County of San Mateo
ALL FUNDS

FY 2006-07 Revenues by Type

	Actual 2004-05	Actual 2005-06	Revised 2005-06	Adopted 2006-07	Change 2006-07	% Change 2006-07
SOURCES						
Property Taxes - General Fund	139,719,400	148,116,184	150,382,342	156,289,956	5,907,614	3.9%
Property Taxes - Non-General Fund	21,348,306	21,981,134	21,418,794	22,292,364	873,570	4.1%
Property Taxes - Supplemental	9,829,724	11,545,032	5,793,646	5,511,846	(281,800)	(4.9%)
Property Transfer Tax	8,110,609	8,486,842	6,417,249	6,096,387	(320,862)	(5.0%)
Return of Property Tax (Excess ERAF)	49,651,834	65,472,387	14,350,000	26,536,161	12,186,161	84.9%
Property Tax Shift (ERAF III)	(6,704,877)	(6,704,877)	(6,704,877)	0	6,704,877	100.0%
Property Tax In-Lieu of VLF	50,074,338	62,237,531	53,078,798	61,777,542	8,698,744	16.4%
Property Tax In-Lieu of Sales Tax	3,199,682	3,080,896	3,500,000	3,250,345	(249,655)	(7.1%)
Sales and Use Taxes	11,986,471	12,575,011	11,358,668	13,608,378	2,249,710	19.8%
Half-Cent Transportation Taxes	1,533,526	1,102,104	1,492,258	1,492,258	0	0.0%
Transient Occupancy Tax	700,240	771,551	729,880	766,374	36,494	5.0%
Other Taxes	469,336	1,695,167	900,296	971,932	71,636	8.0%
Taxes	289,918,589	330,358,962	262,717,054	298,593,543	35,876,489	13.7%
Building Permits	2,274,780	2,865,299	2,100,697	2,201,600	100,903	4.8%
Development and Zoning Permits	1,887,291	2,067,753	1,663,572	1,871,138	207,566	12.5%
Franchise Fees	6,446,073	6,731,135	6,123,904	6,048,104	(75,800)	(1.2%)
Other Licenses and Permits	1,060,229	1,120,980	1,115,281	1,224,981	109,700	9.8%
Licenses, Permits and Franchises	11,668,373	12,785,167	11,003,454	11,345,823	342,369	3.1%
Court Fines and Forfeitures	7,565,966	8,093,192	7,497,042	8,027,405	530,363	7.1%
Other Penalties and Forfeitures	834,250	796,908	560,544	647,290	86,746	15.5%
Fines, Forfeitures and Penalties	8,400,216	8,890,100	8,057,586	8,674,695	617,109	7.7%
Interest Earnings	11,156,435	16,557,124	9,971,251	10,564,431	593,180	5.9%
Other Investment Income	3,049,804	0	1,530,000	1,560,600	30,600	2.0%
Rents and Concessions	2,847,079	2,759,391	2,910,552	3,171,105	260,553	9.0%
Use of Money and Property	17,053,318	19,316,515	14,411,803	15,296,136	884,333	6.1%
Realignment	65,457,281	64,413,528	71,940,193	77,498,791	5,558,598	7.7%
Motor Vehicle in Lieu	3,802,525	0	205,388	0	(205,388)	(100.0%)
Public Safety Sales Tax (Prop. 172)	62,460,949	62,634,428	62,701,109	64,251,066	1,549,957	2.5%
Social Services Programs	123,705,629	129,490,911	141,528,306	147,113,248	5,584,942	3.9%
Housing Programs	6,916,836	6,163,308	10,818,281	8,319,467	(2,498,814)	(23.1%)
Mental Health Services	17,447,780	20,946,334	18,505,952	23,606,335	5,100,383	27.6%

County of San Mateo
ALL FUNDS

FY 2006-07 Revenues by Type

	Actual 2004-05	Actual 2005-06	Revised 2005-06	Adopted 2006-07	Change 2006-07	% Change 2006-07
Public Health Services	17,734,094	16,509,445	15,349,460	16,248,157	898,697	5.9%
San Mateo Medical Center	29,337,165	47,839,880	33,123,133	11,858,050	(21,265,083)	(64.2%)
Other Federal and State Aid	82,396,231	95,089,015	109,447,465	98,447,484	(10,999,981)	(10.1%)
Intergovernmental Revenues	409,258,490	443,086,849	463,619,287	447,342,598	(16,276,689)	(3.5%)
SOURCES						
General Government Services	21,051,306	19,466,508	18,433,591	18,741,970	308,379	1.7%
Public Safety Services	18,778,518	17,050,986	16,667,473	17,501,872	834,399	5.0%
Planning and Building Services	2,708,822	2,330,859	2,425,907	2,295,012	(130,895)	(5.4%)
Parks Services	2,191,974	2,229,948	2,397,575	2,395,983	(1,592)	(0.1%)
Library Services	727,885	623,845	725,070	702,000	(23,070)	(3.2%)
Mental Health Services	23,421,079	22,886,607	27,595,278	26,383,491	(1,211,787)	(4.4%)
Public Health Services	3,875,220	4,184,441	4,583,785	4,939,653	355,868	7.8%
San Mateo Medical Center	99,590,679	95,311,383	109,529,711	129,434,271	19,904,560	18.2%
Other Health Services	8,850,187	10,348,268	10,034,275	10,900,006	865,731	8.6%
Sanitation Services	5,333,744	5,703,204	5,676,406	5,908,306	231,900	4.1%
Other Charges for Services	7,323,194	7,867,054	8,011,495	10,672,295	2,660,800	33.2%
Charges for Services	193,852,608	188,003,103	206,080,566	229,874,859	23,794,293	11.5%
Interfund Revenue	71,035,730	80,572,183	78,480,332	101,867,179	23,386,847	29.8%
Interfund Revenue	71,035,730	80,572,183	78,480,332	101,867,179	23,386,847	29.8%
Tobacco Settlement	6,913,485	6,745,533	7,331,989	7,720,095	388,106	5.3%
Foundation Grants	6,305,384	6,248,919	14,062,348	7,839,784	(6,222,564)	(44.2%)
Housing Loan & Project Cost Reimb	2,956,424	4,893,738	2,947,262	3,950,618	1,003,356	34.0%
Other Miscellaneous Revenue	21,035,981	24,801,384	17,347,379	18,207,527	860,148	5.0%
Miscellaneous Revenue	37,211,274	42,689,574	41,688,978	37,718,024	(3,970,854)	(9.5%)
Operating Transfers - Capital Projects	6,449,514	6,215,062	21,691,058	14,904,366	(6,786,692)	(31.3%)
Operating Transfers - Debt Service	21,958,476	15,876,710	21,048,683	21,226,791	178,108	0.8%
Other Financing Sources	49,875,167	42,352,954	46,659,318	56,160,855	9,501,537	20.4%
Other Financing Sources	78,283,157	64,444,726	89,399,059	92,292,012	2,892,953	3.2%
Total Revenue	1,116,681,755	1,190,147,179	1,175,458,119	1,243,004,869	67,546,750	5.7%

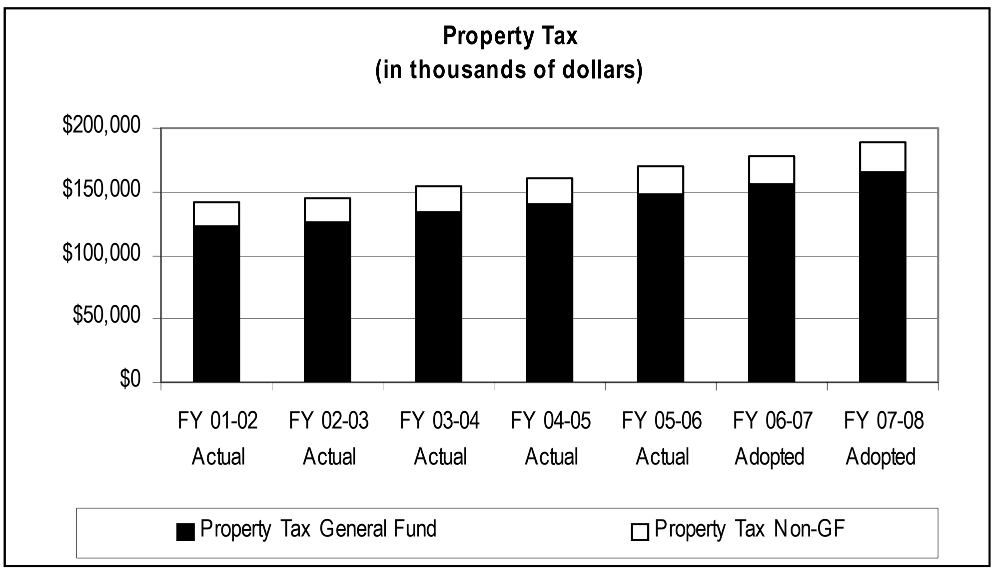
Explanation of Major Revenue Sources:

Property Tax

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the county as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and real property having a tax lien which is sufficient, in the opinion of the Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll" and includes aircraft and commercial equipment.

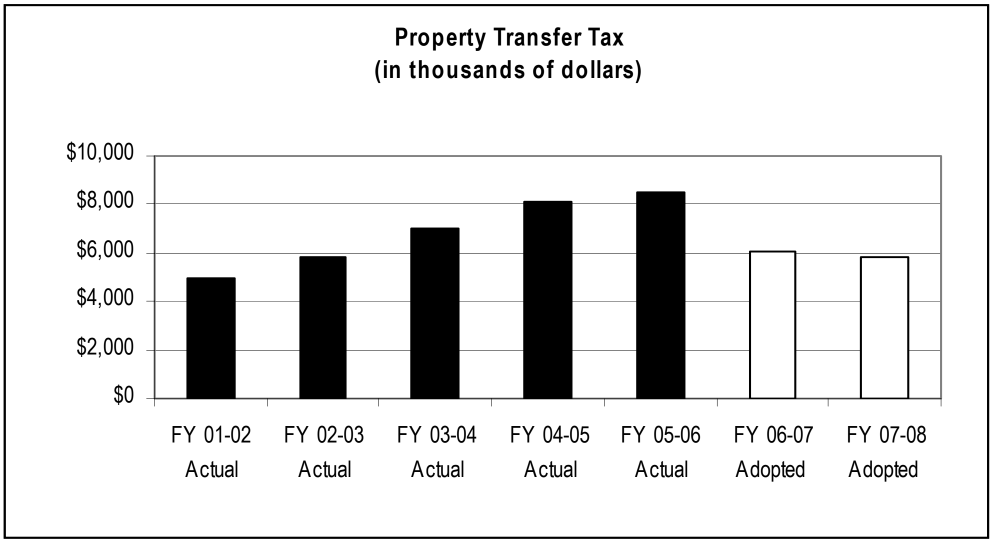
Secured property tax is the County's largest discretionary General Fund revenue source. Average growth in the last five years is 7.9%, while projections for the next five years reflect $8.9 million or 5.5% average annual growth, assuming no additional shifts to Educational Relief Augmentation Fund (ERAF). During FY 2005-06 it was discovered by Auditors that four taxing agencies within the County were inappropriately disadvantaged by the Tax Equity Allocation (TEA) factors used in distributing property taxes. As a result of this correction, the General Fund's portion of Supplemental taxes was reduced by $5.3 million in FY 2005-06 ($4 million one-time and $1.3 million ongoing). The secured property tax growth of 6% included in the FY 2006-07 budget is net the $5.3 million reduction in FY 2005-06 and the ongoing reduction of $1.3 million.

About 90% of unsecured property tax is generated from businesses at San Francisco International Airport. Average growth in the last five years was 1.2%, with growth from the construction of the new international terminal offset by reduced business activity after September 11, 2001. This revenue source is reduced by 2% in the FY 2006-07 budget to account for the General Fund's portion of the Airline litigation settlement. The General Fund's portion totals $1.79 million, of which $962,198 will be paid in FY 2005-06, $189,775 in FY 2006-07, $164,678 in FY 2007-08 and then $119,119 over the next four years - through FY 2011-12. The County's ongoing loss as a result of the settlement is expected to be $436,000 annually. As a result, growth in unsecured property taxes has been budgeted at a modest 1% in FY 2006-07 and FY 2007-08.



Property Transfer Tax

Budgeted revenues from supplemental and property transfer taxes have been adjusted downward based on actual receipts in FY 2005-06. Document recording fees are slightly down, indicating fewer property transactions, and although the values of transactions are still high, the rate of growth has leveled off. It is anticipated that next year's receipts will be approximately 5% below current year projections.

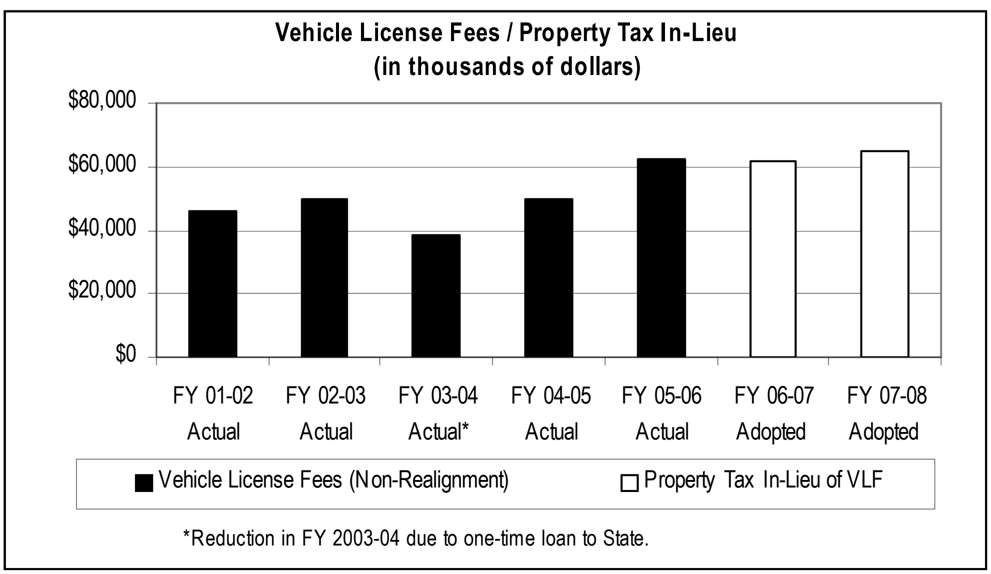


Return of Local Property Tax (Excess ERAF)

Pursuant to Revenue and Taxation Code sections 97.2 and 97.3, property tax contributions made by the County to the Education Revenue Augmentation Fund (ERAF) in excess of mandated school funding levels will be returned to the County. In consultation with the Controller's Office, it is estimated that $26.5 million will be returned to the County in FY 2006-07. These funds will be set aside in Reserves and used for one-time purposes.

Property Tax In-Lieu of Vehicle License Fees

The Taxes revenue class increased significantly due to revenue from non-Realignment vehicle license fees (VLF), which had historically been budgeted in Intergovernmental Revenue, being permanently "swapped" with property tax as enacted in the State budget in FY 2004-05. The amount projected in FY 2005-06 was $53 million or 6% more than the actual FY 2004-05 proceeds, however, It now appears that FY 2005-06 actuals will be in the $58.3 million range - a 16% increase. For FY 2006-07, this budget reflects 6% growth on the projected actuals.



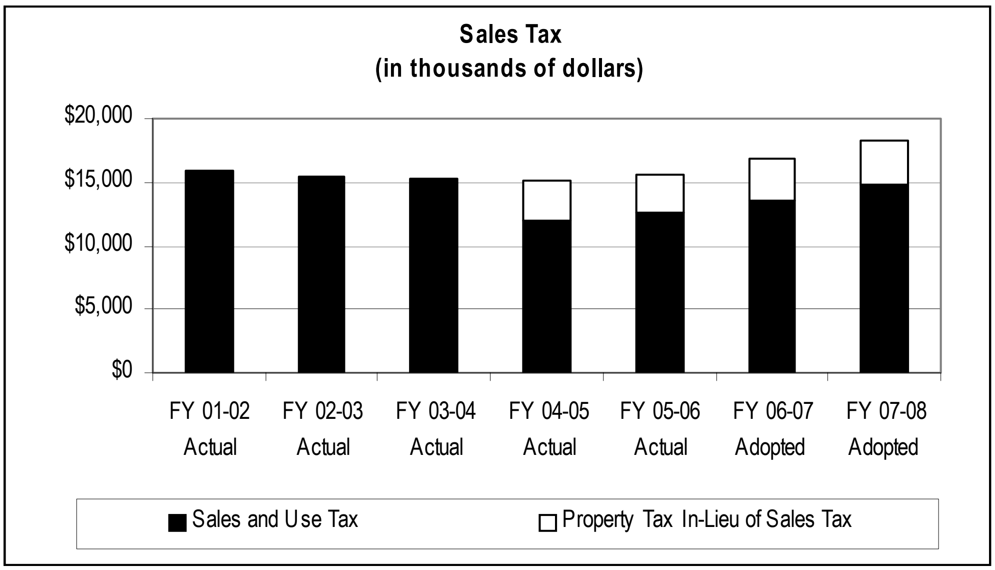
The amounts reflected in FY 2001-02 to FY 2003-04 represent Vehicle License Fees (see Intergovernmental Revenues below). The lower amount in FY 2003-04 was due to a one-time loan to the State, which was repaid in FY 2005-06.

General Purpose Sales Tax (Non-Public Safety) and Property Tax In-Lieu of Sales Tax

The State collects and rebates to the County a one percent tax on retail transactions within unincorporated areas of the County. Pursuant to the Triple Flip, which the State implemented in FY 2004-05 to dedicate 0.25% of sales tax as the revenue source for repayment of the State Economic Recovery Bonds, a portion of sales tax has been replaced dollar for dollar with property tax. An account called Property Tax In-Lieu of Sales Tax has been established for this purpose. Though the amount budgeted in FY 2006-07 is decreased by $249,655, it actually represents a 5.5% increase over projected FY 2005-06 actuals, which are projected to fall below budget by $450,000.

Approximately 60% of the County's sales tax revenue comes from point-of-sale transactions or sales occurring in businesses located in the unincorporated areas of the county; the remainder comes from a portion of sales tax generated in the cities. About 45% of point-of-sale revenues come from businesses at San Francisco Airport, mostly from car rental agencies and jet fuel. The County began losing the majority of its jet fuel sales tax revenue, about $1.2 million annually, in the last quarter of FY 2003-04 due to the consolidation of all fuel purchases made by United Airlines to a subsidiary located in the City of Oakland. Any decline in sales tax will have a negative impact on Public Safety Sales Tax revenue.

FY 2004-05 sales tax receipts were down 1.08% compared to the prior year, which was right in line with the average decline over the last five years. However, despite the continued loss of jet fuel sales tax to the City of Oakland, sales tax receipts are slowly increasing, with latest projections showing a 5% increase in FY 2005-06. This is primarily due to increasing business at San Francisco Airport where passenger activity has increased 12 percent over the past two years. As a result, this budget includes 5.5% growth on the FY 2005-06 projections.

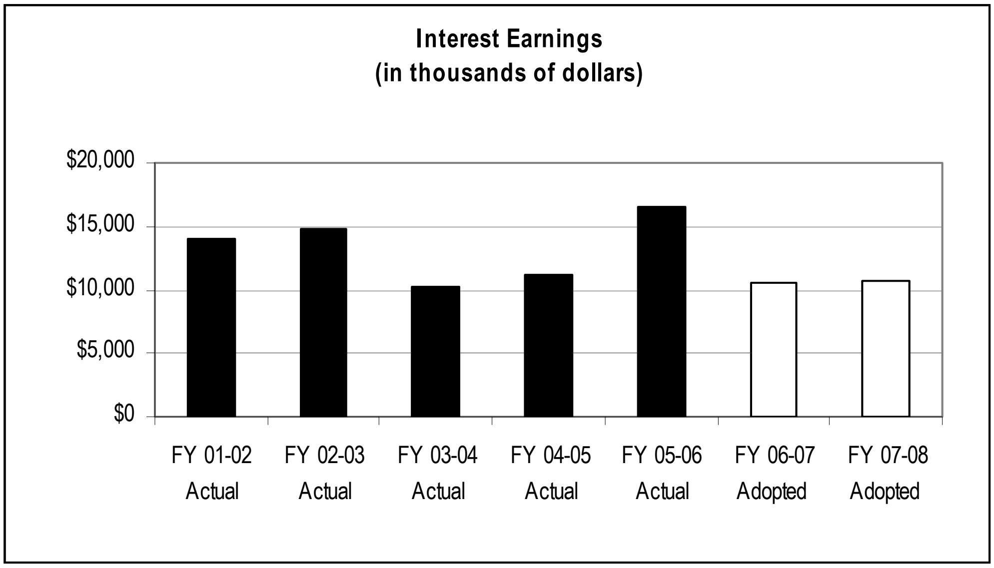


Licenses, Permits and Franchises

There is an increase of $160,546 due to anticipated increases in building, development and zoning permit activity. There is also an increase in device registration fees of $129,000. Other adjustments include an increase of $62,923 for permits for underground storage tanks and well and septic permits.

Interest Earnings and Other Investment Income

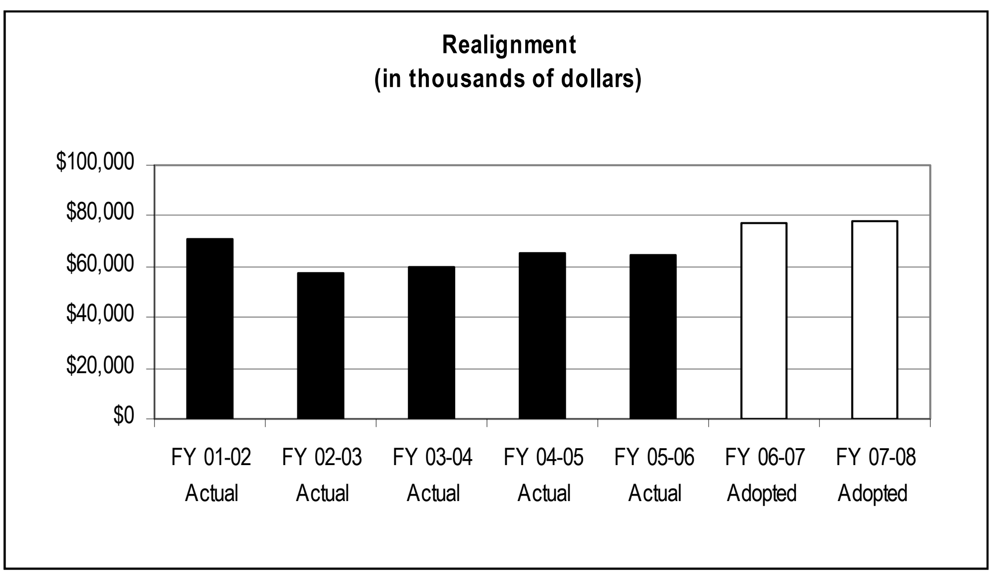
Earnings include the interest earned on bank deposits and other investments, as well as gains and losses on the sale of securities and investments. Overall, interest earnings revenues in FY 2004-05 were 8.9% higher than the previous year for all funds and 18.3% higher for the General fund. Though FY 2005-06 actuals are showing similar growth patterns as FY 2004-05, this budget reflects a very moderate increase of 2%. Other investment income includes net earnings of approximately $1.56 million from the prepayment of retirement contributions.



Realignment VLF and Sales Tax

During FY 1991-92, the State experienced a budget deficit and revenue increases were used to balance the budget. Among the most significant was the shift of responsibility from the State to counties for health, mental health and various social services programs, accompanied by a source of revenue to pay for the funding changes. The changes are known as Realignment and the new revenues allocated to counties to fund these programs were ½ percent sales tax and an increase in the Vehicle License Fee. The allocation mechanism is complex and formula driven. The formula involves a base year amount and subsequent year growth formulas.

Growth in this formula is driven by the State economy (sales tax revenue) and proportional caseload growth of each county. San Mateo County is experiencing increases in certain caseloads and is anticipating growth in these revenue sources of $5 million in FY 2006-07.



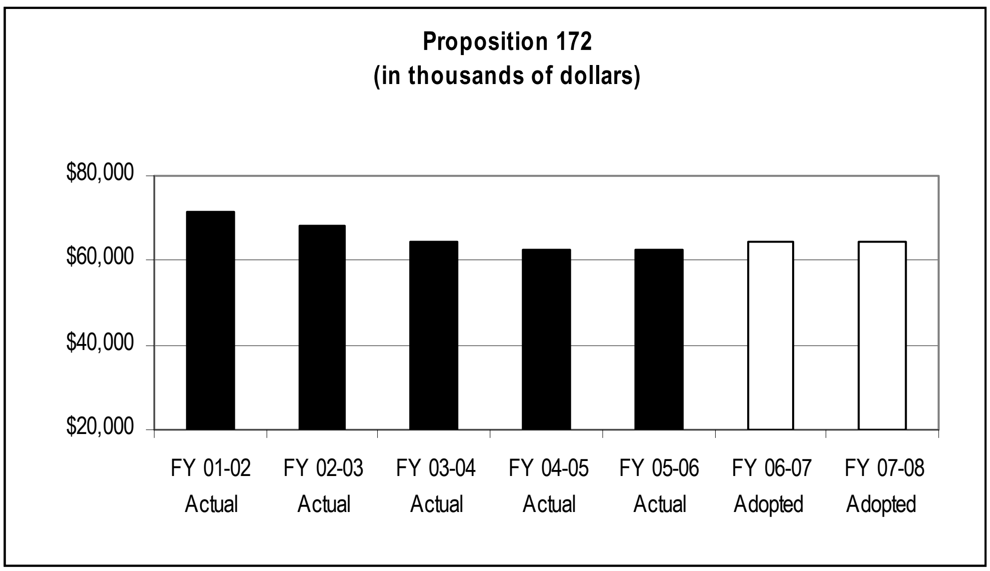
Vehicle License Fees (Non-Realignment VLF)

The Vehicle License Fee ("VLF") is an annual fee on the ownership of a registered vehicle in California. Automobiles, motorcycles, pick-up trucks, commercial trucks and trailers, rental cars and taxicabs are all subject to the VLF. Beginning in FY 2004-05, non-Realignment vehicle license fee revenue was permanently "swapped" with property tax as enacted in the State budget. This explains the major reduction in the Motor Vehicle in Lieu account and the significant increase in Property Tax (see Property Tax In-Lieu of Vehicle License Fees above). Remaining VLF receipts are distributed to health and social services programs in counties based on caseload growth and other Realignment factors.

Public Safety Half-Cent Sales Tax (Proposition 172)

The County began receiving revenue from this tax in FY 1993-94 after the ballot initiative passed. This revenue has been the primary funding source of negotiated labor increases in Criminal Justice departments such as the Sheriff, Probation, District Attorney and Coroner. Approximately 27% of Criminal Justice and 41% of Public Safety Communications expenditures are funded by this sales tax, which is distributed to the County based on its portion of statewide taxable sales. An annual factor is calculated for each county by the State Controller using statewide taxable sales from the prior calendar year. This factor is applied against monthly sales tax receipts for distribution to counties.

Receipts from this revenue source for FY 2004-05 were down $1,970,014 from the previous year due to a drop in the County's factor (from 2.64% to 2.475%) as a result of the sluggish growth in the local economy compared to other counties in the state in calendar year 2003. The budget for FY 2005-06 was kept at the same level as FY 2004-05 receipts in anticipation of another reduction in the County's factor due to the loss of jet fuel sales tax to the City of Oakland beginning in April 2004. Though the County's factor has remained relatively unchanged, the State's economy has picked up and as a result we project a 3.9% increase in Public Safety Sales Tax receipts in FY 2005-06. Expecting this trend to continue, this budget includes a 2.5% growth factor in FY 2006-07.



Social Services Programs

This includes Federal and State revenues received by the Human Services Agency to fund employment services, protective services and financial assistance programs for eligible residents. Public assistance programs supported by this revenue source include: CalWORKs, MediCal, Food Stamps, General Assistance, Child Welfare Services, Foster Care, and the Workforce Investment Act (WIA). The goal of these public assistance programs is to assist in meeting the basic needs of eligible individuals, and to support their efforts to become productive and self-sufficient members of the 942.

There is a net increase of $5,584,805 in this funding source. Significant increases include $163,000 in reimbursements for homeless and safety net service costs, $2,751,000 in additional eligibility determination costs, $411,000 for increased Stage I and Stage II child care program costs, $4,113,000 for the non-realignment portion of increased Child Welfare Services program and foster care caseload costs, $605,000 reflecting Workforce Investment Act (WIA) and CalWORKS employment and training and substance abuse treatment service, $782,000 for annualization of substance abuse treatment and prevention grants, and $150,000 in other miscellaneous adjustments. Partially offsetting these increases are reductions of $221,000 in CalWORKS caseload costs; a $720,000 decrease in WIA grants; an $848,000 decrease in Proposition 36 revenue due to reduced allocations and less unexpended prior year revenue; a $900,000 reduction in Child Welfare Services including Title IV-E, Promoting Safe and Stable Families, TCM, and Redesign and Adoptions; a reduction of $597,000 in child care funding; and a decrease of $104,000 due to decreased staff development costs.

Mental Health Services

A net increase of $5,100,383 in non-Realignment intergovernmental revenues includes increases of $6,455,432 in Mental Health Services Act (MHSA, “Proposition 63”) funding and $3,011,781 in SB90 reimbursements, partially offset by decreases of $4,060,913 in Medi-Cal pharmacy revenue with implementation of the Medicare Part D program, a reduction of $211,650 in Short Doyle funding allocation, a decrease of $92,438 in assistance payments, and a net decrease of $1,829 in all other intergovernmental sources.

Charges for Services revenues are reduced by $1,211,787 due to a decreases of $7,197,381 in Federal funding for Medi-Cal pharmacy with implementation of the Medicare Part D program, Third Party Reimbursements, and Supplemental Security Income/State Supplementary Payment (SSI/SSP) Collections; offset by increases of $3,873,219 through leveraging of MHSA funds and an increase in Medicare, and a projected increase of $2,112,375 in Medi-Cal Federal Financial Participation (FFP) due to increased utilization review and quality improvement as well as improved claiming processes.

Public Health

A net increase of $898,697 in non-Realignment intergovernmental revenues results primarily from increases in reimbursable costs reflecting caseload growth in California Children's Services (CCS) of $418,023, Women, Infants and Children's Program (WIC) of $68,247, and Child Health Disability Prevention Program (CHDP) of $366,604; increased Ryan White funding of $139,099; increased Bioterrorism grant funding of $123,224; and decreases of $211,900 in various State grants and $4,600 in other miscellaneous reductions.

Charges for Services revenues will increase by $355,868, primarily due to estimated increases for Medi-Cal Administrative Activities (MAA) and Targeted Case Management (TCM) of $338,700.

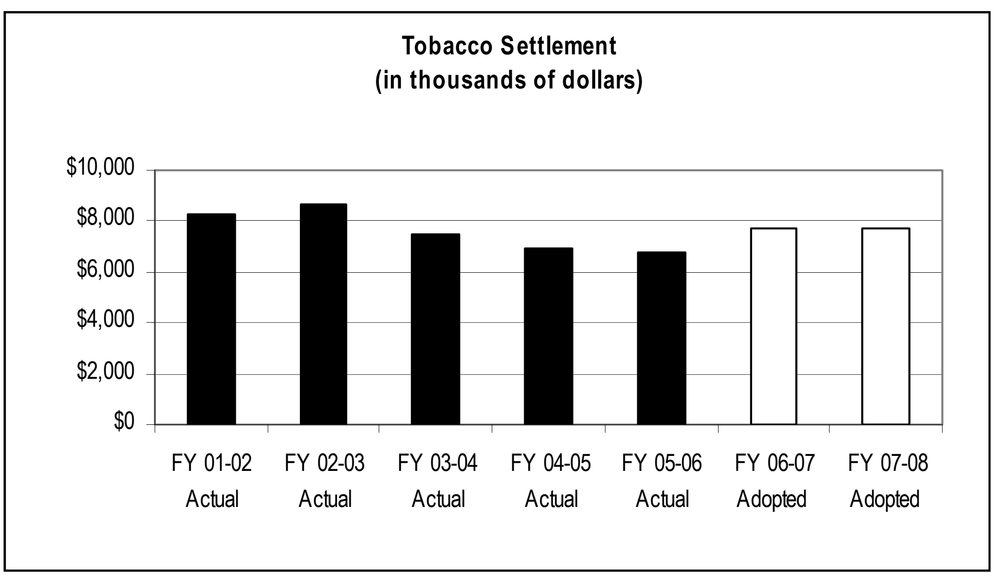
San Mateo Medical Center

Intergovernmental Revenue decreases by $21,265,083 due to the transfers of $14.7 million in SB855 and SB1255 revenue to Charges for Services and Other Financing Uses due to accounting changes and the new Medi-Cal waiver format. Long-term care supplemental payments decreased by $6,000,803 due to reduced rates and lower volume, TCM/MAA revenue decreases by $494,522, and decreases in other governmental sources of $69,758 accounts for the balance.

Charges for Services increases by $19,904,560 primarily due to the transfer of $6 million in SB855 and SB1255 revenue from Intergovernmental Revenues due to the new Medi-Cal waiver format, adjustments in gross patient revenue to account for a 10% charge increase, increases in patient volume, and additional patient revenue generated from improved revenue cycle improvement. The projected increases are 3.0% in acute inpatient days over current year actuals, 5.6% in long term care days, and 4.2% in clinic visits.

Tobacco Settlement

On August 5, 1998 the State of California and participating California Counties and Cities entered into a Memorandum of Understanding (MOU) which allocates a portion of tobacco settlement proceeds to the participating counties and cities. On December 9, 1998 the Master Settlement Agreement (MSA) between participating States and various tobacco companies received court approval. The Board has allocated most of these funds to the operations of the San Mateo Medical Center. Under the settlement, California is expected to receive approximately $25 billion through 2025. Tobacco sales, however, have declined since the settlement. FY 2005-06 receipts were $6,745,533 which was $447,966 below budget. The budget for this account in FY 2006-07 has been kept at the budgeted FY 2005-06 level of $7,193,499.



Operating Transfers/Other Financing Uses

Other Financing Uses includes contributions/transfers from the General Fund to the Medical Center Enterprise Fund and transfers from operating funds to the Debt Service Fund and Capital Projects Fund for scheduled debt service payments and reimbursement for capital improvement projects.

The Contributions from the General Fund to the Medical Center for indigent health care services and unreimbursed operating costs increases $9.5 million, primarily due to the change from SB855 to the new Medi-Cal waiver format, which results in the transfer of $8.7 million from Intergovernmental Revenues to Other Financing Uses.

There were decreases of $6,786,692 in transfers to the Capital Projects Fund from operating departments primarily due to the cancellation of the proposed Keller Women and Children's Center Project at the Medical Center, which had been budgeted for $6.8 million project. Transfers to the Debt Service Fund were increased by $178,108 to reflect the updated debt service payments schedule.