



Edward Harrington  
Controller

Monique Zmuda  
Deputy Controller

May 4, 2007

The Honorable Gavin Newsom  
Mayor, City and County of San Francisco  
Room 200, City Hall

The Honorable Board of Supervisors  
Room 244, City Hall

Re: **FY 2006-07 Nine-Month Budget Status Report**

Dear Mayor Newsom, Ladies and Gentlemen:

Charter Section 3.105 directs the Controller to issue periodic or special financial reports during the fiscal year. This report is the Nine-Month Budget Status Report that is based on sources of funds received and uses of funds expended from July 1, 2006 through March 31, 2007. The purpose of the report is to apprise the City’s policy makers of the current and projected budgetary status of the General Fund and other key operating funds.

**I. OVERVIEW**

We project an available fund balance of **\$98.41 million for the General Fund by the end of fiscal year 2006-2007 (FY 2006-07)**. As also reported previously in the Six-Month Report, this surplus is primarily attributed to the additional fund balance available from the prior year, which was larger than previously assumed due to both better revenue growth and expenditure savings in FY 2005-06 as well as projected revenue growth and expenditure savings in the current fiscal year. That being said, however, the \$98.41 million projected fund balance is \$28.21 million less than previously projected during our Six-Month Report, primarily due to recently approved and assumed approved supplemental appropriations of over \$35 million. Key changes since the Six-Month Report are summarized below.

	<b>Change</b>	<b>Fund Balance</b>
<b>6-Month Report</b>		<b>\$ 126.62</b>
Revenues	\$ 48.85	
Expenditures	\$ 5.87	
Required Set-Asides	\$ (47.01)	
Supplementals	\$ (35.92)	
<b>9-Month Report</b>		<b>\$ 98.41</b>

The Joint Report assumed all available projected fund balance from FY 2006-07 would be used to fund next year’s budget. With the updated projections included in the Controller’s Nine-Month Report, **the Joint Report’s \$25.40 million projected shortfall for FY 2007-08, as previously published by the Mayor’s Budget Director, the Board’s Budget Analyst, and the Controller, would grow to \$54.70 million.**

The projected current year-end balance is based on current revenue and spending patterns. Actual year-end balances may differ due to changes in revenues, spending rates, the amount of further supplemental appropriations, and releases of reserves ultimately approved by the Mayor and/or the Board. The narrative on the following pages provides a summary of key budgetary issues, helping to frame the key uncertainties present.

**Chart A: Nine-Month General Fund Budget Summary – FY 2006-07, (millions)**

	AAO Original Budget	Revised Budget	Year-End Projection	Projected Incremental Available Fund Balance
<b>SOURCES:</b>				
Prior-Year Fund Balance	\$ 99.48	\$ 99.48	\$ 145.58	\$ 46.11
Prior-Year Reserves Budgeted in the Current Year (CY)	25.65	25.65	35.29	9.64
Subtotal Sources - Prior Year	\$ 125.13	\$ 125.13	\$ 180.87	\$ 55.75
Current Year Revenues	2,522.53	2,559.08	2,649.86	90.78
Current Year Transfers-In	57.16	58.98	59.61	0.63
Subtotal Sources - CY Revenues & Transfers-In	\$ 2,579.69	\$ 2,618.06	\$ 2,709.47	\$ 91.41
Current Year Transfers (Out), Operating	(40.27)	(40.27)	(40.27)	-
Carryforwards & Transfers, net	-	200.88	200.88	-
Subtotal Sources - CY, Carryforwards & Transfers	\$ 2,539.42	\$ 2,778.67	\$ 2,870.08	\$ 91.41
Subtotal Sources - PY, CY, Carryforwards & Transfers	\$ 2,664.55	\$ 2,903.79	\$ 3,050.95	\$ 147.16
Fund Balance - Used for Supplemental Appropriation		33.65		(33.65)
Reserves - Used for Supplemental Appropriation		4.91	2.72	(2.19)
<b>Total Sources</b>	<b>\$ 2,664.55</b>	<b>\$ 2,942.36</b>	<b>\$ 3,053.67</b>	<b>\$ 111.32</b>
<b>USES:</b>				
Operating Expenditures, net of recoveries	2,029.04	2,131.52	2,105.10	26.42
Project Expenditures	143.16	253.37	253.37	-
Capital Expenditures	29.67	31.29	31.29	-
Facilities Maintenance	13.27	12.70	12.70	-
Subtotal - Current Year Expenditures	2,215.13	2,428.88	2,402.46	26.42
Baseline Funding Requirement Transfers Out	206.86	229.46	241.38	(11.92)
Subsidy Transfers to Hospitals & Other Transfers	182.18	188.42	188.26	0.16
Reserves	35.38	44.56	44.56	-
<b>Total Uses - Current Year</b>	<b>\$ 2,639.55</b>	<b>\$ 2,891.32</b>	<b>\$ 2,876.66</b>	<b>\$ 14.66</b>
Additional Supplementals Assumed		\$ 35.92	\$ 35.92	-
<b>Required Reserves</b>				
Rainy Day - Economic Stabilization Reserve			19.18	(19.18)
Rainy Day - Capital & One-Time Uses Reserve			15.83	(15.83)
Baseline Reserve - Children's Baseline			1.40	(1.40)
Budget Savings - Citywide Incentive Reserve			6.27	(6.27)
Budget Savings - Recreation & Park Reserve			-	-
<b>Total Uses - Current Year &amp; Set-Asides</b>	<b>\$ 2,639.55</b>	<b>\$ 2,927.24</b>	<b>\$ 2,955.26</b>	<b>\$ (28.02)</b>
<b>GENERAL FUND ENDING BALANCE</b>	<b>\$ 25.00</b>	<b>\$ 15.12</b>	<b>\$ 98.41</b>	<b>\$ 83.30</b>

**General Fund Balance & Prior Year Reserves**

At the time the budget for FY 2006-07 was prepared, we anticipated starting the current fiscal year with a General Fund beginning balance of \$99.48 million and prior-year reserves of \$25.65 million. When the Comprehensive Annual Financial Report (CAFR) for the year ended June 30,

2006 was completed in December 2006, we confirmed that the ending balance from the previous fiscal year was \$145.58 million, along with prior-year reserve balances of \$35.29 million. As a result, there is an additional \$46.11 million of prior-year fund balance and \$9.64 million in prior-year reserves available from FY 2005-06 that was not anticipated for FY 2006-07 budget.

**Current Revenues and Transfers In**

We project revenues and transfers-in to be \$91.41 million better than the revised FY 2006-07 budget. The revenue surplus is primarily due to higher Property Tax, Real Property Transfer Tax, Hotel Room Tax, Business Payroll Tax, Parking Tax and Interest Income revenue. Some shortfalls in Social Service Subventions are projected with more than offsetting expenditure savings in the Human Services Agency. Similarly, shortfalls in Health Department charges are more than offset by net savings at the Department of Public Health. In addition to realized revenues through the first nine months of FY 2006-07, posted activity through April 30, 2007 has been incorporated into our revenue projections. Our projections are also based on discussions with department staffs and industry experts, as well as analyses of key economic indicators and forecasts. Chart B below provides a high-level summary of key revenue changes from budget. Chart F (page 10) provides a more detailed revenue summary followed by descriptive narrative.

**Chart B: Revenues & Transfers In Budget Summary – FY 2006-07, (millions)**

Revenues & Transfers-In, US\$ Millions	FY 2005-06		FY 2006-07		sort order	
	Year-End Actuals	Original Budget	Revised Budget	9-Month Report Projection	Surplus / (Shortfall) as of Joint Report	
<b>Real Property Transfer Tax</b>	\$ 131.28	\$ 105.00	\$ 105.00	\$ 146.40	\$ 41.40	↑
<b>Property Tax</b>	\$ 782.69	\$ 837.54	\$ 837.54	\$ 864.86	\$ 27.32	
<b>Hotel Room Tax</b>	\$ 130.82	\$ 125.91	\$ 125.91	\$ 137.85	\$ 11.94	
<b>Business Taxes</b>	\$ 322.41	\$ 332.17	\$ 332.17	\$ 340.76	\$ 8.60	
<b>Parking Tax</b>	\$ 36.16	\$ 36.05	\$ 58.35	\$ 63.84	\$ 5.50	
<b>Interest</b>	\$ 30.95	\$ 33.99	\$ 33.99	\$ 38.38	\$ 4.39	
<b>Other Revenues</b>	\$ 379.64	\$ 397.54	\$ 403.25	\$ 405.76	\$ 2.51	
<b>Public Safety Service Charges</b>	\$ 24.91	\$ 24.58	\$ 25.19	\$ 26.22	\$ 1.03	
<b>Health &amp; Welfare Realignment</b>	\$ 157.92	\$ 165.20	\$ 165.20	\$ 166.86	\$ 1.66	
<b>Franchise Tax</b>	\$ 13.74	\$ 13.85	\$ 13.85	\$ 14.36	\$ 0.51	
<b>Property Sales</b>	\$ -	\$ 10.65	\$ 10.65	\$ 11.05	\$ 0.40	
<b>Sales Tax</b>	\$ 103.07	\$ 106.24	\$ 106.24	\$ 106.24	\$ -	
<b>Subtotal - Key Surpluses</b>	<b>\$ 2,113.60</b>	<b>\$ 2,188.71</b>	<b>\$ 2,217.33</b>	<b>\$ 2,322.56</b>	<b>\$ 105.23</b>	
<b>State Social Service Subventions (DHS)</b>	\$ 124.04	\$ 127.36	\$ 134.48	\$ 128.43	\$ (6.05)	
<b>Prop 172 Public Safety Sales Tax</b>	\$ 69.34	\$ 74.03	\$ 74.03	\$ 69.78	\$ (4.25)	
<b>Medicare, Medical &amp; Health Charges (DPH)</b>	\$ 55.46	\$ 47.39	\$ 48.19	\$ 46.13	\$ (2.07)	
<b>Utility Users Tax</b>	\$ 76.44	\$ 79.44	\$ 79.44	\$ 77.87	\$ (1.57)	
<b>Motor Vehicle In Lieu</b>	\$ 35.76	\$ 5.60	\$ 5.60	\$ 5.09	\$ (0.51)	
<b>Subtotal - Other Key Revenues</b>	<b>\$ 361.05</b>	<b>\$ 333.82</b>	<b>\$ 341.75</b>	<b>\$ 327.30</b>	<b>\$ (14.45)</b>	
<b>Total Revenues</b>	<b>\$ 2,474.65</b>	<b>\$ 2,522.53</b>	<b>\$ 2,559.08</b>	<b>\$ 2,649.86</b>	<b>\$ 90.78</b>	
<b>Transfers In</b>	\$ 57.96	\$ 57.16	\$ 58.98	\$ 59.61	\$ 0.63	
<b>Total Revenues &amp; Transfers In</b>	<b>\$ 2,532.61</b>	<b>\$ 2,579.69</b>	<b>\$ 2,618.06</b>	<b>\$ 2,709.47</b>	<b>\$ 91.41</b>	
<i>Revenues Better from Prior Year Actual by...</i>	\$ 163.59	\$ 47.89	\$ 84.43	\$ 175.21		
<i>% Increase</i>	7.1%	1.9%	3.4%	7.1%		
<i>Revenues &amp; Transfers In Better from Prior Year...</i>	\$ 164.7	\$ 47.1	\$ 85.5	\$ 176.9		
<i>% Increase</i>	7.0%	1.9%	3.4%	7.0%		

### **Current Operating Expenditures & Transfers Out**

Based on current spending patterns, we project overall departmental expenditures and transfers-out savings of \$14.66 million by fiscal year-end. Chart C below incorporates this savings as well as required reserve set-asides. Most departments are projected to be on budget by fiscal year-end, both in their revenue and expenditure performance. However, a few are projected to have net shortfalls, and a number of others have net savings. Departments with key variances are summarized below. Chart G (on page 19) provides further budgetary detail for all departments including prior-year actuals and current year expenditure appropriations.

**Chart C: Departmental Budget Summary of Sources & Uses – FY 2006-07, (millions)**

<b>Net Shortfall Departments</b>	<i>Sort Order</i>		
	<b>SOURCES</b>	<b>USES</b>	<b>NET</b>
	Surplus / (Short) Budget	Under / (Over) Budget	Savings / (Shortfall)
<b>US\$ millions</b>			
Recreation & Parks	\$ (4.20)	1.50	(2.70)
Police	(1.87)	0.00	(1.87)
Fire Department	(0.48)	0.00	(0.48)
City Attorney	-	(0.37)	(0.37)
Telecommunication & Info Systems	-	(0.27)	(0.27)
Board of Appeals	(0.05)	-	(0.05)
<b>Total Net Projected Shortfall</b>	<b>\$ (6.60)</b>	<b>0.86</b>	<b>(5.74)</b>

<b>Net Surplus Departments</b>	<i>Sort Order</i>		
	<b>SOURCES</b>	<b>USES</b>	<b>NET</b>
	Surplus / (Short) Budget	Under / (Over) Budget	Savings / (Shortfall)
Human Services	\$ (4.39)	19.69	15.29
Elections	3.86	(0.61)	3.25
Public Health including Subsidies to Hospitals	(2.50)	3.84	1.34
Administrative Services	1.13	-	1.13
Treasurer / Tax Collector	0.26	0.50	0.76
Controller	0.43	0.30	0.73
Juvenile Probation	0.54	0.18	0.72
Sheriff	0.72	-	0.72
District Attorney	0.59	-	0.59
Ethics Commission	-	0.40	0.40
Superior Court	0.34	-	0.34
Asian Art Museum	-	0.30	0.30
Public Defender	-	0.30	0.30
City Planning	(0.78)	1.02	0.24
Human Resources	0.22	-	0.22
Assessor / Recorder	(0.31)	0.48	0.17
Adult Probation	0.16	-	0.16
Public Works	0.68	(0.68)	-
<b>Total Net Projected Savings</b>	<b>\$ 0.94</b>	<b>25.72</b>	<b>26.66</b>
Citywide & General Tax Revenues	97.07		97.07
Baselines - Library		(2.23)	(2.23)
Baselines - Municipal Transportation Agency		(9.69)	(9.69)
<b>Subtotal - Current Year Operations</b>	<b>\$ 91.41</b>	<b>14.66</b>	<b>106.07</b>
General Reserve	15.12		15.12
Prior Year Fund Balance & Reserves	55.75		55.75
Supplemental Use of Fund Balance & Reserves		(35.84)	(35.84)
Baselines - Children's Services		(1.40)	(1.40)
Required Reserve Deposits - Dept. Savings		(6.27)	(6.27)
Required Reserve Deposits - Rainy Day		(35.01)	(35.01)
<b>Net Surplus / (Shortfall)</b>		<b>\$ 98.41</b>	

**Contribution Transfers Out, Baselines & Other Required Reserve Set-Asides**

**Contribution Transfers Out - San Francisco General & Laguna Honda Hospitals:** Based on the current projected revenues and expenditures, San Francisco General Hospital will have a net surplus of \$1.25 million while Laguna Honda Hospital will have a net shortfall of \$1.09 million. This results in a net savings of \$0.16 million for the General Fund.

**Contribution Transfers Out – Baselines (Revenue Impacted):** The Charter specifies that the Children’s Services, Public Education, Library Preservation, and Municipal Transportation (i.e. the Municipal Railway (MUNI) and Parking & Traffic) shall receive a minimum appropriation amount (baseline) from the General Fund. The required baselines are adjusted as discretionary revenues change throughout the budget year. Higher required contributions are primarily due to better revenues in Property Tax, Real Property Transfer Tax, Hotel Room Tax, Business Payroll Tax and Interest Income revenues. Additionally, the Charter requires an allocation for public transportation equivalent to 40 percent of Parking Tax revenues. These requirements are summarized in Chart D below. Given updated revenue projections, only the Public Education baseline is surplus funded. Others will require additional funding including: \$0.19 million for Children’s Services, \$2.23 million for Library Preservation, and \$9.65 million for the MTA.

**Chart D: Baselines Appropriation Current Year Requirements, (millions)**

Baseline	FY 2006-07		Current Year Required Baseline	Projected Surplus / (Shortfall) as of 9-Month Report
	AAO Original Budget General Fund Appropriation	Revised Budget General Fund Appropriation		
<b>Revenue Driven</b>				
<b>Children's Services</b>	\$93.84	\$95.42	\$95.62	(\$0.19)
<b>Public Education</b>				
<b>Baseline</b>	\$5.50	\$5.50	\$5.20	\$0.30
<b>Enhancement</b>	\$6.67	\$20.00	\$20.00	\$0.00
<b>Subtotal Public Education</b>	\$12.17	\$25.50	\$25.20	\$0.30
<b>Library Preservation</b>	\$38.03	\$38.03	\$40.26	(\$2.23)
<b>Municipal Railway</b>	\$114.85	\$114.85	\$119.84	(\$4.99)
<b>Parking &amp; Traffic</b>	\$43.38	\$43.38	\$45.85	(\$2.47)
<b>Parking Tax In Lieu</b>	\$22.29	\$22.29	\$24.49	(\$2.20)
<b>Subtotal MTA</b>	\$180.53	\$180.53	\$190.18	(\$9.65)
<b>Total</b>	<b>\$324.57</b>	<b>\$339.48</b>	<b>\$351.26</b>	<b>(\$11.78)</b>

A number of required reserves are also mandated by the Charter and the Municipal Code. The Rainy Day and Budget Savings Incentive Reserves are summarized in the table below and discussed in further detail in the narrative immediately following the table.

Selected Reserves	Actual	Budgeted	New	Supplemental Apron.	Projected
	June 30, 2006	(Use) in in the AAO Current Year	Required Deposits from Current Year	Impact Net Source / (Use) Current Year	
Rainy Day - Economic Stabilization	\$ 97.91	\$ -	\$ 19.18	\$ -	\$ 117.09
Rainy Day - Capital & One-Time Spending	24.07	(15.90)	9.59	(4.64) 2.72	15.83
<b>Subtotal - Rainy Day Reserves</b>	121.98	(15.90)	28.77	(4.64) 2.72	132.92
Children's Baseline Reserve	5.23	(4.02)	1.77	(1.58)	1.40
Budget Savings - Recreation & Park Reserve	3.37	(3.10)	-	(0.27)	-
Budget Savings - Citywide Incentive Reserve	2.63	(2.63)	6.27		6.27
<b>Total</b>	<b>\$ 133.21</b>	<b>\$ (25.65)</b>	<b>\$ 36.81</b>	<b>\$ (6.50) \$ 2.72</b>	<b>\$ 140.59</b>

**Required Set-Asides – Rainy Day Reserve Requirements:** As noted in the summary table above, the Rainy Day Economic Stabilization Reserve is projected to grow by fiscal year-end to a record \$117.09 million. The Rainy Day Capital & One-Time Spending Reserve is projected to end the fiscal year with \$15.83 million on balance.

As mandated by local voters, City Charter Section 9.113.5 requires that 50 percent of revenue growth in excess of five percent from the prior year be set aside into the Rainy Day (Economic Stabilization) Reserve. Another 25 percent of revenue growth over five percent is mandated to be set aside into a Rainy Day One-Time or Capital Spending Reserve. The remaining 25 percent can be used for any general governmental use (including other Charter-mandated baseline requirements). Revenue growth, as defined under City Charter Section 9.113.5, is summarized in the table below and is currently projected to be 6.4 percent in FY 2006-07. This results in \$38.36 million of revenue growth over the five percent deposit threshold, and necessitates current-year deposits of \$19.18 million into the Rainy Day Economic Stabilization Reserve and \$9.59 million into the Rainy Day Capital & One-Time Spending Reserve. Also another \$3.52 million from prior-year Rainy Day Capital & One-Time Spending Reserve funding along with \$2.72 million in repayment funding is projected for a total ending balance of \$15.83 million in that reserve.

**Chart E: Rainy Day Reserve Requirements, (millions)**

Fiscal Year	Policy Adjusted Revenues \$	Change from PY		Rainy Day Deposit Threshold \$ PY +5%	Difference b/n Deposit Threshold & Policy Adj Revenue \$
		\$	%		
FY 2003-04	2,035.99	70.12	3.6%		
FY 2004-05	2,198.89	162.90	8.0%		
FY 2005-06	2,408.37	209.49	9.5%	2,308.83	99.54
<b>9-Month Projected FY 2006-07</b>	2,567.16	158.78	6.4%	2,528.79	<b>38.36</b>

**Required Set-Asides – Recreation & Park Budget Savings Incentive Reserve:** Charter Section 16.107 requires that ‘overall Department expenditure savings shall be retained by the Department to be dedicated to one-time expenditures’. The department is projected to end the year with no available balance in their savings reserve. All projected savings will be needed to cover an even greater revenue shortfall in that department. On a related note, earlier in the year a supplemental was approved using the then remaining \$0.27 million of the Recreation & Parks Budget Savings Reserve.

**Required Set-Asides – Citywide Budget Savings Incentive Reserve:** Ordinance 210-06 repealed Administrative Code Section 3.17 where previously the City deposited the greater of \$2.00 million or 10 percent of departments’ year-end appropriation savings at year-end. The new requirement is to set-aside 25 percent of the total appropriation closed to General Fund balance by General Fund departments and the Department of Public Health’s hospital funds. Based on current projections, \$6.27 million of deposits will be required for this reserve at fiscal year-end with a like amount of projected year-end balance.

### **Supplemental Appropriations**

General Fund supplemental appropriation requests approved by the Board and signed by the Mayor have used \$9.34 million of the General Fund Reserve or Fund Balance. A number of supplemental requests are also currently pending at the Board which represent program expansion and are not included in the 9-month projections. We have, however, assumed another \$35.92 million of additional supplemental appropriations will be finally approved using an additional \$33.65 million of General Reserve and fund balance resources.

Please see a summary of approved, as well as anticipated and pending supplemental appropriation requests in **Appendix A**. To the degree that supplemental appropriations (other than those we have already assumed) are approved using the General Reserve or projected fund balance resources, the projected year-end balance will be reduced.

### **Expenditure Reserves**

Each year, the Board of Supervisors, Mayor, or Controller place certain budget items on reserve, requiring subsequent approval from the reserving party before these funds can be spent. **Appendix B** provides a list of the remaining balance of all reserves from current and prior years and their remaining balances as of April 30, 2007. For projection purposes, this report assumes that all of the FY 2006-07 Annual Appropriation Ordinance (AAO) Board reserves are released and expended. To the degree that other reserves are not released, not expended and closed to fund balance by year-end, the projected year-end balance would increase. In the event that appropriation reserves are related to work order authority supported through recovery funding from non-General Fund sources, no net General Fund savings would occur.



### **Salary and Benefits Reserve**

Administrative Provisions Section 10.3 of the AAO authorizes the Controller to transfer funds from the Salary and Benefits Reserve, or any legally available funds, to adjust appropriations for salaries and related fringe benefits for collective bargaining agreements adopted by the Board of Supervisors. For FY 2006-07 the budgeted Salary and Benefits Reserve, or Memorandum of Understanding (MOU) Reserve, is equal to \$38.47 million. This consists of the \$24.38 million that was funded as part of the FY 2006-07 AAO and a \$14.10 million of carryforward funding from FY 2005-06. This carryforward was largely assumed in the FY 2006-07 budget. As of April 30, 2007, the Controller's Office had transferred \$17.30 million to individual City Departments as detailed in **Appendix C**, which also outlines the projected need for the remaining \$21.18 reserve. No surplus balance is projected at this time.

### **General Fund Ending Balance**

Based on the current revenue and expenditure projections, the City's year-end General Fund balance would be \$98.41 million as compared to the a FY 2005-06 fund balance of \$145.58 million.

II. Sources of Funds Revenues & Transfers Chart F	FY 2005-06	FY 2006-07			Surplus / (Shortfall)	
	Year-End Actual	Original Budget	Revised Budget	9-Month Projection		
<b>GENERAL FUND (millions)</b>						
<b>PROPERTY TAXES</b>	782.69	837.54	837.54	864.86	27.32	[1]
<b>BUSINESS TAXES:</b>						
Business Registration Tax	7.70	8.23	8.23	8.23	-	[2]
Payroll Tax	314.71	323.94	323.94	332.53	8.60	[3]
<b>Total Business Taxes</b>	<b>322.41</b>	<b>332.17</b>	<b>332.17</b>	<b>340.76</b>	<b>8.60</b>	
<b>OTHER LOCAL TAXES:</b>						
Sales Tax	103.07	106.24	106.24	106.24	-	[4]
Hotel Room Tax	130.82	125.91	125.91	137.85	11.94	[5]
Utility Users Tax	76.44	79.44	79.44	77.87	(1.57)	[6]
Parking Tax	36.16	36.05	58.35	63.84	5.50	[7]
Real Property Transfer Tax	131.28	105.00	105.00	146.40	41.40	[8]
Stadium Admission Tax	2.72	2.88	2.88	2.88	-	[9]
<b>Total Other Local Taxes</b>	<b>480.50</b>	<b>455.51</b>	<b>477.80</b>	<b>535.07</b>	<b>57.26</b>	
<b>LICENSES, PERMITS &amp; FRANCHISES</b>						
Licenses & Permits	7.09	7.07	7.07	7.07	-	[10]
Franchise Tax	13.74	13.85	13.85	14.36	0.51	[11]
<b>Total Licenses, Permits &amp; Franchises</b>	<b>20.83</b>	<b>20.92</b>	<b>20.92</b>	<b>21.43</b>	<b>0.51</b>	
<b>FINES, FORFEITURES &amp; PENALTIES</b>	<b>10.19</b>	<b>4.90</b>	<b>4.90</b>	<b>4.93</b>	<b>0.03</b>	[12]
<b>INTEREST &amp; INVESTMENT INCOME</b>	<b>30.95</b>	<b>33.99</b>	<b>33.99</b>	<b>38.38</b>	<b>4.39</b>	[13]
<b>RENTS &amp; CONCESSIONS</b>						
Garages - Rec/Park	9.21	9.27	9.27	9.27	-	[14]
Rents and Concessions - Rec/Park	9.08	9.25	9.25	5.05	(4.20)	[15]
Other Rents and Concessions	1.72	1.61	1.61	1.61	-	[16]
<b>Total Rents and Concessions</b>	<b>20.01</b>	<b>20.14</b>	<b>20.14</b>	<b>15.94</b>	<b>(4.20)</b>	
<b>INTERGOVERNMENTAL REVENUES</b>						
<b>Federal Government</b>						
Social Service Subventions	177.80	185.29	185.23	185.50	0.28	[17]
Other Grants & Subventions	4.64	8.98	9.30	10.58	1.29	[18]
<b>Total Federal Subventions</b>	<b>182.45</b>	<b>194.27</b>	<b>194.52</b>	<b>196.09</b>	<b>1.56</b>	
<b>State Government</b>						
Social Service Subventions	124.04	127.36	134.48	128.43	(6.05)	[19]
Health & Welfare Realignment	157.92	165.20	165.20	166.86	1.66	[20]
Health/Mental Health Subventions	70.05	75.16	76.15	76.15	-	[21]
Public Safety Sales Tax	69.34	74.03	74.03	69.78	(4.25)	[22]
Motor Vehicle In-Lieu	35.76	5.60	5.60	5.09	(0.51)	[23]
Other Grants & Subventions	33.39	22.92	27.39	33.80	6.40	[24]
<b>Total State Subventions</b>	<b>490.51</b>	<b>470.27</b>	<b>482.86</b>	<b>480.11</b>	<b>(2.75)</b>	
<b>CHARGES FOR SERVICES:</b>						
General Government	25.74	32.84	32.84	31.55	(1.29)	[25]
Public Safety	24.91	24.58	25.19	26.22	1.03	[26]
Recreation - Rec/Park	6.78	7.08	7.08	7.08	-	[27]
MediCal, MediCare & Health	55.46	47.39	48.19	46.13	(2.07)	[28]
Other Service Charges	0.32	11.79	11.79	11.79	-	[29]
<b>Total Charges for Services</b>	<b>113.20</b>	<b>123.67</b>	<b>125.09</b>	<b>122.75</b>	<b>(2.33)</b>	
<b>RECOVERY OF GEN. GOV'T. COSTS</b>	<b>13.23</b>	<b>10.30</b>	<b>10.30</b>	<b>10.30</b>	-	[30]
<b>OTHER REVENUES</b>	<b>7.68</b>	<b>18.85</b>	<b>18.85</b>	<b>19.25</b>	<b>0.40</b>	[31]
<b>TOTAL REVENUES</b>	<b>2,474.65</b>	<b>2,522.53</b>	<b>2,559.08</b>	<b>2,649.86</b>	<b>90.78</b>	
Airport Transfer In	21.46	22.06	22.06	22.69	0.63	[32]
All Other Transfers In	36.51	35.10	36.93	36.93	-	[33]
	<b>57.96</b>	<b>57.16</b>	<b>58.98</b>	<b>59.61</b>	<b>0.63</b>	
<b>TOTAL GENERAL FUND RESOURCES</b>	<b>2,532.61</b>	<b>2,579.69</b>	<b>2,618.06</b>	<b>2,709.47</b>	<b>91.41</b>	

**Notes to Sources of Funds Schedule:**

- (1) **Property Tax** revenues are projected to be \$27.32 million better than budget. This is primarily due to four key factors: 1) +\$8.63 million from escape assessments billings; 2) +\$7.30 million from supplemental assessment billings; 3) +\$7.24 million from improving assessment appeals experience to date; 4) +\$4.33 million from State revenue backfill allocations related to vehicle license fees and sales tax (Triple Flip) shifts; along with a partially offsetting \$0.18 million shortfall in other property tax related revenues. San Francisco’s net assessed valuation grew 7.6 percent in FY 2006-07 from FY 2005-06, as was assumed in the budget.

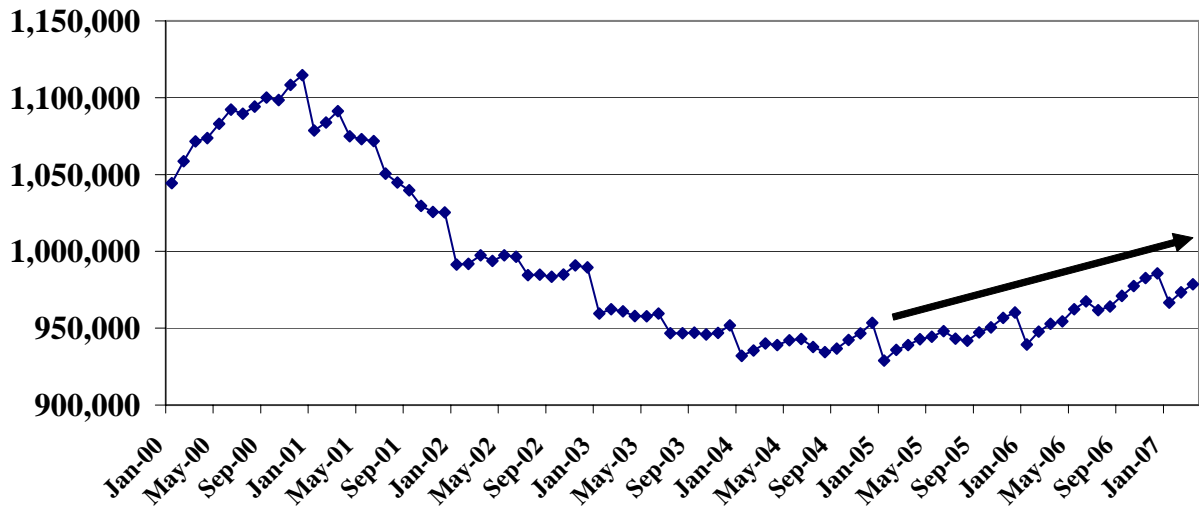
On a related note, this projection reflects ERAF shifts of \$285.40 million from the City’s General Fund to cover the State’s Proposition 98 K-14 voter-mandated funding requirements. This amount is partially offset by in lieu payments for the Triple Flip (Sales Tax) and the permanent rollback of the vehicle license fee of \$35.66 million and \$126.41 million respectively, for a net ERAF shift of \$123.33 million. The projected impact is summarized for the General Fund and selected Special Revenue Funds below.

**Projected Property Tax Revenues by Fund**

	<b>FY 2006-07</b>			<i>sort order</i>
	<b>Original Budget</b>	<b>Revised Budget</b>	<b>9-Month Projection</b>	<b>Surplus / (Shortfall) as of 9-Month</b>
<b>General Fund</b>	\$ 837.54	\$ 837.54	\$ 864.86	\$ 27.32
<b>Children's Fund</b>	\$ 35.49	\$ 35.49	\$ 36.66	\$ 1.17
<b>Library Fund</b>	\$ 29.67	\$ 29.67	\$ 30.63	\$ 0.96
<b>Open Space Fund</b>	\$ 29.67	\$ 29.67	\$ 30.63	\$ 0.96

- (2) **Business Registration** revenues are projected to be on budget based on business formations and renewal collections to date.
- (3) **Payroll Tax** revenues are projected to be \$8.60 million better than budget. This is due to prior-year actual receipts exceeding projection, which then resulted in an increased base from which to grow, as well as stronger payroll growth than was assumed in the budget. Calendar year-end tax collection receipts were 7.4 percent over the prior year, reflecting both stronger jobs and wage growth. Final 2006 jobs data at the county level will not be available from the State for several months; however, the following chart shows the 2.0 percent employment growth in 2006 for the San Francisco Primary Metropolitan Statistical Area, which includes San Francisco, Marin and San Mateo counties. This aggregated level is the most focused geographical area for which current data is available. Our adopted budget assumed 0.8 to 1.5 percent jobs growth and 2.4 to 3.1 percent wage growth in 2006. Additionally, this projection assumes collections growth of 2.0 percent through the remainder of the fiscal year, consistent with pre-payment provisions in the Municipal Code.

**Total Employment for the San Francisco PMSA (Marin, San Francisco, San Mateo)**



Source: California Economic Development Department, data thru March 2007

**Job Growth Is Up Over Last 24+ Months**  
**San Francisco PMSA (Marin, San Francisco, San Mateo)**

<u>Calendar Year</u>	<u>Average Annual Jobs</u>	<u>Jobs Growth</u>	<u>% Change</u>
2001	1,057,417		
2002	990,533	-66,883	-6.3%
2003	953,625	-36,908	-3.7%
2004	940,250	-13,375	-1.4%
2005	944,917	4,667	0.5%
2006	963,883	18,967	2.0%
2007 thru March	972,833	26,200	2.8%

- (4) **Sales Tax** revenues are projected to be on budget. This projection equates to 5.0 percent growth over the prior year's actual receipts. Sales tax generating activity for the most recent four quarters ending December 2006 reflected 4.7 percent growth, with restaurants, apparel stores and office equipment all showing above average growth year-over-year.

Several positive factors exist for the retail component of sales tax revenue, including strength in hotel occupancies and the September 2006 opening of the Westfield Center with both new and additional shopping venues for the San Francisco marketplace. Additionally, construction and fuel-related purchasing activity was through the latter half of 2006 due to a building boom and higher average gasoline prices. The business-to-business component showed improvement by calendar year-end 2006. San Francisco's sales tax revenue continues to be more dependent on tourism than most other California cities.

**Sales Tax Revenue, Local 1% Portion, US\$ million**

		<b>Actuals</b>			<b>Annual Growth</b>	
	<b>Fiscal Year</b>	<b>Direct Allocation</b>	<b>Triple Flip Shifts</b>	<b>Total GF Revenue</b>	<b>\$ Change</b>	<b>% Change</b>
	FY 1999-00	\$ 133.40		\$ 133.40	\$ 16.64	14.2%
<b>Prior Peak</b> →	FY 2000-01	\$ 138.28		\$ 138.28	\$ 4.89	3.7%
	FY 2001-02	\$ 116.83		\$ 116.83	\$ (21.45)	(15.5%)
	FY 2002-03	\$ 115.58		\$ 115.58	\$ (1.25)	(1.1%)
	FY 2003-04	\$ 120.64		\$ 120.64	\$ 5.06	4.4%
	FY 2004-05	\$ 94.69	\$ 23.60	\$ 118.29	\$ (2.35)	(2.0%)
	FY 2005-06	\$ 103.07	\$ 33.77	\$ 136.84	\$ 18.55	15.7%
	Budget FY 2006-07	\$ 106.24	\$ 32.49	\$ 138.73	\$ 1.89	1.4%
	6-Month Projection FY 2006-07	\$ 108.23	\$ 35.66	\$ 143.89	\$ 7.05	5.1%
	9-Month Projection FY 2006-07	\$ 106.24	\$ 35.66	\$ 141.90	\$ 5.06	3.7%

- (5) **Hotel Room Tax** revenues allocated to the General Fund are projected to be \$11.94 million better than budget. Overall, hotel room tax revenues (all funds) are projected to be approximately \$194.55 million, or 8.4 percent above prior-year revenue levels. Hotel occupancy rates and average daily room rates continue to strengthen. The tables on page 14 summarize Hotel Occupancy and Average Daily Room Rates (ADRs) by month. Our projection is based on realized revenue collections-to-date, interviews with hotel industry experts, an assumption of continued economic strengthening and increasing average daily room rates for FY 2006-07. Our current forecast assumes average annual occupancy rates of 76.9 percent (0.7 percent growth over the prior year) and average annual daily room rates (ADRs) of \$170.50 (6.3 percent growth over the prior year). Hotel room tax revenues fluctuate primarily based on these two variables along with changes in the number of available rooms.

**Hotel Tax Revenue - All Funds (\$ millions)**

		<b>Annual Growth</b>			
	<b>Fiscal Year</b>	<b>Total</b>	<b>\$ Change</b>	<b>% Change</b>	
	FY 1999-00	\$ 182.10	\$ 20.58	12.7%	
<b>Prior Peak</b> →	FY 2000-01	\$ 188.38	\$ 6.28	3.4%	
	FY 2001-02	\$ 132.23	\$ (56.15)	(29.8%)	
	FY 2002-03	\$ 128.59	\$ (3.63)	(2.7%)	
	FY 2003-04	\$ 148.23	\$ 19.64	15.3%	
	FY 2004-05	\$ 157.94	\$ 9.71	6.6%	
	FY 2005-06	\$ 179.47	\$ 21.53	13.6%	
	Budget FY 2006-07	\$ 182.60	\$ 3.13	1.7%	
	6-Month Projection FY 2006-07	\$ 189.10	\$ 9.63	5.4%	
	9-Month Projection FY 2006-07	\$ 194.55	\$ 15.07	8.4%	

### HOTEL OCCUPANCY RATES

MONTH	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
July	88.0%	87.5%	75.4%	68.7%	77.0%	81.1%	84.4%	82.3%
August	81.3%	90.2%	80.8%	74.7%	83.5%	81.5%	87.2%	82.8%
September	86.9%	88.5%	58.3%	68.1%	75.0%	81.6%	88.0%	86.2%
October	82.7%	87.9%	61.1%	73.7%	76.1%	84.5%	84.1%	86.6%
November	74.1%	72.7%	53.9%	60.9%	69.8%	63.1%	70.9%	72.9%
December	62.1%	64.4%	50.0%	55.6%	56.9%	63.1%	61.5%	62.3%
January	67.0%	63.5%	50.3%	51.3%	54.5%	59.9%	62.1%	61.8%
February	79.7%	70.4%	56.9%	57.9%	63.6%	67.5%	65.9%	72.4%
March	88.6%	72.9%	60.7%	59.4%	73.6%	72.6%	75.4%	76.2% <i>Estimated</i>
April	84.7%	70.7%	67.8%	62.8%	73.2%	74.6%	78.7%	79.5%
May	84.4%	76.9%	65.7%	68.7%	78.9%	78.3%	78.0%	79.0%
June	91.7%	80.0%	74.5%	72.9%	80.8%	81.3%	80.2%	81.0%
<b>AVG. OCC. RATE</b>	<b>80.9%</b>	<b>77.1%</b>	<b>63.0%</b>	<b>64.6%</b>	<b>71.9%</b>	<b>74.1%</b>	<b>76.4%</b>	<b>76.9%</b>
% Rate Chg from PY	1.1%	-3.8%	-14.2%	1.6%	7.3%	2.2%	2.3%	0.5%
% Change from PY	1.4%	-4.7%	-18.4%	2.6%	11.4%	3.0%	3.1%	0.7%

**Fiscal Year Peak**

Occupancy Up

Comparable to Prior Year

Approaching 2000 Peak

NOTE: Actuals based on a PKF industry sample representing 70-80% of all rooms and revenue.

### AVERAGE DAILY ROOM RATES (ADRs)

MONTH	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
July	\$ 154.98	\$ 175.56	\$ 156.14	\$ 140.65	\$ 136.72	\$ 140.34	\$ 150.67	\$ 166.94
August	\$ 150.06	\$ 165.89	\$ 159.01	\$ 134.34	\$ 133.63	\$ 141.62	\$ 149.44	\$ 161.86
September	\$ 158.09	\$ 180.33	\$ 157.35	\$ 140.18	\$ 141.04	\$ 147.04	\$ 166.10	\$ 179.99
October	\$ 153.22	\$ 191.46	\$ 166.56	\$ 156.21	\$ 158.28	\$ 161.13	\$ 171.60	\$ 187.63
November	\$ 148.02	\$ 169.40	\$ 151.08	\$ 140.01	\$ 141.82	\$ 143.93	\$ 152.40	\$ 165.34
December	\$ 146.22	\$ 162.24	\$ 136.65	\$ 129.56	\$ 129.33	\$ 135.65	\$ 145.15	\$ 150.90
January	\$ 153.17	\$ 174.24	\$ 146.41	\$ 140.60	\$ 133.75	\$ 146.81	\$ 158.56	\$ 168.82
February	\$ 156.25	\$ 181.78	\$ 146.09	\$ 143.65	\$ 138.73	\$ 147.62	\$ 157.58	\$ 167.57
March	\$ 164.96	\$ 179.18	\$ 143.95	\$ 138.06	\$ 154.22	\$ 151.05	\$ 173.90	\$ 176.00 <i>Estimated</i>
April	\$ 164.39	\$ 168.79	\$ 156.06	\$ 140.30	\$ 142.54	\$ 154.44	\$ 164.27	\$ 172.00
May	\$ 168.41	\$ 191.63	\$ 152.38	\$ 149.66	\$ 149.40	\$ 156.66	\$ 167.78	\$ 174.00
June	\$ 175.50	\$ 173.72	\$ 160.85	\$ 135.91	\$ 148.02	\$ 152.24	\$ 166.46	\$ 175.00
<b>AVERAGE ADR</b>	<b>\$ 157.77</b>	<b>\$ 176.19</b>	<b>\$ 152.71</b>	<b>\$ 140.76</b>	<b>\$ 142.29</b>	<b>\$ 148.21</b>	<b>\$ 160.33</b>	<b>\$ 170.50</b>
\$ Change from PY	\$ 10.25	\$ 18.41	\$ (23.47)	\$ (11.95)	\$ 1.53	\$ 5.92	\$ 12.12	\$ 10.18
% Change from PY	6.9%	11.7%	-13.3%	-7.8%	1.1%	4.2%	8.2%	6.3%

**Fiscal Year Peak**

ADRs Up

NOTE: Actuals based on a PKF industry sample representing 70-80% of all rooms and revenue.

- (6) **Utility Users Tax** revenues are projected to be \$1.57 million less than budget. This projected shortfall is due to a \$1.03 million shortfall in energy (due mainly to lower natural gas prices), a \$0.81 million shortfall in telephone services, and a \$0.27 million surplus in water services. On a related note, on May 25, 2006, the US Treasury Department announced that it will eliminate the three percent Federal Excise Tax on long-distance telephone calls. The City's local telephone utility users tax regulation incorporates some Federal Excise Tax provisions, so staff are evaluating the US Treasury's reinterpretation of its Federal Excise Tax provisions to see if there may be any impact to the local telephone utility users tax revenue. No impact has been included in the projection noted above.
- (7) **Parking Tax** revenues are projected to be \$5.50 million better than budget.
- (8) **Real Property Transfer Tax** revenues are projected to be \$41.40 million better than budget. Record transactions occurred in the commercial sector in FY 2003-04, FY 2004-05 and then again in FY 2005-06. The FY 2006-07 budget assumed a 20.0 percent decrease from the FY 2005-06 actual collections; however, recent large transaction news including the sale of Equity Office properties and the Bank of America building are projected to result in additional transfer tax revenue. Collections through the end of March were 17.5 percent lower than the same period in the prior year, and volumes were down 7.3 percent. Collections through the end of April, which reflected a partial payment for some of the Equity Office transactions, were only 0.5 percent lower than the same period in the prior year, though volumes continued to be weaker at 6.4 percent lower than the same period in the prior year.

This revenue has traditionally been one of the General Fund's more volatile taxes and is impacted by investor interest (especially in the commercial sector), economic cycles and interest rates. Low mortgage and capitalization rates have helped this revenue in recent history. Based on our review of the Recorder's transaction data for the past several years (summarized below), recent above-trend revenue news is primarily attributable to transactions in the \$1 million and greater market segment.

Fiscal Year	Real Property Transfer Tax Revenue (\$ millions)					Transaction Count					
	@ 0.50%		@ 0.68%	@ 0.75%	Timing Differences	Total Revenue*	@ 0.50%		@ 0.68%	@ 0.75%	Total
	<\$250K	>\$250K		>\$1 M			<\$250K	>\$250K	>\$1 M		
FY 1997-98	\$ 2.77	\$ 19.34	\$ 22.89	\$ (0.99)	\$ 44.01	4,363	6,449	673	11,485		
FY 1998-99	\$ 2.05	\$ 23.20	\$ 31.87	\$ (0.99)	\$ 56.13	3,424	7,425	925	11,774		
FY 1999-00	\$ 1.18	\$ 25.51	\$ 41.57	\$ 1.62	\$ 69.88	2,019	7,368	1,360	10,747		
FY 2000-01	\$ 0.46	\$ 22.87	\$ 38.96	\$ 0.05	\$ 62.34	665	6,076	1,362	8,103		
FY 2001-02	\$ 0.41	\$ 25.38	\$ 21.21	\$ 0.28	\$ 47.27	625	6,760	1,270	8,655		
FY 2002-03	\$ 0.48	\$ 29.31	\$ 21.37	\$ 0.31	\$ 51.48	693	7,513	1,311	9,517		
FY 2003-04	\$ 0.74	\$ 37.78	\$ 41.05	\$ (0.72)	\$ 78.85	1,180	9,460	2,237	12,877		
FY 2004-05	\$ 0.65	\$ 37.16	\$ 78.89	\$ 0.10	\$ 116.80	1,176	8,699	3,056	12,931		
FY 2005-06	\$ 0.46	\$ 31.44	\$ 98.33	\$ 1.05	\$ 131.28	931	7,400	3,355	11,686		
FY 2006-07 Budget	\$ 0.55	\$ 26.76	\$ 77.68	\$ (0.00)	\$ 105.00	1,054	8,050	3,206	12,309		
FY 2006-07 Projection	\$ 0.49	\$ 27.64	\$ 118.26	\$ 0.00	\$ 146.40	800	7,257	2,873	10,929		

\$1M+ ... Strong Market Activity

	Thru April Actuals								
FY 2005-06 YTD	\$ 0.37	\$ 25.79	\$ 79.32		\$ 105.48	733	6,090	2,693	9,516
FY 2006-07 YTD	\$ 0.38	\$ 24.06	\$ 80.48		\$ 104.92	630	5,972	2,306	8,908
YTD Change	2.1%	-6.7%	1.5%		-0.5%	-14.1%	-1.9%	-14.4%	-6.4%

\* Adjusted for timing differences between Recorder's System and revenue recognition requirements.

- (9) **Stadium Admission Tax** revenues are projected to be on budget.
- (10) **Licenses and Permit** revenues are projected to be on budget.
- (11) **Franchise Tax** revenues are projected to be \$0.51 million better than budget. The variance is due to \$0.30 million surplus in natural gas revenues, a \$0.33 million surplus in cable television revenues and a partially offsetting shortfall of \$0.12 million in electric revenues. The energy component of this revenue category is based on calendar year usage, whereas the Utility User Tax's energy component is fiscal year and only applies to non-residential usage.
- (12) **Fines, Forfeitures and Penalty** revenue is projected to be \$0.03 million better than budget due to \$0.10 million in higher Public Works litter penalty revenues less a partially offsetting shortfall of \$0.07 million in Court Fines at Adult Probation.
- (13) **Interest Income** is projected to be \$4.39 million better than budget because of slightly higher cash balances. The Fed has been holding short-term interest rates steady at a 5.25 percent yield on Fed funds since June 2006. By way of comparison, the City's investment pool, which is managed by the Treasurer, yielded similarly year-to-date with an average yield of 5.18 percent through March 2007 and an average 5.20 percent for the most recent month, March 2007.
- (14) **Recreation & Parks Garage** revenues are projected to be on budget.
- (15) **Rents and Concessions – Recreation & Parks** revenues are projected to be \$4.20 million under budget due to a proposed rent credit by the Recreation & Parks Department for repairs at Monster Park.
- (16) **Other Rents and Concessions** revenues are projected to be on budget.
- (17) **Federal Social Service Subventions** revenues are projected to be \$0.28 million better than budget due to additional Title IV-E foster care reimbursements at Juvenile Probation.
- (18) **Federal Other Grants & Subventions** revenues are projected to be \$1.29 million better than budget due to \$1.10 million in higher South West Border Prosecution Initiative (SWBPI) reimbursements, \$0.19 million in prior-year federal funding and Milk & Food revenues at the Juvenile Probation department. SWBPI revenues accrue mainly to the Sheriff and the District Attorney's Office.
- (19) **State Social Service Subventions** revenues are projected to be \$6.05 million under budget primarily due to lower caseloads at the Department of Human Services. A summary of all Human Services operations is included in the expenditure section below on page 21.
- (20) **Health & Welfare Realignment** revenue is projected to be \$1.66 million better than budget due to prior-year's caseload growth allocations from the State.
- (21) **Health & Mental Health Subventions** revenues are on budget.



- (22) **Public Safety Sales Tax** revenue is projected to be \$4.25 million under budget due to lower allocations than previously assumed in the budget. While the budget had assumed growth, current-year collections are now projected to only yield an amount similar to our prior year's actual collections. The allocation of this revenue by the State is tied to the City's proportionate share of statewide sales activity, so even though San Francisco's sales tax activity is growing, other jurisdictions appear to be growing disproportionately faster and thereby net benefiting from the formula.
- (23) **Motor Vehicle in Lieu (MVL-VLF)** revenues that are directly allocated by the State are projected to be \$0.51 million under budget. However, on a related note, the indirect allocation, made the State through Property Tax shifts related to the permanent roll-back of vehicle license fees, is projected to be \$1.17 million better than budgeted. The net impact is a surplus of \$0.66 million. The portion impacting property taxes is shown above in the Property Tax section.
- (24) **Other Grants and Subventions** revenues are \$6.40 million better than budget due to \$4.62 million in prior year State Mandates Cost (SB 90) reimbursements and \$1.78 million at the Elections Department for prior-year special elections cost reimbursements.
- (25) **Service Charges – General Government** revenues are projected to be \$1.29 million under budget due to:
- -\$1.02 million City Planning Building Permit, Conditional Use and Variance fees,
  - -\$0.31 million Assessor / Recorder Recording fees,
  - -\$0.10 million Adult Probation fees,
  - -\$0.07 million District Attorney Bad Check fees,
  - -\$0.05 million Board of Appeals Surcharge fees, and
  - +\$0.26 million Treasurer / Tax Collector Credit Card Processing Fees.
- (26) **Service Charges - Public Safety** revenue is projected to be \$1.03 million better than budget due to:
- +\$0.82 million in Fire Building Inspection fees.
  - +\$0.78 million in Public Works Street Space and Right-Of-Way fees,
  - +\$0.30 million in 10B Police Overtime Overhead recovery fees,
  - +\$0.25 million in Police False Alarm Permit fees,
  - +\$0.10 million in City Planning Code Enforcement fees,
  - +\$0.07 million in Public Works miscellaneous fees and penalties,
  - +\$0.04 million in Public Works Phone Booth permit fees,
  - -\$0.07 million in District Attorney Community Court fees,
  - -\$0.13 million in Police DUI Emergency Response fees,
  - -\$0.31 million in Public Works Asphalt Plant fees,
  - -\$0.32 million in Police Other Non-Operating revenue, and
  - -\$0.50 million in Sheriff Boarding of Prisoners fees.
- (27) **Recreation Charges – Rec/Park** revenues are projected to be on budget.

- (28) **Service Charges – MediCal, Medicare, & Health Services** revenue is projected to be \$2.07 million under budget due to \$2.50 million in lower Public Health Department (DPH) revenues in three non-hospital, operating divisions: Public Health, Primary Care and Health at Home, along with a partially offsetting surplus in Fire Ambulance fee revenues of \$0.43 million. Public Health division's \$1.60 million shortfall is related to \$0.80 million in lower California Children's Services funding and \$0.80 million from lower targeted case management reimbursement rates. The \$0.40 million shortfall in Primary Care is primarily related to lower projected support from private hospitals for the sobering center, expiring grants and lower Health Care Accountability Ordinance contractor payments. Lastly, the shortfall of \$0.50 million in Health at Home is also related to lower targeted case management reimbursement rates. A summary of all Public Health operations is included in the expenditure section below, on pages 22-23.
- (29) **Other Service Charges** are projected to be on budget.
- (30) **Recoveries** are projected to be on budget.
- (31) **Other Revenues** are projected to be \$0.40 million better than budget due to slightly higher property sales prices than were assumed in the budget for the Fire Department properties (namely 2350 19<sup>th</sup> Avenue and 1648 Pacific Avenue).
- (32) **Transfers In – Airport**. The General Fund 15 percent share of concession revenues at San Francisco International Airport is projected to be \$0.63 million better than budget.
- (33) **Transfers In – Other** are projected to be on budget.

**III. Uses of Funds, Chart G, (millions)**

GENERAL FUND (US\$ millions)	FY 2005-06 Actuals	FY 2006-07 Original Budget	Revised Budget	9-Month Projected Year-End	9-Month Surplus / (Shortfall)
<b>PUBLIC PROTECTION</b>					
Adult Probation	\$ 9.91	\$ 10.80	\$ 11.07	\$ 11.07	\$ -
Superior Court	32.20	31.26	31.54	31.54	-
District Attorney	26.52	30.00	30.65	30.65	-
Emergency Management	5.33	5.22	5.53	5.53	-
Fire Department	203.36	222.08	226.60	226.60	-
Juvenile Probation	31.12	36.45	39.12	38.93	0.18
Public Defender	18.81	22.04	22.26	21.96	0.30
Police	285.98	301.51	307.47	307.47	-
Sheriff	127.48	141.53	138.69	138.69	-
	<b>740.72</b>	<b>800.89</b>	<b>812.93</b>	<b>812.45</b>	<b>0.48</b>
<b>PUBLIC WORKS, TRANSPORTATION &amp; COMMERCE</b>					
Public Works	34.19	33.93	86.56	87.24	(0.68)
Economic & Workforce Development	2.11	4.04	8.65	8.65	-
Municipal Transportation Agency	0.04	-	0.54	0.54	-
Board of Appeals	0.53	0.57	0.58	0.58	-
Public Utilities Commission	0.16	0.20	0.29	0.29	-
	<b>37.03</b>	<b>38.73</b>	<b>96.61</b>	<b>97.29</b>	<b>(0.68)</b>
<b>HUMAN WELFARE &amp; NEIGHBORHOOD DEVELOPMENT</b>					
Children, Youth & Their Families	11.99	23.00	28.96	28.96	-
Human Services	507.10	561.21	596.09	576.40	19.69
Environment	1.07	1.42	5.20	5.20	-
Human Rights Commission	1.31	1.12	1.10	1.10	-
County Office of Education	0.07	0.07	0.07	0.07	-
Status of Women	2.38	2.86	3.73	3.73	-
	<b>523.91</b>	<b>589.68</b>	<b>635.15</b>	<b>615.46</b>	<b>19.69</b>
<b>COMMUNITY HEALTH</b>					
Public Health	<b>377.23</b>	<b>424.79</b>	<b>458.92</b>	<b>455.24</b>	<b>3.68</b>
<b>CULTURE &amp; RECREATION</b>					
Asian Art Museum	6.11	7.14	7.35	7.05	0.30
Arts Commission	6.04	7.66	9.96	9.96	-
Fine Arts Museum	8.37	9.55	9.89	9.89	-
Law Library	0.43	0.59	0.59	0.59	-
Recreation & Parks	57.76	71.79	88.07	86.57	1.50
Academy of Sciences	1.70	2.24	2.24	2.24	-
	<b>80.42</b>	<b>98.97</b>	<b>118.11</b>	<b>116.31</b>	<b>1.80</b>
<b>GENERAL ADMINISTRATION &amp; FINANCE</b>					
City Administrator	32.78	64.77	57.13	57.13	-
Assessor / Recorder	9.05	10.84	11.51	11.03	0.48
Board of Supervisors	9.62	10.83	11.60	11.60	-
City Attorney	10.84	10.54	10.86	11.23	(0.37)
Controller	18.85	18.66	23.13	22.83	0.30
City Planning	15.38	20.53	23.82	22.80	1.02
Civil Service Commission	0.50	0.59	0.64	0.64	-
Ethics Commission	1.29	8.42	8.43	8.03	0.40
Human Resources	9.70	14.03	20.61	20.61	-
Health Service System	(0.00)	-	-	-	-
Mayor	7.28	8.36	30.69	30.69	-
Elections	11.86	8.60	8.76	9.37	(0.61)
Retirement System	0.24	0.40	1.32	1.32	-
Telecommunications & Information Services	4.08	2.37	6.22	6.49	(0.27)
Treasurer / Tax Collector	19.77	23.03	23.03	22.53	0.50
	<b>151.24</b>	<b>201.97</b>	<b>237.73</b>	<b>236.28</b>	<b>1.45</b>
<b>GENERAL CITY RESPONSIBILITIES</b>					
General City Responsibility	53.43	60.10	69.40	69.40	-
General Fund Unallocated	0.13	-	0.03	0.03	-
	<b>53.57</b>	<b>60.10</b>	<b>69.43</b>	<b>69.43</b>	<b>-</b>
<b>GENERAL CITY RESPONSIBILITIES</b>					
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>1,964.12</b>	<b>2,215.13</b>	<b>2,428.88</b>	<b>2,402.46</b>	<b>26.42</b>
Baseline Funding to Library Preservation Fund	38.65	38.03	38.03	40.26	(2.23)
Baseline Funding to Parking & Traffic Fund	43.43	43.38	43.38	45.88	(2.50)
Baseline Transfer to Municipal Railway Fund	117.83	114.85	114.85	119.84	(4.99)
Subsidy Transfer to SF General Hospital Fund	91.48	133.52	139.29	138.05	1.25
Subsidy Transfer to Laguna Honda Hospital Fund	38.80	48.66	49.13	50.22	(1.09)
Transfer to All Other Special Revenue Funds	7.61	10.60	33.20	35.40	(2.20)
<b>Baselines &amp; Selected Subsidy Transfers Out</b>	<b>337.81</b>	<b>389.04</b>	<b>417.88</b>	<b>429.64</b>	<b>(11.76)</b>
Reserves	-	35.38	44.56	44.56	-
<b>TOTAL GENERAL FUND USES (AAO)</b>	<b>\$ 2,301.92</b>	<b>\$ 2,639.55</b>	<b>\$ 2,891.32</b>	<b>\$ 2,876.66</b>	<b>\$ 14.66</b>

**Notes to Uses of Funds Schedule:**

Most departments are managing their operations closely to budget. Though, a number of departments warrant further discussion – either because of operational issues or budgetary challenges. Notable department highlights are summarized below by Major Service Area. All projections highlighted in the table on the previous page are based on current spending patterns and identified savings plans when noted.

**Public Protection Departments**

The **Adult Probation Department** is projected to end the fiscal year on expenditure budget overall. While the department is experiencing some expenditure savings in salaries and workers compensation, including Labor Code 4850 disability savings (reflects a 100 percent decline from the prior year), non-personnel costs are projected to be slightly higher than assumed in the budget resulting a no net expenditure savings overall. This projection assumes a release of appropriation reserves since the department is planning to fill some vacant positions by year-end. Revenues for the department are projected to be \$0.16 million better than budget mainly due to prior-year SB 90 reimbursements less some partially offsetting weakness in court fines and probation cost fees. All combined, Adult Probation is projected to end the fiscal year with a \$0.16 million net surplus.

The **Superior Court** is projected to end the year with on expenditure budget. Revenues are projected to be \$0.34 million more than assumed in the budget due to prior-year SB 90 reimbursements, resulting in a net surplus of \$0.34 million projected by fiscal year-end.

The **District Attorney's Office** is projected to end the year with on expenditure budget. Revenues are projected to be \$0.59 million more than assumed in the budget due mainly to higher Southwest Boarder Prosecution reimbursements from the Federal government and higher prior-year SB 90 reimbursements from the State, resulting in a \$0.59 million net surplus projected by fiscal year-end.

The **Department of Emergency Management** is projected to end the year on expenditure budget.

The **Fire Department** is projected to end the year on expenditure budget. Salary and fringe savings of \$0.52 million are largely attributable to under spending in uniform salaries due to a large number of H2 Firefighter vacancies. This projection also assumes only 75 retirements compared to the 110 assumed in the budget. These savings are offset by projected deficits of \$0.52 million due largely to additional work order costs. The department is also projected to have a \$0.48 million revenue shortfall due primarily to lower Prop 172 Public Safety Sales Tax allocations of \$2.13 million (which are 50 percent allocated to Police and 50 percent to Fire), along with a partially offsetting \$0.82 million surplus in Fire Prevention Inspection fees and reimbursements, a \$0.43 million surplus in Emergency Medical Service fee revenues, and a \$0.40 million surplus in property sale revenues. Overall, the Fire Department is projected to end the fiscal year with a net shortfall of \$0.48 million.

The **Juvenile Probation Department** is projected to end the year with an overall departmental savings of \$0.18 million, due primarily to non-personnel savings, including workers compensation, energy, and materials and supplies. Some of the non-personnel savings is projected to be needed to cover over-expenditures in salaries of \$0.16 million due to overtime stemming from higher Juvenile Hall census. Revenues are projected to be \$0.54 million better than budget due to higher Federal subvention revenues, resulting in a projected \$0.72 million net surplus by fiscal year-end.

The **Public Defender** is projected to the end the year with \$0.30 million salary savings due to delays in hiring new positions and in backfilling positions vacant due to retirements.

The **Police Department** is projected to end the year on expenditure budget, which had been increased earlier this fiscal year through supplemental appropriation. A projected deficit of \$6.81 million in overtime, related to training Academy and on-going violence reduction efforts, is projected to be offset by permanent salaries and fringe benefit savings. This projection is predicated upon the release of a \$0.34 million reserve for overtime costs. Revenues are projected to be \$1.87 million less than assumed in the budget primarily due to lower Prop 172 Public Safety Sales Tax revenues (which are 50 percent allocated to Police and 50 percent to Fire) with partially offsetting fee revenue surpluses including higher 10B Overtime reimbursements and False Alarm revenues. Overall, the Police Department is projected to end the fiscal year with a net shortfall of \$1.87 million.

The **Sheriff's Department** is projected to end the year on budget, which had been increased earlier this fiscal year through supplemental appropriation. A projected \$3.18 million deficit in overtime is offset by savings in permanent salaries and fringes due to vacancies. On a related note, an estimated 15 to 17 fully trained officers are expected to be placed at jails this spring. At this time, however, the projected light, heat, and power work order costs for the recently opened San Bruno Jail are still being determined. The Sheriff's Department is projected to have a \$0.72 million revenue surplus, including higher Southwest Border Prosecution reimbursements from the Federal government, higher prior-year SB 90 reimbursement revenues from the State and slightly lower Prisoner Boarding fees.

### **Public Works, Transportation & Neighborhood Development Departments**

The **Department of Public Works** is projected to end the year on expenditure budget in its General Fund operations but have a \$0.68 million shortfall in the Gas Tax Fund. In the General Fund, the department's projected revenues reflect a \$0.31 million shortfall in asphalt plant revenues offset by a \$0.99 million surplus in fees (mainly right of way and street space related to construction activity) for an overall \$0.68 million revenue surplus. A revenue-backed supplemental appropriation to fund the transfer required to bring the Gas Tax Fund into balance is assumed in our projection. See also *Appendix D Other Funds Highlights* for additional information about the Gas Tax Fund.

The **Economic & Workforce Development Department** is projected to end the year on expenditure budget.

The **Board of Appeals** is projected to end the year on expenditure budget. However, the department is also projected to have a \$0.05 million revenue shortfall, resulting in a net shortfall of \$0.05 million overall by fiscal year-end.

### **Human Welfare & Neighborhood Development Departments**

The **Human Services Agency** (including both Human Services and Aging & Adult Services) is projected to end the year with \$19.69 million of expenditure savings; however, associated revenues are projected to be \$4.39 million short. This projected revenue shortfall is due in large part to CalWorks childcare which has a corresponding expenditure savings, aside from this program revenues would be better than budget. Overall the department is projected to have net departmental

savings of \$15.29 million. Projected savings in Aid costs are due to lower caseloads than budgeted in CAAP, CalWorks, Foster Care, and In-Home Supportive Services (IHSS). Program-related revenue shortfalls are more than offset by caseload savings overall. Key programs contributing to the overall projected savings are highlighted in the table below.

<b>HUMAN SERVICES</b>	<b>SOURCES</b>	<b>USES</b>	<b>NET</b>
US\$ Millions	Surplus/ (Shortfall)	Savings / (Shortfall)	Department Savings / (Shortfall)
<b>CAAP/PAES Aid</b>	\$ -	\$ 5.37	\$ 5.37
<b>Food Stamps</b>	\$ 3.34	\$ (1.22)	\$ 2.12
<b>CalWorks Refugee</b>	\$ 0.77	\$ 1.07	\$ 1.84
<b>CAAP/CAPI Eligibility &amp; Services</b>	\$ 1.62	\$ (0.65)	\$ 0.97
<b>Homeless Services</b>	\$ 0.15	\$ 0.62	\$ 0.78
<b>Medi-Cal Eligibility</b>	\$ (0.76)	\$ 1.50	\$ 0.75
<b>Foster Care Aid</b>	\$ (2.30)	\$ 2.87	\$ 0.57
<b>City Childcare</b>	\$ -	\$ 0.51	\$ 0.51
<b>DAAS Operations</b>	\$ (0.75)	\$ 1.19	\$ 0.44
<b>Adoption Services</b>	\$ 1.04	\$ (0.68)	\$ 0.36
<b>Fostercare KinGAP</b>	\$ (0.33)	\$ 0.62	\$ 0.29
<b>Other Projects/Revenue</b>	\$ 0.34	\$ (0.19)	\$ 0.15
<b>Adoption Aid</b>	\$ (0.44)	\$ 0.57	\$ 0.13
<b>Other Aid programs</b>	\$ (2.67)	\$ 2.53	\$ (0.14)
<b>CalWorks Childcare</b>	\$ (8.58)	\$ 8.32	\$ (0.26)
<b>IHSS - In Home Supportive Services</b>	\$ (0.96)	\$ 0.55	\$ (0.41)
<b>Other Welfare and Support Programs</b>	\$ 0.02	\$ (0.44)	\$ (0.43)
<b>Child Welfare Services</b>	\$ 2.23	\$ (3.39)	\$ (1.16)
<b>Total Aid &amp; Operations</b>	<b>\$ (4.39)</b>	<b>\$19.69</b>	<b>\$15.29</b>

The Children, Youth & Their Families Department, the Department of Environment, the Human Rights Commission, the County Office of Education, and the Commission on the Status of Women are all projected to end the year on expenditure budget.

## Public Health

The Department of Public Health is projected to have a net operating surplus of \$1.34 million. This is mainly comprised of projected expenditure savings in the Health at Home and Mental Health programs due to salary and fringe benefit under-expenditures related to vacant positions. In April, the Board of Supervisors approved revenue-backed supplemental appropriations for SF General Hospital (SFGH), Laguna Honda Hospital, the Health Access Program and the AIDS program operating budgets. A continued high census at the SF General Hospital is expected to result in an additional \$1.90 million in revenue above the amount approved in the supplemental appropriation. Additionally, Laguna Honda Hospital is projected to have a year-end deficit of \$1.09 million as cost reduction initiatives including the closure of a nursing unit and reductions in nursing spending, to mitigate the higher personnel costs incurred during the first quarter for the State licensure survey, have not produced enough savings. A revenue-backed supplemental appropriation as assumed before fiscal year-end.

Fiscal Year Ending June 30, 2007  
As of April 30, 2007

PUBLIC HEALTH	SOURCES			USES			NET
	Revised Budget	Projection	Surplus/ (Shortfall)	Revised Budget	Projection	Savings / (Shortfall)	Department Savings / (Shortfall)
US\$ Millions							
<b>S.F. General Hospital<sup>^</sup></b>	593.82	595.72	1.90	593.82	594.47	(0.66)	1.25
<b>Laguna Honda Hospital</b>	188.93	188.93	-	188.93	190.02	(1.09)	(1.09)
<b><u>GENERAL FUND</u></b>							
<b>Primary Care</b>	43.08	42.68	(0.40)	43.08	43.40	(0.32)	(0.71)
<b>Health at Home</b>	10.08	9.58	(0.50)	10.08	8.49	1.60	1.10
<b>Jail Health</b>	24.56	24.56	-	24.56	25.07	(0.51)	(0.51)
<i>less Recoveries from Sheriff</i>	<i>(23.10)</i>	<i>(23.10)</i>	-	<i>(23.10)</i>	<i>(23.10)</i>	-	-
<b>Public Health</b>	162.34	160.74	(1.60)	162.34	160.84	1.50	(0.10)
<b>Mental Health</b>	182.32	182.32	-	182.32	180.91	1.41	1.41
<b>Substance Abuse</b>	59.20	59.20	-	59.20	59.20	-	-
<b>Subtotal - General Fund</b>	\$ 458.92	\$ 456.42	\$ (2.50)	\$ 458.92	\$ 455.24	\$ 3.68	\$ 1.18
<b>Grants and Other Subventions</b>	112.23	112.23	-	112.23	112.23	-	-
<b>Gifts and Other Bequests</b>	0.59	0.59	-	0.59	0.59	-	-
<b>Department Total - All Funds<sup>^</sup></b>	<b>\$ 1,354.49</b>	<b>\$ 1,353.89</b>	<b>\$ (0.60)</b>	<b>\$ 1,354.49</b>	<b>\$ 1,352.55</b>	<b>\$ 1.94</b>	<b>\$ 1.34</b>

<sup>^</sup> Net of Safety Net Care Pool/Healthy Plan Match IGT Transfers

## Hospital Operations

- SF General:** SF General Hospital is projected to end the year with a \$1.90 million revenue surplus. In addition to the revenue supplemental appropriation approved by the Board of Supervisors in April, revenue at SF General Hospital is projected to be \$1.90 million above the revised budget due to net patient revenues related to continued higher census levels than were previously assumed to date as well as higher levels of prior-year settlement revenues. For the first nine months of the fiscal year, the average daily census at SF General Hospital, including the Mental Health Recovery Facility was 5.8 percent higher than assumed in the original budget, that is at 483.7 versus the 457.0. The adult-only hospital census is 10.0 percent over what was assumed in the original budget.

- Laguna Honda:** Revenues are projected to be on budget, and expenditures are projected to be over budget by \$1.09 million due to unfavorable variances in salaries and fringe benefits related to increased staffing in the first quarter of the fiscal year in response to a licensure survey by the State Department of Health Services. Although the hospital implemented cost reduction initiatives including the closure of a nursing unit and reduction in nursing spending, it appears these initiatives will not result in enough savings to cover the shortfall by fiscal year-end and will require a revenue-backed supplemental appropriation.

**Non-Hospital Operations (General Fund)**

Division	Net Surplus/ (Shortfall) millions	Explanation										
<b>Primary Care</b>	(\$0.71)	A projected revenue shortfall of \$0.40 million, including \$0.39 million shortfall in support from private hospitals for the Sobering Center and expiring grants and \$0.32 in over spending on nursing costs is projected to result in a net shortfall of \$0.71 million.										
<b>Health at Home</b>	\$1.10	\$1.60 million of salary and fringe benefit expenditure savings due to high vacancy rates, less a \$0.50 million shortfall in Targeted Case Management revenues, is projected to result in a net \$1.10 million surplus in Health at Home.										
<b>Jail Health Services</b>	(\$0.51)	Increased salary and fringe benefit expenditures due to delay in anticipated reduction of Pharmacists for the new San Bruno Jail and backfilling of nursing staff results in a projected \$0.51 million shortfall in Jail Health Services.										
<b>Public Health</b>	(\$0.10)	Revenues Shortfall of \$1.60 million from: <ul style="list-style-type: none"> <li>• CA Child Support Services: (\$800,000)</li> <li>• Targeted Case Management (\$500,000)</li> <li>• Medi-Cal Administrative Activities (\$300,000)</li> </ul> Partially offset by \$1.50 million expenditure savings in Salaries and Fringe Benefits.										
<b>Mental Health</b>	\$1.41	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Salary and Fringe Benefit Savings</td> <td style="text-align: right;">\$1.20</td> </tr> <tr> <td>Trauma Recovery Center Savings</td> <td style="text-align: right;">\$1.05</td> </tr> <tr> <td>Long-Term Care Bed Facilities Over Spending</td> <td style="text-align: right;">(\$5.40)</td> </tr> <tr> <td>Other Contract Savings</td> <td style="text-align: right;"><u>\$4.56</u></td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>\$1.41</b></td> </tr> </table>	Salary and Fringe Benefit Savings	\$1.20	Trauma Recovery Center Savings	\$1.05	Long-Term Care Bed Facilities Over Spending	(\$5.40)	Other Contract Savings	<u>\$4.56</u>	<b>Total</b>	<b>\$1.41</b>
Salary and Fringe Benefit Savings	\$1.20											
Trauma Recovery Center Savings	\$1.05											
Long-Term Care Bed Facilities Over Spending	(\$5.40)											
Other Contract Savings	<u>\$4.56</u>											
<b>Total</b>	<b>\$1.41</b>											
<b>Substance Abuse</b>	\$0	Projected to be on budget.										
<b>TOTAL</b>	<u><b>\$1.18</b></u>											

**Culture & Recreation Departments**

The **Asian Art Museum** is projected to end the year with \$0.30 million in salary savings due to position vacancies.



**Recreation and Park** is projected to end the year with \$1.50 million expenditure savings due to salary savings. However, they are also projected to have \$4.20 million shortfall in revenues due lower concession and naming rights revenues from Monster Park stemming from a proposed credit to fund repairs. These projections result in a \$2.70 million net shortfall in their General Fund operations. The department is also projected to have a shortfall in their Golf Fund. See also *Appendix D Other Funds Highlights* for additional information about the Golf and Open Space Funds.

The **Art Commission, Fine Arts Museum, Law Library,** and the **Academy of Sciences** are all projected to end the year on expenditure budget.

### **General Administration & Finance Department**

The **City Administrator** is projected to end the year on expenditure budget. The department is projected to under recover \$0.18 million from the computer store (that is, the 1.90 percent surcharge on computer purchases using pre-approved vendors), however, offsetting savings in salaries and fringe benefits are also projected due to the delay in hiring 311 call center positions. Revenues are projected to be \$1.13 million better than budget due to prior-year SB 90 reimbursements primarily for Animal Care & Control programs. This results in a projected net departmental surplus of \$1.13 million by fiscal year-end.

The **Assessor-Recorder's Office** is projected to end the year with a \$0.48 million of expenditure savings due to hiring delays related to their additional appraiser and assessment clerk staff approved in the FY 2006-07 budget; however the department completed a successful round of recruitments and was able to hire additional staff members in January and February. Recorder revenues, however, are projected to be short by \$0.31 million due to fewer document recordings, resulting in a net departmental surplus of \$0.17 million.

The **City Attorney's Office** received a \$4.44 million supplemental recovery appropriation earlier this year to cover costs related to the County Jail #3 Replacement Project litigation. Even with this recently approved supplemental, the City Attorney is still projected to be over budget by \$0.37 million due mainly to projected under-recoveries from the Police department and the Municipal Transportation Authority.

The **Civil Service Commission** is projected to end the year on expenditure budget.

The **Controller** is projected to have \$0.30 million of expenditure saving due to salary savings and service cost recoveries. Departmental revenues are also projected to be \$0.43 million better than budget due to reimbursement allocations related to accounting and filing costs for the State's SB 90 program and the Federal government's Southwest Border Prosecution Initiative. This results in a projected net surplus of \$0.73 million by fiscal year-end.

The **City Planning Department** is projected to have expenditure savings of \$1.02 million due to higher attrition savings and hiring delays, and lower than budgeted public notification costs. This expenditure savings is offset by a net \$0.78 million revenue shortfall stemming mainly from a slowdown in building permit applications (down 6 percent from the prior year) as well as conditional use (down 15 percent from the prior year) and variance filings (down 10 percent from the prior year). This results in a projected net surplus of \$0.24 million by fiscal year-end.

The **Ethics Commission** is projected to have expenditure savings of \$0.40 million due to unspent funds set aside for the Board of Supervisors' election.

The **Human Resources Department** is projected to end the year on budget. The department has a projected shortfall in work order spending with the City Attorney's Office, a shortfall in Worker's Compensation for small departments as well as a recovery shortfall from enterprise departments; however, these shortfalls are projected to be offset by non-personnel savings related to savings in salaries and professional services.

The **Health Service System** is projected to end the year on expenditure budget.

The **Mayor's Office** is projected to end the year on budget. Year-to-date savings in salaries and fringe benefit costs are projected to be used by fiscal year-end for projected staff costs and recruitments.

The **Elections Department** is projected to end the year with a \$1.00 million deficit due to additional ballot costs for the November 2006 election. Approval of the currently pending, revenue-backed supplemental of \$1.00 million is assumed in our projection. The Elections Department is also projected to have an additional \$0.39 million in recoveries from the School District and BART for elections costs for a net expenditure shortfall of \$0.61 million. Additionally, the department is projected to have \$3.86 million in higher revenues due to State reimbursements for prior-year special elections costs and State mandated reimbursements (SB 90), for a net departmental surplus of \$3.25 million by fiscal year-end.

The **Department of Telecommunications & Information Systems** is projected to end the year with a \$0.27 million net expenditure shortfall in the General Fund due mainly to citywide projects including the Rule 20 Underground Conversion project.

The **Treasurer / Tax Collector's Office** is projected to end the year at \$0.50 million surplus from salary savings resulting from hiring delays and difficulty in backfilling positions where staff are on month-to-month unpaid leave. They are also projected to have \$0.26 million in additional revenues, resulting a net departmental surplus of \$0.76 million.

### Transfers Out

- 1) Pursuant to the Baseline Requirements, outlined on page 6, the **Transfer Out – Contributions to the Library** are projected to be \$2.23 million more than is currently budgeted due to higher discretionary revenues.
- 2) Pursuant to the Baseline Requirements, outlined on page 6, the **Transfer Out – Contributions to Parking & Traffic** are projected to be \$2.47 million more than budgeted due to higher discretionary revenues.
- 3) Pursuant to the Baseline Requirements, outlined on page 6, the **Transfer Out – Contributions to MUNI** are projected to be \$4.99 million more than budgeted due to higher discretionary revenues.
- 4) The **Transfer Out – Contribution to SFGH** is projected to be \$1.25 million less than budget due to a net surplus in the San Francisco General Hospital's budget principally related to higher revenues. This results in net General Fund savings. See the discussion concerning Public Health on pages 23-24 above.

- 5) The **Transfer Out – Contribution to LHH** is projected to be \$1.09 million more than budget due to a net shortfall in Laguna Honda Hospital's budget due mainly to higher personnel costs. This results in net General Fund costs. See the discussion concerning Public Health on pages 23-24 above.
- 6) Pursuant to the Charter Public Transit Funding Requirements, outlined on page 6, the **Transfer Out – Other Contributions** made to the MTA for public transportation are projected to be \$2.20 million more than budgeted due to higher parking tax revenues.

### **Workers Compensation**

Workers' compensation reforms are continuing to contribute to projected cost savings. Overall, the City's FY 2006-07 workers' compensation costs are projected to be \$0.37 million greater than FY 2005-06 actuals, though still being \$3.00 million better than was assumed in the FY 2006-07 budget. This results in a 4.0 percent projected savings from budgeted levels. The savings are explained mainly by lower numbers of reported claims. The estimates are based on nine months of actual claims as well as projected spending until the end of the fiscal year assuming prior-year spending patterns and inflation. Projected savings in General Fund Supported workers compensation costs totaled \$0.09 million in the Controller's 6-Month Report. The 9-Month Report includes higher projected savings of \$1.08 million.

**Projected Workers Compensation Costs**

(In Millions)

**Workers Compensation**

**FY 2005-06 FY 2006-07**

<u>Fund/Service Area</u>	<u>(millions)</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>9-Month Projection</u>	<u>Surplus/ (Deficit)</u>	<u>% Change from PY</u>
<b>GENERAL FUND</b>						
Recreation & Park		\$ 3.33	\$ 3.59	\$ 2.59	\$ 1.00	-22.1%
Public Health		1.39	1.54	1.08	0.45	-22.3%
Fire Department		7.43	7.98	7.63	0.34	2.8%
District Attorney		0.18	0.21	0.12	0.09	-31.5%
Adult Probation		0.38	0.34	0.29	0.05	-23.5%
Fine Arts Museum		0.23	0.25	0.20	0.05	-11.3%
Health Service System		0.05	0.07	0.04	0.04	-27.6%
Assessor/Recorder		0.15	0.14	0.11	0.03	-25.1%
City Administrator		-	0.02	-	0.02	0.0%
Sheriff		3.18	2.91	2.96	(0.06)	-6.8%
Emergency Management		-	0.38	0.44	(0.07)	0.0%
City Attorney		0.19	0.22	0.30	(0.07)	53.9%
Human Services Agency		2.47	2.53	2.64	(0.12)	6.9%
Human Resources w/ All Other Small Depts.		2.44	2.49	2.70	(0.20)	10.5%
Police Department		9.83	10.14	10.69	(0.55)	8.7%
<b>Subtotal General Fund (GF)</b>		<b>\$ 31.26</b>	<b>\$ 32.82</b>	<b>\$ 31.81</b>	<b>\$ 1.00</b>	<b>1.8%</b>
<b>GENERAL FUND SUBSIDIZED</b>						
Public Health						
SF General Hospital		\$ 3.17	\$ 3.33	\$ 3.15	\$ 0.18	-0.6%
Laguna Honda Hospital		4.33	4.79	4.89	(0.10)	13.0%
<b>Subtotal General Fund Subsidized</b>		<b>\$ 7.50</b>	<b>\$ 8.12</b>	<b>\$ 8.04</b>	<b>\$ 0.08</b>	
<b>Subtotal General Fund &amp; Subsidized</b>		<b>\$ 38.76</b>	<b>\$ 40.94</b>	<b>\$ 39.86</b>	<b>\$ 1.08</b>	<b>2.8%</b>
% Change from FY 2005-06 Actuals				2.8%		
% Change from FY 2006-07 Revised Budget				-2.6%		

**FY 2005-06 FY 2006-07**

<u>Fund/Service Area</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>9-Month Projection</u>	<u>Surplus/ (Deficit)</u>	<u>% Change from PY</u>
<b>OTHER FUNDS</b>					
Public Library	\$ 1.80	\$ 2.15	\$ 1.05	\$ 1.11	-41.8%
Public Works	3.34	3.43	2.82	0.61	-15.7%
Port	0.87	1.10	0.61	0.49	-29.2%
Airport Commission	2.13	1.99	1.55	0.45	-27.5%
Public Utilities Commission	3.32	3.76	3.42	0.35	2.9%
War Memorial	0.32	0.36	0.18	0.19	-44.4%
Telecommunications & Info Svcs	0.35	0.40	0.33	0.07	-6.1%
Child Support Services	0.12	0.14	0.12	0.02	3.7%
Rent Board	0.03	0.01	0.01	0.00	-78.0%
Building Inspections	0.17	0.17	0.18	(0.01)	3.0%
City Administrator	0.08	0.08	0.23	(0.16)	188.6%
Police Department (Airport)	-	0.45	0.65	(0.20)	0.0%
Municipal Transportation Agency*	18.99	19.10	20.10	(1.00)	5.9%
Other Small Departments **	0.44	-	-	-	-100.0%
<b>Subtotal Non-General Fund</b>	<b>\$ 31.96</b>	<b>\$ 33.15</b>	<b>\$ 31.24</b>	<b>\$ 1.92</b>	<b>-2.3%</b>
<b>GRAND TOTAL</b>	<b>\$ 70.72</b>	<b>\$ 74.09</b>	<b>\$ 71.09</b>	<b>\$ 3.00</b>	<b>0.5%</b>
% Change from FY 2005-06 Actuals			0.5%		
% Change from FY 2006-07 Revised Budget			-4.0%		

\* The Municipal Railway contracts out its own Workers Compensation program with a third party administrator.

\*\* Retirement System and Trial Court actuals and budget are excluded from all years.

**Energy – Natural Gas**

Energy costs are projected to result in \$4.16 million of savings overall. The General Fund Supported operations are projected to show savings of \$1.28 million, and other self-supporting operations are projected to show savings of \$2.88 million. Projected savings in General Fund Supported energy costs totaled \$0.72 million in the Controller’s 6-Month Report. The 9-Month Report includes higher projected savings of \$1.28 million.

**Energy Costs – Variance from Budget (\$ Millions)**

	<i>Sort Order</i>			
	<b>Variance from Budget</b>			
<b><u>GENERAL FUND</u></b>	<b>Power</b>	<b>Gas</b>	<b>Steam</b>	<b>Budget</b>
Administrative Services	\$ (0.01)	\$ 0.06	\$ 0.53	\$ 0.57
Juvenile Probation	(0.00)	0.22	0.00	0.22
Recreation & Parks	(0.00)	0.07	0.00	0.07
Fine Arts Museums	0.03	0.03	0.00	0.06
Sheriff	(0.08)	0.13	0.00	0.04
Human Services	(0.00)	0.04	0.00	0.04
War Memorial	0.00	0.02	0.00	0.03
Fire Department	(0.00)	0.02	0.00	0.02
Public Health	(0.04)	0.02	(0.01)	(0.03)
Courts	(0.00)	0.00	(0.03)	(0.03)
Other Departments	(0.04)	0.00	0.00	(0.04)
<b>Total General Fund</b>	<b>(0.15)</b>	<b>0.61</b>	<b>0.49</b>	<b>0.95</b>
<b><u>GENERAL FUND SUBSIDIZED</u></b>				
<b>Non General Fund</b>				
SF General Hospital	0.00	0.25	0.00	0.25
Laguna Honda Hospital	0.00	0.09	0.00	0.09
<b>Subtotal General Fund Subsidized</b>	<b>0.00</b>	<b>0.33</b>	<b>0.00</b>	<b>0.33</b>
<b>Subtotal General Fund &amp; Subsidized</b>	<b>(0.15)</b>	<b>0.94</b>	<b>0.49</b>	<b>1.28</b>
<b><u>OTHER FUNDS</u></b>				
Airport	1.73	(0.05)	0.00	1.68
Department of Public Works	0.71	0.21	0.00	0.91
Public Utilities Commission	0.08	0.02	0.00	0.10
Municipal Railway	0.06	0.05	0.00	0.11
Port	0.13	0.00	0.00	0.13
Public Library	(0.02)	0.03	(0.05)	(0.05)
<b>Subtotal Non-General Fund</b>	<b>2.68</b>	<b>0.25</b>	<b>(0.05)</b>	<b>2.88</b>
<b>GRAND TOTAL</b>	<b>\$ 2.53</b>	<b>\$ 1.19</b>	<b>\$ 0.44</b>	<b>\$ 4.16</b>

**Overtime Costs**

Overtime costs are projected to represent 6.1 percent of personnel salary costs versus the 4.1 percent assumed in the budget. This results in overtime costs exceeding budget by approximately \$44.48 million. The table below includes an overtime summary by key user department. Two projection methodologies are included: 1) straight-line and 2) 'adjusted' (which adjusts for hiring plans, seasonality and other one-time events). As in the past, the MTA, Police, Public Health, Fire, Sheriff and the PUC are the large spenders of overtime, accounting for nearly 90 percent of total overtime spending in the City. Projected over spending totaled \$39.55 million in the Controller's 6-Month Report. The 9-Month Report includes projected over spending of \$44.48 million, higher mainly due to higher projected spending at MUNI through fiscal year-end.

**Overtime Costs (\$ Millions)**

<b>Fund/Service Area</b>	<b>FY 2005-06</b>	<b>FY 2006-07</b>		<b>PPD 3/23/07 Actual</b>	<b>Straight Line Projection*</b>	<b>Surplus/ (Deficit)</b>	<b>Adjusted Projection</b>	<b>Adj. Surplus/ (Deficit)</b>
	<b>Actual</b>	<b>Revised Budget*</b>						
<b>MTA</b>								
Municipal Railway	\$ 32.97	\$ 26.68	\$ 28.95	\$ 39.62	\$ (12.94)	\$ 39.62	\$ (12.94)	
Parking & Traffic	0.98	0.81	0.53	0.73	0.08	0.73	0.08	
Subtotal - MTA	33.95	27.49	29.49	40.35	(12.86)	40.35	(12.86)	
<b>Police</b>								
General Fund Operations	18.27	16.71	16.93	23.16	(6.46)	23.16	(6.46)	
Special Law Enforcement Services (10B)**	9.83	8.83	6.45	8.83	(0.00)	8.83	(0.00)	
Grants & Other Non-10B Special Revenues	3.15	1.07	0.90	1.23	(0.16)	1.07	0.00	
Airport	1.85	1.31	1.68	2.30	(0.99)	2.30	(0.99)	
Subtotal - Police	33.10	27.91	25.96	35.52	(7.61)	35.36	(7.45)	
<b>Public Health</b>								
All Other Non-Hospital Operations	0.69	0.77	0.62	0.86	(0.09)	0.86	(0.09)	
Grants & Other Special Revenues	0.04	0.30	0.02	0.03	0.27	0.03	0.27	
SF General	6.13	4.55	5.84	7.99	(3.45)	7.99	(3.45)	
Laguna Honda Hospital	7.51	2.20	5.54	7.59	(5.39)	7.59	(5.39)	
Subtotal - Public Health	14.37	7.81	12.03	16.47	(8.65)	16.47	(8.65)	
<b>Fire</b>								
General Fund Operations	7.22	14.58	10.50	14.37	0.21	14.37	0.21	
Grants & Other Special Revenues	1.30	0.33	1.47	2.01	(1.68)	0.33	0.00	
Airport	1.66	1.53	1.29	1.77	(0.24)	1.77	(0.24)	
Port	0.18	0.21	0.18	0.25	(0.04)	0.25	(0.04)	
Subtotal - Fire	10.36	16.65	13.44	18.39	(1.74)	16.71	(0.07)	
<b>Sheriff</b>	10.76	7.33	9.72	13.31	(5.97)	10.51	(3.18)	
<b>PUC</b>	6.52	2.68	4.86	6.65	(3.97)	6.65	(3.97)	
<b>Subtotal - Big 6</b>	<b>109.05</b>	<b>89.87</b>	<b>95.50</b>	<b>130.68</b>	<b>(40.81)</b>	<b>126.05</b>	<b>(36.18)</b>	
<b>Airport Commission</b>	1.59	0.95	1.19	1.63	(0.68)	1.63	(0.68)	
<b>Elections</b>	0.46	0.39	0.33	0.45	(0.06)	0.39	0.00	
<b>Fine Arts Museum</b>	0.71	0.09	0.45	0.61	(0.52)	0.61	(0.52)	
<b>Human Services Agency</b>	2.52	0.20	0.78	1.06	(0.86)	1.06	(0.86)	
<b>Juvenile Probation</b>	1.26	1.13	1.49	2.04	(0.90)	2.04	(0.90)	
<b>Recreation &amp; Park</b>	1.94	0.37	1.67	2.29	(1.92)	2.29	(1.92)	
<b>All Other Departments</b>	6.65	1.63	5.67	7.75	(6.12)	7.75	(6.12)	
<b>Total</b>	<b>\$ 124.18</b>	<b>\$ 97.35</b>	<b>\$ 107.08</b>	<b>\$ 146.52</b>	<b>\$ (49.17)</b>	<b>\$ 141.83</b>	<b>\$ (44.48)</b>	
<i>Big 6 % of Total</i>	<i>87.8%</i>	<i>92.3%</i>	<i>89.2%</i>	<i>89.2%</i>	<i>83.0%</i>	<i>88.9%</i>	<i>81.3%</i>	
Change from Prior Year	\$ 24.14	\$ (26.83)		\$ 22.34		\$ 17.65		
Change from FY 2000-01 Peak	\$ 11.72	\$ (15.11)		\$ 34.07		\$ 29.37		
<b>Total Gross Salaries</b> (Cash Compensation, Millions)	\$ 2,135.33	\$ 2,356.81	\$ 1,705.10	\$ 2,333.30		\$ 2,333.30		
<b>Overtime as a % of Total Gross Salaries</b>	<b>5.8%</b>	<b>4.1%</b>	<b>6.3%</b>	<b>6.3%</b>		<b>6.1%</b>		

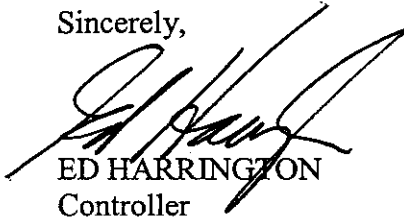
\* Straight line projections do not adjust for savings plans, seasonality or other one-time events. Adjusting for those items generally results in lower projected shortfalls.

\*\* Police 10B Revised Budget reflects self-appropriation levels equal to the straight-line projection.

## CONCLUSION

Funds available are sufficient to carry the City through the remainder of the fiscal year and result in a projected year-end General Fund balance of \$98.41 million. My staff and I are available to respond to any comments or questions you may have at this time.

Sincerely,



ED HARRINGTON  
Controller

Attachments: Appendix A Status of Supplemental Appropriations  
Appendix B Status of Reserves – Current and Prior Years  
Appendix C MOU Reserve Update  
Appendix D Other Fund Highlights

cc: Department Heads  
Nani Coloretti, Mayor's Budget Office  
Harvey Rose, Budget Analyst

**APPENDIX A: Status of Supplemental Appropriations  
FY 2006-07 As of May 4, 2007**

<b>GENERAL FUND SUPPORTED SUPPLEMENTALS</b>	<b>APPROVED CHANGES</b>	<b>PENDING / POTENTIAL CHANGES</b>	<b>USING GENERAL RESERVE or FUND BALANCE</b>
<b>Board Approved Supplementals</b>			
HRC- 1 HRC Representative Position	\$ 54,807		\$ 54,807
DPH- 4 Public Health Nurse for maternal and Senior Units	\$ 394,476		\$ 276,476
DPH- Mental Health Wrap Around Services	\$ 950,000		
Various- Violence Prevention	\$ 2,258,089		\$ 2,258,089
HSA- State and Federal Grants for CalWORKS, Child Welfare, & Other New Grants	\$ 10,675,589		
SHF- Federal, State and General Fund Reserve for Overtime Costs	\$ 1,250,941		\$ 635,451
ADM- Purchase 3 buildings <i>General Fund Portion</i>	\$ 2,721,727		
HSA- Working Families Credit Program Outreach	\$ 75,000		\$ 75,000
JPD/DCYF- Violence Prevention Funding	\$ 2,006,473		\$ 779,370
<i>Less Children's Fund Portion</i>	\$ (1,000,000)		
DPH- Develop a Comprehensive AIDS Planning Process	\$ 100,000		\$ 100,000
DPH- Backfill US Department of Health & Human Services CMS AIDS Funding	\$ 641,973		\$ 641,973
REC/DPW- Geneva Boulevard Car Barn Repairs and Alemany Boulevard Greening	\$ 1,344,490		
MYR/MOH- Homeless and Low-Income Housing	\$ 850,000		
TIS- Purchase and Install 2 Safety Cameras	\$ 24,840		\$ 24,840
CAT- Non-Personnel Services to Support Jail No. 3 Replacement Litigation	\$ 4,440,000		\$ 4,440,000
DPH- Surplus Revenues to cover overruns at Laguna Honda and San Francisco General	\$ 19,884,652		
<i>Less Deappropriation Portion Included as a Partial Source of Funding</i>	\$ (741,973)		
UNA - Parking Tax Transfer to General Fund with Offsetting Transfer Out to MUNI	\$ 22,294,696		
<b>Total Changes Approved</b>	<b>\$ 68,225,780</b>		<b>\$ 9,286,006</b>
<b>Supplementals Pending - Assumed Approved in 9-Month Projection</b>			
REG- Elections		\$ 48,341,128	
MYR- Various Affordable Housing Programs		\$ 1,003,073	
REC/DPW- Various Staff Enhancements and COIT Tower Elevator		\$ 28,050,000	\$ 28,050,000
MYR/MOH - Down Payment Assistance Loan Program		\$ 598,615	\$ 598,615
DPW/JUV - Juvenile Hall Youth Guidance Center Replacement		\$ 5,000,000	\$ 5,000,000
<i>Less Capital: Juvenile Hall Portion</i>		\$ 2,345,549	
		\$ (1,077,589)	
<b>Total Supplemental Pending at the Board or Mayor's Approval - Assumed Approved in 9-Month Projection</b>		<b>\$ 35,919,648</b>	<b>\$ 33,648,615</b>
<b>Total Supplementals Approved and Pending at the Board - Assumed Approved in 9-Month Projection</b>		<b>\$ 104,145,428</b>	
<i>Supported by New General Fund Revenues</i>	\$ 32,661,275		
<i>Supported by Rainy Day Reserves</i>	\$ 4,644,177		
<i>Supported by General Fund Reserve</i>	\$ 9,884,621		
<i>Supported by Department Reserve</i>	\$ 270,000		
<i>Supported by Fund Balance</i>	\$ 50,000		
<i>Supported by Department Savings</i>	\$ 2,082,632		
<b>Supplementals Pending at the Board - Not Assumed Approved in 9-Month Projection</b>			
REG- 2 Election Outreach Workers		\$ 78,344	\$ 78,344
HSA- Deappropriate Salary for One Position		\$ (45,991)	
DSS/CHF/DPH/MYR/REC - Various Child, Youth, Families, Senior and Disabled Programs		\$ 19,719,628	\$ 19,576,834
ADM - Reappropriate Rent & Deappropriate Salary for One Position		\$ 18,316	\$ (8,398)
JUV- Overtime for Increased Juvenile Hall Population		\$ 213,000	
<b>Total Supplementals Pending at the Board - Not Assumed Approved in 9-Month Projection</b>		<b>\$ 19,983,297</b>	<b>\$ 19,646,780</b>



<b>NON-GENERAL FUND SUPPORTED SUPPLEMENTALS</b>	<b>APPROVED CHANGES</b>	<b>PENDING / POTENTIAL CHANGES</b>	<b>USING FUND BALANCE</b>
<b>Approved Supplementals</b>			
[ MTA- Traffic Calming Projects & Alemany Pedestrian Improvements	\$ 450,000		\$ 400,000
<i>Less General Fund Portion</i>	\$ (50,000)		
DPW- Additional State Traffic Congestion Funds	\$ 4,295,259		
ADM- Purchase 3 buildings, 1 S. Van Ness, 1650 Mission, 30 Van Ness	\$ 162,000,000		
PUC- SFPUC Water System Improvement Program (WSIP)	\$ 217,736,000		
DPW- Sidewalk Inspection and Repair Program	\$ 1,277,584		
JPD/DCYF- Violence Prevention Funding ( <i>Children's Fund Portion</i> )	\$ 1,000,000		\$ 1,000,000
<b>Total Changes Approved</b>	<b>\$ 386,708,843</b>		<b>\$ 1,400,000</b>
<b>Supplementals Pending at the Board</b>			
[ AIR - Deappropriation of Capital for San Francisco International Airport		\$ (8,547,251)	
AIR - Reappropriation of Capital for San Francisco International Airport		\$ 10,549,123	
DPH- Laguna Honda Hospital Replacement Program		\$ 27,376,664	
MYR- Seismic Safety Load Program Bond Proceeds and Expenditures		\$ 35,000,000	
AIR- Interest Rate Swap Termination Payment		\$ 32,000,000	
DPW/JUV - Juvenile Hall Youth Guidance Center Replacement (Capital Funds Portion)		\$ 1,077,589	
<b>Total Supplementals Pending</b>		<b>\$ 97,456,125</b>	<b>\$ -</b>

**APPENDIX B: Status of Reserves – Current and Prior Years  
As of April 30, 2007**

**Current and Prior Year Reserves**

<b>Department</b>	<b>Fiscal Year Amount Placed on Reserve</b>	<b>Reserve Description</b>	<b>Original Balance of Reserve</b>	<b>Remaining Balance of Reserve</b>
Adult Probation	FY 2006-07	ADULT PROBATION ADMINISTR	18,318	18,318
Adult Probation	FY 2006-07	PROB. COMMUNITY SERVICES-	249,700	249,700
<b>Adult Probation Total</b>			<b>\$ 268,018</b>	<b>\$ 268,018</b>
Airport Commission	FY 2001-02	PASSENGER FACILITY FEE PROJECT	60,000,000	18,106,928
Airport Commission	FY 2005-06	CARGO FACILITY IMPROVEMENTS-UNALLOCATED	24,970,000	22,655,000
Airport Commission	FY 2006-07	NOISE INSULATION & MANAGEMNT SYS-UNALLOC	2,178,775	2,178,775
Airport Commission	FY 2006-07 AAO	CRASH,FIRE & RESCUE EXPEN	65,000	65,000
Airport Commission	FY 2006-07 AAO	OPERATIONS CONTROL	76,000	76,000
Airport Commission	FY 2006-07 AAO	PUBLIC AFFAIRS	88,839	88,839
<b>Airport Commission Total</b>			<b>\$ 87,378,614</b>	<b>\$ 43,170,542</b>
Art Commission	FY 2005-06	ART COMMISSION - SYMPHONY ORCHESTRA	780,689	780,689
Art Commission	FY 2005-06	CAE - HOTEL TAX - ADMINISTRATION	39,936	39,936
Art Commission	FY 2005-06	CEG-NEW ASIAN AMERICAN-PACIFIC ISLANDER	35,186	35,186
<b>Art Commission Total</b>			<b>\$ 855,811</b>	<b>\$ 855,811</b>
Asian Art Museum	FY 2001-02	ASBESTOS REMOVAL;TRACK LTG.	13,855	13,855
Asian Art Museum	FY 2001-02	FACILITIES MAINTENANCE	55,159	55,159
<b>Asian Art Museum Total</b>			<b>\$ 69,014</b>	<b>\$ 69,014</b>
Assessor/Recorder	FY 2005-06	VIACOM LITIGATION	4,493	4,493
<b>Assessor/Recorder Total</b>			<b>\$ 4,493</b>	<b>\$ 4,493</b>
Building Inspection	FY 2004-05	MIS SYSTEMS	509,250	509,250
<b>Building Inspection Total</b>			<b>\$ 509,250</b>	<b>\$ 509,250</b>
Children, Youth & Their Families	FY 2005-06	FIRST YEAR FUNDING FY 2005-06	13,333,334	150,000
<b>Children, Youth &amp; Their Families Total</b>			<b>\$ 13,333,334</b>	<b>\$ 150,000</b>
City Administrator	FY 2005-06	MOD OPERATINS SOPPORT	2,329	2,329
City Administrator	FY 2005-06	TFCA-POLICE BICYCLE PATROL PROJECT	22,209	22,209
City Administrator	FY 2006-07 AAO	CIVIC CENTER RELOCATION PROJECT	800,000	800,000
<b>City Administrator Total</b>			<b>\$ 824,538</b>	<b>\$ 824,538</b>
City Planning	FY 2005-06	VISITATION VALLEY REDEV SURVEY AREASTUDY	200,000	100,000
City Planning	FY 2006-07 AAO	PLAN-ADMIN-GENX	111,087	111,087
City Planning	FY 2006-07 AAO	INSTITUTIONAL MASTER PLANS	205,108	205,108
<b>City Planning Total</b>			<b>\$ 516,195</b>	<b>\$ 416,195</b>
Economic & Workforce Developer	FY 2004-05	3COM PARK PROJECT	18,119	998
Economic & Workforce Developer	FY 2006-07 AAO	ECONOMIC DEVELOPMENT	1,500,000	1,131,169
<b>Economic &amp; Workforce Development Total</b>			<b>\$ 1,518,119</b>	<b>\$ 1,132,167</b>
Emergency Management	FY 2005-06	FY05 UASI-OES/ESCRT	10,514,978	1,019,656
Emergency Management	FY 2006-07 AAO	DEM EMERGENCY SERVICES	114,000	114,000
<b>Emergency Management Total</b>			<b>\$ 10,628,978</b>	<b>\$ 1,133,656</b>
Environment	FY 2003-04	SOUTHEASTERN ENVIRONMENTAL	3,042,693	2,466,149
<b>Environment Total</b>			<b>\$ 3,042,693</b>	<b>\$ 2,466,149</b>
General City Responsibility	FY 2003-04	SFFC EQUIPMENT LEASE REV - SERIES 2003	455,000	455,000
General City Responsibility	FY 2005-06	CITY WIDE EMAIL	85,524	85,524
<b>General City Responsibility Total</b>			<b>\$ 540,524</b>	<b>\$ 540,524</b>
Health Service System	FY 2006-07 AAO	HSS ADMINISTRATION	142,943	142,943
Health Service System	FY 2006-07 AAO	SALARIES AND WAGES	69,030	69,030
<b>Health Service System Total</b>			<b>\$ 211,973</b>	<b>\$ 211,973</b>
Human Resources	FY 2006-07	LABOR RELATIONS	125,000	125,000
Human Resources	FY 2006-07 AAO	HUMAN RESOURCES INTEGRATED SYSTEM	5,000,523	5,000,523
<b>Human Resources Total</b>			<b>\$ 5,125,523</b>	<b>\$ 5,125,523</b>

**Current and Prior Year Reserves (cont.)**

<b>Department</b>	<b>Fiscal Year</b> <b>Amount Placed on</b>	<b>Reserve</b> <b>Reserve Description</b>	<b>Original Balance</b> <b>of Reserve</b>	<b>Remaining</b> <b>Balance of</b> <b>Reserve</b>
Human Services	FY 2002-03	MULTI SERVICE CENTER NORTH	200,000	200,000
Human Services	FY 2005-06	IHSS SHARE OF COST PILOT	2,282	2,282
Human Services	FY 2006-07	ADMIN ALLOCABLE OVERHEAD	226,682	226,682
Human Services	FY 2006-07 AAO	CALWORKS OVERHEAD & SALARIES	413,517	154,027
<b>Human Services Total</b>			<b>\$ 842,481</b>	<b>\$ 582,991</b>
Juvenile Probation	FY 2006-07	JUVENILE HALL-G/F	49,523	49,523
Juvenile Probation	FY 2006-07 AAO	JUVENILE HALL-G/F	27,406	27,406
<b>Juvenile Probation Total</b>			<b>\$ 76,929</b>	<b>\$ 76,929</b>
Mayor	FY 2001-02	MOCD HOMELESS ADMINISTRATION BUDGET	50,000	50,000
Mayor	FY 2003-04	ADMINISTRATION BUDGET	774,245	774,245
Mayor	FY 2004-05	MISSION HOUSING DEVELOPMENT CORP	360,000	360,000
Mayor	FY 2004-05	HOME-CHDO HAMILTON FAMILY CTR- ADMIN COST	50,000	50,000
Mayor	FY 2004-05	SEISMIC SAFETY LOAN DISBURSEMENT	15,000	15,000
Mayor	FY 2005-06	MOH PLANNING & CAPACITY BLDG POOL	3,133	3,133
Mayor	FY 2005-06	CBO'S MASTER POOL ACCOUNT	57,271	57,271
Mayor	FY 2005-06	HOME-MOH ADMINISTRATION BUDGET	10,025	10,025
Mayor	FY 2005-06	MOH ADMINISTRATION BUDGET	164,384	109,384
Mayor	FY 2006-07	FAMILY HOUSING BUDGET	9,000,000	9,000,000
Mayor	FY 2006-07	SENIORS & DISABILITIES BUDGET	4,500,000	4,500,000
Mayor	FY 2006-07	SUPPORTIVE HOUSING BUDGET	4,500,000	4,500,000
<b>Mayor Total</b>			<b>\$ 19,484,058</b>	<b>\$ 19,429,058</b>
Municipal Transportation Agency	FY 2006-07 AAO	PROOF OF PAYMENT GENERAL RESERVE	10,000,000	10,000,000
<b>Municipal Transportation Agency Total</b>			<b>\$ 10,000,000</b>	<b>\$ 10,000,000</b>
Police	FY 2004-05	S F TRAFFIC OFFENDER PROGRAM	20,850	20,850
Police	FY 2006-07	FIELD OPERATIONS	340,548	340,548
Police	FY 2006-07 AAO	POLICE-AIRPORT	1,192,989	1,192,989
<b>Police Total</b>			<b>\$ 1,554,387</b>	<b>\$ 1,554,387</b>
Port Commission	FY 2003-04	BSW CONSTRUCTION	9,000,000	9,000,000
Port Commission	FY 2003-04	SOUTHERN WATERFRONT ENVIRONMENTAL	412,549	159,549
Port Commission	FY 2006-07 AAO	ADMINISTRATIVE SERVICES	101,389	101,389
Port Commission	FY 2006-07 AAO	ENGINEERING	24,912	24,912
Port Commission	FY 2006-07 AAO	MARITIME	8,566	8,566
Port Commission	FY 2006-07 AAO	PLANNING & DEVELOPMENT	13,785	13,785
Port Commission	FY 2006-07 AAO	REAL ESTATE	20,204	20,204
<b>Port Commission Total</b>			<b>\$ 9,581,405</b>	<b>\$ 9,328,405</b>
Public Health	FY 2006-07	COMM AMBULATORY CARE	1,045,000	1,045,000
<b>Public Health Total</b>			<b>\$ 1,045,000</b>	<b>\$ 1,045,000</b>
Public Library	FY 2006-07 AAO	BRANCHES LIBRARY-DIR SVCS	413,720	413,720
Public Library	FY 2006-07 AAO	MAINTENANCE/OPERATIONS	33,431	33,431
<b>Public Library Total</b>			<b>\$ 447,151</b>	<b>\$ 447,151</b>
Public Utilities Commission	FY 2005-06	SOLAR POWER PROJECT	12,500,000	12,500,000
Public Utilities Commission	FY 2006-07 AAO	ADMIN-BUDGET ONLY	250,000	250,000
Public Utilities Commission	FY 2006-07 AAO	CDD ADMIN-T&D CITY OPERATIONS	150,000	150,000
Public Utilities Commission	FY 2006-07 AAO	CDD BUILD/GROUND-MAINT NON PROCESS	691,499	691,499
Public Utilities Commission	FY 2006-07 AAO	CDD-ENGINEERING	25,000	25,000
Public Utilities Commission	FY 2006-07 AAO	CONSTRUCTION MGMT-OPERATING FUND	125,000	125,000
Public Utilities Commission	FY 2006-07 AAO	CWP ADMIN ADMIN-NON LABOR-OPER	14,892	14,892
Public Utilities Commission	FY 2006-07 AAO	CWP MAINT ADMIN-NON LABOR-OPER	63,960	63,960
Public Utilities Commission	FY 2006-07 AAO	MAINT OTHER TRANSMISSION/PIPELEINES	175,000	175,000
Public Utilities Commission	FY 2006-07 AAO	MAYOR'S ENERGY CONSERVATION ACCOUNT	6,347,000	3,173,500
Public Utilities Commission	FY 2006-07 AAO	SUBURBAN ADMIN SALARIES & EXPENSES	80,740	80,740
Public Utilities Commission	FY 2006-07 AAO	SYSTEM OPS/TREATMENT-UNALLOCATED	100,000	100,000
Public Utilities Commission	FY 2006-07 AAO	WATER QUALITY - ADMIN	35,000	35,000
Public Utilities Commission	FY 2006-07 AAO	WATER QUALITY - ENGINEERING	630,000	630,000
Public Utilities Commission	FY 2006-07 AAO	WATER QUALITY - LABS	100,000	100,000
Public Utilities Commission	FY 2006-07 AAO	WATER QUALITY-ENVIRONMENTAL SERVICES	85,000	85,000
<b>Public Utilities Commission Total</b>			<b>\$ 21,373,091</b>	<b>\$ 18,199,591</b>

**Current and Prior Year Reserves (cont.)**

<b>Department</b>	<b>Fiscal Year</b> <b>Amount Placed on</b>	<b>Reserve Description</b>	<b>Original Balance</b> <b>of Reserve</b>	<b>Remaining</b> <b>Balance of</b> <b>Reserve</b>
Public Works	FY 1995-96	MSTR PRJ-ESPI SFFD ORG 310300/IC 310132	492,397	173,360
Public Works	FY 1998-99	GEN 6618E THIRD ST BRIDGE RETROFIT	995,000	90,000
Public Works	FY 2002-03	0757J-RESERVE	46,633	46,633
Public Works	FY 2002-03	BAYVIEW (SO BASIN) HP21L-5934(115)	7,497,891	2,507,800
Public Works	FY 2005-06	FOURTH ST BRIDGE 05-06	4,000,000	4,000,000
Public Works	FY 2005-06	HOJ FIRE ALARM PANEL 05-06	1,583,250	1,583,250
Public Works	FY 2005-06	INNER & OUTER SUNSET 05-06	1,000,000	1,000,000
Public Works	FY 2005-06	MISC FAC MAINT PROJ	15,636	15,636
Public Works	FY 2005-06	STREET SCAPE GRANTS 05-06	7,000,000	7,000,000
Public Works	FY 2005-06	VAN NESS STREETScape IMPROVEMENTS 05-06	1,000,000	1,000,000
Public Works	FY 2006-07	CHINATOWN ALLEWAY IMPROVEMENT	2,300,000	598,828
Public Works	FY 2006-07	STREET SCAPE GRANTS 06-07	7,500,000	7,500,000
<b>Public Works Total</b>			<b>\$ 33,430,807</b>	<b>\$ 25,515,507</b>
Recreation & Park	FY 1999-00	MID-EMBARCADERO MUSIC CONCOURSE	309,000	309,000
Recreation & Park	FY 2002-03	SAVA POOL	100,000	100,000
Recreation & Park	FY 2004-05	INTEREST EARNED	54,865	54,865
Recreation & Park	FY 2004-05	OS CAPITAL PROGRAM MGMT-BUDGET	3,464,972	3,464,972
Recreation & Park	FY 2006-07	INTEREST EARNED	217,802	217,802
Recreation & Park	FY 2006-07 AAO	2006 REC & PARK REVENUE BOND	25,000,000	25,000,000
Recreation & Park	FY 2006-07 AAO	FR RPGOLNPR-NONPRJ TO RPOSPNPR-NONPRJ	722,364	722,364
Recreation & Park	FY 2006-07 AAO	GOLDEN GATE PARK GOLF COURSE	225	225
Recreation & Park	FY 2006-07 AAO	GOLF FUND - NON PROJECT	165,837	165,837
Recreation & Park	FY 2006-07 AAO	GOLF PROGRAM	248,706	248,706
Recreation & Park	FY 2006-07 AAO	HARDING/FLEMING GOLF COURSES	1,094,669	749,532
Recreation & Park	FY 2006-07 AAO	LINCOLN PARK GOLF COURSE	448,107	272,789
Recreation & Park	FY 2006-07 AAO	SHARP PARK GOLF COURSE	555,543	315,204
<b>Recreation &amp; Park Total</b>			<b>\$ 32,382,091</b>	<b>\$ 31,621,297</b>
Retirement System	FY 2006-07 AAO	ERS-ADMIN-GENL	90,416	90,416
<b>Retirement System Total</b>			<b>\$ 90,416</b>	<b>\$ 90,416</b>
Sheriff	FY 2006-07	ENTERTAINMENT COMMISSION	60,000	60,000
Sheriff	FY 2006-07	JAIL NO. 7	667,530	667,530
<b>Sheriff Total</b>			<b>\$ 727,530</b>	<b>\$ 727,530</b>
Treasurer/Tax Collector	FY 2006-07	TTX-INVESTMENT PROGRAM BU	1,071,000	1,071,000
<b>Treasurer/Tax Collector Total</b>			<b>\$ 1,071,000</b>	<b>\$ 1,071,000</b>
<b>Grand Total</b>			<b>\$ 256,933,422</b>	<b>\$ 176,567,114</b>

## Appendix C: MOU Reserve Update

### FY 2006-07 3rd Quarter MOU Reserve Update

#### SOURCES

##### MOU Reserve

Adopted AAO MOU Reserve	\$	24,376,841
Carryforward from FY 2005-06		14,097,014
<b>Total Sources (MOU Reserve)</b>	<b>\$</b>	<b>38,473,855</b>

#### USES

##### Transferred to Departments

Public Health - 22.2 Nurses and Temporary Staff	\$	3,253,853
Various - Visual Display Terminal Insurance - Quarters 1 - 3		105,918
Various - Local 21 Life Insurance		283,543
Various - SEIU Training Fund - 2006 & 2007 payments		611,878
Sheriff - Deputy Sheriff's Association - Market increase		806,939
City Attorney - Severance Pay		114,840
City Attorney - Wellness Pay		40,767
Public Health - Step Adjustment		2,781,791
Police - Retirement Payout		2,911,716
Various - Management Classification & Compensation Pay (MCCP) Adjustment		30,399
Various MOU Contract Training Allocations		1,286,573
Police - Recruitment and Retention		250,000
Police - Wellness		4,100,827
Fire - Retirement Payout		449,490
Sheriff - Retirement Payout		185,528
Human Resources - One-time Payouts		83,827
<b>Subtotal - Transfers through April 30, 2007</b>	<b>\$</b>	<b>17,297,889</b>

##### Remaining Allocations

MOU increases and other salary adjustments (Fire Fighters, Local 21, Nurses, Supervising Nurses, Police Officers)	\$	10,347,656
Retirement Payout (Fire Fighters, Police Officers, etc.)		7,312,893
Wellness Program Pay-Outs (Fire Fighters, Police Officers, SEIU)		241,502
Salary and Benefits Increase (Elected Officials, MEA, Deputy Probation Officers, specific job classes as identified in MOU contracts)		688,236
Training (Crafts, Fire Fighters, Laborers, Attorneys, Nurses, Police Officers, Sheetmetal workers, SEIU employees, tuition reimbursent)		1,643,596
Recruitment and Retention (Physicians and Dentists Settlement Retention Pay, Nurses, Police Officers, SEIU employees)		888,000
Visual Display Terminal Insurance - FY 2006-07 Quarter 4		54,082
<b>Subtotal - Remaining Allocations</b>	<b>\$</b>	<b>21,175,966</b>
<b>Total Uses</b>	<b>\$</b>	<b>38,473,855</b>

**APPENDIX D: Other Fund Highlights, (millions)**

	Prior Year			Current Year			
	FY 2005-06 Year-End Fund Balance	Fund Balance Used in FY 2006-07 Budget	Surplus / (Shortfall)	Sources Better / (Lower) than Budget	Uses Savings / (Shortfall) from Budget	Net Operating Surplus / (Deficit)	Estimated Year-end Fund Balance
<b><u>Special Revenue Funds</u></b>							
(1) 911 Fund	\$6.72	\$2.19	\$4.53	\$4.22	\$0.07	\$4.29	<b>\$8.82</b>
(2) Building Inspection Fund	\$25.12	\$8.42	\$16.70	(\$7.91)	\$2.81	(\$5.11)	<b>\$11.59</b>
(3) Child Support Services Fund	\$0.56	\$0.13	\$0.43	(\$0.77)	\$0.77	\$0.00	<b>\$0.43</b>
(4) Children's Fund	\$5.31	\$3.55	\$1.76	\$1.17	(\$1.00)	\$0.17	<b>\$1.93</b>
(5) Convention Facilities Fund	\$5.66	\$0.00	\$5.66	\$0.00	\$0.00	\$0.00	<b>\$5.66</b>
(6) Culture & Rec - Marina Yacht Harbor Fund	\$1.75	\$0.13	\$1.62	\$0.30	\$0.00	\$0.30	<b>\$1.92</b>
(7) Downtown Park Fund	\$0.23	\$0.23	(\$0.00)	\$0.60	\$0.00	\$0.60	<b>\$0.60</b>
(8) Gas Tax Fund	(\$0.16)	\$0.00	(\$0.16)	(\$0.52)	\$0.00	(\$0.52)	<b>(\$0.68)</b>
(9) Golf Fund	\$0.46	\$0.11	\$0.35	(\$0.24)	(\$0.07)	(\$0.30)	<b>\$0.05</b>
(10) Library Preservation Fund	\$14.58	\$5.54	\$9.05	\$3.47	\$0.00	\$3.47	<b>\$12.52</b>
(11) Neighborhood Beautification Fund	\$0.20	\$0.00	\$0.20	\$0.29	\$0.00	\$0.29	<b>\$0.49</b>
(12) Open Space Fund	\$7.59	\$2.43	\$5.16	\$0.96	\$2.90	\$3.86	<b>\$9.02</b>
(13) War Memorial Fund	\$0.97	\$0.19	\$0.79	\$0.00	\$0.00	\$0.00	<b>\$0.79</b>
<b><u>Enterprise Funds</u></b>							
(14) Airport Operating Fund	\$106.50	\$8.26	\$98.23	\$12.89	\$10.75	\$23.64	<b>\$121.87</b>
(15) MTA – MUNI Operating Fund	\$32.89	\$20.96	\$11.92	(\$29.92)	\$37.74	\$7.82	<b>\$19.74</b>
MTA - MUNI Transit Impact Fund	\$19.86	\$10.16	\$9.70	\$2.53	\$0.00	\$2.53	<b>\$12.23</b>
(17) MTA – Parking & Traffic Operating Fund	\$12.33	\$4.14	\$8.19	\$0.88	\$0.00	\$0.88	<b>\$9.07</b>
(18) Port Operating Fund	\$22.10	\$7.92	\$14.18	\$3.55	\$1.14	\$4.69	<b>\$18.87</b>
(19) PUC – Hetch Hetchy Operating Fund	\$62.06	\$32.22	\$29.84	(\$10.37)	\$19.81	\$9.43	<b>\$39.27</b>
(20) PUC – Wastewater Operating Fund	\$30.43	\$16.13	\$14.29	(\$3.46)	\$3.08	(\$0.39)	<b>\$13.91</b>
(21) PUC – Water Operating Fund	\$53.93	\$5.51	\$48.42	\$2.20	\$2.97	\$5.17	<b>\$53.60</b>

## APPENDIX D: Other Fund Highlights (continued)

Notes	Other Funds	Description
-------	-------------	-------------

---

### Special Revenue Funds

- (1) **911 Fund** The 911 Fund began the current year with an additional \$4.53 M over the \$2.19 M appropriated in the budget. Additionally, sources are projected to be \$4.22 M better due to \$3.53 M in 911 Access Fees and \$0.69 M in Interest Income. Uses are projected to be \$0.07 M under budget. The department is projected to exceed its overtime budget by \$1.59 M with offsetting savings of \$0.70 M in permanent salary and \$0.25 M in fringe benefits costs. Staff retention and recruitment for call takers and dispatchers continue to be main operating concerns for the department. Once additional staff completes training, the department expects to reduce these overtime costs. This projected salary and fringe deficit of \$0.64 M is offset by projected savings of \$0.71 M in non-personnel expenditure largely due to reduced equipment costs. The 911 Fund is projected to have a \$4.29 M net current year operating surplus, which then results in a projected year-end fund balance to \$8.82 M that will be available for use in the subsequent budget year. The accumulated fund balance will be used for subsequent years' operating costs.
- (2) **Building Inspection Operating Fund** The Building Inspection Fund began the current year with an additional \$16.70 M over and above the \$8.42 M appropriated in the budget. However, current year revenues are projected to be \$7.91 M less than budget due primarily to lower than anticipated Building Permit and Plan Check activities. Expenditure savings of \$2.81 M are projected, related to salary savings, as a number of vacant positions were not filled for much of the year and projects that will not be completed this year. This fund is projected to have a \$5.11 M net operating deficit, resulting in an \$11.59 M projected year-end fund balance. The accumulated fund balance will be used for subsequent years' operating costs.
- (3) **Child Support Services Fund** The Child Support Services Fund began the current year with an additional \$0.43 M in fund balance over the \$0.13 M appropriated in the budget. Uses are projected to be \$0.77 M under budget due to personnel vacancies and technology costs savings. Additionally, sources are projected to be \$0.77 M under budget since the department is only reimbursed for its expenditures. This results in a \$0.00 M net current-year impact and a \$0.43 M projected year-end fund balance.
- (4) **Children's Fund** The Children's Fund began the current year with an additional \$1.76 M in fund balance over and above the \$3.55 M appropriated in the budget. Subsequently, a supplemental appropriation for violence prevention was partially funded with \$1.00 M of this surplus. Additionally, sources are projected to be \$1.17 M better than budget due to higher Property Tax revenue. After factoring in the \$1.00 M supplemental, expenditures are projected to be on budget resulting in a \$1.93 M projected year-end fund balance.

<b>Notes</b>	<b>Other Funds</b>	<b>Description</b>
(5)	<b>Convention Facilities Fund</b>	The Convention Facilities Fund began the current year with \$5.66 M of additional fund balance available for appropriation. Current year revenues and expenditures are expected to be on budget, resulting in a projected \$5.66 M year-end fund balance available for appropriation.
(6)	<b>Culture &amp; Recreation – Marina Yacht Harbor Fund</b>	The Marina Yacht Harbor Fund began the year with \$1.62 M in fund balance over the \$0.13 M appropriated in the budget. Sources are projected to be better by \$0.30 M due to a new lease agreement with the St. Francis clubhouse and higher berthing fee revenues. Expenditures are projected to be on budget resulting in a \$0.30 M operating surplus and a projected year-end fund balance of \$1.92 M.
(7)	<b>Downtown Park Fund</b>	The Downtown Park Fund began the year with \$0.23 million in available fund balance as assumed in the budget. Revenues are projected to be better by \$0.60 M due to better than expected interest and realized new fee collections. No current-year expenditure savings is projected. This results in a net operating surplus and projected year-end fund balance of \$0.60 million.
(8)	<b>Gas Tax Fund</b>	The Gas Tax Fund began the current year with a \$0.16 M shortfall in available fund balance. Revenues are projected to be \$0.53 M under budget and expenditures are projected to be on budget. A supplemental appropriation to transfer the \$0.68 million is assumed in this projection to cover the net shortfall. This results in a \$0.16 M net operating budget surplus and a \$0.00 M projected year-end fund balance.
(9)	<b>Golf Fund</b>	The Golf Fund began the current year with an additional \$0.35 M in fund balance over and above the \$0.11 M appropriated in the current-year budget. Revenues are projected to be \$0.24 M under and expenses are projected to be over budget by \$0.07 M, resulting in a operating shortfall of \$0.30 M. This operating shortfall is mainly due to issues at the Golden Gate Park course and the department is attempting to reduce over expenditures by year-end. With this operating shortfall, we are projecting an end of year projected fund balance of \$0.05 M.
(10)	<b>Library Preservation Fund</b>	The Public Library began the current year with \$9.05 M of additional fund balance available for appropriation over and above the \$5.54 M appropriated in the current-year budget. Additionally, current-year sources are projected to be \$3.47 M better as a result of \$0.96 M in higher Property Tax revenue and \$2.23 M in additional Baseline funding and \$0.28 M in higher Interest Income. Expenditures are projected to be on budget. This fund is projected to have a \$3.47 M net operating surplus and a \$12.52 M projected year-end fund balance. This balance is available to fund operating and project costs associated with both existing and new facilities.



<b>Notes</b>	<b>Other Funds</b>	<b>Description</b>
(11)	<b>Neighborhood Beautification Fund</b>	The Neighborhood Beautification Fund began the current year with a \$0.20 M fund balance available for appropriation. Payroll Tax revenues are projected to be \$0.29 M better than budget, while expenditures are projected to be on budget. This results in a \$0.29 M net operating surplus and a \$0.49 M estimated fund balance by fiscal year-end.
(12)	<b>Open Space Fund</b>	The Open Space Fund began the year with \$5.16 M of additional fund balance over the originally appropriated \$2.43 M. Current year sources are projected to be \$0.96 M better than budget primarily due to higher Property Tax revenues. Expenditures savings of \$2.90 M are projected in salary savings. This results in an operating surplus of \$3.86 M and a year-end fund balance of \$9.02 M.
(13)	<b>War Memorial Fund</b>	The War Memorial Fund began the current year with an additional \$0.79 M fund balance over the originally appropriated \$0.19 M budget. Sources and uses are projected to be on budget. Overall, this fund is projected to have year-end fund balance of \$0.79 M.

### **Enterprise Funds**

(14)	<b>Airport Operating Fund</b>	The Airport Operating Fund ended prior year with additional \$98.23 M over the \$8.26 M appropriated in the budget. Current year revenues are projected to be \$12.89 M better than budget due to \$4.53 M in Parking and Concession revenues, \$3.19 M better in Sales and Services revenues, \$2.14 M better in Interest Income, \$1.16 M better in Aviation revenue, and \$1.87 M better in all other revenues. Air passenger enplanements are forecast to be 0.70% lower than assumed in the budget, while airline landed weight is 1.2% over budget. The department is projected to have \$10.75 M in expenditure surplus due to a projected \$5.00 M in salaries and fringe benefits costs for position vacancies of which \$3.00 M is attributable to Fire and Police Department personnel, \$2.63 M in debt service savings, \$1.53 M in utilities expense savings, \$1.32 M for delays in vendor selection for professional service contracts, and \$0.27 M in all other expenditure savings. The net result is a projected net operating surplus of \$23.64 M for the current year, resulting in estimated fund balance of \$121.87 M by fiscal year-end.
(15)	<b>MTA-MUNI Operating Fund</b>	The Municipal Railway Operating Fund ended the prior year with an additional \$11.92 M over the \$20.96 M appropriated in the budget. Current year sources are projected to be \$29.92 M lower than budget due to \$14.00 M lower than budget for proof of payment revenues, \$8.90 M lower than budget parking traffic fine collections, \$5.20 M lower than budget transit cash fares, \$4.94 M lower than budget cable car cash conductor collections, \$4.45 M lower than budget due to transit tokens, \$0.76 M lower than budget in all other revenues, offset by \$4.99 M in higher baseline funding and \$2.20 M in higher parking tax in lieu allocations from the General Fund. The department is projected to have \$37.74 M in expenditure surplus due to \$36.21 M salary and fringe costs for position vacancies, \$10.00 M reserve pending the actual collection of proof of payment

<b>Notes</b>	<b>Other Funds</b>	<b>Description</b>
	<b>MTA-MUNI Operating Fund (cont.)</b>	revenue, offset by a projected \$8.47 M over budget due largely to additional work order costs and unallowable charges to grants. This fund is projected to have a net operating surplus of \$7.82 M and an estimated fund balance of \$19.74 M by fiscal year-end.
<b>(16)</b>	<b>MTA-Transit Impact Development Fund</b>	The Transit Impact Development Fund ended the prior year with \$9.70 M of fund balance more than the \$10.16 M was appropriated in the current-year budget. Revenues are projected to be \$2.53 M better than budget due to \$1.32 of Interest Income and \$1.21 M of other fee revenues. This fund is projected to have a net operating surplus of \$2.53 M, which will result in a projected \$12.23 M fiscal year-end balance.
<b>(17)</b>	<b>MTA-Parking &amp; Traffic Operating Fund</b>	The Parking & Traffic Operating Fund ended the prior year with an additional \$8.19 M over the \$4.14 M appropriated in the budget. Current year sources are projected to be \$0.88 M better than budget due to \$3.00 M in lower parking meter collections, plus \$0.90 M better than budget neighborhood parking permits, \$0.39 M better than budget Interest Income, \$2.47 M in higher Baseline funding, and \$0.12 M better than budget in all other revenues. Expenditures are projected to be at budget. This fund is projected to have a net operating surplus of \$0.88 M and an estimated fund balance of \$9.07 M by fiscal year-end.
<b>(18)</b>	<b>Port Operating Fund</b>	The Port Operating Fund began the current year with additional \$14.18 M over and above the \$7.92 M appropriated in the budget. Current-year revenues are anticipated to be higher than budget by \$3.55 M. This is mainly due to Parking revenues projected to be 12% over budget, Interest revenue being higher due to higher interest rates and cash balances, and commercial rents being better by 4%. Expenditures are also anticipated to have savings of \$1.14 M due to salary savings resulting from resignations, retirements, and delays in hiring are also projected. The Port is therefore projecting an operating surplus of \$4.69 M and an estimated year-end fund balance of \$18.87 M.
<b>(19)</b>	<b>PUC-Hetch Hetchy Operating Fund</b>	The Hetch Hetchy Operating Fund began the current year with an additional \$29.84 M over and above the \$32.22 M appropriation in the budget. Additionally, current year revenues are projected to be \$10.37 M under budget mainly due to lower power generation stemming from less precipitation, offset only partially by higher interest income revenues. Expenditures are projected to be under budget by \$19.81 M due mainly to using banked energy versus higher net power purchases as anticipated in the budget. Overall, a net operating surplus of \$9.43 M is projected, with a resulting estimated fund balance of \$39.27 M by fiscal year-end.

<b>Notes</b>	<b>Other Funds</b>	<b>Description</b>
(20)	<b>PUC-Wastewater Operating Fund</b>	The Wastewater Operating Fund began current year with an additional \$14.29 M fund balance over and above the \$16.13 M appropriated in the budget. Current-year revenues are projected to be \$3.46 M under budget due mainly to lower consumption and associated lower Sewer Service Charge revenues. This is largely offset by a projected savings of \$3.08 M primarily attributable to salary savings due to hiring delays for a resulting net current-year operating shortfall of \$0.39 M and an estimated fund balance of \$13.91 M by fiscal year-end.
(21)	<b>PUC-Water Operating Fund</b>	The Water Operating Fund began current year with additional \$48.42 M over and above \$5.51 M appropriated in the budget. Current-year revenues are projected to be \$2.20 M better than budget. Retail Water Sales revenues are projected to be lower than budget due to lower usage; however, this was more than offset by higher Interest Income. Expenditures are projected to be under budget by \$2.97 M due mainly to professional services savings, therefore the currently reserved appropriation for this expenditure is not assumed to be released in our projection. The net current-year operating surplus is projected to be \$5.17 M and results in an estimated fund balance of \$53.60 M by fiscal year-end.

# CITY AND COUNTY OF SAN FRANCISCO - CONTROLLER'S OFFICE

## We want your feedback!

Please use the following web link – or fill out, detach and mail the attached card to let us know your thoughts on this report.

### Option 1: Web

<http://co.sfgov.org/controller/feedback>

The feedback link is listed with the report.

### Option 2: Mail

Just fill in the card below, fold this in half and mail!

### Option 3: Phone

Call the Controller's Office at 415-554-7500 and we will take your feedback over the phone.

**Thank you for your feedback!**

*Fold along the dotted line and mail!*

---

Controller's Office Report Feedback					
Report # 614: FY 2006-07 Nine-Month Budget Status Report					
I am a:					
<input type="checkbox"/> San Francisco Resident					<input type="checkbox"/> Resident of Another City: _____
<input type="checkbox"/> Media Reporter					<input type="checkbox"/> Other: _____
<input type="checkbox"/> City & County of San Francisco Employee					
How do you rate this report?					
	Very Good	Good	Neutral	Poor	Very Poor
Significance of topic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clear & concise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Objective & fair	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Useful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Report Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments:					
_____					
_____					
For a complete list of our reports, visit our website at <a href="http://co.sfgov.org/controller/feedback">http://co.sfgov.org/controller/feedback</a>					
<b>Thank you!</b>					



NO POSTAGE  
NECESSARY  
IF MAILED  
IN THE  
UNITED STATES



**BUSINESS REPLY MAIL**

FIRST-CLASS MAIL PERMIT NO. 22978 SAN FRANCISCO, CA

POSTAGE WILL BE PAID BY ADDRESSEE

---

OFFICE OF THE CONTROLLER  
CITY & COUNTY OF SAN FRANCISCO  
875 STEVENSON RM 125  
SAN FRANCISCO CA 94103-9576



▲ Fold completed survey here and mail ▲

▼ Tape here - no staples please ▼