

File # 160180
Received in Committee
3/2/16
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Controller's Office

Six-Month Budget Status Report

Board of Supervisors

Budget & Finance Committee

March 2, 2016



General Fund Overview

- Projected ending balance of \$310.2M at close of current year is an improvement of approximately \$58.9 million versus the assumptions contained in the Five Year Financial Plan and Mayor's Budget Instructions.
- Total FY 2016-17 and FY 2017-18 shortfall reduced from \$240.2 million to \$181.3 million.
- Improvement versus budget driven largely by tax revenue improvement and savings in health and human services departments and citywide labor costs.
- Economic reserves, including the Budget Stabilization Reserve and the City's portion of the Rainy Day Reserve, are projected to total 6.2% of General Fund revenues versus 10% target.



General Fund Citywide Revenue Projections

\$ Millions

Controller's Office

	Revised Budget	6-Month Projection	Surplus (Shortfall)
Property Taxes	1,291.0	1,360.0	69.0
Business Taxes	634.5	631.1	(3.4)
Sales Tax - Local 1% and Public Safety	270.9	254.3	(16.6)
Hotel Room Tax	384.1	389.2	5.1
Utility User & Access Line Taxes	139.1	136.2	(3.0)
Parking Tax	89.7	90.7	1.0
Real Property Transfer Tax	275.3	275.3	-
Interest Income	10.7	12.0	1.3
1991 and Public Safety Realignment	205.8	211.3	5.5
Motor Vehicle In-Lieu	-	0.6	0.6
Franchise Taxes	16.8	16.7	(0.1)
Airport Transfer-In	40.8	41.7	0.9
Total Citywide Revenues	3,358.7	3,419.0	60.4



Baseline Transfers and Property Tax Set-Asides

\$ Millions

Controller's Office

	Revised Budget	6-Month Projection	Variance
Aggregate Discretionary Revenues (ADR)	2,958.4	3,014.7	56.3
MTA Baseline 9.2% ADR	272.0	277.1	5.2
MTA Population Change Baseline	25.9	27.7	1.8
Library Baseline 2.3% ADR	67.6	68.9	1.3
Public Education Fund Baseline 0.3% ADR	4.3	4.4	0.1
Total Baseline Transfers	369.8	378.1	8.3
80% Parking Tax in Lieu Transfer to MTA	74.2	75.6	1.4
Total Baselines and In-Lieu Transfers	443.9	453.7	9.8



Departmental Projections

\$ Millions

	Revenue Surplus / (Shortfall)	Uses Savings / (Deficit)	Net Surplus / (Shortfall)
Net Shortfall Departments			
City Attorney	(0.4)	(0.0)	(0.5)
Police	(0.4)	-	(0.4)
Subtotal Departments with Net Deficits	\$ (0.8)	\$ (0.0)	\$ (0.9)
Net Surplus Departments			
Human Services	(14.3)	27.8	13.5
General City Responsibility	-	11.9	11.9
Public Health	(18.5)	39.0	20.5
Public Works	3.0	(0.0)	3.0
City Planning	2.5	0.0	2.5
Fire	1.8	(0.5)	1.3
Adult Probation	0.2	0.7	0.9
Treasurer/Tax Collector	(0.4)	1.0	0.6
Elections	0.1	0.4	0.5
Other Net Surplus	(1.3)	3.4	2.1
Subtotal Departments with Net Surplus	\$ (27.0)	\$ 83.7	\$ 56.7
TOTAL	\$ (27.8)	\$ 83.7	\$ 55.8



Supplemental Appropriations

- **Overtime**

Emergency Management, Public Health, Police, Fire, Sheriff, and possibly PUC will need to reappropriate permanent salaries savings to cover increased overtime expenditures.

- **General Reserve**

- No General Fund supplemental appropriations have been approved year to date.
- Pending: \$5M for DPH and REC facilities
- Pending: \$0.3M for Legacy Business



Projection Uncertainty

- Continued pace of economic activity – particularly in transfer tax and business taxes.
- Federal revenue uncertainty – volatility on ACA revenues and new five year Medi-Cal wavier at DPH.
- Potential department spending issues and policy-driven supplemental appropriations.



Other Funds

A selection of special revenue and enterprise funds are reviewed in the report.

- **Improving:**
DBI, Children's Fund, Convention Facilities, Library, Courthouse Construction, Open Space, Street Artist, Neighborhood Beautification, Election Campaign, Airport, MTA, Port, Hetchy, Clean Water
- **Worsening:** Wastewater



Closing

- Five-year Financial Plan update in mid-March builds upon these current year trends for projections through FY 2019-20.
- Improved current year news will help close, but not eliminate, projected budget shortfalls.
- Current year budget status will be revisited in the Nine Month Report, issued in early May.

