



# Financial Highlights

*County of San Mateo, Fiscal Year Ended June 30, 2005*

## Table of Contents

Who We Are	2
Controller's Forecast	3
Real Estate and Property Taxes	4
Key Indicators of the Local Economy	5
Financial Condition and Activity	6
Revenues	8
Expenses	9
Major Initiatives	10
About the Popular Annual Financial Report	Back cover

## Board of Supervisors

Mark Church, First District  
Jerry Hill, Vice President, Second District  
Richard S. Gordon, President, Third District  
Rose Jacobs Gibson, Fourth District  
Adrienne J. Tissier, Fifth District

## County Manager

John L. Maltbie

## County Controller

Tom Huening,  
Certified Public Accountant (CPA),  
Certified Public Finance Officer (CPFO)

Visit the County's website  
[www.co.sanmateo.ca.us](http://www.co.sanmateo.ca.us)

View "Financial Highlights" online  
[www.co.sanmateo.ca.us/controller/pafr](http://www.co.sanmateo.ca.us/controller/pafr)

E-mail us your comments  
[thuening@co.sanmateo.ca.us](mailto:thuening@co.sanmateo.ca.us)

The information in this report is derived from the County's *Comprehensive Annual Financial Report* (CAFR). The CAFR is available at all public libraries in the County and the Controller's website:  
[www.co.sanmateo.ca.us/controller/cafr](http://www.co.sanmateo.ca.us/controller/cafr).

## The Year in Review

This report highlights the significant financial and economic activities of San Mateo County, California, for the fiscal year (FY) ended June 30, 2005.

## Economic Indicators

The County's economy continued to improve during FY 2004-05. Unemployment was down, and it is expected that hirings will continue to outpace layoffs. Tourism, a key local industry, showed steady improvement with increases in both passenger volume at San Francisco International Airport and hotel occupancy. Housing prices continued to soar, posing a significant challenge for residents, employers, and policymakers.

## Financial Indicators

The County's financial picture was brightened by the passage of Proposition 1A, which will prevent State raids on County coffers. However, subsidies from the County General Fund to the San Mateo Medical Center, which were \$56 million in the 2004-05 fiscal year, continue to constrain the County's ability to fund other needed services.

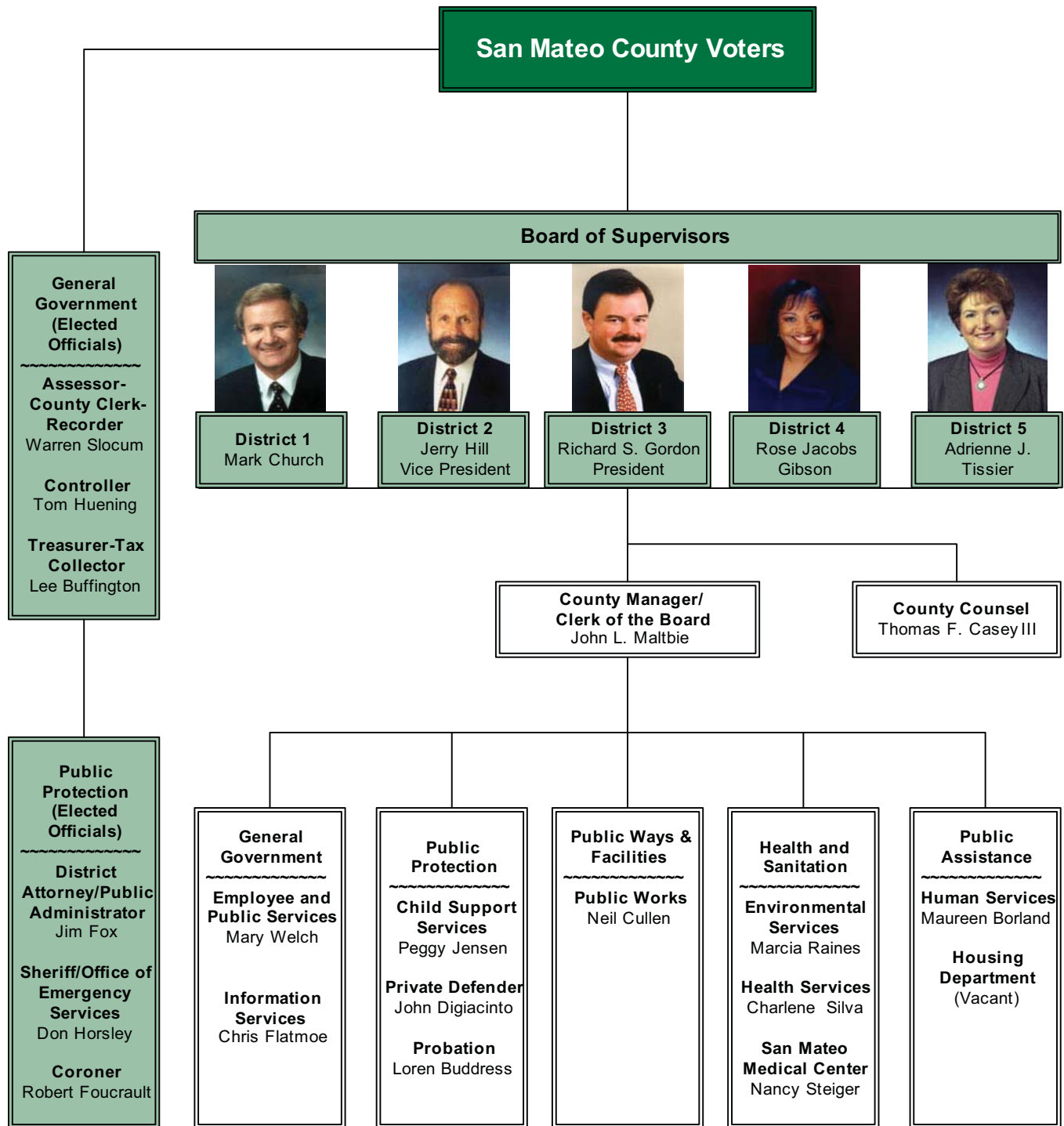


Butano State Park

Photograph courtesy of Bob Adler

*Published December 15, 2005*  
*by Controller Tom Huening, CPA, CPFO*  
*(650) 363-4777*

# Who We Are



As of June 30, 2005

San Mateo County is governed by an elected Board of Supervisors, which sets policy and administers County government by ordinances and regulations. In addition to the five Board seats, the County has six elected officials: the Assessor-County Clerk-Recorder, Controller, Treasurer-Tax Collector, District Attorney/Public Administrator, Sheriff, and Coroner. All other department heads are appointed. The above organization chart is arranged according to the County's various functional units.

# Controller's Forecast

---

San Mateo County's economic outlook continues to show positive signs. Local real estate remains strong, tourism is rebounding, and employment opportunities are improving. Despite the upturn in the economy, however, the County continues to face significant challenges in providing affordable housing and healthcare services to its residents.

The housing market continues its upward spiral. The median price of a single-family home in the County reached an historical high of \$878,750 in the first half of 2005, an 18% increase over the first half of 2004. While the resulting increase in property tax revenues are good for the County's bottom line, affordable housing remains out of reach for most County residents. To address the housing crisis, the County established the Housing Endowment and Regional Trust in 2003 to provide new funds for affordable housing development. In March 2005, the County established a new Department of Housing to provide long-range planning for housing in the County.

The County's tourism industry is reviving at a steady pace. Passenger traffic at San Francisco International Airport (SFO) increased 6% over the prior fiscal year. SFO and the surrounding hotels provide employment for thousands of workers and generate millions of sales tax dollars, another bright spot in the economy.

---

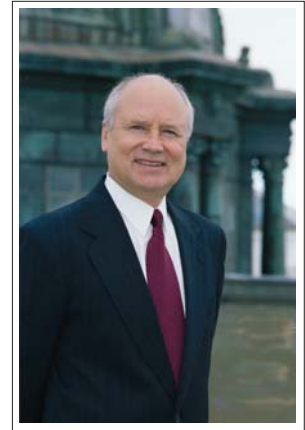
### *"Jobs outlook gets brighter*

*More Bay Area firms plan to expand staffs, survey shows."*  
San Francisco Chronicle, May 13, 2005

---

Employment opportunities in the County are also improving. Unemployment was down to 4.5% in the 2004-05 fiscal year from 5.5% in the prior fiscal year. The downward trend is likely to continue according to the Bay Area Business Confidence Survey. This quarterly survey, conducted by the Bay Area Council, indicates that hiring will continue to outpace layoffs in the near future.

The operation of the San Mateo Medical Center (SMMC), however, persistently casts a shadow over the County's financial outlook. The County's subsidies to the SMMC continue to be a drain on County finances. For the fiscal year ended June 30, 2005, the General Fund subsidies to the SMMC were \$56 million. Although the Medical Center operates efficiently in many ways, it is burdened with providing the charity care for virtually all the hospitals in the County. Until this disparity is addressed, subsidies to the SMMC will continue to adversely impact the County's ability to fund other needed services.



---

### *"County hospital unwell"*

San Mateo Daily Journal, June 30, 2005

---

Although the economy has regained its momentum, change is inevitable. The County has the challenge of finding creative, cost effective ways to meet both current and future needs of its residents.

Sincerely,

A handwritten signature in dark ink that reads "Tom Huening". The signature is fluid and cursive.

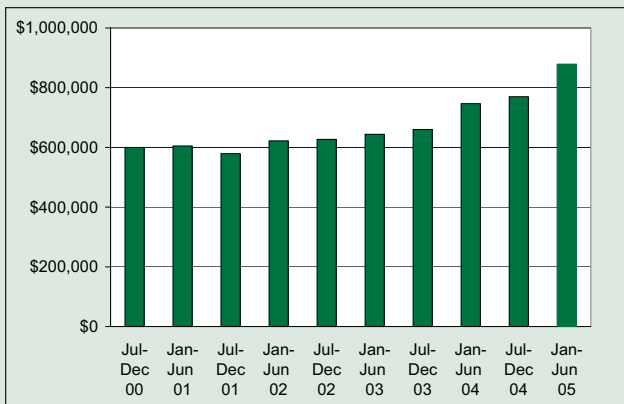
Tom Huening, CPA, CPFO  
Controller

# Real Estate and Property Taxes

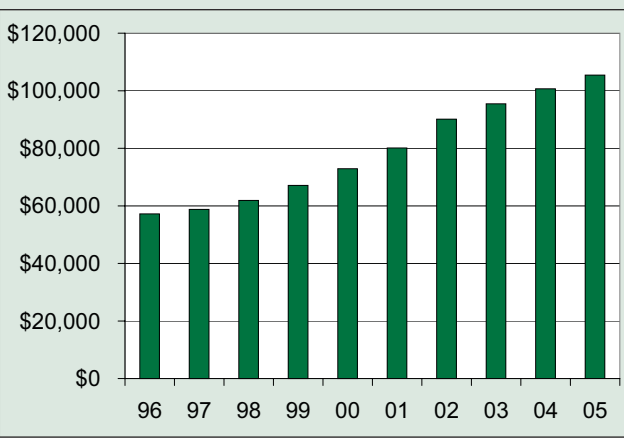
## Top 10 Property Tax Taxpayers (FY 2005)

	Taxable Assessed Value (millions)	% of Total Taxable Assessed Value
United Airlines	\$1,689	1.75%
Genentech Inc.	1,336	1.39%
Pacific Gas & Electric	568	0.59%
Oracle	537	0.56%
Sun Microsystems	377	0.39%
Tyco Electronics Corp	291	0.30%
Pacific Shores Investors	272	0.28%
Slough BTC LLC	212	0.22%
American Airlines	210	0.22%
SBC California	200	0.21%

## Median Price for a Single-Family Home in San Mateo County



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



## Commercial Real Estate

The County has 35 million square feet of net rentable office space. At the end of the fiscal year, vacancy rates were below 20% for the first time in three years. Increases in occupancy levels continue to boost investor confidence in the area. Genentech is currently in the process of building a 160,000 square foot Class A office building in South San Francisco, with intentions to occupy the entire space upon completion.

## Residential Real Estate

The Bay Area remains one of the highest priced regions in the State and among the highest in the nation for home prices. On average, home sellers received 100% of the listed price. Compared to last year, the number of single-family homes on the market increased by 1% and condominiums decreased by 4%. Affordable housing remains a significant challenge for residents, employers, and policymakers. Homes are least affordable in Atherton, Hillsborough, Portola Valley, Woodside, and Burlingame and most affordable in East Palo Alto, Brisbane, Daly City, South San Francisco, Pacifica, and San Bruno.

*“Up, up and away -- home prices soar”*

*San Francisco Chronicle, March 17, 2005*

According to the Tri-County Apartment Association, average rent and occupancy rate for rentals were comparable to last year. Average rent was \$1,392 per month while occupancy rates for rentals averaged 94% during FY 2004-05.

## Property Tax Revenue

In FY 2004-05, property in the County was valued at \$105 billion or \$5 billion (5%) more than last fiscal year. Total property tax revenue was \$218 million in FY 2004-05 compared to \$177 million in the prior fiscal year. Assessed property values in FY 2005-06 are estimated to be \$113 billion, an increase of 7%.

# Key Indicators of the Local Economy

## Tourism and Travel

San Francisco International Airport (SFO) is located in an unincorporated area of the County. Although SFO is owned and operated by the City and County of San Francisco, it plays a significant part in the County's economy. Air transportation is the County's single largest industry. The number of employees in the air transportation industry in the San Francisco Metropolitan Area (San Francisco, San Mateo and Marin) as of June 30, 2005 was 16,300, a 0.6% decrease when compared to the prior fiscal year.

Since FY 2002-03, traffic at SFO has gradually rebounded. In FY 2004-05, SFO was the 12th largest airport in the nation for passenger travel. When compared to the prior fiscal year, total passenger volume increased by 2 million (6%), and cargo and mail traffic increased by 587,518 metric tons (6%).

*"Airlines add flights out of SFO"*

San Francisco Examiner, January 27, 2005

The hotel industry continues to show positive signs toward economic recovery as well. Average occupancy rate was 65% compared to 62% in the prior fiscal year. Total room revenue was \$319 million, a \$27 million (9%) increase compared to the prior fiscal year.

## Employment

Jobs are expected to increase by 30,300 or 8% from 2001 to 2008. The projected job growth comes primarily from computer and mathematical sciences (24%), sales and related occupations (13%), management (8%), and life, physical, and social sciences (7%). The County's job base is diversified among several industries and company sizes, which may explain why the unemployment rate has been consistently less than the State and national rates.

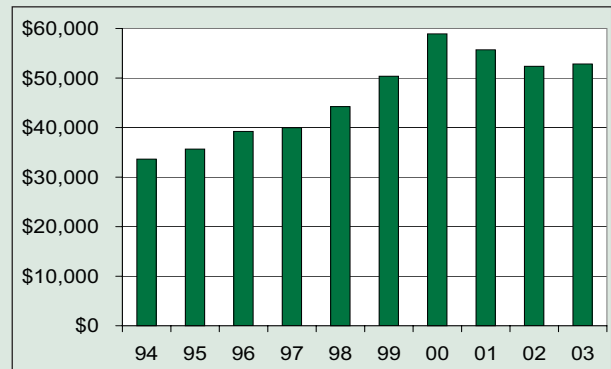
As of August 2004, the five largest employers in the County were United Airlines, Oracle Corporation, County of San Mateo, Genentech Inc., and Kaiser Permanente.

## Income

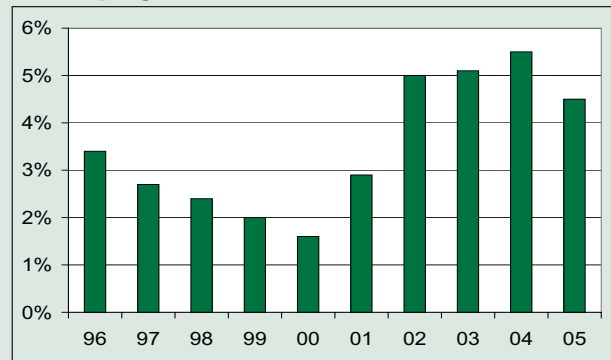
The County's median family income continues to be one of the highest in the nation. The median family income was \$83,021 in 2001 and \$80,827 in 2002. For 2003, the median family income was \$84,171, the highest in California and the 11th highest in the nation.

Per capita personal income continues to increase in San Mateo County, but a great deal of disparity exists in the incomes of the County's households. In 2003, about 35% of the County's households earned less than \$50,000 per year while 34% earned more than \$100,000 or more. A family of three needed an estimated \$58,920 in 2003 to remain self sufficient, which meant more than one third of the households in the County earned less than the self sufficiency level. At the very lower and upper end brackets, about 14% of households earned less than \$25,000 per year while 17% earned more than \$150,000. The wide disparity in household income distribution is not improving.

**Per Capita Personal Income**



**Unemployment Rate**





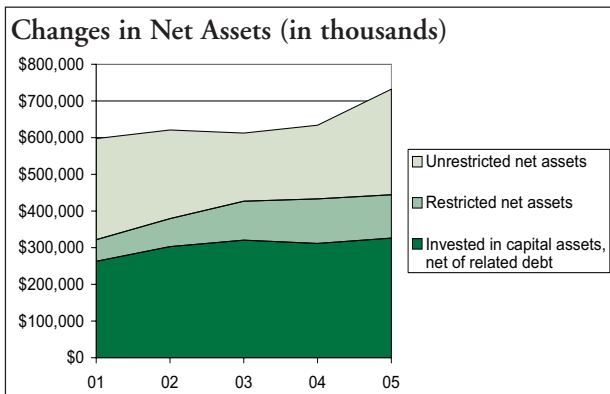
# Financial Condition and Activity

## Government-wide Financial Statements

Government-wide Financial Statements, which are comprised of the Statement of Net Assets and the Statement of Activities, provide readers with a broad overview of the County's finances, similar to a private-sector business.

Both of these statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*).

The Statement of Net Assets (Table 1) presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. The Statement of Activities (Table 2) provides information on the County's revenues and expenses, and reports the difference between the two as the change in net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the County's financial position is improving or deteriorating.



The County's net assets increased by 16% during FY 2004-05, mainly due to increases in property taxes, charges for services, investment earnings, and operating as well as capital grants and contributions. Compared to the prior fiscal year, the County's overall financial position has improved.

Table 1 on page 7 shows the County's net assets, which fall into three categories:

- 45% of net assets are investment in capital assets, less related debt. Capital assets (land, buildings, infrastructure, and equipment) are used to provide services to citizens; consequently, these assets are not available for future spending.
- 16% are restricted net assets. These resources are subject to external restrictions on how they are used.
- 39% are unrestricted net assets. These resources may be used to meet the County's ongoing obligations to citizens and creditors.

Table 2 on page 7 shows that total revenues surpassed total expenses by \$101 million.

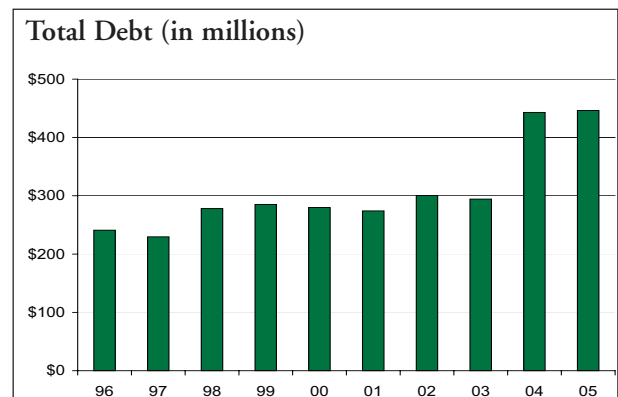
- The County's total revenues increased by 11%, or \$106 million, from \$952 million to \$1,058 million.
- The County's total expenses increased by 3%, or \$26 million, from \$931 million to \$957 million.

Additional information of revenues and expenses can be found on pages 8 and 9.

## Outstanding Debt

In FY 2004-05, the County's total debt increased by \$3 million to \$446 million, an increase of less than 1%.

The County Debt Limit Ordinance limits annual debt service payments to 4% of the average annual County total budget for the current and the preceding four fiscal years. The County's debt service payments were \$25 million in FY 2004-05, well below the maximum allowable debt service limit of \$48 million.



# Financial Condition and Activity

**Table 1: Statement of Net Assets as of June 30, 2005**

(Amounts in thousands)

	Governmental Activities		Business-type Activities		Total		Variance
	2005	2004	2005	2004	2005	2004	
<b>Assets:</b>							
Current and other assets	\$ 848,028	\$ 774,186	\$ 34,024	\$ 15,211	\$ 882,052	\$ 789,397	11.74%
Capital assets	639,207	577,954	41,081	41,217	680,288	619,171	9.87%
<b>Total assets</b>	<b>1,487,235</b>	<b>1,352,140</b>	<b>75,105</b>	<b>56,428</b>	<b>1,562,340</b>	<b>1,408,568</b>	<b>10.92%</b>
<b>Liabilities:</b>							
Current and other liabilities	200,413	178,584	33,771	18,597	234,184	197,181	18.77%
Long-term liabilities	578,551	565,238	17,443	14,772	595,994	580,010	2.76%
<b>Total liabilities</b>	<b>778,964</b>	<b>743,822</b>	<b>51,214</b>	<b>33,369</b>	<b>830,178</b>	<b>777,191</b>	<b>6.82%</b>
<b>Net assets:</b>							
Invested in capital assets, net of related debt	287,265	271,872	38,771	39,797	326,036	311,669	4.61%
Restricted	118,229	117,165	-	4,167	118,229	121,332	-2.56%
Unrestricted (Deficit)	302,777	219,281	(14,880)	(20,905)	287,897	198,376	45.13%
<b>Total net assets (as restated)</b>	<b>\$ 708,271</b>	<b>\$ 608,318</b>	<b>\$ 23,891</b>	<b>\$ 23,059</b>	<b>\$ 732,162</b>	<b>\$ 631,377</b>	<b>15.96%</b>

**Table 2: Statement of Activities for Fiscal Year Ended June 30, 2005**

(Amounts in thousands)

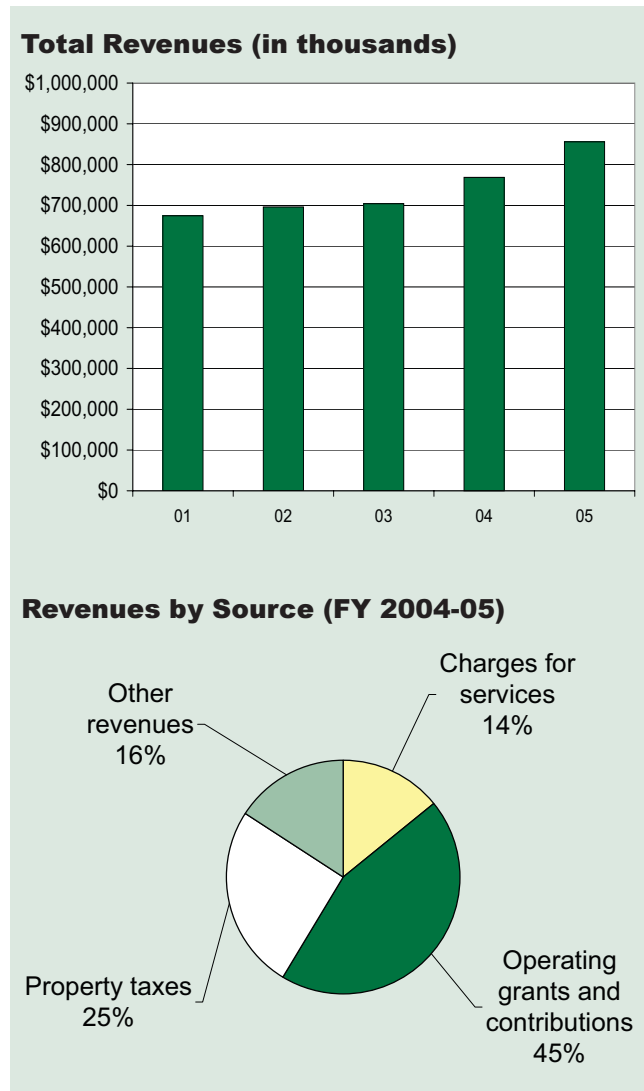
	Governmental Activities		Business-type Activities		Total		Variance
	2005	2004	2005	2004	2005	2004	
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for services	\$ 120,429	\$ 115,065	\$ 117,719	\$ 101,615	\$ 238,148	\$ 216,680	9.91%
Operating grants and contributions	382,115	368,896	75,310	75,280	457,425	444,176	2.98%
Capital grants and contributions	10,130	3,304	8,618	3,680	18,748	6,984	168.44%
<b>General revenues:</b>							
Property taxes	218,188	176,853	-	-	218,188	176,853	23.37%
Other taxes	25,803	24,414	-	-	25,803	24,414	5.69%
Motor vehicle in-lieu taxes	58,033	52,799	-	-	58,033	52,799	9.91%
Unrestricted interest and investment earnings	20,369	6,995	258	252	20,627	7,247	184.63%
<b>Security lending activities:</b>							
Securities lending income	1,895	850	30	16	1,925	866	122.29%
Securities lending expenses	(1,761)	(720)	(27)	(12)	(1,788)	(732)	144.26%
Miscellaneous	20,707	20,293	-	2,300	20,707	22,593	-8.35%
<b>Total revenues</b>	<b>855,908</b>	<b>768,749</b>	<b>201,908</b>	<b>183,131</b>	<b>1,057,816</b>	<b>951,880</b>	<b>11.13%</b>
<b>Expenses:</b>							
General government	60,798	60,845	-	-	60,798	60,845	-0.08%
Public protection	243,797	242,405	-	-	243,797	242,405	0.57%
Public ways and facilities	19,938	22,657	-	-	19,938	22,657	-12.00%
Health and sanitation	170,679	157,452	-	-	170,679	157,452	8.40%
Public assistance	184,150	182,914	-	-	184,150	182,914	0.68%
Education	151	145	-	-	151	145	4.14%
Recreation	7,401	7,397	-	-	7,401	7,397	0.05%
Interest on long-term liabilities	19,019	17,023	-	-	19,019	17,023	11.73%
San Mateo Medical Center	-	-	178,500	164,972	178,500	164,972	8.20%
Airports	-	-	1,654	1,706	1,654	1,706	-3.05%
Coyote Point Marina	-	-	1,045	1,250	1,045	1,250	-16.40%
Housing Authority	-	-	69,899	71,776	69,899	71,776	-2.62%
<b>Total expenses</b>	<b>705,933</b>	<b>690,838</b>	<b>251,098</b>	<b>239,704</b>	<b>957,031</b>	<b>930,542</b>	<b>2.85%</b>
Change in net assets before transfers	149,975	77,911	(49,190)	(56,573)	100,785	21,338	372.33%
Transfers	(50,022)	(52,082)	50,022	52,082	-	-	0.00%
<b>Change in net assets</b>	<b>99,953</b>	<b>25,829</b>	<b>832</b>	<b>(4,491)</b>	<b>100,785</b>	<b>21,338</b>	<b>372.33%</b>
Net assets - beginning (as restated)	608,318	582,489	23,059	27,550	631,377	610,039	3.50%
<b>Net assets - ending</b>	<b>\$ 708,271</b>	<b>\$ 608,318</b>	<b>\$ 23,891</b>	<b>\$ 23,059</b>	<b>\$ 732,162</b>	<b>\$ 631,377</b>	<b>15.96%</b>

The information on this page is derived from the County's Comprehensive Annual Financial Report (CAFR), which is presented in conformity with generally accepted accounting principles and contains more information. The CAFR is available at all public libraries in the County and online at [www.co.sanmateo.ca.us/controller/cafr](http://www.co.sanmateo.ca.us/controller/cafr).

# Revenues

## Governmental Activities - Revenues

Total revenues for governmental activities were \$856 million this year, which was 11% or \$87 million more than the prior year. Approximately 85% of the revenues come from three major sources: 1) operating grants and contributions, 2) property taxes, and 3) charges for services.



### Operating Grants & Contributions (\$382 million, 45% of total revenues – governmental activities)

The majority of operating grants and contributions come from the federal and state governments. These revenues mostly support state-mandated services such as mental health care, public safety services, and public assistance. This money helps people obtain healthcare, live in a safe environment, attain low-cost housing, and find jobs. In FY 2004-05, operating grants and contributions increased 4% or \$13 million. The increase was mainly due to increased fundings from realignment of sales tax, federal child protective services program, State CalWORKs (Cash Assistance for Families with Kids) program, and federal Workforce Investment Act program.

### Property Taxes (\$218 million, 25% of total revenues – governmental activities)

Property taxes are generated locally and consist of real and personal property taxes. In FY 2004-05, property taxes increased 23% or \$41 million. The increase was mainly due to property tax refunds from the Education Revenue Augmentation Fund.

### Charges for services (\$120 million, 14% of the revenues – governmental activities)

Charges for services include candidate filing fees, returned check charges, tax administration fees, private defender fees, geotechnical fees, agricultural inspection fees, fingerprinting, lab fees, and other charges for services. In FY 2004-05, charges for services increased 5% or \$5 million.

## Business-type Activities – Revenues

The County operates four programs that are classified as business-type activities: San Mateo Medical Center (SMMC), Airports, Coyote Point Marina, and Housing Authority. The revenues from business-type activities rely to a significant extent on fees charged to customers. In FY 2004-05, total revenues for the business-type activities increased by \$19 million or 9%. The increase was primarily due to increased fundings from state supplemental programs, and state and federal grants.

The information on pages 8 and 9 is derived from the County's Comprehensive Annual Financial Report (CAFR), which is presented in conformity with generally accepted accounting principles and contains more information. The CAFR is available at all public libraries in the County and online at [www.co.sanmateo.ca.us/controller/cafr](http://www.co.sanmateo.ca.us/controller/cafr).



## Governmental Activities – Expenses

Total expenses for the governmental activities were \$706 million, which was \$15 million or 2% more than the prior year. Approximately 85% of the total expenses related to services provided for 1) public protection, 2) public assistance, and 3) health and sanitation.

### Public Protection (\$244 million, 35% of total expenses – governmental activities)

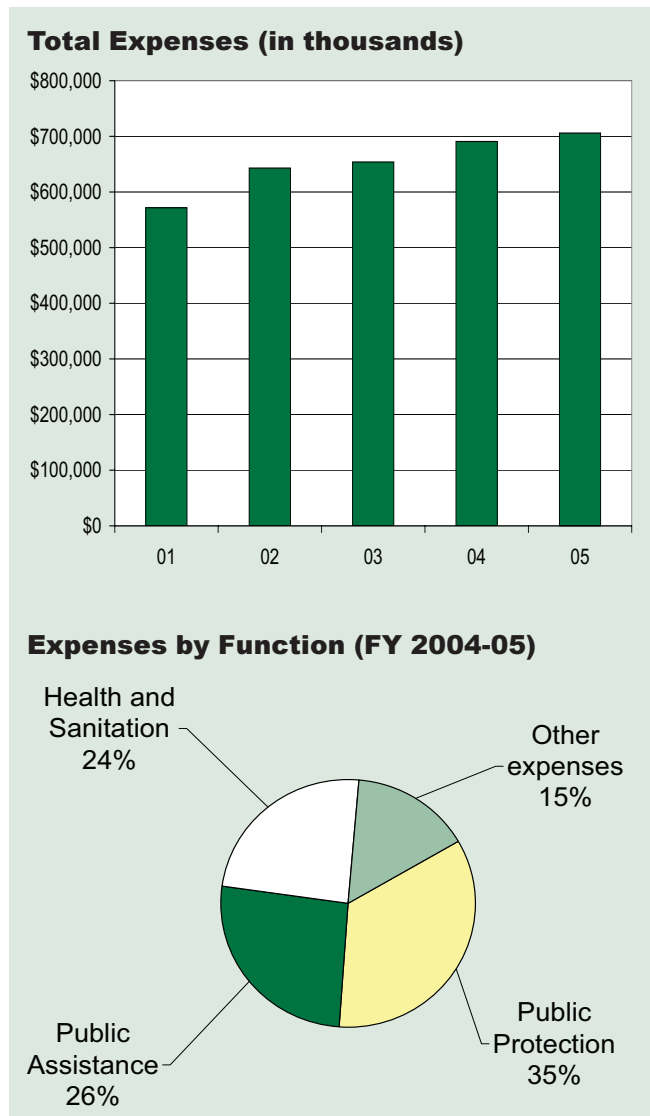
Public protection expenses include costs incurred by the Sheriff, District Attorney, Probation, Coroner, County Fire, and Public Safety Communications. Public protection expenses increased \$2 million, or less than 1%, over the prior year.

### Public Assistance (\$184 million, 26% of total expenses – governmental activities)

The County provides public assistance programs such as alcohol and drug services, low-cost housing and homeless services, job search and training, Family Resource Centers in schools and community centers, CalWORKs, foster care, and other public assistance programs. Public assistance expenses increased \$1 million, or less than 1%, over the prior year.

### Health and Sanitation (\$171 million, 24% of total expenses – governmental activities)

Health and sanitation expenses include costs associated with mental health services, the Prenatal to Three Initiative, environmental health services, the AIDS program, and other health services. Health and sanitation expenses increased 8%, or \$13 million, over the prior year. This increase was mainly due to supplemental contributions to the Disproportionate Share Hospital program, new hires to support public health and bioterrorism programs, and increased costs to provide health insurance to children.



## Business-type Activities – Expenses

In FY 2004-05, total expenses increased 5% or \$11 million. Most of the increase in expenses was incurred by the San Mateo Medical Center (SMMC). Over a year the SMMC's expenses increased 8%, or \$14 million, mainly resulting from escalated healthcare costs.

# Major Initiatives

---

## **HEART**

The Board established the Housing Endowment And Regional Trust (HEART) to better coordinate financial resources of public and private entities interested in addressing the critical, regional need of affordable housing. HEART received \$3 million from the Board of Supervisors (Board) and \$2 million from the State Housing Bond.



## **Housing Department**

In March 2005, the Board established the Department of Housing. The mission of the department is to serve as a catalyst for increasing access to affordable rental housing, supporting community development, and forging partnerships that increase the supply of housing.

The department has 78 full time employees and encompasses the existing Housing & Community Development, Housing Authority, and other State and Federal affordable entitlement programs. The department will provide long range planning for housing in the County as well as redevelopment and economic development in the unincorporated areas.



## **Partners For Safe And Healthy Children**

Through a collaborative effort of the Health and Human Services Agencies, Partners for Safe and Healthy Children was created with the intent to improve the health and well being of children. This program has a systematic, coordinated, and integrated approach to providing high-risk and vulnerable young children and their families with appropriate assessment, case management, and treatment services.

The County has continued the successful growth trend in countywide health insurance enrollments for children. In FY 2004-05, health insurance was provided to approximately 35,000 children.



## **San Mateo County Network of Care for Seniors and People with Disabilities**

Aging and Adult Services, a division of Health Services, launched the San Mateo County Network of Care for Seniors and People with Disabilities website at <http://sanmateo.networkofcare.org/aging>.

This community-based website provides information about comprehensive long-term care services and education for the thousands of seniors and people with disabilities in our community. Consumers, caregivers, and community-based organizations can easily access information on a wide variety of services designed to help people live with independence and dignity.

# Major Initiatives

## Local Coastal Plan

In January 2005, the Board began a series of public hearings to consider a proposal to revise land use policy affecting the unincorporated mid-coast and update the Local Coastal Plan (LCP). The main objectives are to avoid development permit appeals, update baseline data and policies, and improve the LCP Coastal Act. The visioning process is designed to attain a prepared statement of principles that guide mid-coast growth and provide a framework for future action.



## Measure A

The reauthorization of Measure A, whose proceeds are earmarked for transportation projects, passed during the November 2004 election. The new measure extends the half-cent sales tax for an additional 25 years through 2033 after the original Measure A expires in 2008.

## Mental Health

In a process co-chaired by Supervisor Richard S. Gordon and Raja Mitry, Chair of the Mental Health Board, the Mental Health Services Division is engaged in a community planning process to determine needs for mental health services that might be addressed under the Mental Health Services Act (MHSA). Over 100 focus groups and community meetings have been held throughout the County reaching over 1,000 people and revealing a variety of unmet needs. The resulting MHSA Community Services and Supports Three-Year Plan was presented to the Board of Supervisors for review in November 2005.

---

*“County draws \$4.6M in homeless grants  
New money will aid mentally ill”*

San Francisco Examiner, January 25, 2005

---

## Youth Services Center

Construction of the new Youth Services Center began in the prior fiscal year to replace the 55-year old Hillcrest Juvenile Hall. The project includes the construction of a new 180-bed juvenile hall, probation office, juvenile court, community school, 30-bed girls camp, and 24-bed group home.

Project costs are funded with the sale of \$155 million lease revenue bonds and federal funding of \$22 million. The move-in is scheduled for July 2006.



# About the Popular Annual Financial Report

**Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting**

PRESENTED TO

**COUNTY OF SAN MATEO,  
CALIFORNIA**

for the Fiscal Year Ended  
June 30, 2004



*Nancy J. Zeller*  
President  
*Jeffrey L. Lane*  
Executive Director

This *Financial Highlights* publication provides the public with an easy to read overview of the County's financial condition. The information contained in this report is derived from the County of San Mateo's *Comprehensive Annual Financial Report* (CAFR). The CAFR contains more detailed information about the County's finances, and copies of the report are available at all public libraries in the County and the Controller's website, [www.co.sanmateo.ca.us/controller/cafr](http://www.co.sanmateo.ca.us/controller/cafr).

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 my office at (650) 363-4777, or e-mail me at [thuening@co.sanmateo.ca.us](mailto:thuening@co.sanmateo.ca.us). I look forward to hearing from you.

Tom Huening, CPA, CPFO

Controller, County of San Mateo

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 Popular Annual Financial Report for the fiscal year ended June 30, 2004. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, 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 only. San Mateo County has received a Popular Award for the last three consecutive years (fiscal years ended 2002-2004). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

Controller Tom Huening, CPA, CPFO  
County of San Mateo  
555 County Center, 4th Floor  
Redwood City, CA 94063