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Controller's Office

Six-Month Budget Status Report

Board of Supervisors

Budget & Finance Committee

February 16, 2017



General Fund Overview

- Projected ending balance of \$299.8M at close of current year is an improvement of \$71.8 million versus the assumptions contained in the Five Year Financial Plan and \$54.4 million versus the Mayor's Rebalancing Plan.
- Total FY 2017-18 and FY 2018-19 shortfall reduced from \$402.4 million to \$348.0 million.
- Improvement versus budget driven largely by property-value based tax revenue improvement, and net savings in health and human services departments.
- Economic reserves, including the Budget Stabilization Reserve and the City's portion of the Rainy Day Reserve, are projected to total 8.0% of General Fund revenues versus 10% target.



General Fund Citywide Revenue Projections

\$ Millions

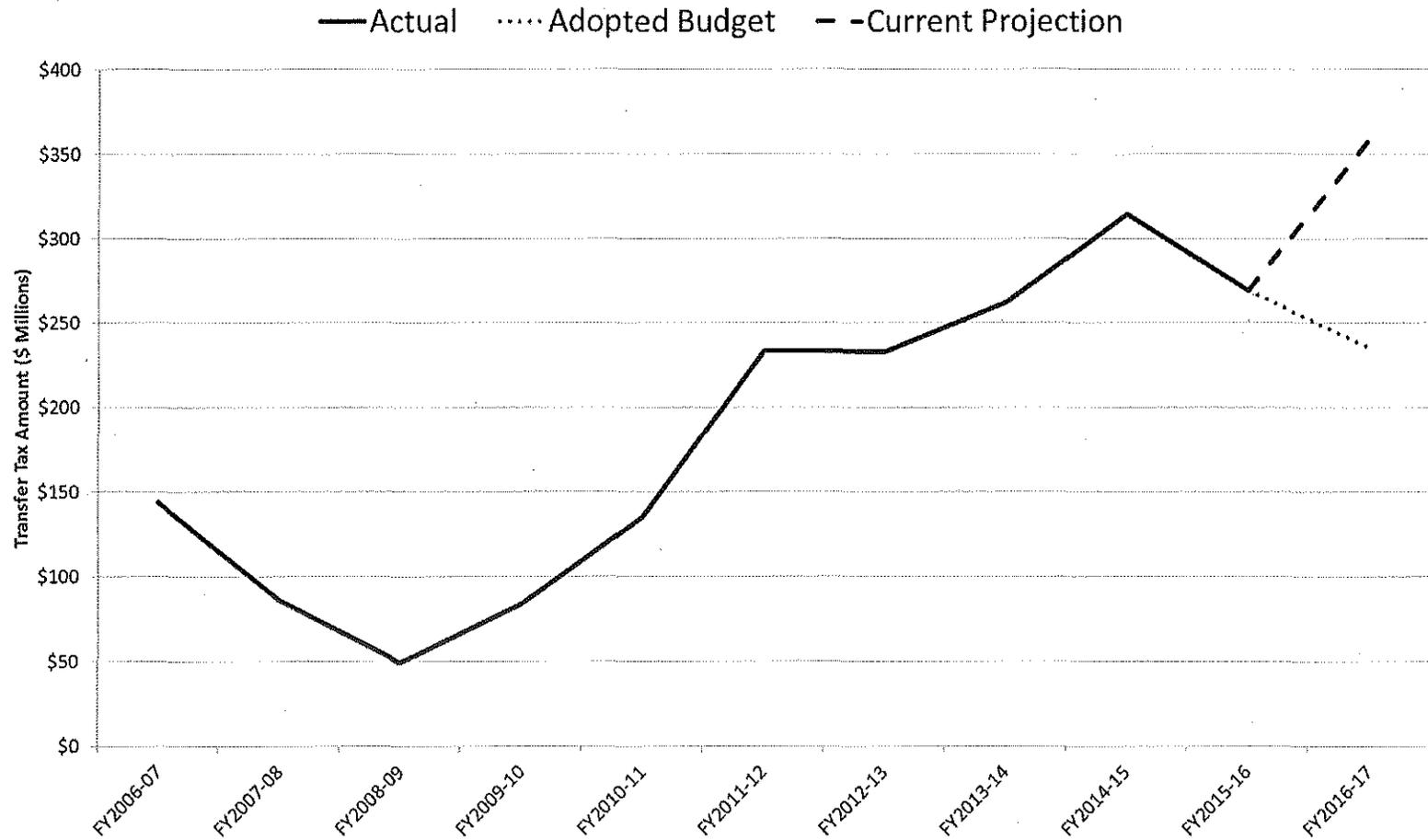
Controller's Office

	Revised Budget	6-Month Projection	Surplus (Shortfall)
Property Taxes	1,412.0	1,450.0	38.0
Business Taxes	669.5	683.2	13.7
Sales Tax - Local 1% and Public Safety	339.6	298.1	(41.4)
Hotel Room Tax	409.3	381.9	(27.4)
Utility User & Access Line Taxes	141.3	143.6	2.4
Parking Tax	92.8	84.7	(8.1)
Real Property Transfer Tax	248.9	360.0	111.1
Interest Income	14.0	15.3	1.3
1991 and Public Safety Realignment	220.1	218.7	(1.3)
Motor Vehicle In-Lieu and All Other	-	1.8	1.8
Franchise Taxes	16.8	16.8	-
Airport Transfer-In	43.6	45.3	1.8
Total Citywide Revenues	3,607.7	3,699.5	91.8



Transfer Tax FY 2008-09 to FY 2016-17 (est)

\$ Millions



Baseline Transfers and Property Tax Set-Asides

\$ Millions

Controller's Office

	Original Budget	6-Month Projection	Variance
Aggregate Discretionary Revenues (ADR)	3,169.8	3,321.2	151.4
MTA Baseline 9.2% ADR	291.5	305.3	13.8
MTA Population Change Baseline	38.0	33.5	(4.5)
80% Parking Tax In-Lieu Transfer to MTA	74.3	67.8	(6.5)
MTA Baseline Transfers	403.8	406.6	2.8
Library Baseline 2.3% ADR	72.5	71.4	(1.1)
Public Education Fund Baseline 0.3% ADR	4.6	4.8	0.2
Total Baseline Transfers	480.9	482.8	1.9
Children's Fund	72.6	49.1	2.3
Open Space Fund	51.8	41.0	1.7
Property Tax Set-Asides	124.4	90.1	3.9
Total Baseline Transfers & Property Tax Set-Asides	605.3	572.9	5.8



Departmental Projections

\$ Millions

	Revenue Surplus / (Shortfall)	Uses Savings / (Deficit)	Net Surplus / (Shortfall)
Net Shortfall Departments			
Sheriff	(1.2)	0.5	(0.7)
City Attorney	(0.6)	(0.0)	(0.6)
Subtotal Departments with Net Deficits	\$ (1.8)	\$ 0.4	\$ (1.4)
Net Surplus Departments			
Public Health	32.6	(2.6)	30.0
General City Responsibility*		17.3	17.3
Human Services	(27.8)	36.3	8.6
Public Works*	0.1	8.1	8.1
Homelessness & Supportive Housing*	-	6.1	6.1
Juvenile Probation	(0.2)	2.5	2.3
City Administrator	-	2.0	2.0
Retirement System	1.5	-	1.5
Fire Department	1.4		1.4
Treasurer/Tax Collector	(1.5)	2.7	1.2
Other Net Surplus	(5.6)	10.1	4.5
Subtotal Departments with Net Surplus	\$ 0.6	\$ 82.5	\$ 83.1
TOTAL	\$ (1.2)	\$ 82.9	\$ 81.7

*Expenditure savings offset by sales tax revenue shortfall.



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.



Projection Uncertainty

- Continued pace of economic activity – particularly in transfer tax and business taxes.
- Federal revenue – scope and timing of changes unknown until administration begins implementing program changes.
- State budget risk – proposed budget includes shift of IHSS and CalWORKs costs from state to counties worth \$50 million annually. Update issued in May.
- New spending commitments.



Other Funds

A selection of special revenue and enterprise operating funds are reviewed in the report. Improvements shown for:

- DBI
- Children's Fund
- Convention Facilities
- Library
- Open Space
- Airport
- MTA
- Port
- Hetchy, Clean Water



Closing

- Projected ending balance of \$299.8M at close of current year is an improvement of \$71.8 million versus the assumptions contained in the Five Year Financial Plan and \$54.4 million versus the Mayor's Rebalancing Plan.
- Total FY 2017-18 and FY 2018-19 shortfall reduced from \$402.4 million to \$348.0 million.
- Five-year Financial Plan update in mid-March builds upon these current year trends for projections through FY 2021-22.
- Current year budget status will be revisited in the Nine Month Report, issued in early May.

