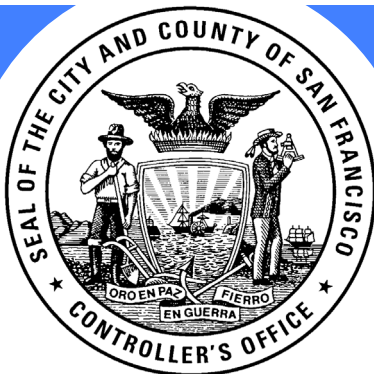


FY 2022-23 Six Month Budget Status Report



CITY & COUNTY OF SAN FRANCISCO

Office of the Controller

3.1.2023

Summary

	Prior Projection	6-Month	Change
FY 2021-22 Ending Fund Balance	497.2	497.2	-
Appropriation in the FY 2022-23 Budget	(457.4)	(457.4)	-
A. Prior Year Fund Balance Above Budgeted Levels	39.8	39.8	-
Citywide Revenue	(32.2)	30.2	62.4
Baseline Contributions	(1.8)	(1.2)	0.6
Departmental Operations	(0.5)	(1.7)	(1.2)
B. Current Year Revenues and Expenditures	(34.5)	27.4	61.9
Approved Use of General Reserve	-	-	-
Public Health Revenue Management Reserve	-	14.8	14.8
C. Supplemental Appropriations & Use of Reserves	-	14.8	14.8
D. Previously Unappropriated Fund Balance	163.4	163.4	-
E. FY 2022-23 Projected Ending Balance	168.7	245.4	76.7

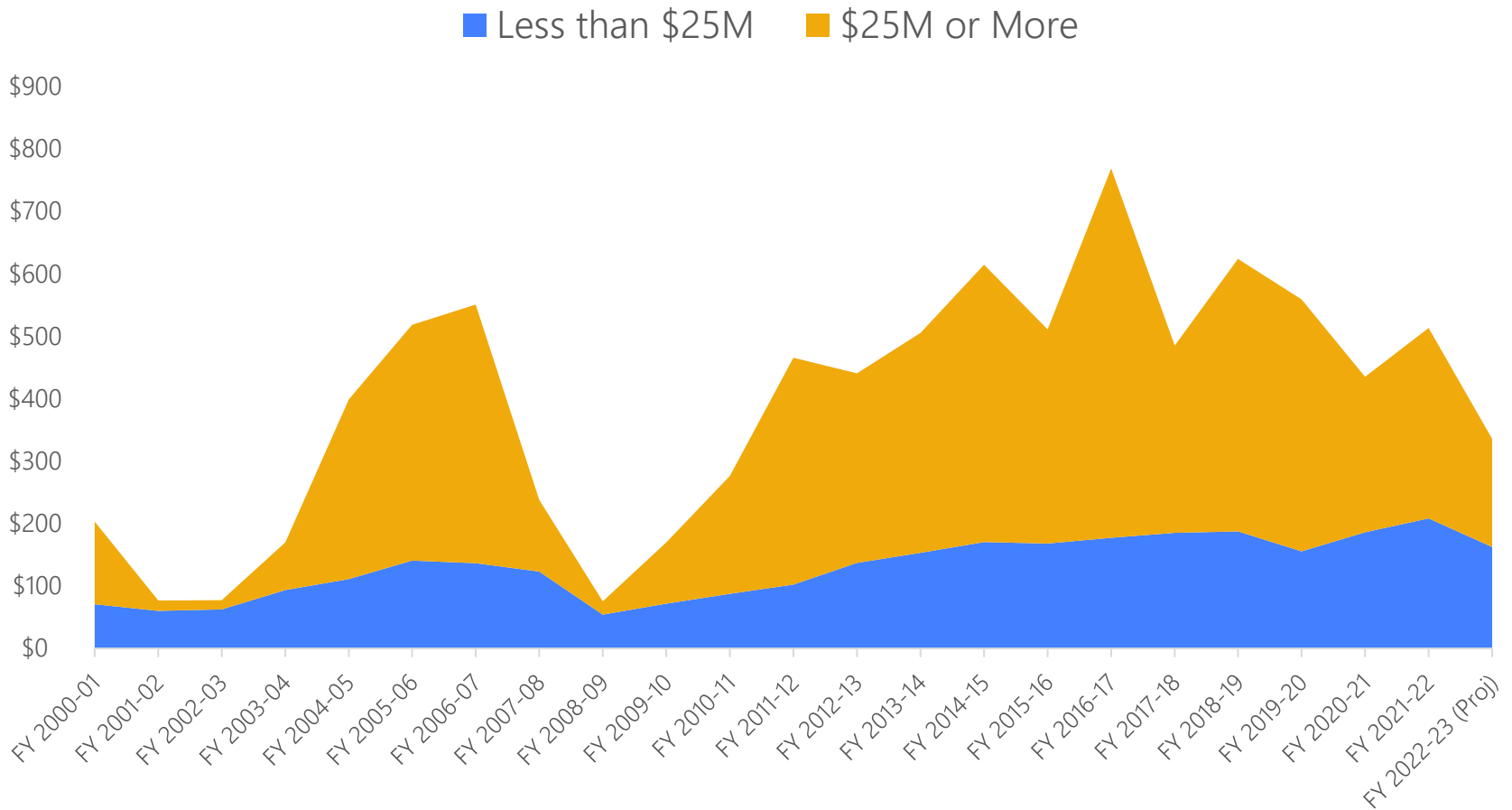
Summary

- Improvement of \$76.7 million from prior projection (Five Year Financial Plan published January).
- Application of this balance would reduce the projected two-year budget shortfall from \$728 million to \$652 million.
- Net revenue surplus of \$30.2 million as higher hotel taxes, property taxes, executive pay tax, interest income, offset by shortfalls in transfer tax, business taxes and FEMA recoveries for COVID-related costs.
- \$1.7 million net operating shortfall in departments' budgets:
 - State sales tax subventions above budget, salary savings across departments
 - Police Department projected to overspend by \$27.6 million
 - Laguna Honda Hospital revenue shortfall of \$14.8 million due to declining patient census filled by Public Health Revenue Management Reserve.
 - Human Services Agency cost savings of \$26.0 million offset repairs and lost revenue replacement in SIP hotels.

Revenues

	FY 2021-22	FY 2022-23			Variance	
	Actuals	Budget	5-Yr	6-Mo	Vs Budget	Vs 5-Yr
Property Taxes	2,337.2	2,379.5	2,429.0	2,449.2	69.7	20.2
Property Tax	1,971.3	2,051.0	2,091.0	2,099.0	48.0	8.0
Excess ERAF	365.9	328.5	338.0	350.2	21.7	12.2
Business Taxes	861.2	902.3	831.1	848.9	(53.4)	17.8
Sales Tax - Local 1%	188.3	182.9	203.7	201.4	18.6	(2.3)
Hotel Room Tax	158.2	188.9	257.4	264.9	76.1	7.5
Utility User & Access Line Taxes	161.0	129.7	157.4	161.1	31.4	3.7
Parking Tax	71.1	80.2	80.4	80.2	-	(0.2)
Real Property Transfer Tax	520.3	390.5	233.8	233.8	(156.7)	-
Sugar Sweetened Beverage Tax	12.0	13.3	13.7	13.7	0.5	-
Stadium Admissions Tax	4.6	5.4	5.4	8.0	2.6	2.6
Cannabis Tax	-	-	-	-	-	-
Executive Pay	-	60.0	100.0	100.0	40.0	-
Franchise Taxes	15.4	14.3	15.6	15.6	1.3	-
Interest Income	31.7	44.5	71.7	74.8	30.3	3.2
FEMA Disaster Relief	183.4	243.4	183.4	183.4	(59.9)	-
ARPA	312.4	-	-	-	-	-
Health & Welfare Realignment	283.5	269.1	293.1	299.5	30.3	6.4
Public Safety Realignment	52.1	61.7	60.9	58.4	(3.2)	(2.4)
Public Safety Sales Tax	93.8	89.7	93.1	93.2	3.4	0.1
Airport Transfer In	37.9	37.1	37.1	43.7	6.6	6.6
Commercial Rent Tax Transfer In	28.7	34.0	27.3	26.7	(7.3)	(0.5)
Total Citywide Revenues	5,352.9	5,126.3	5,094.1	5,156.6	30.2	62.5

Rate-Adjusted Property Transfer Tax FY01-FY23



Net Shortfall Departments

	Revenue Surplus / (Shortfall)	Expenditure Savings/ (Deficit)	Net Surplus / (Shortfall)
Net Shortfall Departments			
Police	(0.0)	(27.6)	(27.6)
Public Health	(15.2)	0.4	(14.8)
City Planning	(9.0)	4.9	(4.1)
Assessor/Recorder	(1.1)	0.2	(0.9)
Board of Appeals	(0.2)	(0.1)	(0.3)
Fine Arts Museum	-	(0.2)	(0.2)
Subtotal Net Shortfall Departments	(25.5)	(22.4)	(47.9)

Net Surplus Departments

Net Surplus Departments	Revenue Surplus / (Shortfall)	Expenditure Savings/ (Deficit)	Net Surplus / (Shortfall)
General City Responsibility	1.6	10.0	11.6
Homelessness and Supportive Housing	-	6.9	6.9
Human Services Agency	2.3	3.6	5.8
Fire	8.3	(3.9)	4.4
Adult Probation	-	2.8	2.8
City Administrator	(2.0)	4.6	2.6
Public Works	(3.5)	5.8	2.3
Ethics Commission	-	1.3	1.3
Superior Court	-	1.1	1.1
Juvenile Probation	-	1.1	1.1
Sheriff Accountability	-	1.0	1.0
Mayor	-	0.8	0.8
Health Service System	(0.0)	0.8	0.8
Sheriff	(0.1)	0.8	0.7
Police Accountability	-	0.6	0.6
Emergency Management	0.6	-	0.6
Public Defender	-	0.5	0.5
Subtotal Net Surplus Departments	7.2	37.7	44.9
All Other	(19.5)	20.9	1.4
TOTAL	(37.8)	36.2	(1.7)

Reserves

	FY 2021-22	FY 2022-23			FY 2023-24			Note
	Ending Balance	Deposit	Use	Projected Balance	Deposit	Use	Projected Balance	
General Reserve	\$ 43.8	64.4	-	\$ 108.2	\$ 18.5	-	\$ 126.7	1
Rainy Day Economic Stabilization City Reserve	114.5	-	-	114.5	-	-	114.5	2
Budget Stabilization Reserve	265.8	-	-	265.8	-	-	265.8	3
Economic Stabilization Reserves	380.3	-	-	380.3	-	-	380.3	
<i>Percent of General Fund Revenues</i>	<i>5.9%</i>			<i>6.1%</i>			<i>6.0%</i>	
Rainy Day Economic Stabilization SFUSD Reserve	1.0	-	-	1.0	-	-	1.0	2
Budget Stabilization Reserve - One Time Reserve	54.8	-	(54.8)	-	-	-	-	3
COVID Response and Economic Loss Reserve	14.0	-	(14.0)	-	-	-	-	4
Federal and State Emergency Grant Disallowance Reserve	81.3	-	-	81.3	-	-	81.3	5
Fiscal Cliff Reserve	229.8	-	(9.3)	220.4	-	(90.2)	130.3	6
Business Tax Stabilization Reserve	29.5	-	-	29.5	-	-	29.5	
Public Health Revenue Management Reserve	123.9	-	(14.8)	109.1	-	-	109.1	7
Free City College Reserve	10.9	-	(4.0)	6.9	-	-	6.9	
Mission Bay Transportation Improvement Fund	1.0	-	-	1.0	-	-	1.0	
Hotel Tax Loss Contingency Reserve	3.5	-	(2.5)	1.0	-	-	1.0	
Alternative Response Reserve	3.0	-	(3.0)	-	-	-	-	
Other Reserves	552.6	-	(102.5)	450.2	-	(90.2)	360.0	
Litigation Reserve	-	10.8	(10.8)	-	11.0	(11.0)	-	
Salary and Benefits Reserve	17.9	21.7	(39.6)	-	28.1	(28.1)	-	8
Annual Operating Reserves	17.9	32.5	(50.4)	-	39.1	(39.1)	-	
TOTAL, General Fund Reserves	994.7	96.8	(152.8)	938.7	57.5	(129.2)	867.0	

Risks and Uncertainties

- Pace of the economic recovery
- Work from home impact on the downtown office-using sectors
- March projections will reflect updated information about the recovery of the hospitality industry

Coming Updates

- March: Five Year Financial Plan update: FY 2023-24 through FY 2027-28
- May: FY 2022-23 Nine-Month Budget Status Report