



FY 2023-24 Nine-Month Budget Status Report



Office of the Controller

Budget & Appropriations Committee June 5, 2024

Summary

- Improvement of \$28.5 million from prior projection (March 2024 Update to the Joint Report).
- Net revenue shortfall of \$103.7 million is \$9.0 million better than prior projection. Persistent weakness across numerous sources (FEMA reimbursements; business, sales, hotel, and transfer taxes) is partially offset by property tax and interest earnings above budget.
- \$198 million net operating surplus in departments is a \$19.5 million increase from prior projection:
 - Includes \$96.4 million identified in fall 2024 for mid-year savings.
 - Widespread savings in contracts, salary and benefits, and other areas across departments help offset widespread revenue shortfalls.
 - Public Health projects a revenue surplus of \$101.6 million due to net patient revenue surpluses at ZSFG Hospital from high patient volume and census, CalAIM behavioral health payments, and several one-time state payments for safety net hospital programs. These offset a \$52.5 million revenue shortfall at Laguna Honda Hospital from reduced census and a new methodology for nursing facility payments that will shift revenue from the current to the budget year.
- The Police and Sheriff's departments are expected to require additional supplemental appropriations to reallocate existing expenditure appropriation to overtime, as required by Administrative Code.

Summary

	Fall 2023 Joint Report	6-Month Report	March 2024 Joint Report	9-Month Report	Change
FY 2022-23 Ending Fund Balance	417.5	417.5	417.5	417.5	-
Appropriation in the FY 2023-24 Budget	(414.4)	(414.4)	(414.4)	(414.4)	-
A. Prior Year Fund Balance Above Budgeted Levels	3.1	3.1	3.1	3.1	-
Citywide Revenue	(42.9)	(117.4)	(112.7)	(103.7)	9.0
Baseline Contributions	(4.3)	23.5	23.8	23.8	(0.0)
Departmental Operations	96.4	178.4	178.4	198.0	19.5
B. Current Year Revenues and Expenditures	49.3	84.5	89.5	118.0	28.5
Approved Use of General Reserve - Source	-	-	-	0.5	0.5
Approved Use of General Reserve - Use	-	-	-	(0.5)	(0.5)
C. Supplemental Appropriations & Use of Reserves	-	-	-	-	-
D. Previously Unappropriated Fund Balance	81.2	81.2	81.2	81.2	-
E. Fund Balance Previously Appropriated in FY 2024-25	291.7	291.7	291.7	291.7	-
F. FY 2023-24 Projected Ending Balance	425.3	460.5	465.6	494.1	28.5

Revenues

	FY 2022-23	FY 2023-24		Variance	
	Actuals	Budget	9-Mo	Vs Budget	Vs March 5-Yr
Property Tax	2,121.8	2,145.0	2,133.0	(12.0)	7.0
Excess ERAF	345.1	365.0	397.4	32.4	36.8
Total Property Tax	2,466.9	2,510.0	2,530.4	20.4	43.8
Business Taxes	850.6	851.1	825.0	(26.1)	-
Sales Tax - Local 1%	197.9	200.0	189.0	(11.0)	0.4
Hotel Room Tax	252.9	302.9	256.7	(46.2)	(5.4)
Utility User & Access Line Taxes	163.9	167.0	178.2	11.2	(4.6)
Parking Tax	82.7	84.1	84.8	0.7	-
Real Property Transfer Tax	186.2	222.0	157.4	(64.6)	(30.9)
Sugar Sweetened Beverage Tax	12.9	13.7	12.0	(1.7)	(0.7)
Stadium Admissions Tax	6.0	9.1	7.4	(1.7)	-
Cannabis Tax	-	-	-	-	-
Executive Pay	206.0	100.0	125.0	25.0	-
Franchise Taxes	16.9	15.6	16.5	0.9	-
Interest Income	105.0	121.1	168.9	47.8	16.7
FEMA Disaster Relief	2.6	170.0	116.8	(53.2)	(6.8)
Health & Welfare Realignment	290.7	281.6	276.7	(4.9)	0.7
Public Safety Realignment	58.5	51.6	50.5	(1.1)	(3.6)
Public Safety Sales Tax	94.9	100.4	97.5	(2.9)	(0.6)
Airport Transfer In	48.7	50.9	54.8	3.9	-
Commercial Rent Tax Transfer In	28.5	28.4	28.2	(0.2)	-
Total Citywide Revenues	7,538.7	5,279.5	5,175.8	(103.7)	9.0

Departments

	Revenue Surplus / (Shortfall)	Expenditure Savings/ (Deficit)	Net Surplus / (Shortfall)
Net Shortfall Departments			
General City Responsibility	3.0	(17.4)	(14.4)
City Planning	(10.4)	6.5	(3.9)
Subtotal Net Shortfall Departments	(7.4)	(10.9)	(18.3)

	Revenue Surplus / (Shortfall)	Expenditure Savings/ (Deficit)	Net Surplus / (Shortfall)
Net Surplus Departments			
Public Health	101.6	19.1	120.7
Mayor	-	31.8	31.8
Homelessness and Supportive Housing	(0.1)	12.4	12.3
Human Services Agency	(8.5)	16.9	8.3
Recreation and Park Department	2.0	4.8	6.8
City Administrator	(1.1)	4.9	3.8
Emergency Management	0.1	3.4	3.5
Public Works	(3.2)	6.4	3.2
Economic & Workforce Development	(15.4)	18.1	2.8
City Attorney	(4.8)	7.5	2.7
Human Rights Commission	-	2.5	2.5
Fire Department	2.0	0.2	2.2
Ethics Commission	0.0	1.9	1.9
Early Childhood	(0.5)	2.2	1.7
Children, Youth and Their Families	-	1.6	1.6
Juvenile Probation	0.0	1.5	1.6
Status of Women	-	1.3	1.3
Adult Probation	(0.0)	1.2	1.2
Treasurer / Tax Collector	(1.6)	2.7	1.1
Subtotal Net Surplus Departments	70.5	140.5	211.0
All Other	(7.0)	12.3	5.3
TOTAL	56.1	141.9	198.0

Reserves

	FY 2022-23	FY 2023-24			FY 2024-25		
	Ending Balance	Deposit	Use	Projected Balance	Deposit	Use	Projected Balance
General Reserve	\$ 57.8	\$ 70.8	(0.5)	\$ 128.1	\$ 13.8	-	\$ 141.9
Rainy Day Economic Stabilization City Reserve	114.5	-	-	114.5	-	-	114.5
Budget Stabilization Reserve	275.2	-	-	275.2	-	-	275.2
Economic Stabilization Reserves	389.7	-	-	389.7	-	-	389.7
<i>Percent of General Fund Revenues</i>	<i>6.3%</i>			<i>6.2%</i>			<i>6.2%</i>
Budget Stabilization One Time Reserve	54.8	-	-	54.8	-	-	54.8
Rainy Day Economic Stabilization SFUSD Reserve	1.0	-	-	1.0	-	-	1.0
Federal and State Emergency Grant Disallowance Reserve	81.3	-	-	81.3	-	(41.3)	40.0
Fiscal Cliff Reserve	220.4	-	(90.2)	130.3	-	-	130.3
Business Tax Stabilization Reserve	29.5	-	-	29.5	-	(29.5)	-
Public Health Revenue Management Reserve	130.3	-	-	130.3	-	-	130.3
Free City College Reserve	6.9	-	(6.9)	-	-	-	-
Mission Bay Transportation Improvement Fund	1.0	-	(1.0)	-	-	-	-
Hotel Tax Loss Contingency Reserve	3.5	-	(3.5)	-	-	-	-
Other Reserves	528.7	-	(101.5)	427.2	-	(70.8)	356.4
Litigation Reserve	-	10.8	(10.8)	-	10.8	(10.8)	-
Salary and Benefits Reserve	27.9	7.0	(34.9)	-	21.0	(21.0)	-
Annual Operating Reserves	27.9	17.8	(45.7)	-	31.8	(31.8)	-
TOTAL, General Fund Reserves	1,004.2	88.6	(147.8)	945.0	45.6	(102.6)	888.0