Public Budget Meeting

Friday, February 11, 2022
11:30 AM to 12:00 PM

VIRTUAL WEBEX MEETING

Webinar Link: https://ccsf.webex.com/ccsf/j.php?MTID=mb69247f79e1b649aad27d4870dc8d2cf
Webinar Password: con123 (266123 from phones)
Webinar Number: 2492 382 7550 (Access code)
Join by Phone: 415-655-0001

AGENDA

1. Review of the Controller’s Office Proposed Budget Priorities for FY 2022-23 & FY 2023-24

2. Public Comment:
   - To submit oral public comments by phone:
     o Dial 415-655-0001 and use access code 2492 382 7550, then ‘#’ and then ‘#’ again.
     o Dial *3 to line up to speak.
     o A system prompt will indicate you have “raised your hand,” please wait until the system indicates “you have been unmuted” and you may begin your comments.
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   - To submit written public comments, before, during or after the meeting use the City & County of San Francisco’s NextRequest portal: https://sanfrancisco.nextrequest.com/requests/new

3. Adjournment

Our Office welcomes feedback throughout the year. For more information on how to contact the Controller’s Office, please reference our Contact Us page: https://sfcontroller.org/contact-us-3.
Controller’s Office
Proposed Budget, FY 2022-2023 and FY 2023-2024
Public Access, Input & Materials

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Controller’s Office Proposed Budget Information is located at:
https://sfcontroller.org/about-controller%E2%80%99s-office

CITY & COUNTY OF SAN FRANCISCO
Office of the Controller
Proposed Budget
FY 2022-23 and 2023-24
Mission and Key Strategic Goals

Our Mission:
We ensure the City’s financial integrity and promote efficient, effective, and accountable government.

Our Key Strategic Goals:

- Promote Best Practices and Accountability in City Government
- Support Informed Policy Decisions
- Safeguard the City’s Long-Term Financial Health
- Provide High-Quality Financial Services
- Support the City’s Financial Systems and Infrastructure
- Sustain the City’s Financial Operations in a Disaster
- Increase Public Access and Useful and Timely Information
- Invest and Value our Employees
- Manage the Controller’s Office Effectively
FY 2022-23 Base Budget by Division
$74.9M

- City Services Auditor: $22.1M
- Citywide Systems: $30.8M
- Accounting: $12.7M
- Administration: $1.7M
- Budget & Analysis: $3.1M
- Payroll: $3.3M
- Economic Analysis: $0.6M
- Public Finance: $0.5M
FY 2023-24 Base Budget by Division
$74.0M

- City Services Auditor: $21.1M
- Citywide Systems: $30.8M
- Accounting: $12.8M
- Administration: $1.7M
- Budget & Analysis: $3.1M
- Payroll: $3.3M
- Economic Analysis: $.6M
- Public Finance: $.5M
# Controller’s Office Budget Snapshot

<table>
<thead>
<tr>
<th></th>
<th>FY 2021-22 Approved</th>
<th>FY 2022-23 Base</th>
<th>FY 2023-24 Base</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Budget</strong></td>
<td>$76.9M</td>
<td>$74.9M</td>
<td>$74.0M</td>
</tr>
<tr>
<td><strong>General Fund Support</strong></td>
<td>$11.9M</td>
<td>$10.8M</td>
<td>$9.9M</td>
</tr>
<tr>
<td><strong>AAO Funded Positions (FTEs)</strong></td>
<td>251</td>
<td>256</td>
<td>256</td>
</tr>
<tr>
<td><strong>Off-Budget Positions (FTEs)</strong></td>
<td>48</td>
<td>44</td>
<td>44</td>
</tr>
<tr>
<td><strong>Base Attrition Savings (FTEs)</strong></td>
<td>-23.35</td>
<td>-26.00</td>
<td>-25.90</td>
</tr>
<tr>
<td><strong>Base Attrition Savings ($)</strong></td>
<td>-$4.6M</td>
<td>-$4.3M</td>
<td>-$4.2M</td>
</tr>
</tbody>
</table>
## Controller’s Office Budget Comparison

<table>
<thead>
<tr>
<th>Budget Category</th>
<th>Budget Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2021-22 Approved</td>
<td>$76.9M</td>
</tr>
<tr>
<td>FY 2022-23 Base</td>
<td>74.9M</td>
</tr>
<tr>
<td>FY 2022-23 Base Budget Reduced</td>
<td>(2.1M)</td>
</tr>
<tr>
<td>Salary &amp; Fringe Costs</td>
<td>1.6M</td>
</tr>
<tr>
<td>Professional Services</td>
<td>(0.9M)</td>
</tr>
<tr>
<td>Materials &amp; Supplies</td>
<td>(0.1M)</td>
</tr>
<tr>
<td>Services from Other Depts</td>
<td>(0.5M)</td>
</tr>
<tr>
<td>SF Budget Completed &amp; Other Projects</td>
<td>(2.2M)</td>
</tr>
</tbody>
</table>
Budget Priorities and Key Projects

Public Integrity, Transparency & Accountability

- Promote accountability and transparency through compliance and performance audits and whistleblower investigations:
  - Publish remaining public integrity assessments.
  - Publish prior public integrity assessments’ implementation statuses of all recommendations.
  - Manage and promote the City’s whistleblower hotline, including timely coordination of investigative referrals to departments with jurisdictional oversight.
  - Ensure timely compliance audit reporting, identify recommendations and report on the implementation of corrective actions.
  - Work with City departments to further develop and implement plans to better meet departments’ contracting, oversight, reporting and other business needs.
  - Develop new public reporting tools and processes using City and other public data sets to promote identification and timely mitigating controls to address conflicts of interest in contracting.
COVID-19 Leadership and Support

- Controller’s Office continues to provide leadership and support in critical areas throughout the COVID-19 public health emergency.

  - Work with the Department of Public Health and staff the ongoing COVID Data Tracker and public reporting function – testing, cases, vaccine and related topics.

  - Work with the Human Service Agency and the Department of Homelessness and Supportive Housing and staff the systems used to support the hotel housing sites and client transitions into support programs and housing.

  - Cost recovery accounting and claiming for FEMA, federal and state emergency public assistance grant reimbursements for eligible response costs as well as America Rescue Plan Act (ARPA) and Coronavirus Aid, Relief, and Economic Security Act (CARES) funds reporting.
Budget Priorities and Key Projects

Racial Equity, Gender Equity, Inclusion and Diversity

- Provide and support citywide reporting for Workforce and Contracts reporting.
- Support the Citywide Contracts Report, Supplier Inclusion Implementation Plan.
- Implement Year 2 of three-year Controller’s Office Racial Equity Action Plan.
  - 7 key areas: Hiring and Recruitment, Promotions and Retention, Mobility and Professional Development, Discipline and Separation, Diverse and Equitable Leadership, Organizational Culture of Inclusion and Belonging, and Boards and Commissions
    - 90+ actionable tasks

- Specific actionable tasks for FY 2022-23 include:
  - Deliver learning opportunities on matters of racial equity topics via a variety of methods
  - Further develop department’s racial equity champions’ leadership and capability
  - Build upon first year’s focus on hiring and recruitment by implementing new recruitment strategies, continue to support inter-departmental partnerships, and leveraging the new applicant tracking system
  - Support division-led racial equity initiatives
Budget Priorities and Key Projects

Financial Systems – SF Reports & Analytics

- Promote increased adoption and further enhancement for the Supplier Inclusion & Spending Impacts dashboards, that include reporting of
  - Supplier and Bidder demographics and contracting activity
  - Spend amounts by Supplier race, ethnicity, gender, location, business/non-profit type
  - Supplier Prime and Subcontractor contracting and associated award amounts
  - Suppliers with a San Francisco or California HQs, as well as HQs in a banned state

Budget Systems - SF Budget System Replacement Project – Year 1 Go-Live

- Completed on schedule and on budget.
- Provide Year 1 support, for FY 2022-23 and FY 2023-24 budget cycle.
- Support citywide departmental user adoption and systems enhancements, stabilizations.
### Key Budget Changes and Balancing ($ in thousands)

<table>
<thead>
<tr>
<th>Item</th>
<th>FY 2022-23</th>
<th>FY 2023-24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Budget Adjustment</td>
<td>476</td>
<td>504</td>
</tr>
<tr>
<td>Allocation Changes</td>
<td>355</td>
<td>300</td>
</tr>
<tr>
<td>Personnel Changes</td>
<td>814</td>
<td>1,029</td>
</tr>
<tr>
<td>Professional Services</td>
<td>500</td>
<td>60</td>
</tr>
<tr>
<td>Materials &amp; Supplies</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td><strong>Proposed Uses Budget Changes</strong></td>
<td>2,145</td>
<td>1,933</td>
</tr>
<tr>
<td>CSA Savings</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>COIT &amp; Work Order Recoveries</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Work Orders Recoveries</td>
<td>669</td>
<td>845</td>
</tr>
<tr>
<td>Attrition Increase</td>
<td>176</td>
<td></td>
</tr>
<tr>
<td>Non-Personnel Funding Reductions</td>
<td>1,088</td>
<td></td>
</tr>
<tr>
<td><strong>Proposed Balancing Items</strong></td>
<td>2,145</td>
<td>1,933</td>
</tr>
<tr>
<td><strong>Net</strong></td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Controller’s Office

Planning & Measuring Results

Office of the Controller

ANNUAL REPORT
FISCAL YEAR 2017-2018

Looking forward to a challenging year ahead, the Office of the Controller will continue to strive for excellence in financial management and reporting. Our mission is to promote the City’s financial integrity and enhance the City’s ability to measure and achieve its financial goals.

Key Performance Indicators (KPIs):

- Increase public access to useful and timely information
- Conduct public opinion research to improve the form, value, and reach of our public information products
- Provide new and improved web-based analytical tools
- Invest in and value our employees
- Enhance the department’s professional development program
- Incorporate programs to support employee health, safety, and well-being into performance plans
- Expand 360° peer review program
- Manage the Controller’s Office effectively

FY18-19 Performance Plan

1. Maintain and enforce adopted revenue and expenditure policies, and report on results on regular financial reports.
2. Prepare CAFM budget, prepare and review 1099 expenditures, including M&O and departmental expenses, facilitate periodic budgeting.
3. Implement all departmental spending requirements and revenue transfer requirements (including revenue), and report quarterly on compliance with adopted M&O policies.
4. Prepare state revenue report and allocations, fee certifications, and development impact fees reports, using tools updated by PeopleSoft.
5. Percentage variance between budgeted and actual revenues, target: 2.0%
6. Percentage by whole school revenue vary from min-max estimate, target: 1.0%
7. Support labor contract negotiations with all employee organizations except Police and Fire, including support, developing and negotiating contracts, developing financial estimates.
8. Support the City’s Financial Plan for the upcoming fiscal year.
9. Achieve a balanced budget by October 1, 2019, including modifications and adjustments developed with the Mayor’s Budget.
10. General obligation bond rating (S&P), target: AA
11. Unaudited fund balance as a percentage of revenues, target: 15.7%
12. Capital reserve balance as a percentage of revenues, target: 10%
13. Proceed funded, proceeds and senior debt (S&D), target for previous years’ target: previous years’ target
15. Change is developed and new processes are implemented as necessary.
16. Prepare new financial policies by October 1, 1 pm
17. Develop recommended reserve policies for three departments with special revenue funds (SDF), dated as needed.
18. Develop new financial policies, methods, and report each quarter, to include local economic data, by October 1.
19. Support the development of the City’s Tax Year Capital Plan, including modeling of capacity for GJ funds and General Fund debt and as needed assistance in budgeting and planning.

20. Provide high-quality financial services.

- Rebuild and system processes for an effective submission of Annual Financial Transactions Report (AFT) to State Controller’s Office in January 1st and complete.
- Issue single audit results by March 31st.
- Maintain compliance with specified costs in annual single audit in Federal grants.
- Complete first year and closing processes in the new financial system, conduct detailed access to support system and business process changes for future year opening processes; and provide feedback documentation to March 31.
- Complete closing of the City’s annual financial report (CAFR) for FY18-19, target: 150 days.
- Maintain no material weaknesses in the City’s financial statement audit, target: 0.
- Complete and receive audited annual financial statements in January 2020, the City’s elected leaders and City departments by the end of each fiscal year closing process. Ensure back run reconciliation processes by all year end of the new system, and ensure the efficiency of the processes by January 2020.
- Provide accurate and timely reporting of financial issues resulting from data batches, and financial system issues.
- Update and improve the City’s accounting procedures for changes in the new financial system.
- Complete cleanup of all city and debt plans and 100% of all accounts.

Controller’s Office Strategic Plan

FY2016-2017
FY2020-2021
## Key Performance Measures

### Provide High-Quality Financial Services

<table>
<thead>
<tr>
<th></th>
<th>2018-19 Actual</th>
<th>2019-20 Actual</th>
<th>2020-21 Actual</th>
<th>2021-22 Target</th>
<th>2022-23 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of days to complete the City’s comprehensive financial report (CAFR) for the previous fiscal year</td>
<td>268</td>
<td>183</td>
<td>241</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>City receives certificate of achievement for excellence in financial reporting from Government Finance Officers Association</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Number of findings of material weakness in annual City audit</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Percent of payroll transactions not requiring correction</td>
<td>98.8%</td>
<td>99.3%</td>
<td>98.7%</td>
<td>99.0%</td>
<td>99.0%</td>
</tr>
</tbody>
</table>

### Provide High-Quality Financial Systems

<table>
<thead>
<tr>
<th></th>
<th>2018-19 Actual</th>
<th>2019-20 Actual</th>
<th>2020-21 Actual</th>
<th>2021-22 Target</th>
<th>2022-23 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of scheduled time that financial systems are available for departmental use</td>
<td>100%</td>
<td>100%</td>
<td>99.9%</td>
<td>99.9%</td>
<td>99.9%</td>
</tr>
<tr>
<td>Percent of scheduled time that human capital systems are available for departmental use</td>
<td>100%</td>
<td>100%</td>
<td>99.9%</td>
<td>99.9%</td>
<td>99.9%</td>
</tr>
</tbody>
</table>

### Safeguard the City's Long-Term Financial Health

<table>
<thead>
<tr>
<th></th>
<th>2018-19 Actual</th>
<th>2019-20 Actual</th>
<th>2020-21 Actual</th>
<th>2021-22 Target</th>
<th>2022-23 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage by which actual revenues vary from mid-year estimates</td>
<td>4.2%</td>
<td>11.1%</td>
<td>-3.6%</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Percentage by which actual General Fund revenues vary from prior year revised budget estimates</td>
<td>5.0%</td>
<td>6.5%</td>
<td>-4.4%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Stabilization reserve balance as a percentage of General Fund revenues</td>
<td>9.2%</td>
<td>10.0%</td>
<td>10.0%</td>
<td>6.9%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Ratings of the City's General Obligation Bonds from Moody's</td>
<td>AAA</td>
<td>AAA</td>
<td>AAA</td>
<td>AAA</td>
<td>AAA</td>
</tr>
</tbody>
</table>
## Key Performance Measures

### Ensure Government is Accountable to City Residents

<table>
<thead>
<tr>
<th>Metric</th>
<th>2018-19 Actual</th>
<th>2019-20 Actual</th>
<th>2020-21 Actual</th>
<th>2021-22 Target</th>
<th>2022-23 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of audit recommendations implemented within 2 years after report issuance</td>
<td>90%</td>
<td>92%</td>
<td>94%</td>
<td>85%</td>
<td>85%</td>
</tr>
<tr>
<td>Percent of auditee ratings that are good or excellent</td>
<td>83%</td>
<td>97%</td>
<td>69%</td>
<td>85%</td>
<td>85%</td>
</tr>
<tr>
<td>Percent of client ratings for technical assistance projects that are good or excellent</td>
<td>100%</td>
<td>N/A</td>
<td>N/A</td>
<td>95%</td>
<td>95%</td>
</tr>
</tbody>
</table>

### Support Informed Policy Decisions

<table>
<thead>
<tr>
<th>Metric</th>
<th>2018-19 Actual</th>
<th>2019-20 Actual</th>
<th>2020-21 Actual</th>
<th>2021-22 Target</th>
<th>2022-23 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of OEA economic impact reports completed by the hearing date</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Completion rate of ballot analysis by hearing date</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Number of Data Academy Training Participants</td>
<td>1,436</td>
<td>1,269</td>
<td>0</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
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Interested in additional information?

- In addition to the budget information contained in this presentation, the Public can also access Budget, Contract, Supplier Payment, Audit & Other Controller’s Office Reports, 24/7 online at:
  - SFOpenBook at https://openbook.sfgov.org/
  - DataSF at https://datasf.org/opendata/
  - SFController at https://sfcontroller.org/home