

County of San Mateo
ALL FUNDS

FY 2012-13 Revenues by Type

	Actual 2009-10	Actual 2010-11	Revised 2011-12	Recommended 2012-13	Change 2012-13	% Change 2012-13
SOURCES						
Property Taxes - General Fund	190,816,424	188,098,651	187,620,410	194,786,852	7,166,442	3.8%
Property Taxes - Non-General Fund	27,756,329	26,568,308	26,327,067	26,853,971	526,904	2.0%
Property Taxes - Supplemental	5,078,204	4,091,821	3,284,651	3,844,874	560,223	17.1%
Property Transfer Tax	4,829,319	5,018,220	4,829,319	5,326,850	497,531	10.3%
Return of Property Tax (Excess ERAF)	91,299,124	82,387,231	40,782,859	41,087,316	304,457	0.7%
Property Tax In-Lieu of VLF	74,205,545	73,183,567	73,366,730	75,786,761	2,420,031	3.3%
Property Tax In-Lieu of Sales Tax	4,203,180	4,764,313	4,864,313	6,297,224	1,432,911	29.5%
Sales and Use Taxes	14,618,302	15,254,828	14,824,009	18,299,385	3,475,376	23.4%
Half-Cent Transportation Taxes	1,671,348	1,835,196	1,681,923	1,865,199	183,276	10.9%
Transient Occupancy Tax	873,141	978,758	966,730	1,084,716	117,986	12.2%
Other Taxes	1,077,076	1,240,120	854,546	1,246,288	391,742	45.8%
Taxes	416,427,992	403,421,013	359,402,557	376,479,436	17,076,879	4.8%
Building Permits	1,623,465	1,773,713	1,781,606	1,960,989	179,383	10.1%
Development and Zoning Permits	1,640,040	1,601,972	1,666,069	1,704,204	38,135	2.3%
Franchise Fees	5,073,259	3,807,910	3,245,687	3,439,972	194,285	6.0%
Other Licenses and Permits	1,206,743	1,314,326	1,430,913	1,420,525	(10,388)	-0.7%
Licenses, Permits and Franchises	9,543,507	8,497,921	8,124,275	8,525,690	401,415	4.9%
Court Fines and Forfeitures	10,598,454	11,502,725	9,974,883	10,575,203	600,320	6.0%
Other Penalties and Forfeitures	1,608,382	1,142,233	550,000	565,000	15,000	2.7%
Fines, Forfeitures and Penalties	12,206,836	12,644,958	10,524,883	11,140,203	615,320	5.8%
Interest Earnings	4,412,810	5,026,149	4,056,812	3,745,986	(310,826)	(7.7%)
Other Investment Income	781,712	2,864,426	2,182,145	2,864,426	682,281	31.3%
Rents and Concessions	3,779,955	4,163,010	3,980,490	3,846,356	(134,134)	-3.4%
Use of Money and Property	8,974,477	12,053,585	10,219,447	10,456,768	237,321	2.3%
Realignment	61,772,058	57,759,662	67,932,217	88,421,255	20,489,038	30.2%
Public Safety Sales Tax (Prop. 172)	54,918,863	49,399,508	54,933,559	58,836,477	3,902,918	7.1%
Social Services Programs	118,355,191	123,746,693	129,611,373	128,410,060	(1,201,313)	(0.9%)
Housing Programs	4,409,846	5,787,951	5,937,840	3,670,786	(2,267,054)	(38.2%)
Behavioral Health & Recovery Svcs	44,548,159	48,478,353	43,910,132	34,918,783	(8,991,349)	(20.5%)
Public Health Services	10,450,639	10,172,952	9,982,411	9,920,898	(61,513)	(0.6%)

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SOURCES						
Family Health Services	10,336,057	10,749,399	11,025,465	11,434,187	408,722	3.7%
San Mateo Medical Center	34,105,208	71,642,057	60,925,505	77,996,192	17,070,687	28.0%
Other Federal and State Aid	87,359,567	89,218,225	95,392,700	110,360,959	14,968,259	15.7%
Intergovernmental Revenues	426,255,588	466,954,800	479,651,202	523,969,597	44,318,395	9.2%
General Government Services	17,537,078	19,187,671	17,588,717	17,403,661	(185,056)	(1.1%)
Public Safety Services	18,763,302	19,662,624	22,183,280	19,865,308	(2,317,972)	(10.5%)
Planning and Building Services	1,311,581	1,489,735	1,528,477	1,449,602	(78,875)	(5.2%)
Parks Services	2,366,699	2,292,649	2,764,386	2,505,264	(259,122)	(9.4%)
Library Services	692,722	588,062	556,000	568,000	12,000	2.2%
Behavioral Health & Recovery Svcs	37,645,776	26,691,404	33,264,523	35,491,701	2,227,178	6.7%
Public Health Services	2,185,180	1,893,594	1,754,168	1,864,934	110,766	6.3%
Family Health Services	3,062,599	3,297,864	3,601,256	3,632,432	31,176	0.9%
San Mateo Medical Center	141,373,851	149,942,131	165,809,033	133,886,782	(31,922,251)	(19.3%)
Other Health Services	12,452,547	11,430,665	13,961,130	18,343,331	4,382,201	31.4%
Sanitation Services	9,345,115	12,132,723	13,235,347	13,192,866	(42,481)	(0.3%)
Other Charges for Services	9,354,946	8,315,795	7,646,748	8,409,515	762,767	10.0%
Charges for Services	256,091,396	256,924,917	283,893,065	256,613,396	(27,279,669)	(9.6%)
Interfund Revenue	94,664,269	91,477,172	101,064,054	97,646,611	(3,417,443)	(3.4%)
Interfund Revenue	94,664,269	91,477,172	101,064,054	97,646,611	(3,417,443)	(3.4%)
Tobacco Settlement	7,222,933	8,138,037	6,392,056	6,394,812	2,756	0.0%
Foundation Grants	10,004,078	6,984,911	9,885,894	8,159,505	(1,726,389)	(17.5%)
Housing Loan & Project Cost Reimb	1,370,979	939,155	822,425	1,011,723	189,298	23.0%
Other Miscellaneous Revenue	22,558,331	24,704,851	22,473,311	11,625,275	(10,848,036)	(48.3%)
Miscellaneous Revenue	41,156,321	40,766,954	39,573,686	27,191,315	(12,382,371)	(31.3)
Operating Transfers - Capital Projects	9,829,874	67,188,724	23,397,303	85,121,986	61,724,683	263.8%
Operating Transfers - Debt Service	30,408,580	30,264,608	30,796,162	30,794,718	(1,444)	(0.0%)
Other Financing Sources	29,394,519	24,956,656	11,276,133	25,735,156	14,459,023	128.2%
Other Financing Sources	69,632,973	122,409,988	65,469,598	141,651,860	76,182,262	116.4%
Total Revenue	1,334,953,359	1,415,151,308	1,357,922,767	1,453,674,876	95,752,109	7.1%

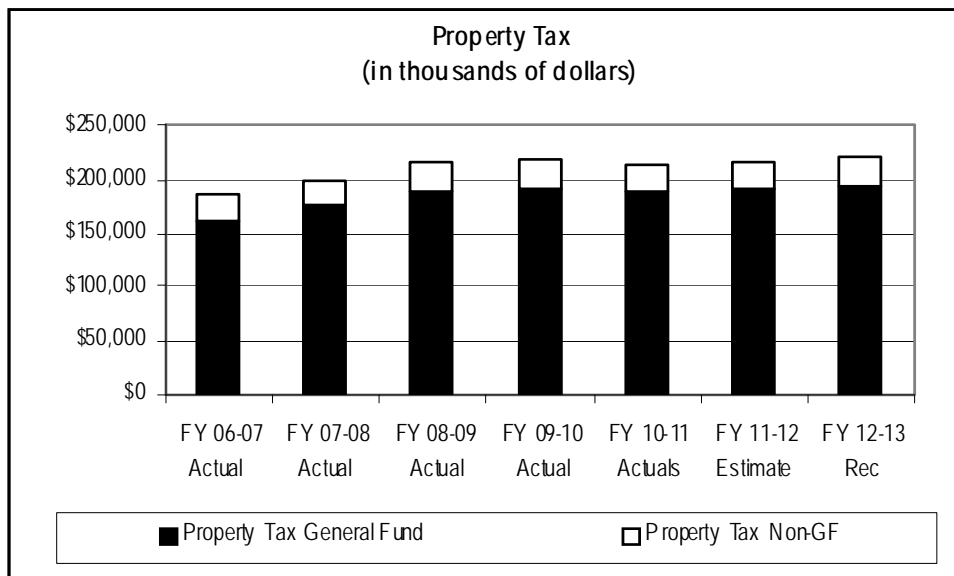
Explanation of Major Revenue Sources:

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.

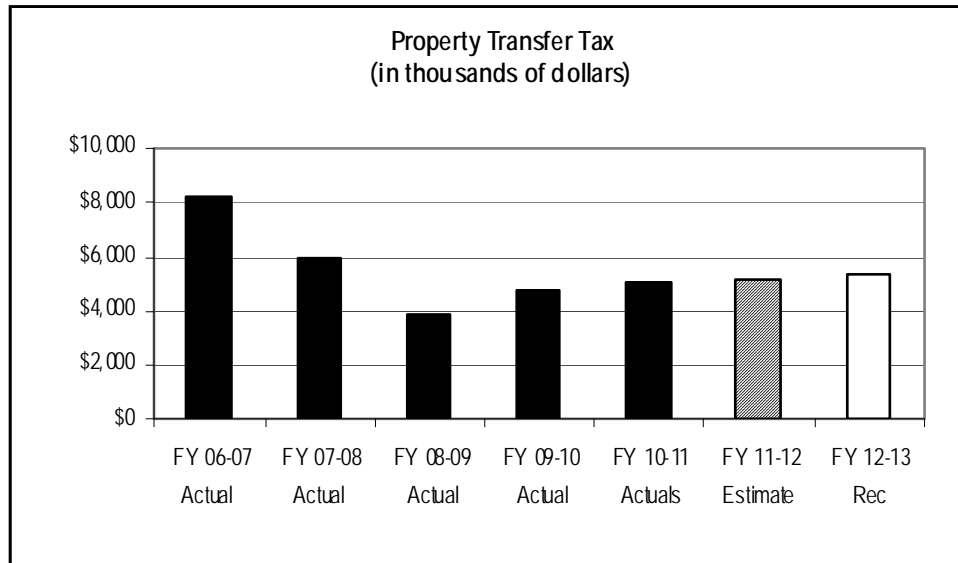
Secured property tax is the County's largest discretionary General Fund revenue source. Secured property tax revenue, which grew by 7% or \$12.3 million per annum for all funds from FY 2002-03 through FY 2008-09, grew only 1.2% in FY 2009-10 and declined by 1.8% in FY 2010-11. Growth of 1% is projected in FY 2011-12 and 2.2% in FY 2012-13. Growth over the next five years, through FY 2016-17, is projected at 2% to 3% per year. These growth assumptions would result in average annual increases over the five year period of \$4.5 million for the General Fund and \$5.2 million for all funds. Despite the low growth figures caused by economic and housing market declines, the underlying equity in the County's real estate inventory remains substantial. The median sales price for homes in San Mateo County for the period April 2011 through April 2012 was \$700,000, while the median assessed value of single family homes was below \$200,000.

About 85 percent of unsecured property tax is generated from businesses at San Francisco International Airport. Due to stagnant activity at the Airport, the unsecured roll fell by 14.7% in FY 2010-11. The unsecured roll stabilized in FY 2011-12 and a 3.3% increase is projected in FY 2012-13.



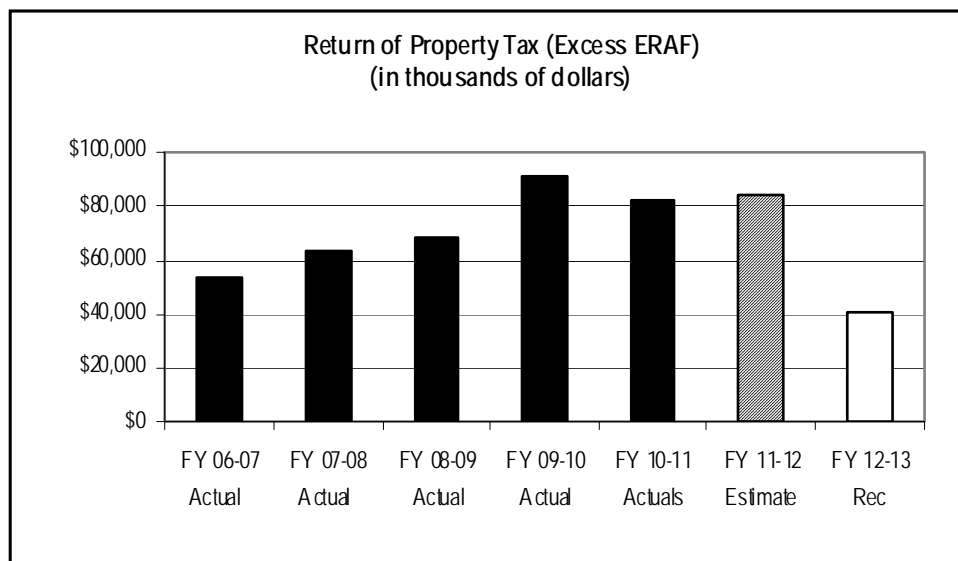
Property Transfer Tax

Property Transfer Tax revenue declined by 26.6% in FY 2007-08 and an additional 36.1% in FY 2008-09, for combined reductions over the two-year period of \$4.4 million. This revenue source stabilized in FY 2009-10 and FY 2010-11, but remains \$3 million below FY 2006-07 levels. Predicting that housing market activity will continue to recover slowly, minimal growth is projected in FY 2011-12 and FY 2012-13.



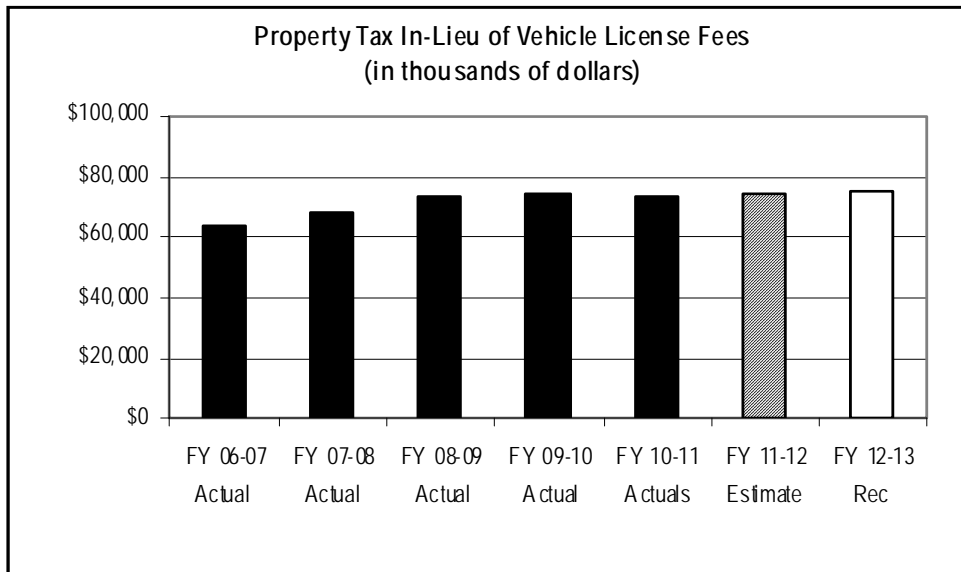
Return of Local Property Tax (Excess ERAF)

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 is returned to the taxing entities in the county. Over the past nine years, the County has received \$585.8 million from this revenue source, including \$84.4 million in FY 2011-12. Ninety-six percent of the County's share is apportioned to the General Fund. In January 2012 the Board of Supervisors directed the County Manager to use 50% of Excess ERAF on an ongoing basis, beginning with the FY 2012-13 budget. ERAF reserves will continue to be used for one-time purposes, such as paying down unfunded actuarial liabilities, reducing debt, and funding capital improvement projects. When budgeting Excess ERAF, the County only appropriates the undistributed April apportionment, which is distributed the following December. As a result, \$41.1 million is budgeted in FY 2012-13.



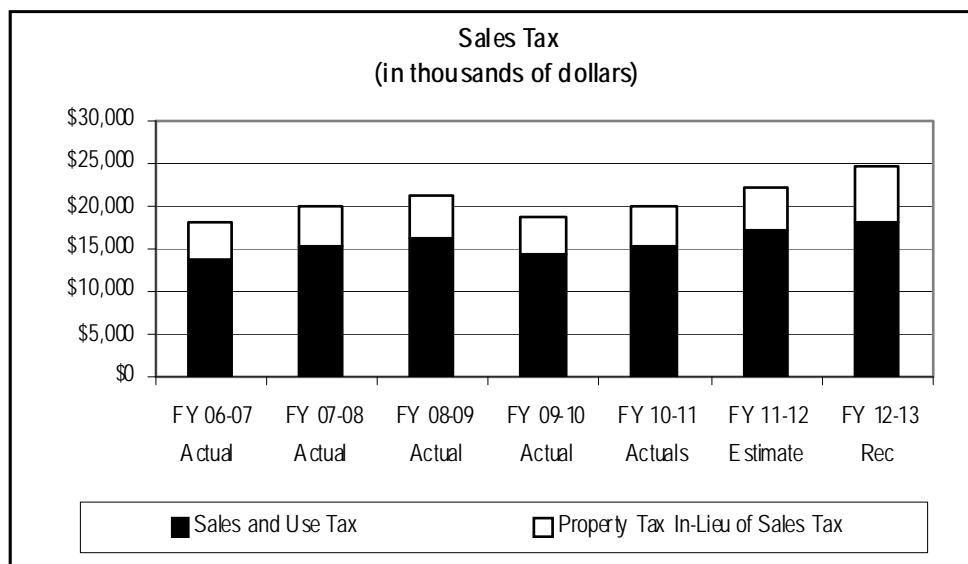
Property Tax In-Lieu of Vehicle License Fees

Property Tax In-Lieu of Vehicle License Fees generally tracks with growth in the secured tax roll. This revenue source declined by 1.4% in FY 2010-11 and is projected to increase 1% in FY 2011-12 and 2.5% in FY 2012-13.



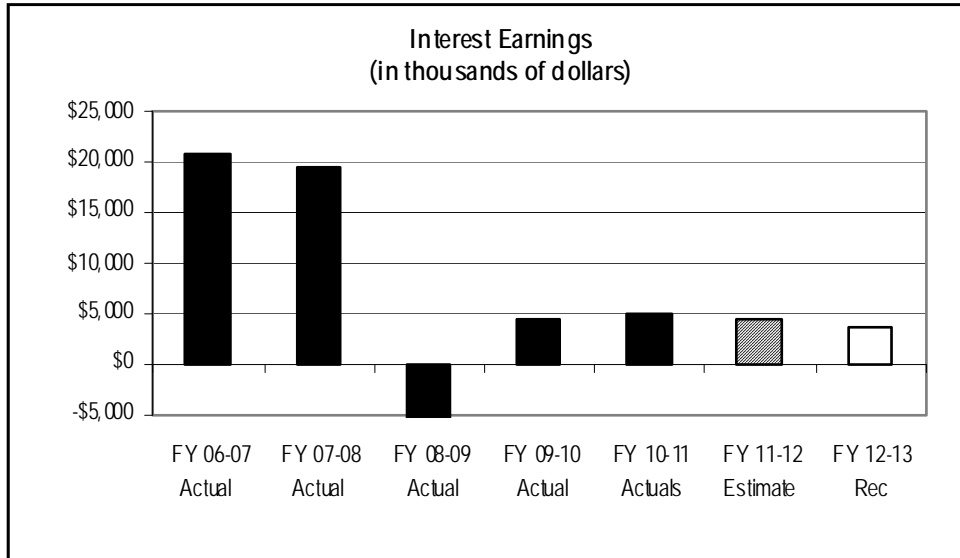
General Purpose Sales Tax (Non-Public Safety) and Property Tax In-Lieu of Sales Tax

About 60 percent 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. Beginning in January 2008, the County regained the lost proceeds due to legislation that re-established the point-of-sale at the wing tip. As a result, sales tax revenues increased by 11.9% in FY 2007-08 and 5.5% in FY 2008-09. However, due to stagnant activity at the Airport and lower sales activity throughout the county, point-of-sales tax revenues dropped 10% in FY 2009-10 but rebounded with 4.4% growth in FY 2010-11 and the positive trend continues. Projected growth is 12.4% in FY 2011-12 and 6.7% in FY 2012-13. 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 was established for this purpose. Due to declining statewide and local sales activity, Property Tax In-Lieu of Sales Tax declined by 18.1% in FY 2009-10. Like point-of-sale revenues, this revenue source has since rebounded and increased by 13.3% in FY 2010-11 and is projected to grow 6.3% in FY 2011-12 and 24.3% in FY 2012-13.



Interest Earnings and Other Investment Income

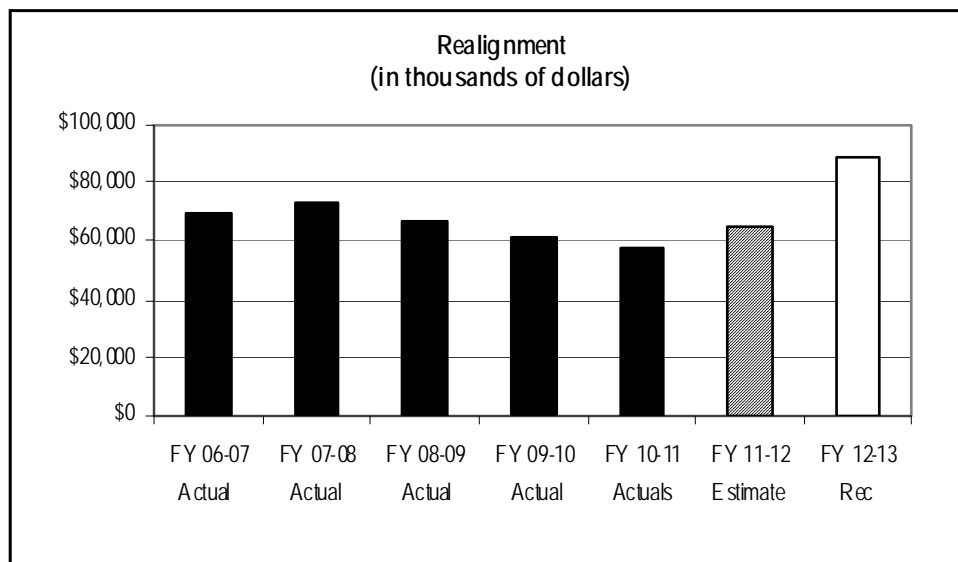
This revenue source includes the interest earned on bank deposits and other investments, as well as gains and losses on the sale of securities and investments. Due to the Lehman Brothers' bankruptcy, the County ended FY 2008-09 with a loss of \$5.7 million. Since that time, the County Investment Pool has earned less than 1% per annum due to a more conservative investment approach and low yield from U.S. Treasuries. The County is in the process of recouping some of the Lehman losses through the bankruptcy process and has since updated its Investment Policy in order to minimize risks, create greater diversification and improve the safety and stability of pooled funds.



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 a one-half 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. Due to the sluggish economy and declining statewide sales, coupled with a proportional reduction in the County's caseload growth when compared to the statewide average, these revenues declined 9.3% in FY 2008-09, 6.6% in FY 2009-10 and 6.5% in FY 2010-11. With the recent signs of recovery in the California economy, realignment is projected to increase by 12.4% in FY 2011-12 and 3.5% in FY 2012-13.

The increase of 36.2% in FY 2012-13 reflected in the chart below is largely due to Realignment 2011, which includes Public Safety Realignment (AB 109 and AB 117), the statewide initiative shifting the responsibility of housing low level offenders to counties. At the same time, the State has realigned other revenue sources as well, including courthouse security funding for the Sheriff's Office and Early Periodic Screening, Diagnosis, and Treatment (EPSDT), the child health care component of Medicaid. This revenue shift results in corresponding decreases in other Intergovernmental Revenue and Interfund Revenue accounts.



Public Safety Half-Cent Sales Tax (Proposition 172)

The County began receiving revenue from this half-cent sales tax in FY 1993-94 after the ballot initiative passed. For several years this revenue had been the primary funding source of negotiated labor increases in Criminal Justice departments such as the Sheriff, Probation, District Attorney, and Coroner. Distribution of this tax to the County is 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 based on each counties' proportional share of statewide sales. This factor is applied against monthly sales tax receipts in the current year for distribution to counties.

Public Safety Sales Tax revenues declined 23.2% over an eight year period from a high of \$71.5 million in FY 2001-02 to \$54.9 million in FY 2009-10. During those years where the revenue was less than the appropriated amount, the County backfilled the public safety departments with General Fund reserves. As a result of those revenue shortfalls, the County began to conservatively budget this revenue source in FY 2010-11. Beginning with FY 2010-11, the chart below reflects the appropriated allocation, not the actual receipts. For FY 2010-11 the County budgeted \$49.4 million and received \$58.2 million. For FY 2011-12 the County budgeted \$54.9 million and projects \$63.3 million. For FY 2012-13 the County has budgeted \$58.8 million and projects \$63.9 million. It is estimated that the Trust Fund reserves will approximate \$22 million by the end of FY 2012-13. The County will work with the public safety departments on the future allocation of these revenues, including the use of Trust Fund reserves and some portion of revenue growth to help fund debt service for the Jail Replacement Project.

