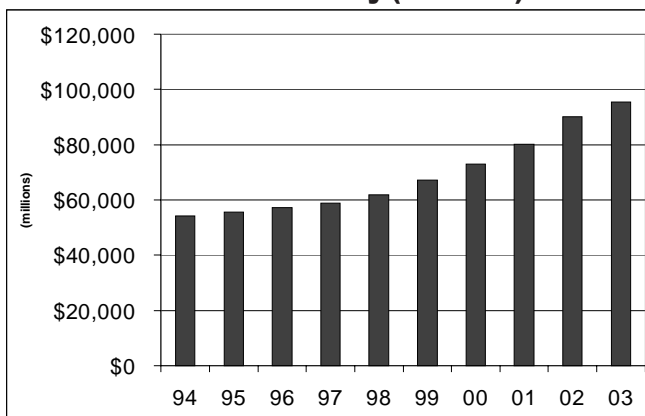
Residential Real Estate

Residential property values remained among the highest in the nation. As of June 30, 2003, the median price for a single family home was \$644,000, a 3.87% increase over the prior year while a townhouse was \$395,000, slightly higher than the prior year. Home sellers received about 98% of the listed price. The number of residential properties on the market was 25% higher than last fiscal year and the nation’s interest rates were the lowest in 45 years.

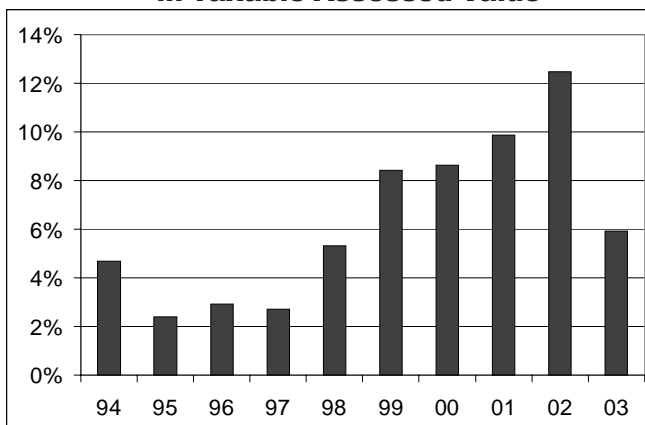
“Low Mortgage Rates, Decent Housing Supply Fuel Activity”

Mercury News August 21, 2002

Total Taxable Assessed Value of Property in San Mateo County (millions)



Percentage Increase in Taxable Assessed Value



Up, Up, Up

Total taxable assessed value of property for San Mateo County reached \$95 billion in FY 2002-03.

The total taxable assessed value is the combined value of all Real Property (land and buildings) plus Personal Property (yachts, fleets of taxis or airplanes, etc.) minus Tax-Exempt Property (churches, government property and buildings, and nonprofit owned buildings).

Trends

The taxable assessed value of property in the County increased by 5.9% or \$5.3 billion more than the prior fiscal year. Of this increase, 2% or \$1.8 billion is attributed to the annual increase allowed under Prop. 13 and the balance of \$3.5 billion is a reflection of the County’s active real estate market.

Key Indicators of the Local Economy

Unemployment

The County's unemployment rate averaged 5.2% for FY 2002-03 compared to the 4% average for the prior year. This compares with the unadjusted unemployment rate of 6.3% for California and 5.8% for the nation. According to the Department of Finance, the County lost approximately 9,160 jobs during FY 2002-03. The majority were from professional and business services, followed by job losses in information technology services and in the leisure and hospitality services.

Income

The latest per capita income statistics (reported in FY 2000-01) revealed an income of \$57,906, one of the highest in the nation.

Retail Sales

Retail sales declined for the second year in a row. Cautious consumer spending resulted in lower County sales tax revenue. It dropped \$273,000 or 1.7% from the prior year. \$15.8 million was collected this year.

Top 25 Retailers (in alpha order)

Anderson Chevrolet	Macy's West Inc.
Isuzu Geo	Melody Toyota
Applied Biosystems	Mervyn's
AutoBahn Motors	Nella Oil Company
Best Buy Stores LP	Nordstrom
Boise Cascade	Oracle Corporation
Office Products	Putnam Toyota
Chevron USA Inc.	Safeway
City Toyota	Sears-Roebuck & Co.
Costco Wholesale Corp.	Serramonte Auto Plaza
DMV Allocation	Target Stores
Account for BOE	The Home Depot
Hertz Rent-a-Car	VWR International
Longs Drug Store	Walgreen Co.

Tourism and Travel

Passenger travel at SFO declined again this year. SFO, ranked the 5th largest passenger hub two years ago, is now ranked 11th. Hotel occupancy rates averaged only 56.3% in FY 2002-03, a consequence of the sagging economy, SARS epidemic and the war with Iraq. The County has 15,000+ hotel rooms. When tourism and travel are depressed, jobs, taxes and revenue all suffer.

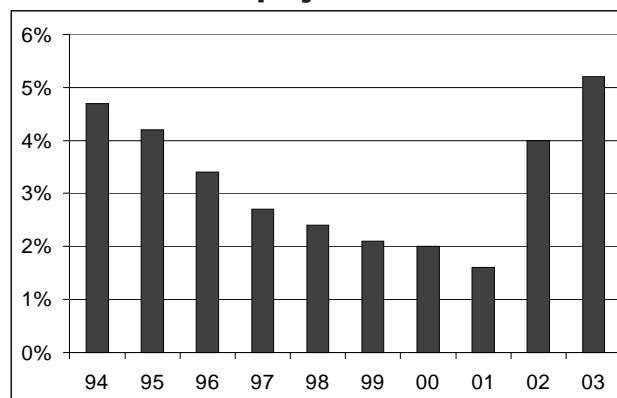
Top 10 Employers (in 2001)

	Total # of Employees	% of Total Employed
United Airlines	17,700	4.61%
Oracle Corporation	7,400	1.93%
County of San Mateo	4,944	1.29%
Genentech Inc.	3,700	0.96%
Visa International	2,677	0.70%
Mills-Peninsula Health Services	2,474	0.64%
U.S. Postal Service	1,898	0.49%
Applied Biosystems	1,765	0.46%
Siebel System Inc.	1,626	0.42%
San Francisco International Airport	1,497	0.39%

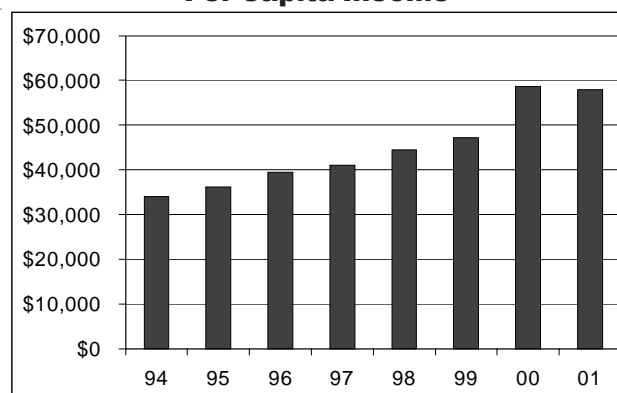
"Down in the Dumps-Employment Reports Show Economy is Still Struggling"

San Francisco Chronicle October 5, 2002

Unemployment Rate



Per Capita Income



Service Efforts & Accomplishments Highlights

Policy and Executive

The Board of Supervisors

The County Board of Supervisors wrestles with many complex issues and competing agendas. They set development policies for the unincorporated land in the County, allocate resources and lead efforts to address difficult issues such as affordable housing, health care, public safety, children's issues, the environment, and quality of life.

Legislative highlights for FY 2002-03 include:

- Established the Housing Endowment and Trust (HEAT), a collaborative of public and private partners with a goal of \$100 million to address housing needs. The Board committed \$3 million.

"Banks Battle Local Privacy Laws"

Mercury News September 12, 2003

-
- Protected consumers' privacy by passing the Financial Information Privacy Ordinance that requires banks and financial institutions to ask for and receive a consumer's permission before disclosing the consumer's confidential information to third parties. Our County led the state in this effort.

"What if an Earthquake Cuts Off Our Water Supply"

Mercury News November 14, 2002

-
- Established the Bay Area Water Supply and Conservation Agency (BAWSCA) to plan, finance and make improvements to Hetch Hetchy, the Bay Area's regional water system. Hetch Hetchy is an aging public infrastructure that is critical to the health and welfare of all residents.
 - Banned guns in all County facilities.
 - Established the Peninsula Democracy Corps to encourage people to work at the polls on Election Day.

- Held an Agricultural Summit coastside to address the concerns of agriculture.
- Allocated \$1.5 million for 'Healthy Kids' to ensure that ALL children in the County have health insurance and access to health care.



"Healthy Kids' Program Gets a Boost"

San Mateo County Times January 28, 2003

General Government

Management

The Board of Supervisors, County Manager, and departments have been proactive in their response to the downturn in the economy and the State budget crisis. The Countywide hiring freeze first placed on all vacant positions in mid-November 2001 continues. Departments produced budgets reflecting reductions of 8%-20% of their General Fund support.

www.sanmateo.ca.us

To help web visitors search and find information about the County quickly and easily, the Information Services Department (ISD) improved both the infrastructure and navigation architecture of the County's website. The navigation architecture was developed by ISD in collaboration with Nevada County, the State Libraries, and the State Department of General Services. It was recognized by California State Association of Counties (CSAC) and has been adopted by other counties. Log on--check it out!

Kudos!



The County's Clerk-Assessor-Recorder is responsible for all elections. Visit their website, www.shapethefuture.org. Learn about the political choices made by the voters of the County. In FY 2002-03, the Office surveyed voters to determine who would prefer an alternate language ballot. Rather than print all ballots in multiple

Service Efforts & Accomplishments Highlights

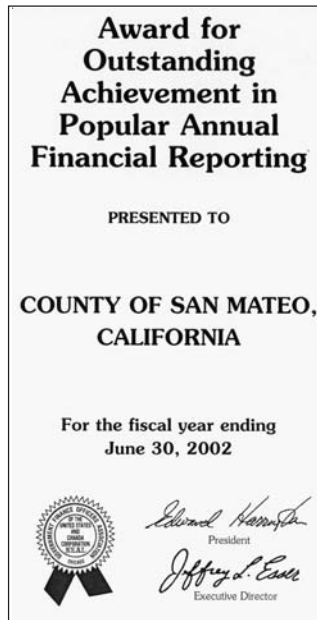
languages, voters now opt for an English ballot or an alternate language ballot, whichever they prefer. This reduces voter confusion, saves \$50,000 in printing costs each election and preserves voter rights.

The County as Employer

The County had 4,815 full-time positions in FY 2002-03. Employee & Public Services, the County's human resources department responsible for recruitment, training and labor negotiations, finalized four-year contracts with the major unions in October 2002. The contracts included annual raises of 4%, 3%, 3% and 4% and enhanced retirement benefits.

Financial Reporting Honors

The Controller's Office is responsible for the accurate and timely reporting of the County's financial information. Last year, the office received the prestigious Government Finance Officers Association (GFOA) Award for Excellence in Reporting for two publications, the Comprehensive Annual Financial Report (CAFR) and the Popular Annual Financial Report (PAFR-this publication). Both can be found online at www.co.sanmateo.ca.us.



"Forensics: Where Tech Meets Yech-Investigators Lack Glamour of Prime-Time Counterparts"

San Francisco Chronicle October 28, 2002

Public Safety

Sheriff's Forensic Lab

The County opened a 30,000 sq.ft. state-of-the-art Forensic Lab in January 2003. The total project cost was \$17 million with an annual debt service of \$730,000. Services provided at the lab include: evi-

dence processing for latent fingerprints, analysis of bullet casings and gun shot residues; tire and shoe comparisons; handwriting analysis; DNA typing; and toxicology testing for drugs and alcohol. Forensic scientists also conduct crime scene investigations such as measuring bullet trajectories, interpreting blood patterns and collecting evidence like tire marks. It's the home of the Coroner's Office, too.

"Juvenile Detention Center Plans Unveiled"

San Mateo County Times December 4, 2002

Youth Services Center Planned

The \$125 million Youth Services Center will replace the inadequate, 55-year old Hillcrest Juvenile Hall. The Center will consist of a campus formed by a complex of buildings including a 180-bed Juvenile Hall, probation office, juvenile court, community school, a 30-bed Girls Camp and a 24-bed group home. The County received a federal juvenile justice grant of \$21 million in May 2002 and is financing the balance with the sale of lease revenue bonds.

San Mateo County Safest in Bay Area - 2002

California Crime Index - Number & Rate per 100 population

County	# of Crimes	Population	Crime Rate
San Mateo	6,906	713,800	0.97
Napa	1,256	128,900	0.97
Marin	2,464	249,100	0.99
Santa Clara	17,354	1,718,500	1.01
Santa Cruz	3,292	259,000	1.27
Sonoma	6063	470,200	1.29
Contra Costa	18,903	987,000	1.92
Alameda	34,296	1,490,000	2.30
San Francisco	18,482	789,800	2.34

S.O.S. Communications--Digital & Microwave

The Mutual Aid/Emergency Services Council (ESC) \$25.6 million upgrade of the County Radio System was completed in January 2003. Partially financed with \$16.5 million of bond proceeds, this countywide mutual aid and tactical communications project converted the County's aging analog system to a digital and microwave system.



Service Efforts & Accomplishments Highlights

Health and Sanitation

San Mateo Medical Center

Health care costs continue to spiral nationwide. The County General Fund subsidized the San Mateo Medical Center (SMMC) \$39 million in FY 2002-03. The subsidy was \$14.1 million more than FY 2001-02.

The SMMC is an increased capacity, state-of-the-art, integrated health center combining a full service hospital, mental health services, pharmacy operations, a rehabilitation center and clinic building. It was financed with lease revenue bonds and cost \$125 million. The final phase of construction was completed in FY 2002-03. The SMMC serves all residents that seek care.

Healthy Kids

Health insurance was provided to approximately 30,000 children in San Mateo County in FY 2002-03. The Health Services and Human Services Agencies partnered to enroll children in medical insurance programs including Medi-Cal, Healthy Families and the new Healthy Kids program.

Healthy Kids is a new comprehensive health insurance product that provides coverage, through the Health Plan of San Mateo, to uninsured children who are not eligible for Medi-Cal or the Healthy Families Program.

Canyon Oaks Youth Residential Treatment Facility

The Canyon Oaks Youth Residential Treatment Facility, a residential program for 12 seriously emotionally disturbed youth, opened in August 2003. Canyon Oaks is the only county-run residential treatment program authorized by the State Department of Social Services (SDSS). Operations for FY 2003-04 are expected to cost \$2.7 million.

“County to Run Nursing Home”

San Mateo County Times May 17, 2003

Burlingame Long Term Care Center

Burlingame Long Term Care Center, a 281-bed skilled nursing facility that had been in State receivership since November 2002, will now be run by the County. The facility will specialize in the long-term care of frail seniors in the Medi-Cal and Medicare programs and will allow patients to remain close to their families and the Peninsula community.



The home is expected to serve 260 patients by June 2004. It has a budget of \$20.5 million. Given the County’s aging demographics, this facility will help address a growing unmet need.

Public Assistance

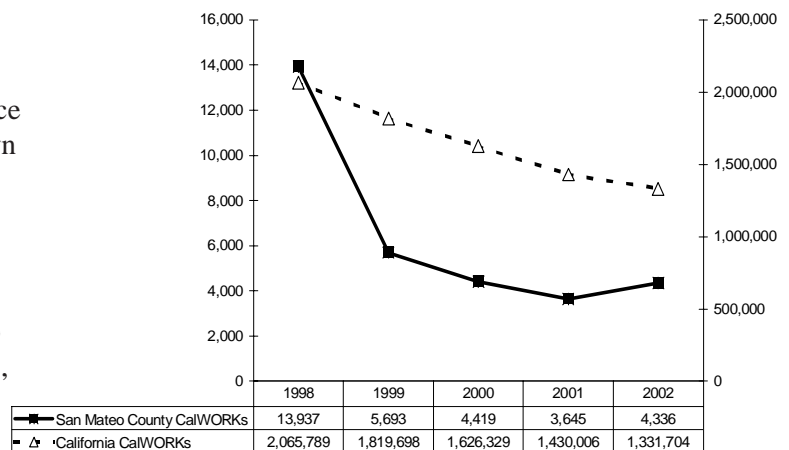
Human Services Agency

Between 1998 and 2002, the County’s rate of families on public assistance declined nearly twice as fast compared to California as a whole (shown right). CalWORKs provides cash assistance for families with children.

PeninsulaWorks

The County’s one-stop employment centers help dislocated workers with training for new careers, as well as job search and temporary emergency cash assistance.

Total CalWORKs Cases
1998-2002



Source: "Public Welfare in California", California Department of Social Services. <http://www.calmis.ca.gov/file/demos&e=sanmateo1.htm>

Service Efforts & Accomplishments Highlights

Debit Cards for Food Stamps & Cash Aid

This year the County began issuing food stamps and cash aid benefits on debit cards. It has lowered program costs and reduced loss and theft. Clients have a 24-hour toll free customer service line to check balances, transactions and report lost or stolen cards.

Child Support Services

In FY 2002-03, Child Support Services processed 14,768 child support cases and collected \$30.4 million on behalf of approximately 22,000 dependents. Their work helps to ensure the well-being of children in this County.



Moving-to-Work (MTW)

This program helps low-income families find affordable housing and move from public assistance to economic self-sufficiency. Between 1999 and 2002, the County's MTW caseload increased 68.8% from 349 to 589, an excellent result. Statewide the MTW caseload decreased 21.2%. Housing is one of the obstacles that low income families face. To meet this growing need, the Office of Housing secured additional Section 8 housing vouchers, linking more MTW families on cash aid with affordable housing.

Public Ways & Facilities

Roads

The County maintained 317.5 miles of roadway in the unincorporated county areas in FY 2002-03. The network of roads and freeways in the county is maintained and improved by a combination of funds provided by the local, state and federal governments as well as the voter-approved 1/2 cent sales tax fund that is managed by the Transportation Authority.

Recycling

RecycleWorks, the County's recycling, composting, and green building program, tells how and where to recycle, reuse, and otherwise practice "green" strategies in daily life. Its Electronics Recycling Campaign won the 2002 Best Public Education Program Award from the California Resource Recovery Association. What's old is new again @ www.recycleworks.org!

Energy Conservation

Since 1999-2000 County facilities have reduced electricity use by 12.2% and gas use by 22.4%. How? By implementing conservation practices for heating and lighting, such as installing 25,000 energy efficient lamps! Energy efficient designs earned the County the EPA's Energy Star Award for 555 County Center, and the Crime Lab made the 2003 "Top 10 Green Projects" list of the American Institute of Architects.

Environmental Services

Crashing waves, shorebirds, redwoods, marshland grasses, California poppies and towering pines—all beauties found in our County parks and open spaces. The County and state operate 32 parks, plus trails. Public and private holdings of open space exceed 100,000 acres that help to preserve the County's natural beauty. This year, acquisition of the \$3 million, 60-acre Mirada Surf coastal property was completed with public and private grants secured by the San Mateo County Parks Foundation.

To Build or Not To Build...

Welcome to the ongoing debate about whether the economic or environmental needs of the County are more important. Nearly every project brought before the Board of Supervisors and their appointed Planning Commissioners, who interpret the General Plan (a 10 year vision for growth and development), deal with this balance.

The Planning Commission holds monthly public meetings. Issues like the preservation of agricultural farmland and rural character of the coast, substandard lots and building and use permits in the unincorporated areas of the County are decided.



About the Popular Annual Financial Report



Bay Trail path at San Mateo/Hayward Bridge

This *Financial Highlights* publication is intended to provide the general public with an easy to read overview of the County government's financial condition. The information contained in this report is derived from the County of San Mateo's Comprehensive Annual Financial Report (CAFR). Copies of the CAFR are available at all public libraries and the Controller's website, www.co.sanmateo.ca.us.

We have included media highlights in an effort to enhance areas of importance that have been reported on by the media. We extend our thanks to the publishers, editors, reporters and media outlets for their coverage of the County's *money, taxes, services, issues and events*. The headlines throughout this publication help illustrate the County's FY 2002-03 financial condition, its major governance issues, as well as the service accomplishments of County departments and agencies.

I hope you will take the time to provide us with your thoughts or ideas for improvement after reading this year's report. Drop me a note at the address below, call the office at (650) 363-4777, or e-mail me at thuening@co.sanmateo.ca.us. I look forward to hearing from you.

Controller Tom Huening, CPA
County of San Mateo
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Redwood City, CA 94063