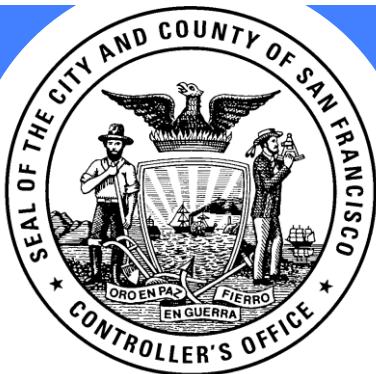


# CAFR Update & General Fund Results



**CITY & COUNTY OF SAN FRANCISCO**

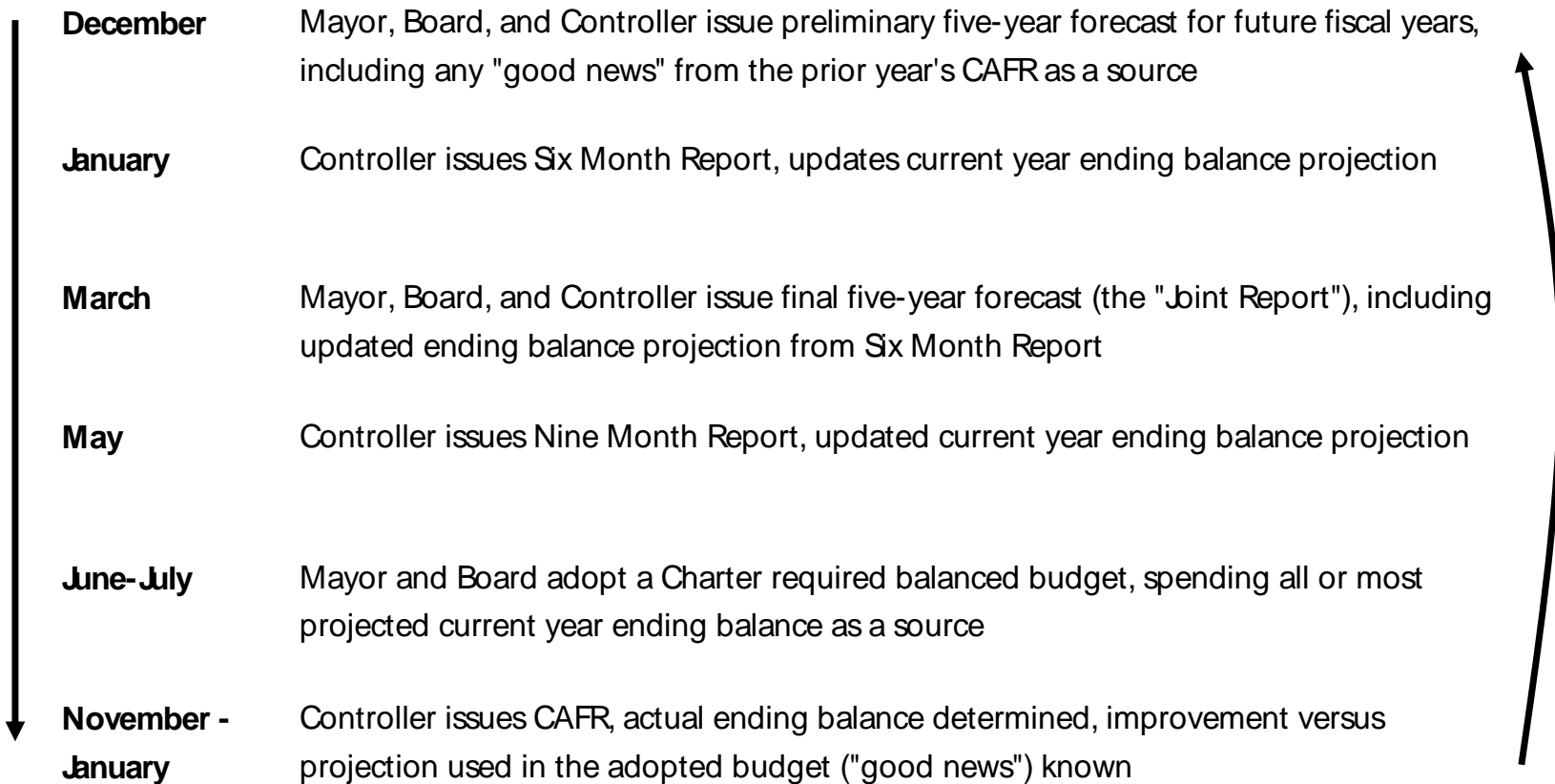
Office of the Controller

March 14, 2019

## Overview

- The City shifted to a new financial system on July 1, 2017, and is now “closing the books” for fiscal year (FY) 2017-18 in a new system for the first time in decades. This has caused delays in our usual closing and financial reporting processes.
- Audited financial statements have now been issued for the majority fo the City’s enterprise departments, including the Airport, PUC, Port, and MTA.
- Construction of the comprehensive annual financial report (or CAFR) is underway. General fund entries are complete, and the results presented here are pre-audit actual results. The City’s external auditors are reviewing these results, which can occasionally lead to changes. We expect to issue the CAFR by the end of March.

# CAFR Results & the City's Typical Budget Cycle



<b>December</b>	Mayor, Board, and Controller issue preliminary five-year forecast for future fiscal years, including any "good news" from the prior year's CAFR as a source
<b>January</b>	Controller issues Six Month Report, updates current year ending balance projection
<b>March</b>	Mayor, Board, and Controller issue final five-year forecast (the "Joint Report"), including updated ending balance projection from Six Month Report
<b>May</b>	Controller issues Nine Month Report, updated current year ending balance projection
<b>June-July</b>	Mayor and Board adopt a Charter required balanced budget, spending all or most projected current year ending balance as a source
<b>November - January</b>	Controller issues CAFR, actual ending balance determined, improvement versus projection used in the adopted budget ("good news") known

# Pre-Audit General Fund Balance Sheet – Budgetary Basis

	General Fund	
	2018	2017
<b>Assets:</b>		
Deposits and investments with City Treasury.....	\$ 2,727,607	\$ 2,144,741
Deposits and investments outside City Treasury.....	4,623	5,923
Receivables (net of allowance for uncollectible amounts of \$260,922 in 2018; \$223,508 in 2017):		
Property taxes and penalties.....	286,586	78,519
Other local taxes.....	299,841	248,905
Federal and state grants and subventions.....	223,578	198,490
Charges for services.....	77,641	71,476
Interest and other.....	16,749	8,331
Due from other funds.....	8,601	10,926
Due from component unit.....	-	-
Advance to component unit.....	-	-
Loans receivable (net of allowance for uncollectible amounts of \$1,376,217 in 2018; \$1,263,252 in 2017).....	11,694	9,666
Other assets.....	6,385	67,598
<b>Total assets.....</b>	<b>\$ 3,663,305</b>	<b>\$ 2,844,575</b>
<b>Liabilities:</b>		
Accounts payable.....	\$ 256,870	\$ 154,195
Accrued payroll.....	91,270	84,637
Unearned grant and subvention revenues.....	7,829	8,146
Due to other funds.....	1,423	560
Unearned revenues and other liabilities.....	693,082	520,366
Bonds, loans, capital leases, and other payables.....	-	-
<b>Total liabilities.....</b>	<b>1,050,474</b>	<b>767,904</b>
Deferred inflows of resources.....	390,890	205,968
<b>Fund balances:</b>		
Nonspendable.....	1,512	525
Restricted.....	143,977	125,689
Committed.....	371,698	327,607
Assigned.....	1,291,499	1,088,288
Unassigned.....	413,255	328,504
<b>Total fund balances.....</b>	<b>2,221,941</b>	<b>1,870,703</b>
<b>Total liabilities, deferred inflows of resources and fund balances.....</b>	<b>\$ 3,663,305</b>	<b>\$ 2,844,575</b>

## Reconciliation of GAAP Modified Accrual to Budget Basis Fund Balance

<b>Fund Balance - Budget Basis</b>	<b>2,342,082</b>
Unrealized Gains/ (Losses) on Investments	(20,602)
Cumulative Excess Property Tax Revenues Recognized on a Budget Basis	(25,495)
Cumulative Excess Health, Human Services, Franchise and Other Revenues	
Recognized on a Budget Basis	(68,958)
Pre-paid lease revenue	(6,598)
Nonspendable Fund Balance (Assets Reserved, Not Available for Appropriation)	1,512
<b>Fund Balance - GAAP basis</b>	<b>2,221,941</b>

# Components of Fund Balance – Budget Basis

<b>Not available for appropriations:</b>			
Restricted Fund Balance:			
	Rainy Day - Economic Stabilization Reserve		89,309
	Rainy Day - One Time Spending Account		54,668
Committed Fund Balance:			
	Budget Stabilization Reserve		369,958
	Recreation and Parks Expenditure Saving Reserve		1,740
Assigned for Encumbrances			345,596
Assigned for Appropriation Carryforward			423,835
Assigned for Subsequent Years' Budgets:			
	Budget Savings Incentive Program City-wide		73,650
	Salaries and benefits costs (MOU)		23,931
<b>Subtotal</b>			<b>1,382,687</b>
<b>Available for appropriations:</b>			
Assigned for Litigation and Contingencies			235,925
Assigned - Appropriated for use in FY 2018-19			188,562
Unassigned - General Reserve			106,878
Unassigned - Budgeted for use in fiscal year 2019-20			223,251
Unassigned - Contingency for fiscal year 2019-20			160,000
Unassigned - Available for future appropriations			44,779
<b>Subtotal</b>			<b>959,395</b>
<b>Fund Balance, June 30, 2018 - Budget basis</b>			<b>2,342,082</b>

# Pre-Audit General Fund Budgetary Statements – Tax Revenues

	<b>Revised Budget</b>	<b>6-Month Projection</b>	<b>9-Month Projection</b>	<b>Actual</b>	<b>Variance vs 9-Month</b>
Property Taxes	1,557.0	1,624.0	1,651.0	1,661.0	10.0
Business Taxes	750.8	800.4	810.4	897.1	86.6
Sales Tax - Local 1% and Public Safety	301.6	293.9	295.3	297.8	2.5
Hotel Room Tax	372.3	368.6	372.3	382.2	9.8
Utility User & Access Line Taxes	149.3	149.8	150.0	145.7	(4.3)
Parking Tax	82.2	83.4	85.5	83.5	(2.1)
Real Property Transfer Tax	300.0	288.0	257.0	280.4	23.4
Sugar Sweetened Beverage Tax	7.5	7.5	7.5	7.9	0.4
Interest Income	18.2	24.4	27.0	50.4	23.4
Public Safety Realignment	41.3	37.6	37.6	37.4	(0.1)
Motor Vehicle In-Lieu and Other Subventions	-	-	1.9	1.9	-
Stadium Admissions Tax	1.4	1.2	1.2	1.1	(0.1)
Franchise Taxes	17.2	17.3	17.2	16.9	(0.3)
Airport Transfer-In	45.6	45.3	45.4	46.5	1.1
Transfers In from Other Funds	-	-	3.4	3.6	0.2
<b>Total Citywide Revenues</b>	<b>3,644.3</b>	<b>3,741.4</b>	<b>3,762.8</b>	<b>3,913.4</b>	<b>150.6</b>

## Upcoming

- **Additional CAFR Updates.** The Controller's Office is hosting additional FY17-18 briefings to share CAFR results with our labor partners in the next two weeks, as this process comes to a close and information is finalized.
- **Five Year Forecast (Joint Report) Update.** General Fund revenue actuals were the starting basis for our revenue forecast in the City's Five Year Financial Plan forecast, issued in November. The pre-audit fund balance improvement will be included within the updated code-required financial plan forecast, which will be issued on or around March 15<sup>th</sup>. A briefing for labor partners on those projections is scheduled on March 22<sup>nd</sup> from 11-12:30 in City Hall room 305.