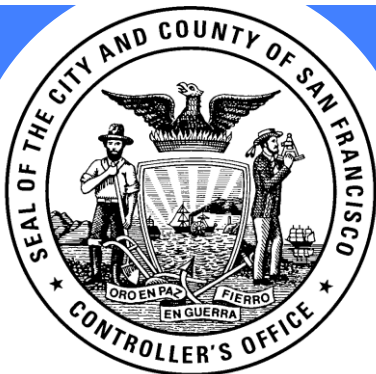


FY 2023-24 Six Month Budget Status Report



CITY & COUNTY OF SAN FRANCISCO

Office of the Controller

3.6.2024

Summary

- Improvement of \$34.5 million from prior projection (Five Year Financial Plan published December).
- Application of this balance would reduce the projected two-year budget shortfall from \$799.2 million to \$764.7 million.
- Net revenue shortfall of \$117.4 million due to weakness across numerous taxes and revenue sources, including property, business, sales and hotel taxes.
- \$178.4 million net operating surplus in departments' budgets, which is an \$82 million increase from prior projection:
 - Department of Public Health projected a surplus of \$98.3 million mainly due to revenue surpluses at ZSFG Hospital from Medi-Cal revenue, higher than expected patient volume and census, and better outpatient pharmacy revenue
 - Salary and benefit savings across departments, and overhead savings.

Summary

	Fall 2023 Projection	6-Month	Change
FY 2022-23 Ending Fund Balance	417.5	417.5	-
Appropriation in the FY 2023-24 Budget	(414.4)	(414.4)	-
A. Prior Year Fund Balance Above Budgeted Levels	3.1	3.1	-
Citywide Revenue	(42.9)	(117.4)	(74.6)
Baseline Contributions	(4.3)	22.7	26.9
Departmental Operations	96.4	178.4	82.0
B. Current Year Revenues and Expenditures	49.3	83.7	34.5
Approved Use of General Reserve	-	-	-
Public Health Revenue Management Reserve	-	-	-
C. Supplemental Appropriations & Use of Reserves	-	-	-
D. Previously Unappropriated Fund Balance	81.2	81.2	-
E. Fund Balance Previously Appropriated in FY 2024-25	291.7	291.7	-
F. FY 2023-24 Projected Ending Balance	425.3	459.7	34.5

Revenues

	FY 2022-23	FY 2023-24			Variance	
	Actuals	Budget	5-Yr	6-Mo	Vs Budget	Vs 5-Yr
Property Taxes	2,466.9	2,510.0	2,527.9	2,491.8	(18.2)	(36.1)
Property Tax	2,121.8	2,145.0	2,165.0	2,129.0	(16.0)	(36.0)
Excess ERAF	345.1	365.0	362.9	362.8	(2.2)	(0.1)
Business Taxes	850.6	851.1	869.8	821.4	(29.7)	(48.4)
Sales Tax - Local 1%	197.9	200.0	192.2	188.7	(11.4)	(3.5)
Hotel Room Tax	252.9	302.9	267.6	262.1	(40.8)	(5.5)
Utility User & Access Line Taxes	163.9	167.0	187.3	182.8	15.8	(4.5)
Parking Tax	82.7	84.1	86.0	86.0	1.9	-
Real Property Transfer Tax	186.2	222.0	170.1	188.3	(33.6)	18.2
Sugar Sweetened Beverage Tax	12.9	13.7	13.7	13.7	(0.0)	-
Stadium Admissions Tax	6.0	9.1	7.4	7.4	(1.7)	-
Cannabis Tax	-	-	-	-	-	-
Executive Pay	206.0	100.0	120.0	120.0	20.0	-
Franchise Taxes	16.9	15.6	16.7	16.5	0.9	(0.3)
Interest Income	105.0	121.1	151.5	150.3	29.3	(1.2)
FEMA Disaster Relief	2.6	170.0	123.6	123.6	(46.4)	-
Health & Welfare Realignment	290.7	281.6	267.2	276.0	(5.6)	8.8
Public Safety Realignment	58.5	51.6	58.5	53.9	2.3	(4.6)
Public Safety Sales Tax	94.9	100.4	98.1	98.1	(2.3)	(0.0)
Airport Transfer In	48.7	50.9	50.9	53.3	2.4	2.4
Commercial Rent Tax Transfer In	28.5	28.4	28.2	28.2	(0.2)	-
Total Citywide Revenues	5,071.8	5,279.5	5,236.8	5,162.2	(117.4)	(74.6)

Department Projections

	Revenue Surplus / (Shortfall)	Expenditure Savings/ (Deficit)	Net Surplus / (Shortfall)
Net Shortfall Departments			
City Planning	(9.7)	5.7	(4.0)
Board of Appeals	(0.1)	0.1	(0.01)
Subtotal Net Shortfall Departments	(9.8)	5.8	(4.0)
Net Surplus Departments			
Department of Public Health	89.6	8.7	98.3
Mayor	-	30.7	30.7
Recreation & Park	3.7	4.1	7.8
General City Responsibility	1.0	6.4	7.4
Human Services Agency	(4.3)	11.0	6.7
Dept. of Homelessness and Supportive Housing	(0.0)	3.4	3.4
Emergency Communications	-	3.3	3.3
Economic & Workforce Development	(10.3)	13.1	2.8
General Services Agency - Administrative Services	(1.3)	3.9	2.7
Human Rights Commission	-	2.5	2.5
Fire Department	2.0	0.2	2.2
Children, Youth & Their Families	-	1.6	1.6
Juvenile Probation	0.1	1.4	1.5
Subtotal Net Surplus Departments	80.4	90.3	170.7
All Other	(16.8)	28.5	11.7
TOTAL	53.8	124.6	178.4

Reserves

	FY 2022-23	FY 2023-24			FY 2024-25			Note
	Ending Balance	Deposit	Use	Projected Balance	Deposit	Use	Projected Balance	
General Reserve	\$ 57.8	\$ 70.8	-	\$ 128.7	\$ 14.1	-	\$ 142.8	1
Rainy Day Economic Stabilization City Reserve	114.5	-	-	114.5	-	-	114.5	2
Budget Stabilization Reserve	275.2	-	-	275.2	-	-	275.2	3
Economic Stabilization Reserves	389.7	-	-	389.7	-	-	389.7	
<i>Percent of General Fund Revenues</i>	6.3%			6.2%			6.1%	
Budget Stabilization One Time Reserve	54.8	-	-	54.8	-	-	54.8	3
Rainy Day Economic Stabilization SFUSD Reserve	1.0	-	-	1.0	-	-	1.0	2
Federal and State Emergency Grant Disallowance	81.3	-	-	81.3	-	(41.3)	40.0	
Fiscal Cliff Reserve	220.4	-	(90.2)	130.3	-	-	130.3	4
Business Tax Stabilization Reserve	29.5	-	-	29.5	-	(29.5)	-	
Public Health Revenue Management Reserve	130.3	-	-	130.3	-	-	130.3	5
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)	-	6
Annual Operating Reserves	27.9	17.8	(45.7)	-	31.8	(31.8)	-	
TOTAL, General Fund Reserves	1,004.2	88.6	(147.3)	945.5	45.9	(102.6)	888.9	

Risks and Uncertainties

- Weakness in economically sensitive revenues (sales, hotel).
- Property assessment appeals caseload and decisions.
- COVID-19 FEMA reimbursements for non-congregate shelter services.

Coming Updates

- March: Five Year Financial Plan Update FY 2024-25 - FY 2027-28
- May: FY 2023-24 Nine-Month Budget Status Report