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Controller Releases Annual Comprehensive Financial Report

County's capital expenditures and total liabilities show increase, while revenues surpassed expenses.

Redwood City – San Mateo County Controller Juan Raigoza recently released the Annual Comprehensive Financial Report for fiscal year ending June 30, 2023. The report includes audited financial statements, analysis and other details about the County's finances.

While the County's budget forecasts expected revenues and allocates funds for the upcoming two-year cycle, the Annual Comprehensive Financial Report shows actual revenues received, expenses incurred and the County's assets and liabilities.

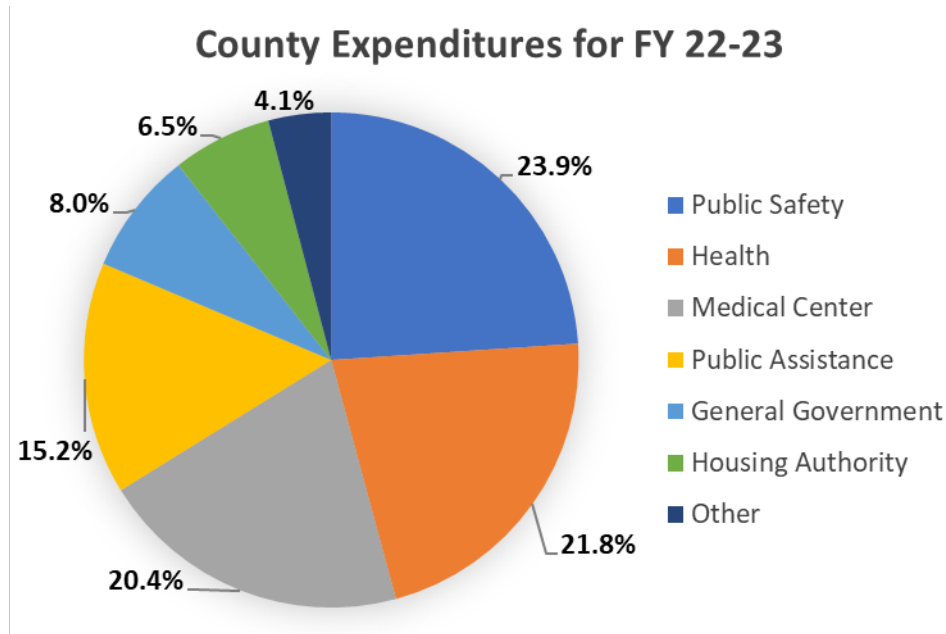
The report presents the County's government-wide financial statements, fund financial statements (including for the General Fund), management's discussion and analysis and notes. The General Fund is the main fund used to finance and budget the County's daily and long-term operations.

These report sections offer insight into the County's financial activities throughout fiscal year 2022-23 and its financial status as of June 30, 2023.

Some financial highlights in this year's report include:

- County's general fund revenues totaled \$1.9 billion, while expenses totaled \$1.4 billion.
- County's government-wide liabilities increased by \$565 million to \$2.2 billion, while assets increased by \$563 million to \$5.7 billion.

- Net pension liabilities increased to \$693 million, while other post-employment liabilities increased to \$68 million.
- Three core services to residents comprised 81 percent of total expenditures: 42 percent for health (includes San Mateo Medical Center), 24 percent for public safety and 15 percent for public assistance services.



The Letter of Transmittal, the report’s opening section, provides the public with a summary of the County’s key financial management policies, economic and financial outlook and other information.

The report shows that while the county’s residential and commercial property prices are fluctuating, other factors affecting the county’s economy are doing well.

As of June 2023:

- The County’s unemployment rate was 3.2 percent, the lowest among California’s 58 counties.
- Countywide taxable sales increased by 8.9 percent from the prior year, to \$23.9 billion.
- Office vacancy rate fell to 8.5 percent; however, it increased to 8.9 percent for the quarter ending September 2023.
- The median single-family house price slipped 4.9 percent to \$1.95 million in June 2023 from \$2.05 million in June 2022.

- Median family income was \$179,788 for 2022 (latest data), a 14.3 percent increase from \$157,287 for 2021.
- At San Francisco International Airport, a local economic engine, the number of passengers served increased 35 percent to 47.1 million for the year ending June 2023, up from 34.9 million in prior year.

Capital assets, primarily related to investments in buildings, increased by \$259 million to \$1.7 billion during fiscal year 2022-23. The County has several major capital projects under construction including the South San Francisco Health Campus, Cordilleras Mental Health Facility, County Office Building 3, Health System Center Campus upgrade and the Navigation Center, among others.

These capital projects are necessary to replace aging buildings or meet new infrastructure needs and will result in substantial one-time construction costs and on-going operational and maintenance expenditures. The current fiscal year 2023-24 budget includes \$893 million for capital projects. The County's strong credit/bond rating allows it to obtain financing for capital projects at relatively low interest rates.

Increasing costs for on-going operations, funding for unfunded pension liabilities and significant investments in major capital projects will continue to require disciplined budget planning to protect the County's long-term financial health and its ability to provide essential services to residents.

The Controller's Office also recently released the County's Financial Highlights report, otherwise known as the Popular Annual Financial Report, which further summarizes in a concise and easy-to-read manner the information presented in the more extensive annual report. Both reports consistently earn annual awards for excellence in financial reporting from the Government Finance Officers Association.

"These two reports are two of many ways that our office and County work to make the County's financial activities and status transparent and understandable to residents and taxpayers. These annual reports, County budget reports, Property Tax Highlights publications and other information is available online for everyone to learn about the County's finances," Raigoza said.

Both the complete Annual Comprehensive Financial Report and Financial Highlights report are available at <https://smcgov.org/controller>.

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