

Six-Month Budget Status Report

Board of Supervisors
Budget & Finance Committee
February 13, 2013



Overview

- Projected General Fund surplus of \$38.3M.
- Citywide revenues have improved by \$72.1M compared to the FY 2012-13 Revised Budget.
- Baseline contributions, departmental operations, and actions of Board to appropriate funds impact projected fund balance.

Projected General Fund Ending Balance

\$ Millions

A. FY 2012-13 Starting Balance	
FY 2011-12 Ending Fund Balance	\$ 220.3
Appropriation in the FY 2012-13 Budget	(104.3)
Subtotal Starting Balance	116.0
B. Current Year Revenues and Expenditures	
Citywide Revenue Surplus	72.1
Baseline Contributions	(9.5)
Departmental Operations	(18.9)
Pending & Approved Supplemental Appropriations	(6.4)
Projected Use of General Reserve	32.2
Subtotal Current Year Revenues and Expenditures	69.4
C. Withdrawals from / (Deposits) to Reserves	(11.4)
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D. FY 2012-13 Projected Ending Balance	174.0
Balance Appropriated in the FY 2013-14 Budget	(103.6)
Replenishment of General Reserve	(32.2)
E. Projected Surplus / (Shortfall)	\$ 38.3



General Fund Citywide Revenue Projections

\$ Millions

	Revised Budget	6-Month Projection	Surplus (Shortfall)
Property Tax	1,078.0	1,092.0	14.0
Payroll & Business Registration Tax	452.8	460.5	7.7
Sales Tax - Local 1% and Public Safety	200.7	203.1	2.4
Hotel Room Tax	194.0	198.3	4.4
Utility User & Access Line Taxes	134.9	134.0	(0.9)
Parking Tax	76.5	80.0	3.5
Property Transfer Tax	203.5	224.7	21.2
Interest Income	6.8	10.5	3.7
1991 Realignment Sales Tax/VLF	150.9	164.9	14.0
Motor Vehicle In-Lieu	-	0.8	0.8
Transfers In from Other Funds	156.6	157.9	1.3
State Revenue Loss Reserve	(15.0)	(15.0)	-
Total Citywide Revenues	2,639.6	2,711.6	72.1

Baseline Transfers and Property Tax Set-Asides

\$ Millions

	Revised Budget	6-Month Projection	Variance
Aggregate Discretionary Revenues (ADR)	2,320.3	2,377.3	57.1
MTA Baseline 9.2% ADR	213.3	218.5	5.2
Library Baseline 2.3% ADR	53.0	54.3	1.3
Public Education Fund Baseline 0.3% ADR	6.7	6.9	0.2
Total Baseline Transfers	273.1	279.8	6.7
80% Parking Tax in Lieu Transfer to MTA	61.2	64.0	2.7
Total Baselines and In-Lieu Transfers	334.3	343.8	9.5

Departmental Projections

\$ Millions

	Revenue Surplus / (Shortfall)	Uses Savings / (Deficit)	Net Surplus / (Deficit)
Net Shortfall Departments			
Public Health (1)	\$ (15.6)	\$ 4.7	\$ (45.9)
Sheriff	(0.5)	(1.4)	(1.9)
City Attorney	-	(1.1)	(1.1)
Fire Department	(2.1)	1.0	(1.1)
Public Defender	-	(0.8)	(0.8)
Emergency Management	-	(0.6)	(0.6)
Subtotal Departments with Net Deficits	\$ (18.2)	\$ 1.9	\$ (51.3)
Net Surplus Departments			
Human Services Agency	\$ 0.8	\$ 18.2	\$ 19.0
City Planning	4.3	0.2	4.5
Recreation & Park	3.8	-	3.8
Assessor/Recorder	1.1	-	1.1
Juvenile Probation	0.9	-	0.9
Controller	-	0.8	0.8
Other Net Surplus	(2.0)	4.4	2.4
Subtotal Departments with Net Surpluses	\$ 8.9	\$ 23.5	\$ 32.4
Combined Total	\$ (9.3)	\$ 25.4	\$ (18.9)

(1) Net deficit includes net increases in hospital transfers of \$35.0 million.

Departmental Notes

Supplemental appropriation pending / approved:

• Gross Receipts Tax Implementation	\$2.6 million
• City Planning	\$3.2 million
• Domestic Violence Services	\$0.6 million
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	\$6.4 million

Supplemental appropriation anticipated:

•Public Health	up to \$45.9 million
•Sheriff	up to \$0.9 million
•Public Defender	\$0.8 million

Uncertainties

- Impact of dissolution of Redevelopment Agencies by the State
- Property tax appeals which may require the Controller to revise estimates on future refunds
- Potential for fluctuation in general tax revenues
- The potential liability with litigation against the City
- Federal Budget Issues

Other Funds Highlights

\$ Millions

	Prior Year		FY 2012-13				
	FY 2011-12	Fund	Starting	Sources	Uses	Net	Estimated
	Year-End	Balance	Available	Surplus /	Operating	Estimated	Year-end
	Available	Used in FY	Fund	Shortfall	Savings /	Surplus /	Fund
	Fund	12-13	Balance		(Deficit)	(Deficit)	Balance
	Balance	Budget					
<u>SELECT SPECIAL REVENUE AND INTERNAL SERVICES FUNDS</u>							
Building Inspection Operating Fund	\$29.7	\$0.0	\$29.7	\$5.7	\$2.0	\$7.7	\$37.4
Children's Fund	\$7.0	\$0.6	\$6.4	\$0.7	\$0.2	\$0.9	\$7.3
Children's Fund - Public Education Special Fund	\$2.1	\$0.7	\$1.4	\$0.0	(\$1.4)	(\$1.4)	\$0.0
Convention Facilities Fund	\$30.0	\$10.0	\$20.0	\$0.0	\$0.0	\$0.0	\$20.0
Golf Fund	\$0.0	\$0.0	\$0.0	(\$0.8)	\$0.8	\$0.0	\$0.0
Library Preservation Fund	\$17.7	\$0.2	\$17.4	\$2.0	\$1.3	\$3.2	\$20.7
Local Courthouse Construction Fund	(\$2.6)	\$1.0	(\$3.7)	(\$0.8)	\$0.0	(\$0.8)	(\$4.5)
Open Space Fund	\$5.3	\$2.6	\$2.7	\$0.6	\$0.0	\$0.6	\$3.3
Telecomm. & Information Systems Fund	\$7.5	\$3.0	\$4.5	\$0.0	(\$0.9)	(\$0.9)	\$3.6
General Services Agency-Central Shops Fund	(\$0.1)	\$0.0	(\$0.1)	\$0.0	(\$1.0)	(\$1.0)	(\$1.1)

Other Funds Highlights (continued)

\$ Millions

	Prior Year		FY 2012-13				
	FY 2011-12	Fund	Starting			Net	Estimated
	Year-End	Balance	Available	Sources	Uses	Operating	Year-end
	Available	Used in FY	Fund	Surplus /	Savings /	Surplus /	Fund
	Fund	12-13	Balance	(Shortfall)	(Deficit)	(Deficit)	Balance
	Balance	Budget					
<u>SELECT ENTERPRISE FUNDS</u>							
Airport Operating Fund	\$99.3	\$44.2	\$55.1	\$6.8	\$19.7	\$26.5	\$81.6
MTA – Operating Funds	\$45.4	\$0.0	\$45.4	\$11.1	\$1.0	\$12.1	\$57.5
Port Operating Fund	\$27.0	\$9.2	\$17.8	\$5.1	\$7.5	\$12.6	\$30.4
PUC – Hetch Hetchy Operating Fund	\$76.1	\$36.5	\$39.6	(\$2.6)	\$8.1	\$5.5	\$45.1
PUC – Wastewater Operating Fund	\$64.7	\$0.0	\$64.7	\$1.7	\$7.3	\$9.0	\$73.7
PUC – Water Operating Fund	\$21.0	\$3.8	\$17.2	\$13.1	\$13.0	\$26.1	\$43.3

Summary

- Improvement in local tax revenues is primary driver of \$38.3 million General Fund surplus.
- Five Year Financial Plan and 9 month Report will update projections later in the year.
- Significant uncertainty remains for State and Federal impacts.
- Mayor's Budget Office will inform impact of surplus on deficit projections for next two years.