

File # 170379
Received in Committee
5/18
fr.

Controller's Office

Nine-Month Budget Status Report

Board of Supervisors
Budget & Finance Committee
May 18, 2017



General Fund Overview

- Projected ending balance of \$396.5M at close of current year is an improvement of \$96.7 million versus the assumptions contained in the Six-Month Report.
- Improvement versus budget driven largely by property and property transfer tax revenue and hospital revenue at the health department, partially offset by higher required reserve deposits and weakness in hotel, sales, and other select taxes.
- Improvement versus our mid-year projection is predominantly driven by improvement in health revenues, given improved patient revenue receipts, higher revenues under the new Medi-Cal waiver, and a prior year capitation payment.



General Fund Citywide Revenue Projections

\$ Millions

Controller's Office

	Revised Budget	6-Month Projection	9-Month Projection	Surplus (Shortfall)
Property Taxes	1,412.0	1,450.0	1,472.0	60.0
Business Taxes	669.5	683.2	676.6	7.1
Sales Tax - Local 1% and Public Safety	339.6	298.1	294.6	(44.9)
Hotel Room Tax	409.3	381.9	371.3	(38.0)
Utility User & Access Line Taxes	141.3	143.6	148.1	6.8
Parking Tax	92.8	84.7	81.4	(11.5)
Real Property Transfer Tax	244.0	360.0	400.0	156.0
Interest Income	14.0	15.3	18.0	4.0
1991 and Public Safety Realignment	220.1	218.7	218.8	(1.3)
Motor Vehicle In-Lieu and All Other	-	(1.0)	2.0	2.0
Franchise Taxes	16.8	16.8	17.0	0.2
Airport Transfer-In	43.6	45.3	44.7	1.1
Total Citywide Revenues	3,602.8	3,696.7	3,744.4	141.6



Baseline Transfers

\$ Millions

Controller's Office

	Original Budget	6-Month Projection	9-Month Projection	Variance
Aggregate Discretionary Revenues (ADR)	3,169.8	3,321.2	3,370.9	201.0
MTA Baseline 9.2% ADR	291.5	305.3	309.9	18.3
MTA Population Change Baseline	38.0	33.5	31.0	(7.0)
80% Parking Tax In-Lieu Transfer to MTA	74.3	67.8	65.1	(9.2)
MTA Baseline Transfers	403.8	406.6	406.0	2.2
Library Baseline 2.3% ADR	72.5	71.4	71.8	(0.7)
Public Education Fund Baseline 0.3% ADR	4.6	4.8	4.9	0.3
Total Baseline Transfers	480.9	482.8	482.7	1.8



Departmental Projections

\$ Millions

Controller's Office

	Revenue Surplus / (Shortfall)	Uses Savings / (Deficit)	Net Surplus / (Shortfall)
Net Surplus Departments			
Public Health	114.0	(20.5)	93.6
Human Services	(32.9)	38.9	6.0
Homelessness & Supportive Housing*	-	7.0	7.0
Public Works*	0.4	8.1	8.4
General City Responsibility*	-	28.6	28.6
Juvenile Probation	0.3	1.9	2.2
City Administrator	0.3	1.7	2.0
Retirement System	1.7	-	1.7
Fire Department	1.4	-	1.4
Treasurer/Tax Collector	(0.9)	2.2	1.3
Other Net Surplus	(6.3)	12.2	5.9
Subtotal Departments with Net Surplus \$	78.1	\$ 80.0	\$ 158.1

*Expenditure savings offset by sales tax revenue shortfall as described in Appendix 2.



Supplemental Appropriations

- **Board Approved:** Two General Fund supplemental appropriations have been approved year to date: \$0.1 million for earthquake relief to Italy and \$1.5 million for legal aid and services to immigrants.
- **Overspending:** No departments are projected to require a supplemental appropriation to cover department-level overspending.
- **Overtime:** The Board is hearing a re-appropriation within department budgets to support higher than budgeted overtime spending at Emergency Management, Public Health, Police, Fire, Sheriff and the Public Utilities Commission.



Major Reserve Status

\$ Millions

Controller's Office

	FY 2015-16		FY 2016-17			FY 2017-18		
	Ending Balance	Starting Balance	Projected Deposits	Projected Withdrawals	Projected Ending Balance	Budgeted Deposits	Budgeted Withdrawals	Projected Ending Balance
General Reserve	\$ 69.9	\$ 90.4	\$ 0.5	\$ (1.7)	\$ 89.1	\$ 16.2	\$ -	\$ 105.3
Budget Savings Incentive Fund	58.9	58.6	4.0	-	62.6	-	-	62.6
Recreation & Parks Savings Incentive Reserve	8.7	3.6	-	-	3.6	-	(3.5)	0.1
Rainy Day Economic Stabilization City Reserve	75.0	75.0	2.8	-	77.8	-	-	77.8
Rainy Day Economic Stabilization School Reserve	43.1	43.1	0.9	-	44.1	-	-	44.1
Rainy Day One-Time Reserve	45.1	45.1	1.9	-	47.0	-	-	47.0
Budget Stabilization Reserve	178.4	178.4	94.7	-	273.1	-	-	273.1
Salary and Benefits Reserve	24.6	31.2	-	(31.2)	-	14.0	(14.0)	-
Contingency Reserve	-	60.0	-	-	60.0	-	(60.0)	-
Public Health Management Reserve	107.5	107.5	21.5	-	129.0	-	-	129.0
Total	611.3	693.0	126.3	(33.0)	786.4	30.2	(77.5)	739.2
Economic reserves					398.0			
Economic reserves as a % of General Fund revenues					8.5%			



Projection Uncertainty

- Continued pace of economic growth and activity, particularly the effect on transfer and business taxes.
- Federal revenue uncertainty, particularly ACA revenues at DPH.



Other Special Funds

A host of other special funds are reviewed in the report.

- **Improving:**
Building Inspection, Convention Facilities, Airport, MTA,
- **Worsening:**
Laguna Honda Debt Service, Water, Wastewater, Port



Next Steps

- Revised updates for future year revenues will be provided to the Mayor's Office for inclusion in the Mayor's Proposed Budget in June.
- The Controller's Office will issue our review of revenues, baselines, reserves, and compliance with other requirements the Mayor's Proposed Budget in early June.

