



Edward Harrington
Controller

April 29, 2002

The Honorable Willie L. Brown Jr.
Mayor, City and County of San Francisco
Room 200, City Hall

The Honorable Board of Supervisors
Room 244, City Hall

Re: FY 2001-02 Nine-Month Budget Status Report

Dear Mayor Brown, Ladies and Gentlemen:

Charter Section 3.105 directs the Controller to issue periodic or special financial reports during the fiscal year. This report is a nine-month budget status report based on revenues received and appropriations expended through March 31, 2002. The purpose of the report is to apprise the City's policy makers of the current status of the General Fund revenues and expenditures. It is organized as follows:

- I. Overview
- II. Sources of Funds (Revenues & Transfers In)
- III. Uses of Funds (Expenditures & Transfers Out)
- IV. Issues to Monitor
 - Energy
 - Public Health
 - Worker's Compensation
- V. Conclusion

I. OVERVIEW

We project an \$116.56 million General Fund balance at the end of the fiscal year 2001-2002 (FY 2001-02). This is \$32.16 million lower than the \$148.72 million of prior year fund balance used to balance the FY 2001-02 budget. The \$116.56 million is \$17.16 million greater than the \$99.40 million projected in the Joint Report. The \$17.16 million increase is primarily due to higher projected operating budget savings, capital project and fund balance closeouts less additional projected weakness in sales and hotel room tax revenue in particular.

The projected General Fund balance of \$116.56 million is due to a combination of increases and decreases in various budget line items. The projected year-end balance is based on current revenue and spending patterns less supplemental appropriation requests currently pending at the Board of Supervisors. The actual year-end balance may differ due to changes in revenues, spending rates, or differences in the dollar amount of supplementals ultimately approved by the Mayor and the Board. The narrative on the following pages provides a descriptive navigation through the key changes and operational issues.

Chart A: Nine-Month General Fund Budget Summary – FY 2001-02 (millions)

	<u>AAO Original Budget</u>	<u>Revised Budget</u>	<u>Year-End Projection</u>	<u>Increase / (Decrease) From Revised Budget</u>
Sources:				
General Fund Beginning Balance	\$ 148.72	\$ 148.72	\$ 198.95	\$ 50.23
Prior Year Reserves	\$ 39.99	\$ 45.00	\$ 45.00	\$ -
Subtotal Sources - Prior Years	<u>\$ 188.71</u>	<u>\$ 193.72</u>	<u>\$ 243.95</u>	<u>\$ 50.23</u>
Current Revenues	\$ 2,016.74	\$ 2,023.00	\$ 1,994.66	\$ (28.34)
Transfers In	\$ 127.96	\$ 127.96	\$ 117.84	\$ (10.12)
Subtotal Sources - Current Year	<u>\$ 2,144.71</u>	<u>\$ 2,150.96</u>	<u>\$ 2,112.51</u>	<u>\$ (38.46)</u>
Total Sources	<u>\$ 2,333.42</u>	<u>\$ 2,344.68</u>	<u>\$ 2,356.46</u>	<u>\$ 11.77</u>
Uses:				
Operating Expenditures, net	\$ 1,853.26	\$ 1,876.85	\$ 1,859.26	\$ (17.59)
General Fund Contribution Transfers	\$ 285.72	\$ 285.72	\$ 279.78	\$ (5.94)
Projects, Capital, Facilities Maintenance	\$ 120.55	\$ 121.64	\$ 99.50	\$ (22.14)
Reserves	\$ 45.77	\$ 27.90	\$ 24.01	\$ (3.89)
Required Set-Asides			\$ 5.42	\$ 5.42
Pending Supplemental Appropriations			\$ 0.81	\$ 0.81
Total Uses	<u>\$ 2,305.30</u>	<u>\$ 2,312.11</u>	<u>\$ 2,268.79</u>	<u>\$ (43.32)</u>
General Fund Ending Balance	<u>\$ 28.11</u>	<u>\$ 32.57</u>	<u>\$ 87.67</u>	<u>\$ 55.09</u>
Proposed Legislation				
911 Legislation			\$ 12.60	
Lease Financing			\$ 7.10	
			<u>\$ 19.70</u>	
Reserve & Fund Balance Reserve Closeouts				
Business Tax Reserve Closeout			\$ 6.27	
Parking Meter Reserve Closeout			\$ 1.30	
Worker's Compensation Fund Balance Closeout			\$ 0.80	
Off-Highway Vehicle Fund Balance Closeout			\$ 0.42	
Reproduction Fund Balance Closeout			\$ 0.30	
25 Van Ness Fund Balance Closeout			\$ 0.10	
			<u>\$ 9.20</u>	
General Fund Ending Balance Estimate			<u>\$ 116.56</u>	

General Fund Beginning Balance

At the time the budget for FY 2001-02 was prepared, we anticipated starting the current fiscal year with a General Fund Beginning Balance of \$148.72 million. When the Comprehensive Annual Financial Report for the year ended June 30, 2001, was completed in January 2002, we confirmed that the ending balance from the previous fiscal year was \$198.95 million. As a result, there is an additional \$50.23 million available from FY 2000-01 that was not anticipated when the current budget was adopted. These additional funds are attributable to higher-than-projected actual revenues in FY 2000-01.

Current Revenues and Transfers In

We project revenues and transfers to be \$38.46 million lower than the revised FY 2001-02 budget. This shortfall is comprised of **two key components**: 1) an approximate \$68 million shortfall in non-Health, operating revenues and transfers in, and 2) an approximate \$30 million surplus in Health-related revenues. Our revenue projections are based on realized revenues through the first nine months of FY 2001-02, discussions with industry / department experts, and analysis of key economic indicators and forecasts. The current projection of non-Health revenues is **predicated upon a recovery during the second quarter of calendar year 2002 – that is, seeing a modest regional rebound beginning in May 2002 with a gradual upturn** throughout FY 2002-03.

The \$68 million shortfall in projected **non-Health revenues** is attributed generally to economic weakness impacting five key revenues: 1) Sales Tax, 2) Hotel Room Tax, 3) Real Property Transfer Tax, 4) Public Safety Sales Tax, and 5) Airport Transfers In. These five revenues have been adversely affected by the economic slowdown, lower levels of consumer confidence, and decreases in both tourism and business travel to San Francisco. Property Tax and Health-related revenues are better than originally expected and help to partly offset the economic weakness exhibited in more cyclical or economically sensitive revenues. Section II (Chart C) details the projected revenues by category.

A summary of some of the key revenue changes since the Joint Report was issued on March 14 include:

Revenue	Joint Report	9-Month Report	Better / Worse
↓ Hotel Room Tax	\$46.82 M Shortfall	\$53.70 M Shortfall	\$6.88 M Worse
↓ Sales Tax	\$25.25 M Shortfall	\$30.00 M Shortfall	\$4.75 M Worse
↓ Realignment	\$ 5.28 M Surplus	\$ 1.70 M Surplus	\$3.58 M Worse
↓ Airport Transfers In	\$ 7.63 M Deficit	\$10.12 M Deficit	\$2.49 M Worse
↑ Health Revenues	\$25.11 M Surplus	\$29.18 M Surplus	\$4.07 M Better
↑ Payroll Tax	\$10.00 M Deficit	\$ 4.00 M Deficit	\$6.00 M Better

At this point in our fiscal year, **key projection uncertainty** is still present for both Sales Tax and Hotel Room Tax revenues as both are dependent upon an economic recovery during the second quarter of 2002. The projections contained in this report reflect a rebound beginning in May 2002. Additionally, definitive evidence of a rebound will not be known with certainty for Sales Tax until

September 2002, since there is always a three month lag in receiving data from the State. This delay affects all jurisdictions in California.

Current Operating Expenditures

Based on current spending patterns, we project operating expenditures to be **approximately \$17.59 million less than the revised budget**. This compares to \$4.00 million projected in the 6-Month Report. The \$17.59 million is due to a combination of increases and decreases, namely:

\$27.10 million, in **Departmental Savings** overall, including:

- Natural Gas Costs savings of \$5.08 million,
- Fire Department savings \$3.96 million,
- Recreation & Parks Department savings \$3.50 million,
- Electricity Cost savings of \$0.84 million,
- Other Departmental Savings of \$16.34 million, and
- Worker's Compensation over budget by \$2.62 million

\$ 9.51 million, **Departmental Over Expenditures**, including:

- District Attorney-Prosecution over by \$0.36 million,
- Emergency Communications over by \$1.34 million,
- Sheriff over by \$4.69 million,
- City Attorney over by \$0.95 million, and
- Elections over by \$2.17 million.

Section III outlines projected year-end surpluses or deficits for each department.

Contribution Transfers Out & Required Set-Asides

Baselines: The Charter specifies that the **Children's Services**, **Library Preservation**, and **Municipal Transportation** shall receive a minimum appropriation amount (baseline) from the General Fund. The required baselines are adjusted by changes in discretionary revenues throughout the budget year. **Chart B** below outlines current and original required baselines as well as the Actual General Fund Appropriation for the three baselines. For FY 2001-02, all three baselines currently show Projected Excess Contribution as of the date of this report. Based on the Mayor's Plan to bridge the \$60 million shortfall, reductions in both the Library Preservation and the Municipal Transportation baselines are assumed in the amounts \$0.56 million and \$3.08 million respectively. A reduction in the Children's Services baseline is not assumed.

Chart B: Baselines

Baseline	FY 2001-02		
	General Fund Appropriation	Current Required Baseline	Projected Excess/(Deficit) Contribution as of 9-Month
Children's Services	\$79,545,854	\$70,525,390	\$9,020,464
Library Preservation	\$31,921,575	\$31,358,392	\$563,183
Municipal Transportation	\$98,035,409	\$94,957,428	\$3,077,981
	\$209,502,838	\$196,841,210	\$12,661,628

Savings Incentive Account: In addition, Section 3.17 of the Administrative Code requires that 10 percent of departments' year-end balances be set aside in a **Savings Incentive Account**. Based on current projections, approximately \$1.92 million will be placed into the account.

Park, Recreation & Open Space Fund: The projected \$3.50 million in expenditure savings for the Recreation & Parks Department is required, under Section 16.107 of the San Francisco Charter, to be retained by the Department and be dedicated to one-time expenditures.

Pending Supplemental Appropriations

Supplemental requests pending approval by the Board of Supervisors for various departments total \$8.62 million as outlined in *Appendix A*. Of the \$8.62 million, \$0.81 million are shown in Chart A with the remainder being included as projected departmental over-expenditure in the expenditure summary (Chart D). Our projections assume that these pending supplemental appropriations are approved at the requested funding levels. If not approved, more savings results.

A supplemental request is needed to cover projected over-expenditure in the District Attorney's Office. One identified source of funds for this supplemental is the reserve for the Hanlon Arbitration Award. This is not reflected in Appendix A as it is not yet pending Board approval. These projected over-expenditures are, however, included in the expenditure summary (Chart D).

Reserves

Each year, the Board of Supervisors places certain budget items on reserve, requiring subsequent Board approval before these funds can be spent. *Appendix B* provides a status report on the Board reserves and their remaining balances as of March 31, 2002. Where indicated in Appendix B, additional savings would result if reserves were not released prior to the end of the fiscal year.

General Fund Ending Balance

Based on the current revenue and expenditure projections, the City's year-end General Fund balance would be \$116.56 million. This represents a significant drop from our FY 2001-02 beginning fund balance of \$148.72, which was used as one-time funding in the development of the current year budget. As in previous years, FY 2001-02's projected year-end General Fund balance would be available as a funding source for next year's budget.

II. Sources of Funds, Chart C

GENERAL FUND	FY 2000-01		FY 2001-02				%Chg from PY	%Chg from PY	\$ VARIANCE FAV(UNFAV)
	ACTUALS	%Chg from PY	ORIGINAL BUDGET	REVISED BUDGET	9 MONTH PROJECTION	%Chg from PY			
PROPERTY TAXES	\$ 461,937,818	-0.1%	\$ 461,549,756	\$ 461,714,609	\$ 500,022,609	8.3%	8.2%	\$ 38,308,000 (1)	
BUSINESS TAXES:									
Business Registration Tax	9,980,244	-35.7%	6,417,000	6,417,000	6,417,000	0.0%	-35.7%	0	
Gross Receipts Tax	0	n/a	0	0	0	n/a	n/a	0	
Payroll Tax	267,113,974	0.8%	269,252,000	269,252,000	265,252,000	-1.5%	-0.7%	(4,000,000) (2)	
Total Business Taxes	277,094,218	-0.5%	275,669,000	275,669,000	271,669,000	-1.5%	-2.0%	(4,000,000)	
OTHER LOCAL TAXES:									
Sales Tax	143,815,095	7.9%	155,190,000	155,190,000	125,190,000	-19.3%	-13.0%	(30,000,000) (3)	
Hotel Room Tax	131,402,044	7.8%	141,634,414	141,634,414	87,934,414	-37.9%	-33.1%	(53,700,000) (4)	
Utility Users Tax	77,170,418	0.2%	77,346,000	77,346,000	76,901,000	-0.6%	-0.3%	(445,000) (5)	
Parking Tax	33,831,603	3.5%	35,022,000	35,022,000	33,022,000	-5.7%	-2.4%	(2,000,000) (6)	
Real Property Transfer Tax	62,335,132	-23.0%	48,000,000	48,000,000	43,000,000	-10.4%	-31.0%	(5,000,000) (7)	
Admission Tax	2,877,401	-8.9%	2,622,000	2,622,000	2,622,000	0.0%	-8.9%	0	
Total Other Local Taxes	451,431,692	1.9%	459,814,414	459,814,414	368,669,414	-19.8%	-18.3%	(91,145,000)	
LICENSES, PERMITS & FRANCHISES									
Licenses & Permits	7,264,052	5.1%	7,633,928	7,633,928	7,563,928	-0.9%	4.1%	(70,000) (8)	
Franchise Tax	11,650,375	-4.4%	11,141,000	11,141,000	11,141,000	0.0%	-4.4%	0	
Total Licenses, Permits & Franchises	18,914,427	-0.7%	18,774,928	18,774,928	18,704,928	-0.4%	-1.1%	(70,000)	
FINES, FORFEITURES & PENALTIES	9,096,778	-36.3%	5,793,257	5,793,257	8,603,257	48.5%	-5.4%	2,810,000 (9)	
INTEREST & INVESTMENT INCOME	34,584,773	-28.5%	24,732,983	24,841,718	26,841,718	8.1%	-22.4%	2,000,000 (10)	
RENTS & CONCESSIONS									
Garages - Rec/Park	7,559,981	12.3%	8,487,114	8,487,114	6,487,114	-23.6%	-14.2%	(2,000,000) (11)	
Rents and Concessions - Rec/Park	10,690,148	-5.0%	10,154,166	10,154,166	10,154,166	0.0%	-5.0%	0 (12)	
Other Rents and Concessions	1,288,323	4.9%	1,351,017	1,351,017	1,330,017	-1.6%	3.2%	(21,000) (13)	
Total Rents and Concessions	19,538,452	2.3%	19,992,297	19,992,297	17,971,297	-10.1%	-8.0%	(2,021,000)	
INTERGOVERNMENTAL REVENUES									
Federal Subventions									
Social Service Subventions	129,336,505	-6.0%	121,626,428	132,669,635	128,275,321	-3.3%	-0.8%	(4,394,314) (14)	
Other Grants & Subventions	6,073,056	12.4%	6,826,356	3,626,356	3,626,356	0.0%	-40.3%	0	
Total Federal Subventions	135,409,561	-5.1%	128,452,784	136,295,991	131,901,677	-3.2%	-2.6%	(4,394,314)	
State Subventions									
Social Service Subventions	114,398,590	23.3%	141,046,922	142,361,011	142,361,011	0.0%	24.4%	0	
Health & Welfare Realignment	123,110,517	-1.7%	120,957,804	120,957,804	122,657,804	1.4%	-0.4%	1,700,000 (15)	
Health/Mental Health Subventions	53,764,260	13.0%	60,759,014	60,759,014	63,148,014	3.9%	17.5%	2,389,000 (16)	
Public Safety Sales Tax	71,637,691	4.8%	75,066,000	75,066,000	69,061,000	-8.0%	-3.6%	(6,005,000) (17)	
Motor Vehicle In-Lieu - County	55,018,074	4.7%	57,615,000	57,615,000	57,615,000	0.0%	4.7%	0	
Motor Vehicle In-Lieu - City	42,288,523	5.4%	44,556,000	44,556,000	44,556,000	0.0%	5.4%	0	
Other Grants & Subventions	40,802,809	-35.7%	26,254,121	22,659,868	27,100,959	19.6%	-33.6%	4,441,091 (18)	
Total State Subventions	501,020,464	5.0%	526,254,861	523,974,697	526,499,788	0.5%	5.1%	2,525,091	
CHARGES FOR SERVICES:									
General Government Service Charges	\$ 19,095,392	8.1%	\$ 20,635,858	\$ 20,635,858	17,955,858	-13.0%	-6.0%	\$ (2,680,000) (19)	
Public Safety Service Charges	13,298,417	-5.1%	12,620,432	12,640,282	14,784,016	17.0%	11.2%	2,143,734 (20)	
Recreation Charges - Rec/Park	9,896,816	-1.4%	9,754,000	9,754,000	9,303,000	-4.6%	-6.0%	(451,000) (21)	
MediCal,MediCare and health service charges	42,412,367	-10.3%	38,044,080	38,044,080	62,391,080	64.0%	47.1%	24,347,000 (22)	
Other Service Charges	5,866,349	-8.4%	5,376,024	5,376,024	5,376,024	0.0%	-8.4%	0	
Total Charges for Services	90,569,341	-4.6%	86,430,394	86,450,244	109,809,978	27.0%	21.2%	23,359,734	
RECOVERY OF GEN. GOV'T. COSTS	9,756,152	-14.1%	8,378,165	8,378,165	11,510,165	37.4%	18.0%	3,132,000 (23)	
OTHER REVENUES	2,993,459	-69.9%	900,000	1,301,711	2,458,307	88.9%	-17.9%	1,156,596 (24)	
TOTAL REVENUES	2,012,347,135	0.2%	2,016,742,839	2,023,001,031	1,994,662,138	-1.4%	-0.9%	(28,338,893)	
TRANSFERS INTO GENERAL FUND:									
Airport	26,151,881	12.1%	29,327,877	29,327,877	19,207,877	-34.5%	-26.6%	(10,120,000) (25)	
Hetch Hetchy	29,850,000	-100.0%	0	0	0	n/a	-100.0%	0	
Other Transfers	93,085,665	6.0%	98,635,268	98,635,268	98,635,268	0.0%	6.0%	0	
Total Transfers-In	149,087,546	-14.2%	127,963,145	127,963,145	117,843,145	-7.9%	-21.0%	(10,120,000)	
TOTAL GENERAL FUND RESOURCES	2,161,434,681	-0.8%	2,144,705,984	2,150,964,176	2,112,505,283	-1.8%	-2.3%	(38,458,893)	

Notes to Sources of Funds Schedule:

- (1) **Property Tax** revenues are projected to be over budget by approximately \$38.31 million. This increase is due to the previously strong real estate market, which translated into higher assessed valuations than originally assumed as well as more supplemental tax revenue than originally budgeted. Like surrounding jurisdictions, San Francisco's assessed valuation growth was strong in recent years, equaling 12.4 percent from FY 2000-01 to FY 2001-02. This strong growth is partly offset due to appeals, roll corrections and refunds.
- (2) Final **Payroll Tax** revenues for Business Tax Year 2001 were due in February 2002. While San Francisco has witnessed increased unemployment and a contraction in the number of jobs in 2001, the revenue impact will likely not be felt in full until companies file their Business Tax Year 2002 returns in February 2003. At this time, our projected decrease of \$4.00 million from budget for FY 2001-02 reflects the contraction in jobs in San Francisco for 2001 as well as the net impact of business tax credits.
- (3) **Sales Tax** revenues are projected to be under budget by \$30.00 million (i.e. 19.3 percent under budget, 13.0 percent less than prior year actuals) due to the economic slowdown and drop in tourism and business travel. The table below summarizes recent sales tax activity. The percentage change refers to the same time, one period prior. For example, San Francisco's sales tax revenues were off 12.46 percent in 2001 as compared to 2000. San Francisco's 4th Quarter 2001 (Oct.-Dec.) was 17.01 percent less than the 4th Quarter 2000.

	San Francisco	9 County Bay Area	California
Calendar Year 2001	-12.46%	-7.50%	-0.16%
4th Quarter 2001	-17.01%	-13.53%	-2.00%
3rd Quarter 2001	-19.93%	-11.54%	-1.23%
2nd Quarter 2001	-8.74%	-4.98%	+0.02%

At this time, we project the 1st Quarter of 2002 will be -10.3 percent, and the 2nd Quarter 2002 will be -5.2 percent. This equates to FY 2001-02 being off 13.0 percent from FY 2000-01 (i.e. 19.3 percent less than budget). As is illustrated in the table above, San Francisco's sales tax revenue continues to be more dependent on tourism and business travel than most other cities in California. Any significant recovery in this revenue will likely only occur once a rebound in tourism and travel is underway.

- (4) **Hotel Room Tax** revenues allocated to the General Fund are projected to be under budget by approximately \$53.70 million. Overall, hotel room tax revenues are projected to be off 28.0 percent from prior year levels. The decline is the result of significantly lower average occupancy rates (down as much as 30 to 33 percent in September and October 2001 over the prior year), with few signs of solid recovery to report through February 2002. Additionally, weakness in occupancy has led to discounting, thereby reducing the average daily room rates (down as much as 16 to 20 percent in recent months over prior year

rates). Our projection is based on realized revenue collections to date, interviews with hotel industry professionals, and assumes a gradual rebound beginning in the spring of 2002. Our current forecast assumes average occupancy rates of 63-65 percent and average daily room rates off 13-15 percent from the prior fiscal year. If these rates are not realized, additional downward revision may be required.

- (5) **Utility User Tax** revenues are projected to be under budget by \$0.45 million. The original budget assumed almost no growth overall as increases in telecommunication and electricity revenues were projected to be offset by a decrease in natural gas revenues. The current projection assumes adequate natural gas reserves, which are largely impacted by winter weather conditions in the short run. While short-term concerns of the Middle East conflict has impacted energy prices, no significant upward revision is expected in the near-term since demand will be curtailed as we come to the end of the winter heating season. Overall, lower natural gas costs in FY 2001-02 resulted in downward pressure on this revenue category, though they have also produced savings on the expenditure side as reflected in Section III below.
- (6) **Parking Tax** revenues are projected to be \$2.00 million under budget due to lower usage related to the economic slowdown. The Department of Aging & Adult Services receives one third of parking tax revenues accruing to the General Fund. This report, however, assumes that the General Fund will backfill that department's shortfall of \$0.67 million.
- (7) **Real Property Transfer Tax** revenues are projected to be under budget by \$5.00 million. This revenue is one of the more difficult to project due to significant fluctuation in real estate transaction volumes and prices. The \$43.00 million projection is based on lower monthly collections through the first nine months of the fiscal year, and assumes a moderate recovery in real estate transactions, which had been especially robust in recent years. A \$43.00 million projection is commensurate to nearly a 40 percent drop in this revenue from business cycle peak (FY 1999-00) to valley (FY 2001-02). This compares to a 45 percent decline experienced between FY 1988-89 to FY 1990-91. A slightly lower drop is projected for this business cycle due to aggressive easing of interest rates by the Federal Reserve Bank and mitigated inflationary concerns, which will help ensure lower interest rates and a more conducive lending environment.
- (8) **Licenses and Permit** revenues are projected to be under budget by \$0.07 million due to the following:
 - - \$0.08 million from weakness in Contractor Parking Permits, and
 - +\$0.01 million from strength in Marriage Licenses.
- (9) **Fines, Forfeitures and Penalties** are projected to be over budget by \$2.81 million due to:
 - +\$1.80 million from strength in Police Evidence Forfeitures,
 - +\$1.00 million from strength in Moving Traffic Fines,
 - +\$0.50 million from strength in Red Light Camera Citations,
 - - \$0.50 million from weakness in Police Written Red Light Fines, and
 - +\$0.01 million from strength in Campaign Disclosure & Consultant Fines.

- (10) **Interest & Investment Income** revenues are projected to be \$2.00 million over budget due to higher realized investment returns on pooled investments.
- (11) **Garage** revenues at Recreation and Park Department facilities are projected to be under budget by \$2.00 million due to:
- -\$0.90 million from general lower garage usage, and
 - -\$1.10 million from Union Square Garage revenues being lower than budgeted as this facility continues its reconstruction.
- (12) **Rents & Concessions – Rec/Park** revenues are projected to be on budget, with weakness in general concessions at Golden Gate Park and Candlestick being offset by strength resulting from the delay in closing Harding Park and Fleming concessions.
- (13) **Other Rents & Concessions** revenue is projected to be off \$0.02 million due to weakness in pay phone-related rentals due to the continued proliferation of cellular telephone usage.
- (14) **Social Service Subvention** revenues are projected to be under budget by \$4.39 million due to the following:
- -\$1.15 million from weakness in FY 2001-02 budgeted DHS revenues, and
 - -\$3.24 million to reflect the amount of revenue over-accrued by DHS for prior year revenues.¹
- (15) **Health & Welfare Realignment** revenue is projected to be \$1.70 million greater than budgeted due to the reallocation of Health Equity Fund monies to San Francisco and slightly higher revenues being realized generally.
- (16) **Health / Mental Health Subvention** revenues are projected to be stronger than originally budgeted by \$2.39 million. In previous years, Public Health and Human Services would often show higher revenues than projected but have directly offsetting expenditures. For FY 2001-02 revenues realized are projected to be higher than corresponding expenditure levels generally. The revenue impact for Department of Public Health's Mental Health, Substance Abuse & Public Health Programs, net of Health & Welfare Realignment shown separately above, is reflected in this line item.
- (17) **Public Safety Sales Tax (Prop. 172)** is expected to be under budget by \$6.01 million (off 3.6 percent from the prior year and 8.0 percent less than budget) due to weakness in sales tax generating activity. The magnitude of the decrease is not as great for this revenue line

¹ This \$3.24 million reduction in DHS Social Service Subvention revenue pertains to the write-off of previously accrued revenues to FY 2000-01 for the CalWorks Stage 2 Childcare program. Stage 2 Childcare funds are disbursed by the State Department of Education and are used to reimburse a portion of the childcare subsidies provided to CalWorks families. The Department of Human Services reports that they have completed a review of their year-end revenue accrual procedures and have implemented new procedures to guard against any over-accrual of revenue in the future.

item as the Local Sales Tax outlined above (see Note #3) because Public Safety Sales Tax revenue is based on a combination of statewide and local activity. Statewide sales tax revenue has been less severely impacted by the economic slowdown than San Francisco.

(18) **Other Grants & Subvention** revenue is projected to be over budget by \$4.44 million due to the following:

- +\$4.02 million for SB90 claims for POBAR (the Peace Officers Procedural Bill of Rights),
- +\$0.30 million for other SB90 claims, greater than originally budgeted, and
- +\$0.12 million for additional grant revenues related to the California Board of Corrections Standards and Training for Local Corrections and Probations Officers.

(19) **Service Charges – General Government** revenues are projected to be under budget by \$2.68 million due to the following:

- - \$2.40 million less in Planning Department Fees overall, including
 - \$0.98 million less in Environmental Review Fees,
 - \$0.84 million less in Building Permit Fees,
 - \$0.39 million less in Downtown Control Exception Fees,
 - \$0.22 million less in Annual Limit Competition Fees, and
 - + \$0.03 million more in other miscellaneous fee revenue (net).
- - \$0.40 million less in Street Space Fees,
- - \$0.28 million less in City Hall Event Fees,
- + \$0.01 million more in Public Pound Fees,
- + \$0.04 million more in County Clerk Fees, and
- + \$0.35 million more in Recorder Fees.

(20) **Service Charges - Public Safety** revenue is projected to be over budget by \$2.14 million due to the following:

- + \$2.79 million more from Federal reimbursements for INS prisoners,
- + \$0.14 million more in collected Adult Probation and Investigation Costs,
- + \$0.02 million more in Farmer's Market Fees, and
- - \$0.81 million less in Fire Plan Check Fees.

(21) **Service Charges – Rec / Park** revenue is projected to be under budget by \$0.45 million due to decreased attendance at Coit Tower, the Golden Gate Carrousel and the Japanese Tea Garden, which are all affected by the decrease in tourism.

(22) **Service Charges – MediCal, MediCare and Health** are projected to be \$24.35 million more than originally budgeted. As outlined above in Note #16 (Health/Mental Health Subventions), the Department of Public Health and the Department of Human Services would often show higher revenues than projected but have directly offsetting expenditures in previous years. For FY 2001-02, the Department of Public Health's

projected revenues are currently expected to be higher than associated expenditure level increases, with the revenue effect for Public Health's San Francisco General, Laguna Honda, Primary Care, Health at Home and Jail Health programs reflected in this line item. The corresponding impact to expenditures is captured in the expenditure summary section of this report. The \$24.35 million in Public Health revenues includes:

- **+\$11.01 million more at San Francisco General Hospital** due to increased net patient revenue received from MediCal and private insurance because of increased census in the inpatient service, an increase in MediCal inpatient rates, and reduction of bad debts, and
- **+\$11.66 million more at Laguna Honda Hospital** due to the recent approval of an amendment to the MediCal Plan that increased Federal participation in MediCal payments for skilled nursing services, and
- **+\$ 1.68 million more in Primary Care, Health at Home and Jail Health** miscellaneous revenues.

(23) **Recoveries** are projected to be \$3.13 million over budget due to reimbursements to the General Fund from capital-funded project funds for allowable overhead expenses.

(24) **Other Revenues** are projected to be \$1.16 million over budget due to the following:

- +\$2.10 million more from city-owned Real Estate sales,
- +\$1.39 million more from Judgement and Settlements pertaining to 490 Post and other cases,
- +\$0.70 million more from Expired Check Cancellations,
- - \$0.19 million less from Passport Fees, and
- - \$2.84 million less due to the Old Republic Settlement being budgeted in FY 2001-02 but actually booked in FY 2000-01.

(25) **Transfers In – Airport**. The General Fund share of **concession revenue** at San Francisco International Airport is projected to be \$10.12 million under budget due the significant drop in passenger traffic through San Francisco International Airport and new regulations limiting only ticketed passengers through security checkpoints.

III. Uses of Funds, Chart D

	ACTUAL FY 2000-01	FISCAL YEAR 2001-2002					MAYOR'S PLAN	VARIANCE FROM MAYOR'S PLAN	
		ORIGINAL BUDGET	REVISED BUDGET	CURRENT PROJECTION	SURPLUS (DEFICIT)				
GENERAL FUND									
PUBLIC PROTECTION									
Adult Probation	7,730	9,025	9,062	8,781	282	275	7	(1)	
Consumer Assurance	1,490	1,658	1,658	1,527	130	40	90	(1)	
Animal Care and Control	2,864	3,215	3,215	3,100	115	66	49	(1)	
Medical Examiner	3,936	4,365	4,417	4,113	304	304	0		
Trial Courts	33,489	33,265	33,265	33,265	0	0	0		
District Attorney-Prosecution	18,685	19,307	19,567	19,922	(356)	233	(589)	(2)	
Emergency Communications	17,149	18,915	19,238	20,582	(1,344)	0	(1,344)	(3)	
Fire Department	179,351	184,136	193,365	189,404	3,961	0	3,961	(4)	
Juvenile Court	25,171	26,136	26,229	25,736	493	493	0		
Public Defender	12,565	13,075	13,075	12,743	332	417	(85)	(2)	
Police Department	237,263	234,278	245,173	243,173	2,000	0	2,000	(5)	
Sheriff	84,351	85,886	86,718	91,408	(4,690)	0	(4,690)	(6)	
Total Public Protection	624,044	633,262	654,982	653,755	1,227	1,828	(601)		
PUBLIC WORKS, TRANSPORTATION & COMMERCE									
Clean Water	148	306	306	306	0	0	0		
Public Works	16,191	19,251	19,251	16,340	2,911	3,100	(189)	(7)	
Business and Economic Development	3,403	2,734	2,739	2,639	99	99	0		
PUC Light, Heat and Power	3,836	2,687	2,687	2,687	0	0	0		
Board of Appeals	387	425	425	425	0	0	0		
Parking and Traffic Commission	37,530	37,818	37,818	37,817	0	1,075	(1,075)	(8)	
Telecommunications & Info. Services	1,306	1,439	1,439	1,339	100	0	100	(1)	
Total Public Works, etc.	62,801	64,660	64,665	61,554	3,111	4,274	(1,163)		
HUMAN WELFARE AND NEIGHBORHOOD DEVELOPMENT									
Aging and Adult Services	17,726	19,064	19,064	18,671	393	333	60	(1)	
Children, Youth & Their Families	3,796	8,660	8,660	8,659	0	0	0		
Human Services	394,672	432,946	432,946	427,762	5,184	1,655	3,529	(9)	
Environment	785	738	738	672	65	65	0		
Human Rights Commission	1,803	1,876	1,876	1,876	0	0	0		
Comm. on the Status of Women	2,083	2,585	2,585	2,563	22	22	0		
Total Human Welfare, etc.	420,865	465,868	465,868	460,204	5,664	2,075	3,589		
COMMUNITY HEALTH									
Community Health Network	60,045	65,030	65,030	65,030	0	0	0		
Public Health	290,493	362,312	362,312	361,001	1,312	0	1,312	(1)	
Total Community Health	350,538	427,342	427,342	426,030	1,312	0	1,312		

III. Uses of Funds, Chart D (continued)

	ACTUAL FY 2000-01	FISCAL YEAR 2001-2002					MAYOR'S PLAN	VARIANCE FROM MAYOR'S PLAN	
		ORIGINAL BUDGET	REVISED BUDGET	CURRENT PROJECTION	SURPLUS (DEFICIT)				
GENERAL FUND									
CULTURE AND RECREATION									
Asian Art Museum	1,861	3,469	3,469	3,469	0	0	0		
Art Commission	1,046	1,042	1,042	1,042	0	0	0		
Convention Facilities	5,345	5,482	5,482	5,254	228	128	100	(1)	
Fine Arts Museum	6,445	5,547	5,547	5,547	0	0	0		
Law Library	411	520	520	510	10	10	0		
Recreation and Park	57,698	61,452	61,452	57,951	3,500	0	3,500	(10)	
Academy of Sciences	2,007	2,014	2,014	2,014	0	0	0		
County Educational Office	1,120	66	66	66	0	0	0		
Total Culture, etc.	<u>75,934</u>	<u>79,592</u>	<u>79,592</u>	<u>75,853</u>	<u>3,739</u>	<u>138</u>	<u>0</u>		
GENERAL ADMINISTRATION & FINANCE									
Administration Services	6,155	3,816	3,816	3,737	80	80	0		
Assessor/Recorder	9,186	9,498	9,498	9,049	450	295	155	(1)	
Board of Supervisors	8,669	8,967	9,003	9,003	0	0	0		
City Attorney	10,981	6,978	6,978	7,928	(951)	518	(1,469)	(11)	
Controller	18,304	19,342	19,342	18,682	660	660	0		
City Planning	9,832	11,914	11,914	9,514	2,400	0	2,400	(12)	
Civil Service	573	665	665	644	21	21	0		
Ethics Commission	764	778	778	749	29	29	0		
Human Resources	15,309	15,258	15,673	15,185	488	930	(442)	(13)	
Mayor	20,957	25,002	25,039	24,769	270	270	0		
Office of Contract Administration	0	3,196	3,196	2,946	250	250	0		
Elections	9,024	8,077	9,449	11,617	(2,168)	1,800	(3,968)	(14)	
Treasurer/Tax Collector	15,924	17,018	17,018	16,413	605	605	0		
General City Responsibility	41,251	52,028	52,028	51,628	400	400	0		
Total General Admin.	<u>166,928</u>	<u>182,537</u>	<u>184,396</u>	<u>181,863</u>	<u>2,534</u>	<u>5,858</u>	<u>(3,324)</u>		
TOTAL GENERAL FUND EXPS.	<u>1,701,109</u>	<u>1,853,261</u>	<u>1,876,845</u>	<u>1,859,259</u>	<u>17,586</u>	<u>14,173</u>	<u>3,414</u>		
TRANSFERS OUT OF GENERAL FUND:									
Contribution to MUNI		98,035	98,035	94,957	3,078	5,000	(1,922)	(15)	
Contribution to SFGH		96,245	96,245	96,245	0	0	0		
Contribution to LHH		39,451	39,451	39,451	0	0	0		
Contribution to Library		29,955	29,955	29,392	563	1,200	(637)	(16)	
Other Transfers		22,038	22,038	19,738	2,300	0	2,300	(17)	
TOTAL TRANSFERS OUT		<u>285,724</u>	<u>285,724</u>	<u>279,783</u>	<u>5,941</u>	<u>6,200</u>	<u>(259)</u>		
Projects, Capital & Facilities Maintenance		120,552	121,639	99,503	22,136	15,500	6,636	(18)	
Reserves		45,767	27,901	24,013	3,888	500	3,388	(19)	
TOTAL PROJECTS & RESERVES		<u>166,319</u>	<u>149,539</u>	<u>123,515</u>	<u>26,024</u>	<u>16,000</u>	<u>10,024</u>		
TOTAL GENERAL FUND USES		<u>2,305,304</u>	<u>2,312,109</u>	<u>2,262,557</u>	<u>49,552</u>	<u>36,373</u>	<u>13,179</u>		

Notes to Uses of Funds Schedule:

- (1) Based on current spending patterns, these departments are projected to end the year under budget even with the savings required by the Mayor’s Plan primarily because of salary and fringe benefit savings.
- (2) The reserve for the **Hanlon Arbitration Award** was established to cover increased salary and fringe expenditures associated with the Municipal Attorney’s Association MOU. The following schedule outlines the budget amount per department and the expected amount required to cover over expenditures. Supplementals will be required in order to appropriate the reserve.

Department	Reserve	Amount Needed
City Attorney	\$ 986,100	\$ 442,741
District Attorney	745,924	356,000
Public Defender	571,288	-
Aging	29,449	-
Police	25,298	-
Tax Collector	16,216	-
Sheriff	13,725	-
Total	\$ 2,388,000	\$ 798,741

- (3) The **Emergency Communications Department** is projected to end the year \$1.34 million over budget due to additional staffing required to replace uniformed dispatchers with civilians, as well as over expenditure in worker’s compensation, Telecommunications & Information Services and City Attorney services. This over expenditure will be bridged by the proposed 911 fee legislation that is pending at the Board of Supervisors. The total \$12.60 million impact pertaining to the proposed 911 fee legislation is included in Chart A above.
- (4) The **Fire Department** is projected to end the year with a \$3.96 million surplus. The surplus is generated by the decreased need to hold classes because fewer retirements have occurred than were previously anticipated. Additionally, the department’s continued pattern of overtime expenditure control is projected for the remainder of the fiscal year.
- (5) The **Police Department** is projected to end the year with a surplus of \$2.00 million. This projection assumes the department’s continued pattern of overtime expenditure control. The contributing factors to the projected \$2.00 million in savings includes:
 - +\$1.20 million from not executing the lease with Treasure Island for the department’s training facility,
 - +\$0.64 million for claims and judgements,
 - +\$0.31 million for salaries and benefits,
 - +\$0.31 million for gasoline,
 - +\$0.18 million for natural gas, and
 - -\$0.39 million in higher worker’s compensation costs,
 - -\$0.25 million in higher Telecommunications & Information Services costs.

- (6) The **Sheriff** is projected to end the year with a deficit of approximately \$4.69 million, consisting of approximately \$4.99 million due primarily to overspending in overtime, salaries and worker's compensation costs, partly offset by a \$0.30 million in natural gas cost savings. A supplemental, partially funded by Federal revenues for jail beds, is pending approval before the Board of Supervisors.
- (7) The **Department of Public Works** is projected to end the year with a \$2.91 million surplus. The \$2.91 million is comprised of salary and equipment savings. This is \$0.19 million less than the \$3.10 million of savings assumed in the Mayor's Plan.
- (8) The **Parking & Traffic Commission** is projected to end the year on budget, but not achieve the \$1.08 million assumed in the Mayor's Plan. This is the result of savings of \$0.80 million being offset by an estimated \$0.80 million shortfall in the departments' parking meter revenue.
- (9) The **Department of Human Services** is projected to end the year with \$5.18 million in savings. However, as noted above in Sources of Funds (Note #14 Social Services Subventions, page 9), the Department's revenues are off \$4.39 million. The net result is that the Department is providing \$0.79 million in savings toward the \$1.66 million assumed in the Mayor's Plan.
- (10) The **Recreation & Parks Department** is projected to end the year with \$3.50 million in savings. The \$3.50 million is comprised of salary, facilities maintenance and equipment expenditure savings. Under San Francisco Charter Section 16.107(c), the projected savings must be set aside for one-time expenditures in subsequent budgets.
- (11) The **City Attorney** is projected to end the year with a deficit of approximately \$0.95 million compared to budget due to **affirmative litigation** costs for remainder of FY 2001-02. A supplemental is currently pending at the Board.
- (12) **City Planning** is projected to end the year with a surplus of approximately \$2.40 million, an amount equal to their projected fee revenue shortfall outlined in the revenue summary section of this report. The department has proposed up to \$2.40 million in potential sources to bridge the revenue shortfall. These include expenditure reduction or deferment of up to:
 - \$1.21 million in reductions by eliminating consulting contracts for **Community Outreach** and having existing Planning staff do the outreach functions, including community meetings and Environmental Impact Reports,
 - \$0.40 million by deferring the **New Better Neighborhood** program,
 - \$0.40 million in capital project savings originally set aside for the **1660 Annex Tenant Improvements** project (which is currently on hold),
 - \$0.30 million in salaries and fringes benefits savings, and
 - \$0.09 million by not purchasing **3D Software** equipment.

- (13) The **Human Resources Department** is projected to end the year on budget and achieve the Mayor's Plan. This assumes that the year-end deficit of \$442,000 for the small department worker's compensation charges will be covered from existing worker's compensation fund balance. Additional detail for Worker's Compensation expenditures are outlined in Chart F.
- (14) At this time, the **Elections Department** is projected to have a year-end deficit of approximately \$2.17 million compared to budget and \$3.97 million when the Mayor's Plan is taken into account. The projected deficit pertains to additional materials and supplies costs for the November 2001 and March 2002 elections, costs associated with the December runoff election which were not budgeted, and operating costs associated with the implementation of Proposition E. The actual deficit for the Elections Department may be greater than what is projected in this report. At this time, the Controller's Office and the Department of Administrative Services are doing additional analysis on the projected deficit.
- (15) Pursuant to the Baseline Requirements, outlined on pages 4-5, the **Transfer Out – Contribution to MUNI** is projected to be \$3.08 million less than originally budgeted. The amount of the transfer out is dependent upon aggregate city revenues (i.e. discretionary revenues). As revenues change, so too can the transfer contribution to MUNI.
- (16) Pursuant to the Baseline Requirements, outlined on pages 4-5, the **Transfer Out – Contribution to Library** is projected to be \$0.56 million less than originally budgeted. The amount of the transfer out is dependent upon aggregate city revenues (i.e. discretionary revenues). As revenues change, so too can the transfer contribution to the Library.
- (17) The **Transfer Out – Other Transfers** is projected to be \$2.30 million less than originally budgeted. The \$2.30 million is related to deferred Convention Facilities capital projects.
- (18) **Project, Capital & Facilities Management** is projected to be \$22.14 million less than originally budgeted. This is due to project balance closeouts.
- (19) **Reserves** are projected to be \$3.89 million less than originally budgeted. This is due to the following reserve closeouts:
 - \$2.39 million from the Hanlon Arbitration Award,
 - \$1.00 million from the Human Rights Commission, and
 - \$0.50 million from the E-Government Project

IV. ISSUES TO MONITOR

1. Energy

As a result of the concerns about the Middle East conflict and threats by Iran and Iraq about exports, crude-oil prices surged over 30 percent between February 1 and April 1. This has put near-term pressure on gasoline and natural-gas prices. For the City, this impacts both the revenue and expenditure sides of our financial picture, if a price increase holds. At this point in the fiscal year, our projections have already taken some temporary upward pricing pressure into account. However, in general, the impact is expected to be muted given the timing in the fiscal year, i.e. the big winter-heating months are over for FY 2001-02.

The 6-Month Report and the Joint Report projected Natural Gas and Electricity savings of \$4.90 million. This report has projected savings totaling \$5.92 million, comprised of \$5.08 million in natural gas and \$0.84 million in electricity.

Natural Gas: The FY 2001-02 budget included \$10.31 million in natural gas costs. Based on consumption patterns and prices through the first nine months of FY 2001-02, we project \$5.08 million in savings by fiscal year end. Adequate supply and warmer winter weather conditions in much of the United States during the winter season helped to ensure lower natural gas prices than in the previous year. This has helped the City's expenditure picture; however, it has also put downward pressure on the General Fund's utility user tax and franchise tax revenue line items. The impact on each front is reflected in the revenue and expenditure summary sections above.

Electricity: The FY 2001-02 budget included \$6.64 million in electricity costs. Based on consumption patterns through the first nine months of FY 2001-02, we project \$0.84 million in savings by fiscal year end. Of the \$0.84 million, \$0.22 million is projected savings related to the Asian Arts Museum, \$0.21 is for Candlestick Park, and the remainder is due to other savings spread across other departments.

2. Public Health Department

The Public Health Department is projecting to end the year with a surplus of approximately \$30.49 million. This compared to \$26.08 million outlined in the 6-Month Report.

**Chart E: Health Department Projected Surplus / (Deficit)
FY 2001-02, as of March 31, 2002**

	REVISED BUDGET	REVENUE PROJECTION	EXPENDITURE PROJECTION	REV-EXP SURPLUS/(DEFICIT)
S.F. General Hospital	476,246	487,255	479,835	7,420
Laguna Honda Hospital	139,391	151,053	139,784	11,269
Primary Care	44,241	46,054	43,557	2,497
Health at Home	4,410	4,272	4,304	(32)
Jail Health	23,553	23,554	25,523	(1,969)
Population Health and Prevention	314,561	319,390	308,087	11,303
Total	<u>1,002,402</u>	<u>1,031,578</u>	<u>1,001,090</u>	<u>30,488</u>

The Public Health highlights of the above schedule are as follows:

San Francisco General Hospital

San Francisco General Hospital is projected to have a \$7.42 million surplus. Revenues are expected to be \$11.01 million greater than budgeted due to increased net patient revenue received from MediCal and private insurance because of increased census in the inpatient service, an increase to MediCal inpatient rates, and reduction of bad debt. However, expenditures are \$3.59 million greater than budgeted for increased staffing and operating costs associated to meet the higher volume of patients served.

Laguna Honda Hospital

Laguna Honda Hospital is projected to have a \$11.27 million surplus. Revenues are expected to be \$11.66 million greater than budgeted due to the recent approval of an amendment to the MediCal Plan that increased Federal participation in MediCal payments for skilled nursing services. The expenditures are projected to be \$0.39 million greater for increased cost of pharmaceuticals.

Primary Care

Primary Care is projected to have a \$2.50 million surplus. Revenues are \$1.81 million greater than budgeted due to the realization of prior year revenues pertaining to the full implementation of the Prospective Payment System (PPS) rate increase. Expenditures are also \$0.69 million less than budgeted due to deferred capital projects.

Jail Health Services (Forensics)

Jail Health is projected to have a \$1.97 million deficit. Expenditures for jail health services are \$1.97 million greater than budgeted for increased nursing and pharmacy services to the jail population.

Population Health & Prevention

Population Health & Prevention is comprised of three operating areas: Public Health, Mental Health, and Substance Abuse Services. These three areas combined are projected to have a \$11.30 million surplus.

- **Public Health:** Public Health is projected to have a \$2.47 million surplus. Revenues are projected to be \$1.42 million greater than budgeted from State Realignment, and expenditures are projected to be \$1.05 million less than budgeted due to salary savings.
- **Mental Health:** Mental Health is projected to have a \$6.16 million surplus. Revenues are projected to be \$2.24 million greater than budgeted due to increased Short Doyle MediCal payments (as more services are being billed) and State Realignment, and expenditures are \$3.91 million less than budgeted due to salary and \$3.3 million in contractual savings.
- **Substance Abuse Services:** Substance Abuse Services is projected to have a \$2.68 million surplus. Revenues are \$1.17 million greater than budgeted due to increased cost report settlements (reimbursements of prior year costs up), and expenditures are \$1.51 million less than expected due to salary savings and \$0.95 million in contractual savings.

3. Worker's Compensation

Overall, the City's workers compensation cost is projected to be 11.6 percent greater than the FY 2000-01 actuals, compared to 13.3 percent greater projected in the Six-Month Report and Joint Report. This is in contrast to 1.4 percent growth in FY 2000-2001 and 2.5 percent growth in 1999-2000. The increase is partially due to paying prior year payments totaling \$1.0 million in FY 2001-02 instead of FY 2000-01. This payment delay related to the transition to a new third party administrator (TPA). Moreover, double-digit medical cost inflation adversely impacted resource need. Chart F below reflects the projected year-end worker's compensation spending by department. The estimates are based on nine-month actuals as well as prior year spending patterns.

Chart F: Worker's Compensation Summary

<u>Department</u>	<u>FY 2000-01 Actual</u>	<u>FY 2001-02 Budget</u>	<u>9-Month Actual</u>	<u>Current Projection</u>	<u>Surplus/ (Deficit)</u>
General Fund					
Parking & Traffic	\$2,050	\$2,154	\$2,035	\$2,669	(\$515)
Sheriff	1,814	1,699	1,471	2,153	(454)
Human Services	1,573	1,459	1,452	1,899	(440)
Police	6,859	6,000	5,321	6,393	(393)
Recreation & Park	2,121	1,817	1,399	1,826	(8)
Fine Arts Museum	64	100	76	101	(1)
Juvenile Court	631	720	530	692	28
Fire	6,149	6,417	4,839	6,255	162
Public Health	1,241	1,767	1,125	1,466	301
Other GF Departments	1,990	1,320	1,796	2,245	(925)
Subtotal General Fund (GF)	24,492	23,454	20,045	25,700	(2,246)
General Fund Subsidized					
SF General Hospital	3,032	3,416	2,872	3,756	(340)
Laguna Honda Hospital	2,765	2,836	2,189	2,870	(34)
Subtotal GF Subsidized	5,796	6,252	5,061	6,626	(374)
Subtotal GF & GF Subsidized	30,288	29,750	25,106	32,326	(2,620)
Non-General Fund					
Airport	1,232	1,804	1,176	1,920	(116)
Municipal Railway	0	0	0	0	0
Port	326	325	297	624	(299)
War Memorial	282	420	250	402	18
Other Non-GF Departments	5,757	6,349	5,627	6,951	(602)
Subtotal Non-General Fund	7,597	8,898	7,349	9,898	(1,000)
GRAND TOTAL	\$37,885	\$38,604	\$32,455	\$42,223	(3,620)

With the exception of the District Attorney, Emergency Communications, Sheriff and the City Attorney, all other departments with worker's compensation deficits are projected, at this time, to be able to absorb these increases within their existing budget.

V. CONCLUSION

The funds available appear to be sufficient to carry the City through the rest of the fiscal year, with a remaining balance that can be applied to future years. My staff and I are available to respond to any comments or questions you may have.

Sincerely,

Edward Harrington
Controller

Attachments: Appendix A: Status of General Fund Supplemental Appropriations
Appendix B: Status of General Fund Board Reserves

CC: Department Heads
Ben Rosenfield, Mayor's Budget Office
Harvey Rose, Budget Analyst

**APPENDIX A: Status of General Fund Supplemental Appropriations
FY 2001-02
As of March 31, 2002**

	<u>APPROVED CHANGES</u>	<u>PENDING CHANGES</u>
<u>Approved Supplementals</u>		
Art Commission - San Francisco Symphony	\$ 164,853	
District Attorney - Change of Venue	259,257	
Elections - Budget Shortfall	1,372,007	
<u>Supplementals Pending at the Board</u>		
Earthquake Relief - Peru		\$ 25,000
Public Health Backfill for Losses in Ryan White Act Funding		739,727
Human Services - Homeless Prenatal Services		47,000
Subtotal		<u>811,727</u>
Elections - Budget Shortfall		2,167,924 *
Sheriff - Budget Shortfall		4,689,930 *
City Attorney - Affirmative Litigation		951,414 *
Subtotal		<u>7,809,268 *</u>
Total Changes	<u><u>\$ 1,796,117</u></u>	<u><u>\$ 8,620,995</u></u>

* Shown as operating deficits in the expenditure summary, Chart D, Uses of Funds.

**APPENDIX B: Status of General Fund Board Reserves
As of March 31, 2002**

RESERVE	BEGINNING BALANCE	CHANGES AS OF 3/31/02	REMAINING BALANCE
Administrative Services			
Solid Waste Salaries (9 Months)	\$ 209,952	\$ (209,952)	\$0
Adult and Aging Services			
Senior/Youth Program	75,000		75,000 *
Board Of Supervisors			
Legislative Analysts Office Salary and Fringes (6 Months)	181,628	(181,628)	0
City Planning			
Computer Equipment	263,000		263,000 *
Transbay Terminal Study	500,000		500,000 *
Neighborhood Profiles Project	700,000		700,000
Trial Courts			
Children's Waiting Room Project	24,000		24,000 *
Department of Public Works			
District 7 Median Program	150,000		150,000 *
Human Services			
IHSS Paid Time Off	500,000		500,000
Family Assessment Center	1,000,000		1,000,000
Environment			
Energy Projects Professional and Specialized Services	119,300		119,300
Fire Department			
Treasure Island Lease Payment	1,764,000	(1,764,000)	0
Fire Chief's Assistant's Salary and Fringes	1,000,000	(1,000,000)	0
Overtime	1,624,800		1,624,800
Public Health			
Shanti Lifelines	100,000	(100,000)	0
Human Resources			
Mgmt. Classification/Compensation Plan (MCCP) Review	100,000	(100,000)	0
Office of Contract Administration			
Computer Contract Compliance Monitoring System	125,000		125,000 *
Police			
Treasure Island Lease Payment	1,200,000		1,200,000
Recreation and Park Commission			
Golden Gate Park Program Salaries and Fringes (10% of Total)	513,846		513,846
Elections			
Departmental Reorganization (8 Months)	2,268,956	(2,268,956)	0
Telecommunication and Information Services			
Trailer Replacement	310,000		310,000
Citywide Mgmt. Classification/Compensation Plan (MCCP) Reserve (6 Months)	15,260,220	(13,988,535)	1,271,685
TOTAL	\$ 27,989,702	\$ (19,613,071)	\$ 8,376,631

* Potential additional savings if this reserve is not released. Total of '*' items is \$1,137,000.
Other reserves included in expenditure summary (Chart D).