

City and County of San Francisco



Office of Controller

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April 19, 1989

Honorable Mayor Agnos
City and County of San Francisco
Room 200 - City Hall

Honorable Board of Supervisors
City and County of San Francisco
Room 235 - City Hall

RE: Executive Overview - General Fund Balance
Projection to June 30, 1989

Ladies and Gentlemen:

Based upon the eight months ended February 28, 1989, the City's projected fund balance shows continued improvement from our previous projection (\$23.3 million fund balance), and indicates that the General Fund could have a \$34.4 million fund balance at fiscal year end.

The major changes from the last prior projection are as follows:

Previously projected fund balance at 6-30-89 as projected at 2-22-89

\$ 23,340

Revenues:

	Favorable (Unfavorable)	
Increased Business Taxes	\$ 4,835	
Increased Other Local Taxes	1,907	
Increased Grants and subventions (excluding trial court funding and social services subvention)	1,058	
Reduced Property Tax	(875)	
Other changes - net	(1,064)	
		\$ 5,861

Expenditures:

Increased Public Protection	(2,770)	
Increased Human Welfare (Excluding Social Services)	(1,627)	
Reduced General Administration & Finance	2,779	
Other changes net	497	
		(1,121)

Operating Transfer out:

Net improvements to Muni Railway
San Francisco General Hospital
Laguna Honda Hospital

1,317
2,251
122

3,690

Other

Estimated close-outs of encumbrance reserves
Additional Funds Certified
from General Reserve
Other

2,855

(799)
618

2,674

Total Net Increases

11,104

Projected Undesignated General Fund
Balance at June 30, 1989

\$ 34,444

GENERAL FUND

Favorable revenue variances increased \$5.9 million from our last projection (totalling \$17.3 million over budget). Major increases in revenue estimates since our last projection were business taxes of \$4.8 million, continued increases to real property transfer taxes of \$.9 million, continued increases in sales taxes of \$.5 million and increased motor vehicle in lieu fees of \$2 million. Major reductions in revenue estimates since our last projection include continued reductions to property taxes of \$.9 million and continued reductions in fines and service charges of \$1 million.

Expenditure estimates increased since our last projection resulting in a decreased favorable variance of \$1.1 million (totalling \$15.6 million under budget). Major reduced expenditures since the last report resulted from reduced charges to city liability claims of \$3.0 million. Major unfavorable variance increases resulted from increased estimates for general assistance costs of \$1.8 million and increased general spending trends for several public protection departments. The Fire Department's extended work week account continues to have a projected shortfall of \$2.2 million even after a supplemental approved by the Board on April 3, 1989.

The General Fund is also improved by the projected write off of prior year encumbrances of \$2.8 million, which was not reflected on our last report.

Muni Railway

Shows net improvements of \$1.3 million which represents an improvement to revenues of \$.7 million and an estimated write off of a prior year reserve for encumbrance of \$.6 million.

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San Francisco General Hospital

Shows net improvement of \$2.2 million from the last projection primarily from reduction in the projected revenue deficit of \$1.2 million and reductions in projected expenditures of \$.9 million.

Laguna Honda

Shows little variance from our last projection report.

Summary

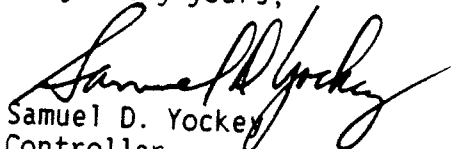
These operational highlights are summarized from the attached detailed fund balance projection report dated April 17, 1989.

Section I of this report shows a summary of projected revenues, expenditures and fund balances and includes both variances of budget to estimated actual and also (highlights) comparisons of changes since our last projection.

Sections II and III show comparisons of projections to budget in greater detail for revenues and expenditures respectively, but do not highlight changes since the last projection.

This report will be the final interim projection report issued for the 1988-89 fiscal year. The Controller's Office will continue to monitor all significant activity through June 30 and will provide updates to the Mayor and the Board of Supervisor if any major trends change.

Very truly yours,


Samuel D. Yockey
Controller

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CITY AND COUNTY OF SAN FRANCISCO

Fund Balance Projections

To June 30, 1989

FOR GENERAL AND
SUBSIDIZED ENTERPRISE FUNDS

BASED UPON THE PERIOD ENDED
FEBRUARY 28, 1989

Prepared By the
Office of the Controller
April 19, 1989

DESCRIPTION

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SECTION I

PROJECTED OPERATIONS
(Revenues, Expenditures, Operating Transfers
And General Fund Balance)

SCHEDULE OF BUDGETED AND PROJECTED REVENUES, EXPENDITURES AND FUND BALANCE
For year ended June 30, 1989
As of February 28, 1989
(in thousands)

F.Y. 1988-89						
GENERAL FUND	ACTUAL FY 87-88	REVISED BUDGET	CURRENT PROJECTION	VARIANCE FAVORABLE (UNFAVORABLE)	Prior Report FAVORABLE (UNFAVORABLE)	Inc(Dec) from Previous Report
REVENUES						
Property taxes	\$ 349,233	379,556	377,745	(1,811)	(936)	(875)
Business taxes	120,642	139,996	143,505	3,509	(1,326)	4,835
Other local taxes	168,035	159,619	173,226	13,607	11,700	1,907
Grants & subventions	258,457	277,460	280,767	3,307	(932)	4,239
Licenses, fines & penalties	42,592	50,613	49,745	(868)	333	(1,201)
Interest & investment earnings	15,670	14,539	14,499	(40)	(363)	323
Charges for services	45,773	51,535	50,680	(855)	(669)	(186)
Recovery of general government costs	5,547	7,355	7,355	0	0	0
Other	755	160	611	451	451	0
Total revenues	1,006,704	1,080,833	1,098,133	17,300	8,258	9,042
EXPENDITURES & ENCUMBRANCES						
Public protection	415,013	414,777	411,143	3,634	6,404	(2,770)
Public works, transportation & commerce	31,847	20,495	19,521	974	482	492
Human welfare & neighborhood development	208,825	223,610	221,203	2,407	643	1,764
Community health	121,219	127,400	124,796	2,604	2,572	32
Culture & recreation	60,341	59,869	59,289	580	607	(27)
General administration & finance	100,008	133,137	127,701	5,436	2,657	2,779
Total expenditures & encumbrance	937,253	979,288	963,653	15,635	13,365	2,270
Excess (deficiency) of revenues over (under) expenditures & encumbrances	69,451	101,545	134,480	32,935	21,623	11,312
OTHER FINANCING SOURCES (USES)						
Operating transfers in from:						
SF Airport Operating Fund	9,655	10,500	10,500	0	0	0
Metech Metchy Operating Fund	42,960	25,000	25,000	0	0	0
Water Operating Fund	10,042	2,398	2,398	0	0	0
Special Revenue Funds	9,637	14,739	14,739	0	0	0
Total Operating transfers in	72,294	52,637	52,637	0	0	0
Operating transfers out to:						
Municipal Railway						
Revenues	116,392	125,895	125,935	40	(700)	740
Expenditures & encumbrances	(233,122)	(237,190)	(238,773)	(1,583)	(1,600)	17
Other Financing Sources (Uses)	5,966	3,357	3,917	560	0	560
Contribution to Muni Railway	\$ (110,764)	(107,938)	(108,921)	(983)	(2,300)	1,317

(Continued to next page)

SCHEDULE OF BUDGETED AND PROJECTED REVENUES, EXPENDITURES AND FUND BALANCE
For year ended June 30, 1989
As of February 28, 1989
(in thousands)

GENERAL FUND (Continued)	F.Y. 1988-89				Prior Report FAVORABLE (UNFAVORABLE)	Inc(Dec) from Previous Report
	ACTUAL FY 87-88	REVISED BUDGET	CURRENT PROJECTION	VARIANCE FAVORABLE (UNFAVORABLE)		
San Francisco General Hospital						
Revenues	\$ 123,557	129,190	127,491	(1,699)	(2,891)	1,192
Expenditures & encumbrances	(178,042)	(183,140)	(179,822)	3,318	2,399	919
Other Financing Sources (Uses)	(727)	2,978	3,118	140	0	140
Prior Year Operating Deficit	(314)	0	(314)	(314)	(314)	0
Contribution to SFGH	(55,526)	(50,972)	(49,527)	1,445	(806)	2,251
Laguna Honda Hospital						
Revenues	64,056	63,297	66,264	2,967	2,924	43
Expenditures & encumbrances	(64,522)	(71,339)	(71,954)	(615)	(694)	79
Other Financing Sources (Uses)	(4,202)	2,756	2,756	0	0	0
Prior Year Operating Deficit	(1,271)	0	(1,271)	(1,271)	(1,271)	0
Contribution to LHM	(5,939)	(5,286)	(4,205)	1,081	959	122
Special Revenue Funds	(12,239)	(8,718)	(8,718)	0	0	0
Capital Project Funds	(19,651)	(3,042)	(3,042)	0	0	0
Total Operating transfers out	(204,119)	(175,956)	(174,413)	1,543	(2,147)	3,690
Total other financing sources (uses)	(131,825)	(123,319)	(121,776)	1,543	(2,147)	3,690
Excess (deficiency) of revenues & other sources over (under) expenditures, encumbrances & other uses	\$ (62,374)	(21,774)	12,704	\$ 34,478	19,476	15,002
Unappropriated Revenue Reserves (from 1988/89 Annual Appropriation Ordinance)				9,720	9,720	0
Adjustment to adopted Ordinance				(21)	(21)	0
Subsequent revenue and appropriation amendments:						
Estimated Close-out of Reserve for Prior Year Adjustments				2,855	6,572	(6,572) Trial Court Fundin
Supplemental appropriations:						2,855
Funds certified (thru 3/31/89) from General Reserve				(11,506)	(10,707)	(799)
Required supplemental to reimburse SFGH for State loan				(1,082)	(1,700)	618
Projected Undesignated General Fund Fund Balance at June 30, 1989			\$ 34,444		23,340	11,104

SECTION II

PROJECTED REVENUES

SCHEDULE OF BUDGETED AND PROJECTED REVENUES
YEAR ENDED JUNE 30, 1989
As of February 28, 1989
(In Thousands)

GENERAL FUND	FY 88-89			
	ACTUAL FY 87-88	REVISED BUDGET	CURRENT PROJECTION	VARIANCE FAVORABLE (UNFAVORABLE)
PROPERTY TAXES				
Current year - secured	\$ 298,627	\$ 325,200	\$ 324,950	\$ (250)
Current year - unsecured	32,753	34,750	34,900	150
Other	17,853	19,606	17,895	(1,711)
Total property taxes	349,233	379,556	377,745	(1,811)
BUSINESS TAXES				
Business registration tax	0	7,000	7,121	121
Business tax	16,991	19,436	18,856	(580)
Payroll tax	103,651	113,560	117,528	3,968
Total business taxes	120,642	139,996	143,505	3,509
OTHER LOCAL TAXES				
Franchise tax	4,814	4,800	4,800	0
Real property transfer tax	19,185	17,000	24,632	7,632
Parking tax	16,022	16,545	17,000	455
Utility users tax	34,407	24,000	25,249	1,249
Hotel room tax	16,563	17,774	18,045	271
Sales tax	77,044	79,500	83,500	4,000
Total other local taxes	168,035	159,619	173,226	13,607
GRANTS AND SUBVENTIONS				
Homeowners property tax	6,252	5,899	6,102	203
Trial court funding	0	0	6,542	6,542
Motor vehicle in lieu - county	30,746	32,093	33,250	1,157
Motor vehicle in lieu - city	23,591	24,377	25,258	881
Cigarette tax	2,364	2,400	2,263	(137)
Mental health subventions	21,424	22,049	21,707	(342)
County health services - state	14,288	15,853	15,853	0
State block grants	5,235	0	0	0
Medically indigent adult	2,867	2,867	2,867	0
Social services subventions	144,856	164,547	159,407	(5,140)
Grants	426	558	558	0
Other	6,408	6,817	6,960	143
Total grants and subventions	258,457	277,460	280,767	3,307

(Continued)

See notes following the schedules

SCHEDULE OF BUDGETED AND PROJECTED REVENUES
 YEAR ENDED JUNE 30, 1989
 As of February 28, 1989
 (In Thousands)

GENERAL FUND (Continued)	FY 88-89			
	ACTUAL FY 87-88	REVISED BUDGET	CURRENT PROJECTION	VARIANCE FAVORABLE (UNFAVORABLE)
LICENSES, FINES AND PENALTIES				
Licenses	\$ 3,435	\$ 5,772	\$ 4,873	\$ (899)
Traffic fines - parking	34,211	39,601	39,651	50
Traffic fines - moving	3,644	4,270	3,625	(645)
Unclaimed bail	357	20	590	570
Other fines and penalties	945	950	1,006	56
Total licenses, fines and penalties	42,592	50,613	49,745	(868)
USE OF MONEY OR PROPERTY				
Interest and other investment earnings	13,651	13,977	13,937	(40)
Other use of money or property	2,019	562	562	0
Total use of money or property	15,670	14,539	14,499	(40)
CHARGES FOR SERVICES				
Parking meter collections	7,609	9,400	8,634	(766) (L
General government service charges	10,857	12,520	12,503	(17)
Public safety service charges	3,407	3,314	4,009	695 (M
Hospital service charges	18,477	19,221	19,143	(78)
Other service charges	5,423	7,080	6,391	(689) (N
Total charges for services	45,773	51,535	50,680	(855)
RECOVERY OF GENERAL GOV'T. COSTS				
	5,547	7,355	7,355	0
OTHER REVENUES				
	755	160	611	451
TOTAL REVENUES	<u>\$1,006,704</u>	<u>\$1,080,833</u>	<u>\$1,098,133</u>	<u>\$ 17,300</u>

See notes following the schedules

SCHEDULE OF BUDGETED AND PROJECTED REVENUES
YEAR ENDED JUNE 30, 1989
As of February 28, 1989
(In Thousands)

FY 88-89				
MUNICIPAL RAILWAY	ACTUAL FY 87-88	REVISED BUDGET	CURRENT PROJECTION	VARIANCE FAVORABLE (UNFAVORABLE)
SUBVENTIONS				
Sales tax allocation - MTC	\$ 32,955	\$ 36,450	\$ 36,450	\$ 0
Operating assistance	8,025	8,000	8,000	0
MTC bridge toll allocation	1,550	3,400	3,740	340
Grants	1,615	0	0	0
Total grants and subventions	44,145	47,850	48,190	340
CHARGES FOR SERVICES				
Passenger fares	69,179	75,400	74,700	(700)
Other	3,068	2,645	3,045	400
Total charges for services	72,247	78,045	77,745	(300)
TOTAL REVENUES	\$ 116,392	\$ 125,895	\$ 125,935	\$ 40
SAN FRANCISCO GENERAL HOSPITAL				
SUBVENTIONS				
County health services	\$ 21,558	\$ 22,788	\$ 22,788	\$ 0
Medically indigent adult	24,349	24,305	24,305	0
SLIAG	0	1,022	1,022	0
Total subventions	45,907	48,115	48,115	0
CHARGES FOR SERVICES				
Patient net revenue	75,998	79,320	77,487	(1,833) (P)
Other	1,652	1,755	1,889	134 (P)
Total charges for services	77,650	81,075	79,376	(1,699)
TOTAL REVENUES	\$ 123,557	\$ 129,190	\$ 127,491	\$ (1,699)

See notes following the schedules

SCHEDULE OF BUDGETED AND PROJECTED REVENUES
 YEAR ENDED JUNE 30, 1989
 As of February 28, 1989
 (In Thousands)

	FY 88-89			
	ACTUAL FY 87-88	REVISED BUDGET	CURRENT PROJECTION	VARIANCE FAVORABLE (UNFAVORABLE)
<u>LAGUNA HONDA HOSPITAL</u>				
<u>SUBVENTIONS</u>				
Grants	\$ 3	\$ 0	\$ 0	\$ 0
County health services	1,278	591	591	0
Total subventions	1,281	591	591	0
 <u>CHARGES FOR SERVICES</u>				
Hospital service charges	62,649	62,696	65,663	2,967 (
Other	126	10	10	0
Total charges for services	62,775	62,706	65,673	2,967
 TOTAL REVENUES	 \$ 64,056	 \$ 63,297	 \$ 66,264	 \$ 2,967

See notes following the schedules

NOTES TO FISCAL YEAR 1988-89 REVENUE PROJECTIONS

(A) PROPERTY TAXES

Current year's secured property taxes reflect a combination of the following (General Fund - 80.3%):

<u>Regular Roll</u>	<u>All Taxing Agencies</u>	<u>General Fund</u>
Shortfall in projected escaped assessments	\$ (975,000)	\$ (783,000)
Decrease in assessments due to roll corrections	(1,835,000)	(1, 474,000)
<u>Supplemental Roll</u>		
Increased assessments projected	<u>2,500,000</u>	<u>2,007,000</u>
Net Total	<u>\$ (310,000)</u>	<u>\$ (250,000)</u>

Current year's unsecured property taxes reflect a combination of the following (General Fund - 79.6%):

<u>Regular Roll</u>	<u>All Taxing Agencies</u>	<u>General Fund</u>
Overstatement in original penal assessments	\$(3,500,000)	\$(2,788,000)
Addition of escaped assessments	<u>3,690,000</u>	<u>2,938,000</u>
Net Total	<u>\$ 190,000</u>	<u>\$ 150,000</u>

Other includes all prior years' taxes and also penalties and fees.

Normal prior years' taxes and penalties and costs collected this year are projected to exceed the budget estimate by \$744,000. However, the City has settled a tax dispute with Southern Pacific regarding their Mission Bay properties which will result in a reduction of prior years' tax revenues totaling \$2,455,000 for the General Fund. This reduction must be recognized as an adjustment to property tax revenues this year and as such will result in a net decrease of \$1,711,000.

NOTES TO FISCAL YEAR 1988-89 REVENUE PROJECTIONS

(B) BUSINESS TAXES

Our fiscal year projections for business and payroll taxes are based on their respective final calendar year tax payments. Overall we estimate the combined business and payroll taxes will exceed budgeted amounts by \$3.4 million (2.8%). A change in the mix of the two taxes (budget vs. actual) shows an estimated shortfall in the business tax of \$.6 million tax, and a favorable variance in the payroll tax of \$4.0 million. For meaningful projections, however, both must be considered together.

Revenue from the \$200 business registration fee is estimated at \$7.1 million compared to the \$7.0 million estimate included in the budget. This is inclusive of anticipated refunds of \$216,000, to businesses which may be exempt under the provisions of Ord. 538-88.

(C) REAL PROPERTY TRANSFER TAXES

The increase in real estate prices and the relatively higher interest rates in 1989 have slowed down sales as previously anticipated. Revenues for the first calendar quarter of 1989 slowed to a 15.1% increase (\$603,000) over the same period in 1988 compared to the average increase during the first half of fiscal year 88-89 (July - December 88) of 51%. If the projected \$7.6 million variance, an estimated \$650,000 was generated by the sale of two major downtown hotels.

(D) UTILITY USERS TAX

Rate increases effective January 1, 1989 (9% electric and 2% gas) and a relatively cold winter are expected to generate a net favorable variance of \$1.2 million by fiscal year-end.

(E) SALES TAXES

Sales tax revenues reported on 1988 holiday sales have shown a 12% increase over the same period in 1987. This boosted the favorable variance reported earlier of \$3.5 million to \$4 million. The anticipated average increase for this fiscal year is about 8.3%.

(F) TRIAL COURT FUNDING

Of the \$7.2 million expected to be received this fiscal year, \$3.6 million was received in February, 1989. However, certain state mandated cost reimbursements previously budgeted will be offset against the gross amount, thus leaving a net \$6.5 million revenue increase in the General Fund.

NOTES TO FISCAL YEAR 1988-89 REVENUE PROJECTIONS

(G) MOTOR VEHICLE IN LIEU FEES

The State's final apportionment estimate for FY 88-89 resulted in a favorable variance of about \$2 million. The original per capita share of \$32.82 and \$27.17 to cities and counties were increased by \$1.19 (3.6%) and \$1.06 (3.9%), respectively.

(H) SOCIAL SERVICES SUBVENTIONS

Most social services subvention revenues are based on expenditures recorded in those programs. The revenue decrease of \$5.140 million is projected to match a comparable decrease in subsidized program expenditures of \$5.698 million. However, as Note f to Expenditure Projections explains the increase to unsubsidized programs are increasing the costs to the General Fund.

(I) LICENSES

The unfavorable variance of \$899,000 is made up of the following accounts (in thousands):

Public Health - eating places	\$(262)
Sundry business licenses	(684)
Miscellaneous	47
	<u>\$(899)</u>

(J) TRAFFIC FINES - MOVING

Based on Municipal Court records the number of citations issued during the first half of FY 88-89 decreased by about 3,100 or 4.5% compared to the same period in FY 87-88. Thus, a shortfall of \$645,000 is expected this year because the revenue from moving violations was estimated at last year's budget level.

(K) UNCLAIMED BAIL

This positive variance of \$570,000 represents monies transferred from the Municipal Court's various agency funds to the General Fund as authorized by the Court.

(L) PARKING METER COLLECTION

The Department of Electricity staff reports that there was a slight delay in the citywide project to "adjust" the parking meters to accept the higher rates. As of February, 1989, the collections had increased only by an average of 12.2% compared to the 23% increase originally projected. This is expected to result in a current year shortfall of about \$766,000.

NOTES TO FISCAL YEAR 1988-89 REVENUE PROJECTIONS

(M) PUBLIC SAFETY SERVICE CHARGES

The increase in projected Public Safety Services Charges will result in a positive variance over estimated revenues as follows (in thousands):

Debris box fees	\$ 178
Posting fees	269
Miscellaneous	267
	<u>\$ 695</u>

(N) OTHER SERVICE CHARGES

A net decrease in Other Service Charges is expected to result from variances from estimated revenues as follows (in thousands):

Boarding of prisoners charges	\$(568)
Public Health fees	(127)
Miscellaneous	6
	<u>\$(689)</u>

(O) MUNICIPAL RAILWAY

P.U.C. staff determined that additional revenues will be generated through increased bridge toll allocations and advertisements by about \$740,000.

Based on eight months actual revenues, we project that Muni may fall short on passenger fares by \$700,000 resulting in a small increase in revenues.

(P) SAN FRANCISCO GENERAL HOSPITAL

Projections show a revenue shortfall of \$1.7 million due to reduced patient census. As a result of recent MOUs with the nurses union, the Hospital has downsized to approximately 340 beds from a 397 average in FY 1987-88. These reductions, however, do not appear to be having as significant an impact on revenues as due to offsetting increases from collection programs implemented at the Hospital last year.

(Q) LAGUNA HONDA HOSPITAL

A MediCal rate increase from \$140.61 to \$151.47 per patient day was approved effective August, 1988. This was not included in the budget and is expected to generate an additional \$4.5 million per the latest update made by the hospital staff. However, revenue shortfalls from Medicare of \$1.1 million and \$0.5 million in net contractual and other adjustments will leave a net favorable variance of about \$2.9 million.

SECTION III

PROJECTED EXPENDITURES

SCHEDULE OF BUDGETED AND PROJECTED EXPENDITURES
For year ended June 30, 1989
As of February 28, 1989
(in thousands)

GENERAL FUND	F.Y. 1988-89			
	ACTUAL FY 87-88	REVISED BUDGET	CURRENT PROJECTION	VARIANCE FAVORABLE (UNFAVORABLE)
PUBLIC PROTECTION				
District Attorney	\$ 19,950	20,941	20,882	59 (f)
Public Defender	7,157	7,214	7,150	64 (f)
Sheriff	24,550	27,176	27,309	(133) (c)
Superior Court	9,702	11,532	11,466	66 (f)
Municipal Court	15,872	16,812	16,269	543 (e)
Juvenile Court	14,564	13,650	13,623	27 (f)
Adult Probation	5,002	4,900	4,597	303 (a)
County Clerk	5,585	5,574	5,360	214 (a)
Fire Department	128,339	127,421	129,382	(1,961) (d)
Police Department	182,232	177,467	173,094	4,373 (e)
County Agriculture-Weights & Measures	591	616	600	16 (a)
Public Administrator/Guardian	1,469	1,474	1,411	63 (a)
	415,013	414,777	411,143	3,634
PUBLIC WORKS, TRANSPORTATION AND COMMERCE				
Permit Appeals	214	221	212	9 (a)
PUC Light, Heat and Power	3,847	3,788	3,788	0
Electricity	4,196	5,732	5,663	69 (b)
Public Works	23,590	10,754	9,858	896 (a)
	31,847	20,495	19,521	974
HUMAN WELFARE AND NEIGHBORHOOD DEVELOPMENT				
Mayor's Special Services	0	0	0	0
Human Rights Commission	1,186	1,402	1,232	170 (a)
Social Services	206,484	220,950	218,733	2,217 (f)
Commission on the Status of Women	303	360	352	8 (a)
Rent Arbitration Board	852	898	886	12 (a)
	208,825	223,610	221,203	2,407
COMMUNITY HEALTH				
Medical Examiner/Coroner	1,839	1,859	1,881	(22) (c)
Public Health Central Office	39,202	42,024	40,102	1,922 (g)
Community Mental Health	80,178	83,517	82,813	704 (b)
	\$ 121,219	127,400	124,796	2,604

SCHEDULE OF BUDGETED AND PROJECTED EXPENDITURES
For year ended June 30, 1989
As of February 28, 1989
(in thousands)

		F.Y. 1988-89		
GENERAL FUND (Continued)	ACTUAL FY 87-88	REVISED BUDGET	CURRENT PROJECTION	VARIANCE FAVORABLE (UNFAVORABLE)
CULTURE AND RECREATION				
County Educational Office	\$ 94	371	371	0
Art Commission	1,050	1,279	1,253	26 (a)
Public Library	18,442	18,287	18,353	(66) (c)
Recreation and Park	33,513	32,175	31,631	544 (a)
War Memorial	8	0	0	0
Academy of Sciences	1,640	1,588	1,591	(3) (c)
Fine Arts Museums	4,115	4,555	4,463	92 (a)
Asian Art Museum	1,298	1,435	1,447	(12) (c)
Law Library	181	179	180	(1) (c)
	60,341	59,869	59,289	580
GENERAL ADMINISTRATION AND FINANCE				
Board of Supervisors	4,618	4,491	4,322	169 (a)
Assessor	4,918	5,660	5,335	325 (a)
City Attorney	5,469	12,711	12,670	41 (b)
Treasurer/Tax Collector	6,445	9,225	8,655	570 (a)
Controller	14,644	13,961	13,897	64 (a)
Mayor	5,816	4,565	4,540	25 (b)
City Planning	5,171	5,238	5,275	(37) (c)
Civil Service	6,425	7,303	7,009	294 (a)
Retirement System (including Workers' Compensation)	11,803	11,231	12,107	(876) (h)
Chief Administrative Officer	2,511	22,089	22,070	19 (a)
Real Estate	2,420	2,465	2,470	(5) (c)
Recorder	717	675	658	17 (a)
Registrar	2,754	1,853	1,784	69 (b)
Records Center	154	0	0	0
Purchaser	3,454	3,077	3,018	59 (a)
General City Responsibility	22,689	28,593	23,891	4,702 (i)
	100,008	133,137	127,701	5,436
Total General Fund	\$ 937,253	979,288	963,653	15,635
ENTERPRISE FUNDS SUBSIDIZED BY GENERAL FUND:				
Municipal Railway	\$ 233,122	237,190	238,773	(1,583) (j)
San Francisco General Hospital	178,042	183,140	179,822	3,318 (k)
Laguna Honda Hospital	64,522	71,339	71,954	(615) (l)

NOTES TO FY 1988-89 EXPENDITURE PROJECTIONS

Expenditure projections for personal services accounts are based on departments' expenditures as of the payperiod ending March 3, 1989, the estimated remaining expenditures required to support the existing work force plus approved requisitions unfilled to date and/or spending plans submitted by the departments.

For the third reporting period, minor non-personal services accounts were not reviewed as it is assumed that departments are able to operate within their budget. Major non-personal accounts, however, were reviewed and are reflected in this projection.

- (a) These departments are projected to have a surplus in their personal services accounts at the end of the fiscal year provided that no additional personnel requisitions are added to increase their current level of staffing.
- (b) Projections for these departments indicate that surplus in personal services accounts may materialize at year end. However, deficits are projected in some personal services accounts as itemized below. Appropriate actions will be required of the departments to prevent the occurrence of deficits in these personal services accounts which may require a request for supplemental appropriation or with recommendations from the Mayor, request our office to certify transfer of funds from their accounts with surplus funds.

<u>DEPARTMENT</u>	<u>ACCOUNT TITLE</u>	<u>PROJECTED DEFICIT</u>
District Attorney-Gen.	Permanent Salaries-Misc.	79,598
	Temporary Salaries	42,508
Public Defender	Fees & Other Compensation	17,343
Superior Court	Fees & Other Compensation	464,553 (1)
Juvenile Court	Temporary Salaries	567,410 (2)
Electricity	Permanent Salaries	8,945
Community Mental Health	Overtime	5,088
City Attorney	Mandatory Fringe Benefits	45,774
Mayor's Office	Mandatory Fringe Benefits	43,302
Registrar	Mandatory Fringe Benefits	10,053

(1) The request for supplemental appropriation has been submitted to the Controller's Office.

(2) The departmental fiscal officer is in the process of preparing the request for supplemental appropriation.

- (c) Projections for these departments indicate that deficits in personal services accounts may materialize at year end if appropriate action is not taken. One of the following two courses of actions is required:
- Modify their current staffing to reduce the rate of personal services accounts' expenditure during the rest of the fiscal year.
 - Submit a supplemental appropriation request for additional funds.

NOTES TO FY 1988-89 EXPENDITURE PROJECTIONS

<u>DEPARTMENT</u>	<u>ACCOUNT TITLE</u>	<u>PROJECTED DEFICIT</u>
Sheriff	Overtime	233,115 (1)
Medical Examiner	Permanent Salaries	28,059
	Overtime & Holiday Pay	683
Public Library	Mandatory Fringe Benefits	115,371 (2)
Academy of Sciences	Permanent Salaries	3,166
Asian Arts Museum	Permanent Salaries	22,478
Law Library	Mandatory Fringe Benefits	525
City Planning	Permanent Salaries	19,813
	Mandatory Fringe Benefits	17,147
Real Estate	Permanent Salaries	4,285
	Mandatory Fringe Benefits	512

(1) The request for supplemental appropriation reappropriating funds from Permanent Salaries-Miscellaneous and additional funds from General Fund Reserve to cover Sheriff's projected deficit in Overtime account was approved on first reading by the Finance Committee on April 3, 1989.

(2) The request for supplemental appropriation from General Fund Reserve and Public Library Reserve to cover Public Library's projected deficit in Mandatory Fringe Benefits has been certified on February 16, 1989 pending approval from the Board of Supervisors.

(d) FIRE DEPARTMENT

Current projections indicate that the Fire Department will incur an overall deficit of \$1,961,290 in personal services at year-end as detailed below:

<u>ACCOUNT TITLE</u>	<u>PROJECTED SURPLUS (DEFICIT)</u>
Permanent Salaries - Miscellaneous	\$ 22,300
Permanent Salaries - Uniform	(34,390)
Permanent Salaries - Crafts	(32,680)
Differential Pay	12,600
Temporary Salaries	1,500
Overtime	(4,780)
Holiday Pay	205,670
Extended Work Week	(2,181,800)
Mandatory Fringe Benefits	50,290
Projected deficit - Personal Services	<u>\$(1,961,290)</u>

The budgeted amounts presented in this projection have been adjusted to reflect the recent supplemental appropriation approved by the Board of Supervisors on April 3, 1989 and signed by the Mayor on April 5, 1989.

NOTES TO FY 1988-89 EXPENDITURE PROJECTIONS

The above projection do not assume any corrective actions that the department's management plan to initiate in order to reduce expenditures in the Extended Work Week account for the remainder of the fiscal year.

Approximately \$2 million will again be requested by the department from the General Fund-Unappropriated Revenue Reserve as source of funding for the Extended Work Week Account.

(e) POLICE DEPARTMENT

The Police Department is projected to have an overall surplus of \$4,372,630 as detailed below:

<u>ACCOUNT TITLE</u>	<u>PROJECTED SURPLUS (DEFICIT)</u>
Permanent Salaries - Miscellaneous	\$1,069,930 (1)
Permanent Salaries - Uniform	2,175,400 (2)
Differential Pay	(77,000) (3)
Temporary Salaries	25,400
Overtime	(1,475,800) (3)
Holiday Pay	(73,500) (3)
Extended Work Week	112,000
Mandatory Fringe Benefits	2,384,700 (1)
Projected surplus - Personal Services	<u>\$4,141,130</u>
<u>Senior Escort Program:</u>	
Permanent Salaries - Miscellaneous	60,700
Mandatory Fringe Benefits	23,500
<u>Complaints Program:</u>	
Permanent Salaries - Miscellaneous	84,000
Overtime	26,700
Mandatory Fringe Benefits	36,300
Net Projected surplus	<u>\$4,372,630</u>

- (1) Projected surplus in Permanent Salaries-Miscellaneous is the result of having 50 Parking Control positions funded in the Police Department's budget for the entire FY 1988-89 while the same positions were funded in the Parking Authority for the first half of FY 1988-89.
- (2) Higher retirements, resignations and terminations than anticipated in the Police Department's budget, resulted in projected surpluses of \$2.2 million in Permanent Salaries Uniform and \$2.4 million in related mandatory fringe benefits.
- (3) The department has submitted to the Mayor's Office a request for supplemental appropriation to reappropriate surplus funds from Permanent Salaries-Uniform and Mandatory Fringe Benefits to cover projected deficits in their Differential Pay, Overtime and Holiday Pay.

NOTES TO FY 1988-89 EXPENDITURE PROJECTIONS

(f) DEPARTMENT OF SOCIAL SERVICES

Detail projections for D.S.S. Personal Services accounts and Welfare Aid Assistance programs are shown below.

1. Personal Services Accounts

<u>ACCOUNT TITLE</u>	<u>PROJECTED SURPLUS(DEFICIT)</u>		
	<u>FEDERAL/STATE</u>	<u>GENERAL FUND</u>	<u>TOTAL</u>
Gain Administration -State:			
Permanent Salaries	\$ 263,480	0	263,480
Mandatory Fringe Benefits	72,500	0	72,500
Other Administrative Programs:			
Permanent Salaries	773,600	461,190	1,234,790
Mandatory Fringe Benefits	132,575	79,036	211,611
Overtime	12,150	7,250	19,400
City Attorney	142,890	85,186	228,076
Total projected surplus-			
Personal Services Accounts	<u>\$1,397,195</u>	<u>632,662</u>	<u>2,029,857</u>

2. Welfare Aid Assistance Programs

a. Federal & State Supported Programs

AFDC General Assistance	\$8,462,853	445,413	8,908,266
Foster Care	(4,438,899)	(486,331)	(4,925,230)
Adoption Aid	(453,412)	-	(453,412)
Home Care	(70,475)	(14,641)	(85,116)
Indo Chinese Refugee	242,606	-	242,606
Total Federal & State			
Supported Programs	<u>\$3,742,673</u>	<u>(55,559)</u>	<u>3,687,114</u>

b. General Assistance

Total projected surplus(deficit)		<u>(3,500,000)</u>	<u>(3,500,000)</u>
Welfare Aid Assistance Programs	<u>\$3,742,673</u>	<u>(3,555,559)</u>	<u>187,114</u>

Total projection D.S.S.

	<u>\$5,139,868</u>	<u>(2,922,897)</u>	<u>2,216,971</u>
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Current projections for the Department of Social Services indicate an overall surplus of \$2,216,971. This is the result of projected surpluses in Federal & State share of \$1,397,195 in the personal services accounts and \$3,742,673 in subsidized welfare aid programs offset by General Fund's share of \$632,662 projected surplus in personal services accounts, \$55,559 projected deficit in subsidized welfare programs and \$3,500,000 projected deficit in General Assistance. The net projected deficit in General Fund's share of the department's expenditure is \$2,922,897.

The Mayor's Budget Analyst is currently working with the departmental staff in preparing the required supplemental appropriation for submission to the Commission. This supplemental will cover the projected deficit in Foster Care and General Assistance. The increase in the projected deficit in General Assistance is due to changes in State regulations that will affect the remaining four months of the current fiscal year.

NOTES TO FY 1988-89 EXPENDITURE PROJECTIONS

(g) DEPARTMENT OF PUBLIC HEALTH - CENTRAL OFFICE

The Department of Public Health - Central Office is projected to have an overall surplus of \$1,921,700 in Personal Services as follows:

<u>ACCOUNT TITLE</u>	<u>PROJECTED SURPLUS (DEFICIT)</u>
Permanent Salaries - Miscellaneous	\$ 770,900
Permanent Salaries - Nurses	445,100
Temporary Salaries	200,200
Overtime	(39,400)
Holiday Pay	(400)
Mandatory Fringe Benefits	597,500
Other Fringes	(52,200)
Net Projected Surplus	<u>\$1,921,700</u>

The projected surplus in Permanent Salaries - Miscellaneous is primarily due to the slow development of the SLIAG program and lower than expected revenues being billed while Permanent Salaries - Nurses is due to unfilled vacancies in the department and problems associated in recruitment of Public Health Nurses.

The projected deficit in Overtime is due to the increased workload resulting from the implementation of a new State law requiring all employees to present a certified copy of a birth record for employment purposes.

The department has submitted a request for supplemental appropriation to the Mayor's Office reappropriating surplus funds from Mandatory Fringe Benefits and Permanent Salaries - Miscellaneous to cover the projected deficit in the Overtime account.

(h) RETIREMENT SYSTEM (including WORKERS' COMPENSATION)

Retirement System appropriations supported from the General Fund including Workers' Compensations' projected deficit includes the following:

<u>ACCOUNT TITLE</u>	<u>PROJECTED SURPLUS (DEFICIT)</u>
Permanent Salaries - Misc.	\$ 35,080
Mandatory Fringe Benefits	30,190
City Attorney	(24,000)
Workers' Compensation	(1,236,600)
Prior Year Carryforward: Workers' Compensation	<u>318,940</u>
Net Projected Deficit	<u>\$(876,390)</u>

The current year's projection for Workers' Compensation for individual departments under the General Fund are summarized under the Retirement System. Based on eight months actual charges and projections based on prior

NOTES TO FY 1988-89 EXPENDITURE PROJECTIONS

year trends for the last four months, Retirement System current projections indicate a deficit of \$1,236,600. A request for supplemental appropriation for \$1,079,665 to cover the projected deficit has been certified from General Fund Reserve on March 28, 1989. The unexpended balance of prior year's Worker's Compensation appropriation carried forward to FY 1988-89 of \$353,940 is sufficient to cover the difference in the projected deficit and the additional funding from supplemental appropriation.

(i) GENERAL CITY RESPONSIBILITY

Based on expenditures billed by Health Service through the period ending February 28, 1989, the General City's Responsibility for the Health Service-Retired Subsidy is anticipated to result in a surplus of \$1,709,730. This projected surplus may be applied to the projected deficits in Health Service-Retired Subsidy of the following Enterprise departments subsidized by General Fund:

Municipal Railway	\$(291,510)
San Francisco General Hospital	(204,090)
Laguna Honda Hospital	(72,040)
Net projected deficit	
Subsidized Enterprise departments	<u>\$(567,840)</u>

In addition, current projection for Judgment and Claims indicates a projected surplus of approximately \$3 million. This is based on actual charges and reserves for claims as of February 28, 1989.

(j) MUNICIPAL RAILWAY

Based on the department's current spending trend, Municipal Railway's personal services accounts are projected to result in an overall deficit of \$1,483,860 at year end as indicated below:

<u>ACCOUNT TITLE</u>	<u>PROJECTED SURPLUS (DEFICIT)</u>
Permanent Salaries - Misc.	\$(176,650) (1)
Permanent Salaries - Craft	21,000
Permanent Salaries - Platform	(250,900) (2)
Overtime	(202,650) (3)
Holiday Pay	29,200
Mandatory Fringe Benefits	(612,350) (1,4)
Health Service - Retired Subsidy	<u>(291,510) (4)</u>
Projected deficit	<u>\$(1,483,860)</u>

- (1) To reduce the projected deficit in Permanent Salaries-Miscellaneous, and Mandatory Fringe Benefits, the department submitted on March 28, 1989 for the Commission's action a request to reappropriate funds from projected surpluses in non-personal services accounts such as PUC-Services and CAO-Insurance accounts.

NOTES TO FY 1988-89 EXPENDITURE PROJECTIONS

- (2) A request for supplemental appropriation to eliminate the projected deficit in platform salaries has been submitted to the Mayor's Office. Current projections indicate that approximately \$100,000 of the \$350,000 in supplemental funds from General Fund will not be spent by the end of the fiscal year.
- (3) The projected deficit in Overtime is based on the average expenditures to date. The department plans to control overtime for the remainder of the fiscal year within the remaining available funds.
- (4) Projected deficit in mandatory fringe benefits is due to miscalculation in the budget preparation for City's matching contribution for Social Security and Health Service.

The projected deficit in Health Service-Subsidy for Retired Employees will be offset by the projected surplus in General Fund-General City Responsibilities.

A departmental review of their non-personal services accounts, including information furnished by Retirement-Workers' Compensation Division and current spending of the personal services accounts for the Purchaser's services to MUNI, indicates a net projected result at year-end as follows:

<u>ACCOUNT TITLE</u>	<u>PROJECTED SURPLUS (DEFICIT)</u>
Services of Other Departments:	
PUC-Light, Heat & Power	\$100,000
CAO-Insurance and Risk Reduction	290,000
PUC-Services	300,000
Purchaser's Office	184,760
Worker's Compensation	(974,170) (5)
Net Services of Other Departments	<u>\$ (99,410)</u>

- (5) The PUC-Finance Bureau has prepared a request to reappropriate funds from CAO-Insurance and Risk Reduction and PUC-Light, Heat and Power to cover partially the projected deficit in Worker's Compensation for Commission action on April 11, 1989.

At the current rate of settlements of MUNI's liability claims, management feels that the remaining \$1 million appropriation will be adequate through the end of the fiscal year. However the settlement of certain extraordinary claims could require a supplemental appropriation.

NOTES TO FY 1988-89 EXPENDITURE PROJECTIONS

(k) SAN FRANCISCO GENERAL HOSPITAL

Based on personal services expenditures to March 3, 1989 plus the estimated funds required to maintain the proposed level of staffing for the remainder of the fiscal year, SFGH is projected to result in an overall surplus of \$3,170,810.

The detail projections are as follows:

<u>ACCOUNT TITLE</u>	<u>PROJECTED SURPLUS (DEFICIT)</u>
Permanent Salaries - Miscellaneous	\$ 4,294,200
Permanent Salaries - Craft	659,900
Permanent Salaries - Nurses	3,563,100
Temporary Salaries - Misc. & Nurses	(4,808,700)
Overtime	(1,192,000)
Holiday Pay	(42,800)
Mandatory Fringe Benefits	901,200
Health Service - Retired Subsidy	(204,090)
Projected surplus	<u>\$ 3,170,810</u>

Based on information furnished by City Attorney and Retirement-Workers' Compensation Division and Purchaser's current payroll charges, Services of Other Departments to San Francisco General Hospital are projected as follows:

<u>ACCOUNT TITLE</u>	<u>PROJECTED SURPLUS (DEFICIT)</u>
City Attorney Services	\$ (45,180)
Purchaser's Office Services	12,460
Workers' Compensation	181,100
Projected surplus	<u>\$ 148,380</u>

The projected surpluses of \$3.17 million in personal services are sufficient to cover the \$1.7 million projected deficit in estimated revenues, the \$340,000 projected deficit in the registry nurses contract and the \$314,471 excess deficit over the General Fund Subsidy appropriated in FY 1987-88.

The department submitted a request for supplemental appropriation to reappropriate funds from Permanent Salaries-Miscellaneous, Crafts and Nurses accounts to cover projected deficits in Temporary Salaries - Per Diem Nurses, Overtime and Professional Services-Registry Nurses.

A potential downward adjustment of \$800,000 could result in the contractual service account from projected overspending of the University of California Service Contract. This would be subject to a supplemental appropriation being approved by the Public Health Commission, the Mayor's Office and the Board of Supervisors.

Our Office will reserve a portion of the projected surplus in Permanent Salaries-Miscellaneous to offset both the \$314,471 deficit from FY 1987-88, and the projected deficit in estimated revenues of \$1.7 million.

NOTES TO FY 1988-89 EXPENDITURE PROJECTIONS

(1) LAGUNA HONDA HOSPITAL

Based on the department's expenditures per the payroll ending March 17, 1988 including estimated costs to fill critical positions, the department's personal services accounts are projected to have an overall deficit of \$404,280.

Detail projections for the LHH-Personal Services accounts are shown below:

<u>ACCOUNT TITLE</u>	<u>PROJECTED SURPLUS (DEFICIT)</u>
Permanent Salaries - Miscellaneous	\$ 395,800
Permanent Salaries - Crafts	(48,100)
Permanent Salaries - Nurses	(639,090)
Overtime	(16,800)
Holiday Pay	192,100
Mandatory Fringe Benefits	(89,520)
Health Service - Retired Subsidy	(72,240)
Other Fringe Benefits-Nurses	(126,430)
Projected deficit	<u><u>\$ (404,280)</u></u>

Based on departmental review of non-personal services accounts, deficits in appropriated amounts are projected for the following accounts:

<u>ACCOUNT TITLE</u>	<u>PROJECTED (DEFICIT)</u>
Telephone Services	<u><u>\$ (66,000)</u></u>
Services of Other Departments:	
PUC-Light, Heat & Power	\$ (50,500)
Worker's Compensation	(93,500)
Net Services of Other Departments	<u><u>\$ (144,000)</u></u>

The Mayor's Office recently approved the request for supplemental appropriation submitted by the Department of Public Health. This supplemental recognizes additional Medi-Cal revenues to fund:

- the estimated costs to fill certain critical positions;
- the projected deficit in Salaries and Mandatory Fringe Benefits based on projections for the payroll ending December 23, 1988;
- the operating expenditures projected deficit based on the Controller's last projection;
- the \$1,271,397 excess deficit over the General Fund Subsidy appropriated in FY 1987-88 due to various audit adjustments proposed by their external auditors, Peat, Marwick & Main; and
- to offset the revenue shortfalls on Medicare revenues and Patient Payments (through Bureau of Delinquent Revenue).